

MEMORANDUM

To: Mayor and City Council Members
Douglas Faseler, City Manager

From: Rick Cortes, Assistant City Manager

Subject: Award of Contract to Don Krueger Construction for Construction of the Seguin
Utility Operations Center

Date: December 10, 2015

On August 18, 2015 City Council authorized staff to solicit competitive bid proposals for the Utility Operations Center. Authorization was granted based on the completion of the design and construction documents and the project being ready to bid.

On September 29, 2015, the City of Seguin opened bids for the construction of the Utility Operations Center. The base bid includes Operations, Warehouse, and Office/Storage Buildings, Truck Wash, Covered Dock and Walkway, and Site Work.

Bids were received from ten different contractors ranging from a low base bid of \$11,450,000.00 from Don Krueger Construction Company to a high base bid of \$13,515,000.00 from Lyness Construction. The three lowest qualified bidders, Don Krueger Construction Company, Stokes Construction, and Swinerton Builders were interviewed on October 22, 2015 by the Architect, the Utility Committee, and City Staff. Tim S. Gescheidle, AIA, Principal and Owner of TSG Architects, the Utility Committee, and city staff reviewed the bids and recommended entering into contract negotiations with Don Krueger Construction Company based on interview performance, strong references, and experience with similar projects, as well as being the lowest qualified bidder.

On November 17, 2015 City Council authorized the City Manager to negotiate a contract and fee for consideration. Since that meeting staff has been working through TSG Architects to negotiate a fee with Don Krueger Construction Company. The contract negotiation process included a Value Engineering (VE) component in an effort to identify other possible cost savings, as well as accepting several deduct alternates for this project. Based on these discussions, the proposed adjusted bid for this project is **\$11,071,146.50**. Please note that the adjusted bid includes \$550,000 for IT/Security components, \$65,000 truck wash allowance,

\$7,000 appliance allowance, and \$350,000 for project contingencies that may arise during construction.

Auxiliary costs not included in the base bid, however necessary, are \$350,000 for Furniture, Fixtures and Equipment (FF&E), \$30,000 for reimbursable expenses, and \$83,500 for construction testing and additional inspections.

Total project costs, including construction and auxiliary expenses are projected to be \$11,534,646.50. Current funding for this project is \$10,075,110, necessitating a budget amendment in the amount of \$1,459,536.50. The need for the budget amendment was anticipated based on the project architect's estimate provided to Council on August 15, 2015. Now that the needed amount has been identified, staff recommends utilization of Hydro Right Subordination Funds for the additional needed funding. Staff recommends approval and is available to answer any Council questions.