

## **AGENDA MEMORANDUM**

**To:** Honorable Mayor and Members of Town Council

**From:** Bill Detweiler, Development Services Director  
Fritz Sprague, Deputy Town Manager  
Kristin Zagurski, Assistant to the Town Manager

**Title:** **Resolution Approving a Construction Contract between the Town of Castle Rock and GH Phipps Construction Companies for the Construction of the Castle Rock Town Hall Addition**

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### **Executive Summary**

In 2014, the Town embarked upon a comprehensive, Town wide site and facility-planning process that was formally accepted by Town Council. The goal of the planning effort was to solve the Town's growing space needs and maintain current service levels over the next 10 years.

Council previously concurred the next step on the path of implementing the Town wide space study should include relocating Development Services Department from its current position in Town Hall to a new addition to Town Hall. The addition is planned to be funded by the Development Services Enterprise Fund, and not by general tax dollars. This move would address space deficiencies within many work groups as well as make room for the return to Town Hall of the Innovation and Technology (DoIT) group, currently housed in a leased facility on South Perry Street.

Placing an addition on Town Hall is the next phase of plan implementation. In July 2016, following discussion with Council about options for the building addition, Council directed staff to prepare a Request for Proposal (RFP) to obtain construction bids for the Town Hall addition and to return to Council with a recommendation to award the construction bid.

Council findings to approve the addition of Town Hall for the Development Services Enterprise (DSE) included:

- The addition of Town Hall is an excellent Town investment as the community grows, because it secures Downtown office space for the Development Services Department.
- The addition would allow the Development Services Enterprise Fund to eliminate the \$135,000 in annual rent payments it must pay to the General Fund, because it is an enterprise fund, for its current space in Town Hall.
- An addition to Town Hall would address additional office space needs by providing additional space for personnel in the Development Services and

Finance Departments and provide space in Town Hall to relocate Information Technology staff into Town Hall. An \$80,000+ annual savings will be realized within the Municipal Facilities Fund if DoIT moves back into Town Hall.

- An addition to Town Hall helps solidify the anchor for the north end of the Civic Place noted in the Downtown Master Plan.
- Construction of the addition will complement the redesign of Festival Park.
- Investment by the Town in the addition would assist with promoting Downtown investment and development by others.

Staff is bringing this item to Town Council with the goal to approve a construction contract and seeking approval to delay start of construction until the first week in January. IREA and Black Hills Energy recently informed Town staff they need additional time to relocate electric and gas lines currently located within the Town Hall addition construction boundaries. This construction start delay will not significantly impact opening of the facility, but we are requesting Council approval to award the contract to ensure we maintain our construction bid costs and construction teams.

## **Discussion**

### **Building Design**

We used HB&A to design the building. The addition includes three floors above grade and approximately 14,100 sq. ft. of floor area. The design was presented to the Town's Design Review Board and Downtown Development Authority; both entities agreed with the architecture theme and building materials, noting it will add to the overall design characteristics of Downtown and is an appropriate architectural addition to Town Hall.

The design results in a new main entry to Town Hall, situated directly adjacent to the parking area on the south side of Town Hall. The new main entrance and lobby area provides space for a central front counter area served by Development Services, Finance, HR and the Town Clerk. This design provides improved access for the community as well as enhanced security in the existing building. The second and third floors will include office space for Development Services Planning, Development Review and Administration staff and Development Services Enterprise team members. The addition will include an elevator and provide additional conference rooms, bathrooms and break rooms. A new walkway will be constructed on the east side and adjacent to the addition to provide a south entrance to Festival Park.

### **Bidding Process**

We initiated the bidding process by securing a consultant service contract with Project One, the same firm the Utilities Department used to construct the O&M building on Liggett Road. Project One worked with HB&A to create a draft cost estimate so all involved with the bidding process had an idea of the potential costs for the project. Project One estimates equaled \$4,063,530 for building construction only. The recommended bid award is \$4,069,281, a difference of \$5,751 from Project One's initial estimate.

The Council-adopted budget for all expenses associated with the Town Hall addition is

\$5.1 million. That includes estimated costs for architects, engineers, testing and furnishings, as follows:

- Pre-development: \$5,600
- Wet utility connection: \$57,615
- Dry utility connection: \$23,000
- Architectural/engineering: \$236,571
- Testing & inspection: \$12,782
- Owners rep: \$126,000
- Hard construction cost: \$4,063,530
- FF&E: \$153,080
- Contingency: \$467,818

Based upon initial work with the architects, engineers and various utility companies and consultants, we are on track to meet the \$5.1 million budget.

Project One assisted with qualifying construction firms for the bidding process.

Our first step was to distribute a Request for Qualifications (RFQ) to seek out construction firms that had experience completing a project consistent with the scope and scale of the Town Hall addition. The RFQ stated that the project approach included a pre-qualification process prior to issuing Request for Proposal (RFP) documents. The goal of the RFQ process was to create a shortlist of contractors that were the most qualified to successfully deliver the project while staying within budget and constructing a practical and functional addition to serve the Town long term.

Our second step was to create a selection committee to ensure a comprehensive and balanced review of the proposals. The selection committee consisted of three staff from Project One, three Town staff (myself, Fritz Sprague and Kristin Zagurski), and three staff from HB&A (the Architects and Engineers team who designed the project).

The Town received 11 RFQ responses. For the RFQ responses we used a six-member selection team consisting of the Project One consultant team and Town staff to review the RFQs and create a shortlist of construction firms prior to distributing a formal RFP. The selection team used a criteria matrix and created three tiers of firms (top, middle and bottom). The team then shortlisted four top tier firms qualified to respond to an RFP for construction services. Project One contacted the four firms to confirm their commitment to the project, including verification that individuals listed and interviewed through the RFQ process would be dedicated to the project if awarded, and that the firm is committed to competitively pursue the project in RFP phase. The four shortlisted firms included GH Phipps, Mark Young, W.E. O'Neil and White Construction. All four firms agreed to the RFP conditions.

Town staff issued RFP bid documents to the firms noted. Questions and responses to the RFP were compiled and tracked. Updates and addendums were distributed and RFP responses were received on October 5, 2016. Project One created a Bid Summary Analysis to level fee proposals and summarize key components of the proposal responses, including Indirect Work Costs, Direct Work Costs, Fee and Mark-Ups, Alternates and Schedule Duration and Staffing. The selection team members

agreed that staffing is the key issue for any construction project.

All four construction firms responded to the RFP. Staff was pleased that all four bids fell within a tight range on a budgeted \$4 million construction project. The low bid was approximately \$3.9 million and the high bid was approximately \$4.2 million. A tight margin on RFP responses reflects a good set of architectural and engineered drawings for the bidding process.

The goal of our selection process was to achieve the best value building for the cost. The project is being funded by the Development Services Enterprise Fund, no general fund monies are being used, so it is in our best interest to ensure the residents of Castle Rock and Development Services customers receive top value on the project. The Town is not required by law to accept the low bid and that helps achieve our goal of best value for the project. As an example, when the existing Town Hall was constructed in 2001/2002 the low bidder was not selected because the Town found that a better value could be achieved by selecting a slightly higher bid cost than the low bidder. The selection team agreed that it was important to recognize low bid, but to ensure best value would be achieved.

As noted previously, Project One's construction cost estimate for the building addition was \$4,063,530. RFP responses, including three alternates outlined by staff, were as follows:

White Construction: \$3,984,424

Mark Young: \$4,042,478

GH Phipps: \$4,069,281

W.E. O'Neil: \$4,247,341

Following receipt of the RFP bids, the selection team expanded its membership to include HB&A staff architects and engineers to determine which firm(s) would be recommended for the construction contract. Following review of the RFP bids, the selection team decided that 2 firms should continue through the analysis process, White Construction and GH Phipps.

The selection team conducted follow up interviews with White and Phipps to seek additional information and confirm participation of key staff, project approach, scheduling and logistics and final costs to construct the project. Staff prepared a follow up letter asking for clarification and a second evaluation and proposal on value engineering. Following final response from the two firms, Project One conducted a detailed reference check of each firm and the team members that would be involved in the project. The selection team met again to review the updated RFP proposals, determine if the key staff interviewed were confirmed to work on the project, and reviewed follow up value engineering responses.

The top two firms were evaluated based upon their RFP responses including relevant experience, project team and approach and scheduling along with their proposed fee and face-to-face interviews with the selection team. Following analysis of those factors

the selection team recommends Council award the Town Hall addition construction contract to GH Phipps. Following Council action on the contract award staff will continue to work with the selected contractor to value engineer the project to determine the best possible value.

### Contractor Background

GH Phipps is a Colorado company incorporated in 1952 with offices located in Greenwood Village. Kurt Klanderud is the President of the company and he lives in Castle Rock as does the Project Manager, Jim Gettman. Phipps has a long history of diverse and comparable projects to the Town Hall addition, including:

- Gateway High School in Aurora, approx. \$4 million
- Auraria Campus, Metro State project, approx. \$6 million
- Colorado State University Regional Biocontainment Lab, approx. \$3.5 million
- Centura Health Corporate Headquarters, approx. \$6 million
- Children's Hospital, Colorado Springs, approx. \$4.7 million
- Denver Health and Hospital, Lowry Family Practice Center, approx. \$6.2 million
- Ball Aerospace & Technologies Corp., approx. \$3.5 million
- Lockheed Martin Space Systems, approx. \$3.8 million
- Lockheed Martin CDS Lab, approx. \$4.1 million
- Metro Caring Hunger Relief Center, approx. \$3.4 million
- El Paso County Sheriff Office, approx. \$4.2 million
- West Denver Financial Group, approx. \$3.4 million

Phipps has also completed several large scale projects such as the MAV Development Software building valued at \$12.2 million, Larimer County Ranch Events Complex valued at \$14.5 million, the Ball Aerospace & Technology Center Complex Expansion valued at \$16.2 million and the Denver Museum of Nature and Science Morgridge Family Exploration Center valued at \$43 million.

If Council approves the Town Hall addition construction contract on November 1, 2016 we anticipate the following construction schedule:

Winter: Site excavation and foundation work.

Late Winter/Early Spring: Steel structure and building facade.

Late Spring/Early Summer: Building interior and final inspections.

Late Summer/Early Fall: Complete all building and site work / Certificate of Occupancy.

Late Fall: Move the Development Services Enterprise team into the building addition.

Because the current construction development cycle is averaging a cost escalation of 1% to 2% per quarter staff is prepared to move forward with the project immediately after Council action.

As noted in previous discussions with Council, the costs associated with the Town Hall addition will be paid through use of the DSE fund. No general fund tax dollars will be expended on the construction project.

### **Staff Recommendation**

Staff recommends Council approve the attached resolution awarding the Town Hall addition not to exceed contract to GH Phipps Construction Companies.

### **Proposed Motion**

I move to approve the resolution as introduced by title.

### **Attachments**

<b>Attachment A:</b>	Resolution
<b>Exhibit 1:</b>	Contract