



## LEGISLATIVE MEMORANDUM

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Scott Morgan, Interim City Manager

**THRU:** Juliet Misconi, Deputy City Manager; Larry Wojciechowski, Finance Director; John Pearson, Chief Building Official

**DATE:** February 20, 2025

**RE:** Consideration of reconciling the budget for the City Hall “Building E” Project; award Add Alternate 1 for parking lot paving (\$92,769); and allocate funds from the Building Department (\$1,803,437) and Utilities Department (\$235,164).

### **SUMMARY:**

#### **Design**

In January 2021, Procurement issued Request for Qualifications (RFQ) #34-0-2021 for Architectural and Engineering Design Services for a new City Hall Building. The intent was to build a three-story building to house the Building Department, which currently leases space in the Winn Dixie Plaza, and Utilities Customer Service, which has outgrown its existing space on the first floor. On May 6, 2021, the City Council granted permission to negotiate with the highest-ranked firm, Silling Architects, and on August 5, 2021, the Council awarded the Master Agreement and the first task order for design services. Design proceeded for the next year. On August 18, 2022, the Council approved the first amendment to the design task order. The amendment provided for design changes to expand parking on the complex and modify the front entry of existing City Hall Building A to improve traffic flow with the expanded parking. The Task Order amendment also provided design services related to furniture, fixtures, and equipment (FFE) and assistance during bidding and construction.

The City Council approved the last modification to design services on January 5, 2023. The purpose of this significant design change was to create an Emergency Operations Center (EOC). To accomplish this, Silling modified the building infrastructure, building envelope, and related structural and mechanical, electrical, and plumbing (MEP) building systems to harden the building and meet the requirements of Risk Category IV of the Florida Building Code. Risk Category IV is for buildings essential for continuous operation during a declared emergency. To fully implement this change, Amendment #3 also moved the Information Technology (IT) department to the second floor of Building E. This change supports the completion of Building E as an EOC by moving the IT administrative offices to the new building and making significant improvements to the citywide IT

infrastructure. In addition, this change created a conference room equipped for all City departments to work out of during an emergency event. Staff worked with the architect to make cost-effective choices like using shower spaces and break room facilities for emergency operations already in the design, eliminating the need for additional facilities. Staff also proposed solutions like moving critical IT infrastructure to a different floor to save costs and reusing designed office spaces as EOC bunk rooms. Lastly, this design builds out the first two floors, leaving the third floor as a shell space for future City expansion. Total design fees to date are \$914,202.70, which is significantly lower than the 8-12% of construction value typically expected for a project of this complexity and size.

### **Construction**

The City chose to solicit a general contractor using a two-step prequalification process. The first step in awarding the pool of prequalified vendors was approved by the Council at the July 6, 2023 Council meeting. The second step involved awarding the lowest most responsive and responsible bidder from IFB 01-0-2024, competitive bids from the awarded pre-qualified vendor pool. At the January 4, 2024 regular meeting, the Council approved the award to W & J Construction Corp. of Rockledge, Florida, for \$15,028,033.00. The current time for completion is October 10, 2025.

When the contract was awarded in January 2024, Staff neglected to request the award of Add Alternate #1, paving of the remaining parking lot north and west, adjacent to Building E and Council Chambers. The value of this add alternate is \$92,769 and includes resurfacing, restriping, and new curb stops. Staff is requesting to award this add alternate with this legislative memorandum.

When the contract with W & J Construction Corp. was awarded, Staff did not request contingency funds to cover change orders from unforeseen conditions or owner-directed changes. Part of the budgetary reconciliation includes \$783,000 for contingency – just over 5% of the construction contract value. The deductive change orders processed to date include over \$32,000 in contract savings from owner-direct purchasing and approximately \$90,000 in contract savings from modifications to the irrigation and landscape. Other change orders include owner-directed changes, like additional security cameras. The City is also processing a change order to stockpile drywall materials for the future third-floor build-out, as these materials would be difficult and costly to bring to the top floor once the building was constructed and occupied. Lastly, some change orders are due to architectural omissions. These are items omitted from the plans, and therefore would be missing from every bid received, but are necessary for the project. Staff is negotiating with the architectural firm on each change to leverage the best value for the City. For example, on a construction change order for a security cabling omission, Staff negotiated a reduction to the design fee for FFE from the architect. It is important to note that since January 5, 2023, the City has not incurred any additional task orders or amendments for design services, other than reimbursable expenses, despite owner-requested changes to the plans.

### **Financing to Date**

Initially, this project was developed as a space for the growing Building Department. As such, the Council has approved the allocation of Building Department enterprise funds in the following increments:

- \$496,027- September 23, 2020 under the adoption of the Fiscal Year 2021 budget
- \$6,560,547- September 22, 2021 under the adoption of the Fiscal Year 2022 budget

**TOTAL: \$7,056,574**

The City has not constructed a new City operational facility that was not a replacement, other than the wastewater treatment plan currently under construction, since Building A opened in 2011. Most departments are working at space capacity, or over capacity, in their respective areas. The space for Building E was always designed and permitted for future City Hall expansion. When the American Rescue Plan Act (ARPA) funds became available, City staff recommended the use of these dollars, in part, to leverage the Building Department funds and plans and use Building E for City Hall expansion, alleviating any requirement to use General Fund dollars.

In response to the COVID-19 pandemic, the federal government authorized direct aid to State and Local Governments under the American Rescue Plan Act (ARPA). The City's allocation was \$18,009,865, to be drawn down in two equal tranches – June 2021 and June 2022. Per the U.S. Department of the Treasury, all ARPA funds were required to be earmarked by December 31, 2024, with all funds fully expended by December 31, 2026. As such, the ARPA funds cannot be reallocated for any other purpose.

City Council has approved the allocation of the following ARPA funds towards the Building E Project in the following increments:

- \$4,000,000 - September 22, 2021 under the adoption of the Fiscal Year 2022 budget
- \$5,269,391 – May 5, 2022 regular Council meeting
- \$2,000,000 – August 18, 2022 regular Council meeting for the purpose of creating a citywide EOC

**TOTAL: \$9,269,391**

It is important to note that at the August 18, 2022 Council meeting, Staff stated in the legislative memorandum that it was not within the project budget to build out the third floor, and the third floor would remain a shell space for future expansion.

### **Analysis of Space Needs**

In addition to the shell space on the third floor, the August 18, 2022 legislative memo also discussed the funding allocation between the Building Department and the Utilities Department, noting that while Building E will be occupied by the Building Department and the Utilities

Department, the Building Enterprise Fund will fund the build-out of both functions and lease space to the Utilities Department to be paid from the Utilities Enterprise Fund.

In 2024, Staff revisited the best funding strategy for the project to capture all expenses – design, permitting, construction, FFE, IT equipment, access control equipment (cameras and secured door FOBs), inspection, commissioning, contingency costs, and any other incidentals. This involved a comprehensive analysis of the space allocated between the Building Department enterprise fund, Utilities Department enterprise fund (Utilities Customer Service), and General Fund (IT/EOC). This analysis, completed by the Chief Building Official, also applied a space allocation to common area spaces, like elevators, restrooms, etc. Lastly, Staff applied an analysis to the third floor, allocating the majority (75%) to future General Fund and a smaller amount (17%) to the Building Department (for future storage, office space, etc.). The final space allocation for Building E is:

- Building Department – 27%
- Utilities Department – 23%
- General Fund – 50%

### **Request**

The amount needed for 50% of the project costs for General Fund space needs is covered by the ARPA funds allocated to date, less approximately \$50,000. However, that \$50,000 includes the General Fund's share of the contingency. If not all the contingency is used, there is no need for any additional General Fund dollars. If there is not enough contingency, the General Fund may be responsible for additional funding.

Staff recommends that the Building Department enterprise fund allocate funds to cover the other 50% of the project. The Utilities Department would then reimburse 46% of that value (23% of 50% of Building E) to the Building Department over time through an amortized schedule, with interest. The Finance Department will develop the payment schedule and interest rate during the Fiscal Year 2026 budget development period. Finance will then factor the recurring payment into the Utilities Department budget going forward. The only payment Utilities will be responsible for in Fiscal Year 2025 is the FFE budget, \$235,164.

In order to complete the full project (design, permitting, construction, FFE, IT equipment, access control equipment, inspection, commissioning, contingency costs, and any other incidentals), Staff is requesting an allocation of \$1,803,437 from the Building Enterprise Fund. Again, this includes contingency. Any funding not spent will be returned to the Building fund.

Lastly, Staff is requesting the ability to move project funds between accounts (construction, capital, operating, professional services, etc.) as needed.

**REQUESTING DEPARTMENTS:**

City Manager's Office

Building

Finance

**FISCAL IMPACT:**

Upon approval, Building Department funding in the amount of \$1,803,437 will be moved from undesignated funds to appropriate line items and move \$235,164 from Utilities undesignated Fund balance to appropriate line items within the Building E project #20BD01.

**STAFF RECOMMENDATION:**

Motion to 1) approve the funding arrangement and allocation as described; 2) allocate \$1,803,437 from Building Department Funds to the Building E Project #20BD01; 3) authorize \$235,164 from Utilities undesignated fund for the Utilities FFE; and 4) approve and authorize staff to move funding within the project budget to appropriate line items as needed.

**ATTACHMENTS:**

1. Building E Project Costs
2. Building E Space Allocation