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TITLE

LAW ENFORCEMENT CENTER RENOVATION - CONSTRUCTION CONTRACT & CAPITAL PROJECT ORDINANCE AMENDMENT

SPONSOR

Dan Durham

BACKGROUND

The Guilford County Facilities Department competitively solicited bids for the Law Enforcement Center Renovation as Event #625. However, only 2 bids were received and a formal event requires 3 bid responses to open. We solicited bids a second time as Event #629. On August 21, 2018 Guilford County had a public bid opening at 3:00 PM to open and review the 4 bid responses. Guilford County was asking for a base bid and 8 alternates. The base bid will accomplish a complete renovation of the entire building except for the interior upfit of levels 3, 4, and 5 (provided by Alternate #1). The alternates are as follows:

Alternate #1: Provide the interior upfit of levels 3,4, and 5 for Probation and Parole.

Alternate #2: Provide Yale locks in lieu of other specified equal manufacturers.

Alternate #3: Provide exterior cleaning of the building.

Alternate #4: Remove all exterior precast concrete sealant, clean and prime joints, and replace with new sealant.

Alternate #5: Enlarge existing window openings on north and south building elevations (16 openings per level on levels 3 through 8).

Alternate #6: Provide a 5-year extended chiller warranty and service.

Alternate #7: Provide 700 MHz FirstNet capability for the distributed antenna system.

Alternate #8: Provide Alerton controls.

Contractors	Base Bid	Total Base Bid & All Alternates
J.M. Thompson	\$15,548,000	\$17,312,200
Bar Construction	\$17,200,000	\$19,744,300
Lomax Construction	\$17,274,200	\$19,150,100
H.M. Kern Corporation	\$17,360,000	\$19,270,500

After reviewing the bids and all alternates, the review board determined that J.M. Thompson Company was the lowest, responsive, responsible bidder. Their base bid was 9.6% lower than the next lowest base bid. They are a general contractor based in Cary, North Carolina, and have been in business since 1921. Their longevity and excellent bond rating are evidence of their financial strength and stability. They have extensive experience with large construction projects including the new Hanover County Jail, Wilmington Convention Center, Greensboro Transit Authority Building, and Northern Guilford High School.

Alternate Bids From J.M. Thompson:

Alternate #1: \$1,274,000

Alternate #2: No extra charge

Alternate #3: \$81,600

Alternate #4: \$104,500

Alternate #5: \$257,000

Alternate #6: \$ 45,000

Alternate #7: \$ 2,100

Alternate #8: No extra charge

The alternates were reviewed by Facilities, the Architect, and the Sheriff's Department representative. Alternate #1, at a cost of \$1,274,000, is the highest cost alternate. Not taking this alternate will result in Probation and Parole remaining in the Edgeworth Building and floors 3 through 5 in the Law Enforcement Center being shell space only. However, Edgeworth Building is in need of HVAC system replacement, elevator modernization, roof replacement, etc., that is estimated to cost approximately \$2.5 million. Renovating floors 3,4, and 5 of the Law Enforcement Center at a later date after the building is occupied would also be more difficult, costly, and disruptive. Therefore, it is recommended that Alternate #1 be taken. A total renovation of the building provides an ideal opportunity to replace exterior sealant and clean the exterior of the building in a cost-effective manner so acceptance of Alternates #3 and #4 is recommended. It was agreed by all that Alternate #5, at a cost of \$257,000, was not a good value since the slight widening of the windows results in a minimal amount of extra natural lighting. Alternate #6 ensures that any chiller issues are taken care of under warranty for

the first five years and avoids a potential major cost impact on the annual operating budget. Alternate #7 provides FirstNet capability as requested by the Sheriff's Department at a nominal cost. It is recommended that all Alternates be taken except Alternate #5.

A value engineering (VE) process was also conducted. After a discussion of potential items, J.M. Thompson submitted a list of VE items for evaluation by the Architect and Guilford County that totaled \$831,300 of which \$375,000 was a proposed reduction of project contingency. The reduction in project contingency was rejected since the contingency (approx. 2.6%) is already at a minimal level. The next highest cost VE item (\$129,666) was to delete the new main entrance structure and reuse existing entrance with new ramping. This was not recommended by the Architect due to required changes that would reduce the savings of this item, decrease aesthetics, and result in a safety concern and increased maintenance cost. A VE item to reduce cost by \$100,000 by using a proposed substitute bonding agent to existing floor slabs was approved by the Architect and is recommended for acceptance. The VE item to delete all new landscaping work to save \$42,500 was also rejected due to impact on the exterior aesthetics of the building.

J.M. Thompson initially indicated an MWBE participation rate of 4.2% but was asked to increase this rate with a target of at least 10%. The contractor's subsequent effort in collaboration with Guilford County Purchasing has increased this rate to 9.45% as shown below. Purchasing has also drafted an MWBE Good Faith Effort memo concluding that J.M. Thompson Company made a good faith effort to meet the 10% goal in accordance with North Carolina statutory requirements. This included making 94 calls to HUB-certified subcontractors and suppliers requesting submittal of proposals.

<u>Subcontractor</u>	<u>Diversity</u>	<u>Amount</u>	<u>Work to Perform</u>	
Craftsman	HA	\$650,000	Drywall	Liberty
Insulation		\$440,000	Plumbing/HVAC Insulation	G&T
Co.		\$38,000	Precast Panels	Martinez
<u>Subtotal</u>		<u>\$1,128,000</u>		
Construction	B	\$75,000	Masonry	Gilgore
Plumbing Supply		\$100,000	Plumbing/HVAC Piping Materials	Greensboro
<u>Subtotal</u>		<u>\$175,000</u>		
	W	\$300,000	Electric Materials/Fixtures	Mayer

Electric Supply

Subtotal **\$300,000**

Grand Total **\$1,603,000**

Contract Award Total **\$16,955,200**

Participation Rate **9.45%**

The following two options are presented for consideration:

Option 1 (recommended): \$16,955,200 (excluding Alternate #5)

Option 2: \$15,681,200 (excluding Alternates #1 and #5)

Guilford County Facilities Department recommends awarding of the contract to J.M. Thompson for \$16,955,200. This amount includes the base bid of \$15,548,000 and alternates #1, 2, 3, 4, 6, 7 and 8. It also includes a deduction of \$100,000 from the bonding agent substitute that was approved during the value engineering process. This proposed contract award amount includes a general contingency in the amount of \$350,000 and an electrical contingency in the amount of \$100,000 for unforeseen conditions that will require prior approval by Guilford County before these funds can be used.

This project is anticipated to be complete in 420 calendar days after the Notice to Proceed is issued by Guilford County.

Walter Robbs Callahan & Pierce Architects has also submitted a proposal in the amount of \$186,400 for construction administration for this project of which \$28,000 was previously approved. The remaining \$158,400 is needed to fund the construction administration once the construction contract is approved.

The Sheriff's administrative offices, Probation and Parole, and Pistol Permits will need to be moved into the LEC after the renovation. Juvenile Justice will need to be moved from the Edgeworth Building to the area now occupied by Pistol Permits. The cost of moving services for these moves is estimated at \$350,000.

The renovated LEC will require some new furniture, fixtures, and equipment (FF&E). These costs are estimated at \$400,000 assuming that 50% of existing FF&E are reused.

For the recommended option, the Law Enforcement Administration Building Renovation capital project ordinance needs to be amended to provide funding for construction. A total of

\$125,300 is available from funds previously appropriated for facility design so an additional \$17,738,300 in bond proceeds (from unallocated existing and/or future bond proceeds) is necessary. This appropriation will bring the project ordinance funding to \$18,288,300 total. Any funds remaining after construction will be used for other high priority bond-funded capital projects.

LEC Renovation Alternatives

Per request from the Board of Commissioners, the following estimates for Alternative Options are provided for consideration. Adopting any of these options results in loss of value of the \$421,000 in design fees, permit fees, and surveying already spent on the LEC Renovation project. These options will also result in the County continuing to bear the cost to operate and maintain the Edgeworth Building and a vacant Law Enforcement Center (operating costs not included in estimates below). To demolish the LEC would cost at least \$1 million (also not included in the estimates below). Demolition of the LEC will require that the use of the tunnel that is used to transport prisoners from the Guilford County Detention Center to the Courthouse be discontinued for up to six months. It would also require that the tunnel be rebuilt at additional cost after the demolition is completed. Per the Sheriff's Office, uninterrupted use of the tunnel is needed to avoid a major security risk and the need for additional resources to transport prisoners.

Alternative Option #1: Build a New 70,000 Sq. Ft. Building on the Otto Zenke Building Site for Sheriff's Office and Continue to Occupy the Edgeworth Building

This option requires that the Sheriff's Office be moved from Otto Zenke into another space during construction of the new building and then moved back into the new building. The Sheriff's Office has indicated that this temporary space must be a single space of at least 70,000 sq. ft. located in downtown Greensboro. A publicly-listed space of this size is not currently available for lease in downtown Greensboro so this is not a viable option unless this requirement changes or an acceptable property becomes available. However, have estimated the cost based on the closest currently-available space (7900 McCloud Rd. south of PTI airport).

Estimated Total Cost: \$21,577,000 (\$3,714,000 more than the LEC Renovation)

To accurately compare with the cost of the LEC Renovation, the new building would need to provide the same square footage (80,000) for the Sheriff's Office as the LEC Renovation does for future growth. It also needs to include the cost of needed repairs and system replacement in the Edgeworth Building in order to continue to occupy this building. Per a condition assessment completed on October 23, 2018, by J. Hyatt Hammond, approximately \$2.5 million is needed to address maintenance issues in the Edgeworth Building. Incorporating this for comparison purposes yields the following:

True Comparison Estimated Cost with the LEC Renovation: \$27,077,000

This is \$9,214,000 more than the LEC Renovation project or \$7,714,000 more if an additional \$1.5 million is added to the LEC Renovation cost to account for the future demolition of Otto Zenke and converting site into a parking lot.

Alternative Option #2: Build a New 70,000 Sq. Ft. Building on an Alternative Site

Per the Sheriff's Office, this site will need to be either on the same block or an adjacent block to the Guilford County Detention Center (GCDC). The owner (D. S. Chaney) of the commercial property next to the Otto Zenke building has indicated that this property is not for sale. The two lots adjacent to this property would have to be purchased and combined to provide adequate space for a new building. One of these properties is owned by Henry and Virginia Zenke and is likely not available for purchase. The only other potential property of sufficient size is a parking lot across Edgeworth Street from the GCDC that is owned by the Guilford County Board of Education. However, the availability of this property is unknown. If property was available for purchase, this option is expected to cost at least \$21 million which is more than \$3 million more than the LEC Renovation. The true comparison cost with the LEC Renovation will be similar to that shown for Alternative Option #1.

Alternative Option #3: Renovate Otto Zenke Building for the Sheriff's Office

A condition assessment was performed on October 15, 2018, for the Otto Zenke Building by ESPA Architects. Their recommendation is not to invest in renovation of this building due to its condition including significant issues such as water intrusion, deteriorating foundation, uneven floors, and safety concerns. Therefore, this option effectively becomes the same as Alternative Option #1.

Alternative Option Summary

Evaluation of the alternatives listed above confirms that the renovation of the LEC is the most cost-effective option to provide adequate facilities for the Sheriff's Administrative Offices. The alternatives are more expensive than the LEC Renovation project and may not be viable at all depending on availability of acceptable space for the temporary relocation of the Sheriff's Office. Renovation of the LEC is the lowest-cost option to provide adequate space for the Sheriff's Office with room for growth, allows the County to vacate two buildings to lower operating costs and, if the Edgeworth Building is sold, avoid having to spend approximately \$2.5 million to address deferred maintenance. Demolition of the LEC is also problematic due to the necessity of keeping the tunnel in operation that is used to transport prisoners from the Guilford County Detention Center to the Courthouse.

BUDGET IMPACT

Capital Project Ordinance

Law Enforcement Administration Building Renovation

\$17,738,300 Increase in Bond Proceeds (existing and/or future bond proceeds)

\$17,738,300 Increase in Appropriation to Law Enforcement Administration Building Renovation

REQUESTED ACTION

Approve the construction contract in significant form in the amount of \$16,955,200 to J.M. Thompson Company for the Law Enforcement Center Renovation; approve \$158,400 to fund the remaining construction administration services by Walter Robbs Callahan & Pierce Architects; and amend the Law Enforcement Administration Building Renovation capital project ordinance to increase project funding by \$17,738,300 to total of \$18,288,300 for construction, construction administration, moving services, and furniture, fixtures, and equipment with all additional funds to come from unallocated existing and/or future bond proceeds.