

**AUDIT & ACCOUNTABILITY COUNCIL COMMITTEE
MEETING MINUTES
APRIL 26, 2018 at 1:30 PM
CITY HALL, MEDIA BRIEFING ROOM**

Committee Present:	Councilmember John Courage, <i>District 9, Chair</i> Councilmember Roberto C. Treviño, <i>District 1</i> Councilmember Clayton Perry, <i>District 10</i> Citizen Member Judy Treviño
Committee Absent:	Citizen Member Priscilla Soto
Staff Present:	Sheryl Sculley, <i>City Manager</i> ; Kevin Barthold, <i>City Auditor</i> ; Ben Gorzell, Jr., <i>Chief Financial Officer</i> ; Troy Elliott, <i>Deputy Chief Financial Officer & Director of Finance</i> ; Erik Walsh, <i>Deputy City Manager</i> ; Peter Zanon, <i>Deputy City Manager</i> ; Lori Houston, <i>Assistant City Manager</i> ; Shanon Shea Miller, <i>Chief Preservation Officer</i> ; Rene Dominguez, <i>Director of Economic Development</i> ; Mike Frisbie, <i>Director of TCI</i> ; Leticia Saenz, <i>Deputy City Clerk</i> ; Ray Rodriguez, <i>Deputy City Attorney</i> ; Tom Bartlett, <i>Deputy Director of Aviation</i> ; Christie Chapman, <i>Assistant Director of TCI</i> ; Razi Hosseini, <i>Assistant Director of TCI</i> ; Mark Triesch, <i>Assistant City Attorney</i> ; Katinka Howell, <i>Assistant City Attorney</i> ; Jeff Knippel, <i>Capital Programs Manager</i> ; Lauron Fischer, <i>Executive Management Assistant</i> ; Cecily Hope Pretty, <i>Office of the City Clerk</i>

CALL TO ORDER

Chairman Courage called the meeting to order.

CONSENT AGENDA

Pre-Solicitation High Profile Items

- 1. Rental of Barricades [Transportation & Capital Improvements]**

Post-Solicitation High Profile Items

- 2. Annual JOC for On-Call Electrical Services [Aviation]**
- 3. Program Management Services for Street Maintenance Program [Transportation & Capital Improvements]**

Councilmember Treviño moved to accept Items 1 through 3. Councilmember Perry seconded the motion. The motion carried unanimously by those present.

ITEMS FOR INDIVIDUAL CONSIDERATION

Select Pre-Solicitation High Profile Briefings

4. Design Build Services for Downtown City Office Building [Transportation & Capital Improvements]

Christie Chapman stated that the Design-Build Delivery Method was selected for the project because it was ideal for large, complex projects with a compressed schedule. She noted that the project was a single contract with a lead designer and construction manager and construction could begin before designs were fully complete. She stated that the proposed project cost to renovate the downtown Frost Bank building was \$57 million. She noted that the solicitation would be a two-step process comprised of a Request for Qualifications (RFQ) and Request for Proposals (RFP). She stated that project completion and staff migration was anticipated in February 2021. She noted that the renovation would include 22 floors with improvements to HVAC, electrical, plumbing, fire protection, abatement, technology, lighting, security, and installation of furniture and equipment. She stated that the building would house 23 departments with 1,400 employees. She noted that five floors would be reserved for tenant offices and there would be street-level retail, as well as a cafeteria and Wellness Center. She stated that the SBEDA subcontracting goals were 30% Small Business Enterprise (SBE), 25% Minority/Women-Owned Business Enterprise (M/WBE), and 5% African-American Business Enterprise (AABE). She noted there was a mentorship requirement and a Joint Venture Program. She stated that up to 20 Joint Venture points could be awarded based on the degree to which small partners performed at the prime level. She provided an overview of outreach efforts and Evaluation Committee Members. She stated that the Phase I RFQ would be released April 30th with full City Council consideration in September 2018.

Councilmember Courage asked of price consideration in vendor selection. Mike Frisbie replied that the total price was not included as part of the selection process but a Guaranteed Maximum Price (GMP) would be secured when design was complete. Councilmember Courage asked if the City Council approved the GMP. Mr. Frisbie replied that City Council approved the design-build award but not the GMP. He added that staff would not proceed with the project if the GMP exceeded budget limitations.

Councilmember Treviño asked of scoring for experience in the evaluation process. Ms. Chapman replied that entities who worked together previously could earn additional points for experience.

Councilmember Perry asked of the inclusion of Veteran-Owned Small Business (VOSB) Preference. Ms. Chapman replied that state law prohibited use of VOSB for alternative delivery methods. Councilmember Perry asked how the project was financed. Ben Gorzell replied that it was a Public-Private Partnership (P3) designed so the project would pay for itself. He noted that a cost-benefit model incorporating property sales, elimination of leases, and parking garage fees indicated the project would break even or generate savings. Councilmember Perry asked of utilizing all floors for City staff instead of leasing out five to other businesses. Mr. Gorzell replied that the pro forma incorporated assumptions of lease revenue and eliminating it would likely cause the pro forma to become negative. Councilmember Perry asked for a report on the

locations of all City Staff and asked if the solicitation could be modified to eliminate the intent to lease five floors. Mr. Frisbie replied that said decision would not affect the solicitation process but resulting scope or budget changes would require full City Council approval. Councilmember Perry asked if project funding would include Certificates of Obligation. Mr. Gorzell replied that it would include a combination of debts but all would be repaid through various parts of the project. Councilmember Perry asked to see the pro forma prior to a formal approval process.

Chairman Courage asked if the project cost would increase if Councilmember Perry's suggestion was accepted. Mr. Frisbie replied that it would and would need full City Council approval.

Councilmember Treviño expressed support for moving forward with the solicitation and asked of the inclusion of Emerging Small Business (ESB) Preference. Rene Dominguez replied that the application of the Joint Venture Program was the first of its kind and staff anticipated it would capture ESBs. Mr. Frisbie added that staff could emphasize ESBs at the pre-submittal conference.

Councilmember Perry expressed concern that he had not received adequate financial information to support the project. Mr. Gorzell stated that the timing of the project was essential to guarantee the project remained net neutral and the pro forma would perform best if the project moved forward as planned.

Chairman Courage expressed support for following the solicitation timeline as presented and asked for future discussion regarding Councilmember Perry's concerns and suggestions.

No action was required for Item 4.

Select Post-Solicitation High Profile Briefings

5. Design Build Services for the Following Projects [Transportation & Capital Improvements]:

- **Broadway Street Corridor**
- **Renovation of Historic City Hall**

Ms. Chapman stated that the Broadway Corridor Project totaled \$24 million excluding utilities. She noted that the scope was from Houston Street to Interstate Highway 35. She stated that the project was part of the 2017-2022 Bond Program and was a complete street concept to include roadway reconstruction, sidewalks, bicycle amenities, lighting, and traffic and drainage improvements. She noted that the project was estimated for completion in December 2021. She provided an overview of the project timeline with full City Council consideration in May 2018. She provided an overview of evaluation criteria and noted SBEDA subcontracting requirements of 22% for M/WBE and 2% for AABE. She provided an overview of Evaluation Committee Members and scoring. She noted that two firms had submitted during the Phase I RFQ and were both considered in the Phase II RFP.

Ms. Chapman stated that the City Hall Renovation Project totaled \$30 million. She noted that the structure was originally constructed in 1891 and renovated in 1927. She stated that the building had four floors comprised of 44,500 square feet and the scope included new mechanical, electrical, and plumbing systems, HVAC, elevators, exterior masonry repair, new windows, a

new ADA accessible entrance, and exterior drainage improvements. She noted that project completion was estimated in February 2020. She provided an overview of the project timeline with full City Council consideration anticipated in May 2018. She reviewed the evaluation criteria and noted SBEDA subcontracting requirements of 40% SBE, 30% M/WBE, and 5% AABE, as well as a mentorship requirement. She stated that there were six submittals for the Phase I RFQ with two shortlisted for the Phase II RFP. She stated that there were no findings as a result of due diligence.

Chairman Courage asked of the inclusion of a stakeholder representative on the Evaluation Committee for the Broadway Street Corridor Project. Mr. Frisbie replied that staff had asked Centro to select a representative due to their involvement in the area and the corridor's unique design concept.

Citizen Member Treviño asked how scoring was determined for proposed fees. Ms. Chapman replied that the lowest value automatically received full points and the remaining bids were calculated according to a prorated formula.

Councilmember Perry asked how the project was funded. Mr. Gorzell replied that it was through Certificates of Obligation. Councilmember Perry asked of the total budget for the City Hall Renovation Project. Mr. Frisbie replied that the design-build contract was anticipated at \$30 million. Jeff Knippel stated that additional costs such as mobilization of staff during construction, management, and environmental costs would total \$8 million. Councilmember Perry expressed concern that building a new City Hall would be more cost-effective than the proposed project and that citizens were not given adequate opportunities for input.

Councilmember Treviño expressed support for the City Hall Renovation Project and its contribution to historic preservation. Chairman Courage concurred.

Councilmember Treviño moved to forward Item 5 to the full City Council for approval. Citizen Member Treviño seconded the motion. The motion prevailed by the following vote:

AYES: Courage, Treviño, and Treviño. **NAY:** Perry. **ABSENT:** Soto.

ADJOURN

There being no further discussion, Chairman Courage adjourned the meeting at 2:25 pm.

ATTEST:

John Courage, Chairman

Leticia Y. Saenz
Deputy City Clerk