



City of San Antonio

Agenda Memorandum

File Number:20-7375

Agenda Item Number: 14B.

Agenda Date: 12/17/2020

In Control: City Council A Session

DEPARTMENT: Public Works

DEPARTMENT HEAD: Razi Hosseini

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Amendments to the City Tower Renovation Project

SUMMARY:

Consideration of the below items relating to the City Tower Renovation Project (formerly known as the Downtown City Office Building Project) and City Tower-Tenant Improvement Project.

A) An Ordinance amending, revising, and appropriating funds for the City Tower Renovation Project.

B) An Ordinance authorizing the negotiation and execution of an amendment to the design-build services agreement with Skanska Nunnally, a Joint Venture; increasing the previously approved contract amount by \$15,589,891 to an amount not to exceed \$75,089,891; and authorizing payment.

C) An Ordinance approving a contract with UNICOM Government, Inc. in an amount not to exceed \$1,400,000 to fund the purchase and installation of broadcast and presentation equipment for the City Tower conference center, which will have television broadcast capabilities to support public meetings; approving funding from the Public, Education, and Government Access (PEG) Fund; amending appropriations and providing for payment;

BACKGROUND INFORMATION:

On June 4, 2015, City Council approved a Comprehensive Development agreement with Weston Urban LLC and Frost Bank in a transaction that facilitated the construction of the new Frost Bank Tower. This Public/Private Partnership (P3) allowed the City to acquire the former Frost Bank Tower building, now

rebranded as City Tower, to consolidate many departments and staff in a convenient location within the civic core of downtown. On September 6, 2018, following the completion of a Request for Proposals, City Council awarded a contract with Skanska-Nunnelly in an amount not to exceed \$59,500,000.00 to design and renovate the building.

ISSUE:

Item A. Update Budget for City Tower Renovation Project

Item A. will update the budget for the City Tower Renovation Project to reflect all funding and expenditures within the Project Fund. In September 2018, with the approval of the design build contract with Skanska-Nunnelly, the total project budget for the City Tower Renovation Project inclusive of acquisition was \$128.5 million. Following approval of the contract with Skanska-Nunnelly, work began on validation of the program, conceptual design, and continued due diligence. As this process progressed, cost estimates for the project were updated. City Council was provided an updated estimated budget for the City Tower Renovation Project of \$133.6 million during the budget worksession on September 3, 2019.

Since that time, work continued on the Project and the development of the guaranteed maximum price by Skanska-Nunnelly. Several additional items of importance were identified by the City and added to the project scope resulting in a total Project Budget of \$140.9 million. The items include enhanced security, parking garage improvements, broadcast capabilities, and a return to work redesign. These items are budgeted for this Project in other capital or operating funds of the City and with this action will be allocated and reflected in the City Tower Project Budget. An additional reallocation of funds within the City Tower Project Budget is also being made. As such, these adjustments are being made to reflect all funding and expenditures within the Project Fund consistent with the City's overall existing budget.

The City's budget for the City Tower Renovation Project is being increased by \$1.4 million for the purchase and installation of broadcast and presentation equipment for the City Tower conference center as outlined in Item C below. Funding for this increase is available from the City's Public, Educational, and Government (PEG) Fund.

Attachment I provides a summary of the project changes for the City Tower Renovation Project from the original budget in September 2018 to the update provided to City Council in September 2019 and then to the current revised budget of \$140.9 million. Additionally, Attachment II includes a table which outlines the Project Budget with both the sources of funds being utilized to fund the City Tower Renovation Project as well as the uses of funds, or major expenditure categories. The Project will also include a revolving \$5 million tenant improvement fund that will be used to make tenant improvements which will be replenished through tenant lease revenues.

Item B. Amendment to Skanska-Nunnelly Contract

Following the execution of the contract, additional items of importance have been identified by the City and added to the project scope, requiring Council's consideration of this contract amendment. Item B will authorize an amendment to increase the Skanska-Nunnelly contract by \$15,589,891 from the original amount of \$59,500,000 to an amount not to exceed \$75,089,891. Attachment III provides a detailed breakdown of the significant scope changes included in the proposed contract amendment.

Item C. Contract with UNICOM Government, Inc.

Item C approves a contract with UNICOM Government, Inc. in an amount not to exceed \$1,400,000 to fund the purchase and installation of broadcast and presentation equipment for the City Tower conference center, which will have television broadcast capabilities to support public meetings. This action is consistent with Council's priorities to increase the transparency and accessibility of public meetings by facilitating the public broadcast of Council Committee meetings and other public meetings. Funding for this contract will come from the Public, Education, and Government Access (PEG) Fund.

The City issued a Request for Offer (RFO) for "City Tower AV Equipment" to UNICOM on November 10, 2020 with a submission deadline of November 20, 2020. This contract utilizes Omnia Partners Cooperative Program, formerly known as the U.S. Communities Cooperative Program through its Contract #4400006645 with UNICOM. Purchases authorized through this ordinance will be made in accordance with the U.S. Communities (OMNIA Partners) Cooperative Program passed on Ordinance No. 98797, Dated 2/12/2004 which provides for government procurement resources and solutions to local and state government agencies and nonprofits by ensuring all Participating Public Agencies have access to the same terms and conditions of an existing solicited contract. The recommended award to Unicom Government, Inc. is an exception to the Local Preference Program. The Veteran-Owned Small Business Preference Program does not apply to goods/supplies contracts, so no preference was applied to these contracts.

The contract with UNICOM will be awarded in compliance with the Small Business Economic Development Advocacy (SBEDA) Program, which requires contracts be reviewed by a Goal Setting Committee to establish a requirement and/or incentive unique to the particular contract in an effort to maximize the amount of small, minority, and women-owned business participation on the contract. Unicom Government, Inc. has committed to satisfying the 40% Small Business Enterprise (SBE) subcontracting goal set by the Goal Setting Committee.

ALTERNATIVES:

The City Council could choose not to support this contract amendment. By not executing the amendment would require a redesign of the building's final design at significant cost, and it would lead to significant delay costs as a result of the extra time required to complete the redesign. Council could also choose not to appropriate and reallocate the necessary funds.

FISCAL IMPACT:

With the inception of the project, the City developed a thirty-year proforma that analyzes the impact of the Project on the City's annual budget with the objective of maintaining a cost neutral impact to the City's budget. The project proforma is a dynamic model and considers multiple inputs, to include capital and operating expenses, parking and lease revenues, staff efficiencies resulting from the consolidation, and financing costs over a 30-year period. The proforma is a conservative model and has evolved as the project has gained greater definition. The updated project proforma remains cost neutral. Attachment II also summarizes the major elements included in the proforma with a description of each and a table summarizing the 30-year proforma results with a cost neutral impact of \$3.2 million over the 30 years.

With approval of this item, the City Tower Renovation Project Budget is revised to the amounts reflected in the

Sources and Uses Table in Attachment II. Funding is available in the City Tower Renovation Project Budget for Item B. - amendment to the design-build agreement with Skanska-Nunnelly and Item C. - the contract with UNICOM.

This action also creates the City Tower-Tenant Improvement Project and appropriates \$5,000,000.00 in unissued CO's for Tenant Improvements. Funding for the build out of tenant leased space is necessary as leases are negotiated and will be paid from future lease revenues included in the project proforma.

RECOMMENDATION:

Staff recommends that City Council increase the amount of the design-build services agreement with Skanska-Nunnelly to an amount not to exceed \$75,089,891.00, approve the contract with UNICOM in an amount up to \$1,400,000.00, and appropriate and reallocate the necessary funds for the project.