



City of San Antonio

Agenda Memorandum

File Number:18-5088

Agenda Item Number: 6B.

Agenda Date: 9/6/2018

In Control: City Council A Session

DEPARTMENT: Transportation & Capital Improvements

DEPARTMENT HEAD: Mike Frisbie, P.E.

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

Design-Build for Downtown City Office Building (Frost Renovation) Project

SUMMARY:

Consideration of the following items related to the Downtown City Office Building (Frost Renovation) Project:

- A. An ordinance for the Downtown City Office Building (Frost Renovation) Project, authorizing the negotiation and execution of a Design-Build Services Agreement with the Joint Venture (JV) partnership of Skanska USA Building Inc. and F.A. Nunnally Company in an amount not-to-exceed \$59,500,000; and, amending the FY 2018 - 2023 Capital Improvement Budget with the appropriation of \$75,666,087 to the Downtown City Office Building (Frost Renovation) Project.
- B. A resolution by the City Council of San Antonio, Texas establishing the City's intent to reimburse itself for the prior lawful expenditure of funds from the proceeds of one or more series of tax exempt or taxable obligations to be issued by the City for authorized purposes and as further designated by series and federal tax treatment; authorizing other matters incident and related thereto; and providing for an effective date.

BACKGROUND INFORMATION:

On June 4, 2015, City Council approved a Comprehensive Development agreement with Weston Urban LLC/Frost Bank on a transaction for a new Frost Bank Tower. This Public/Private Partnership (P3) allowed the

City to acquire the current Frost Bank Tower building, which will serve as a consolidated administrative building for the City.

The original Frost Bank building was constructed in 1975. This building consists of 22 floors including a basement comprised of approximately 445,600 square feet of useable office space. The adjacent, eight (8)-story parking garage has 732 spaces. When renovated, the building will house 24 City departments and approximately 1,400 City employees, consolidating several departments that are currently located in multiple leased buildings. The renovations also will provide approximately five (5) floors for tenant offices in the tower and retail space on the street level. As part of this renovation, the consolidation of various City departments will not only allow the City to streamline its operational processes, but will also centralize various City services and resources for all San Antonio residents.

Design is anticipated to begin in September 2018, with construction beginning in summer of 2019, to include required abatement and demolition work. The project is planned to be completed in stages, with departments moving into the building between October 2020 and March 2021, and final completion in the spring of 2021.

Procurement of Design-Build Contract Services

As required by state law, a two-part solicitation process was used to select a Design-Build firm to complete design and construction services for the Downtown City Office Building (Frost Renovation) Project.

A Request for Qualifications (RFQ), the first phase of the two-phase solicitation process, was released on April 30, 2018. The RFQ was advertised in the San Antonio Hart Beat, on the City's website, and the Texas Electronic State Business Daily. Responses were due on June 1, 2018. Five firms responded to the RFQ and submitted their Statement of Qualifications (SOQs) and all were deemed responsive. A Selection Committee made up of City staff from City Manager's Office, Transportation & Capital Improvements, East Point, Information Technology Systems Department (ITSD), Office of Finance, as well as an American Institute of Architects (AIA) representative evaluated and ranked the SOQs.

Based on the evaluation process, three respondents were asked to submit responses to Request for Proposals (RFP) and were interviewed on July 27, 2018. The same Selection Committee evaluated, interviewed and scored the proposals. Scoring was based on the published evaluation criteria which included: proposed design plan, proposed construction plan, context sensitive design, overall evaluation of firm/team and the ability to provide required services, proposed fees for general conditions/overhead and profit and the SBE Joint Venture Program. Based on the evaluations and rankings made in the selection process, staff recommends the JV partnership of Skanska USA Building Inc. and F.A. Nunnally Company be awarded the Design-Build contract for this Project.

The Design Build contract will be awarded in compliance with the Small Business Economic Development Advocacy (SBEDA) Program. JV partnership of Skanska USA Building Inc. and F.A. Nunnally Company has committed to satisfying the 30% Small Business Enterprise (SBE) subcontracting goal, 25% Minority/Women-Owned Business Enterprise (M/WBE) subcontracting goal and the 5% African American Business Enterprise (AABE) subcontracting goal. The JV partnership of Skanska USA Building Inc. and F.A. Nunnally Company has also committed to become a Mentor in the City's Mentor-Protégé Program as part of requirement on this contract.

The SBE Joint Venture (JV) is a tool in the City's SBEDA Ordinance that is used to encourage large, non-SBE companies to partner with local, SBE businesses as a means to provide experience on large projects. The JV is created by two or more businesses, forming a new business venture who agrees to pool their resources to complete a project, and share responsibility, risk and profits. A Joint Venture was not required to submit on this SOQ; however, respondents that qualify as a Joint Venture and included SBE partners received up to 20

Evaluation Preference Points. The JV of Skanska USA Building Inc. and F.A. Nunnelly Company have committed to the SBE JV partner performing 25% of the overall contract value.

This contract was developed utilizing a two-part formal request for qualifications and request for proposals process; therefore, as required by the Ethics Ordinance, the Discretionary Contracts Disclosure Forms are included herein as an attachment.

Approval of the reimbursement resolution will enable the City to reimburse itself for project expenditures to be funded by the issuance of future obligations but expended prior to the sale and delivery of such obligations' proceeds. Such expenditures are related to projects funded by the future issuance of one or more series of tax exempt or taxable obligations to be issued by the City.

ISSUE:

This ordinance authorizes the negotiation and execution of a Design-Build Services Agreement with The JV partnership of Skanska USA Building Inc. and F.A. Nunnelly Company in an amount not-to-exceed \$59,500,000; and, amending the FY 2018 - 2023 Capital Improvement Budget with the appropriation of \$75,666,087 to the Downtown City Office Building (Frost Renovation) Project.

This project will provide renovations to the existing Frost Bank Building. This building consists of 22 floors including a basement, comprised of approximately 445,600 square feet of which the City plans to utilize 378,000 square feet. When renovated, the building will hold 24 City departments and over 1,400 City employees, consolidating several departments that are currently located in multiple buildings. It will also provide approximately five floors for tenant offices in the tower and some retail space on the street level. The concourse level will include an exercise/wellness center, conference rooms and cafeteria/food service. Typical floor plans in the building will have core areas consisting of shared conference, break room, storage and workroom spaces.

The Design-Build services include, but are not limited to: architectural and engineering design; abatement of hazardous materials; design, procurement and installation of furniture, furnishings and equipment (FF&E); and permitting, procurement for and constructing of the improvements to the Downtown City Office Building (Frost Renovation).

Project demolition and construction/renovation is anticipated to begin in summer of 2019 and estimated to reach final completion in spring of 2021.

ALTERNATIVES:

As an alternative, this Project could be delivered utilizing another delivery method. However, considering the additional time required for the solicitation process, this would adversely affect the schedule for completion of the Project.

FISCAL IMPACT:

The City Council approved a Comprehensive Development Agreement with Weston Urban LLC/Frost Bank on a transaction for a new Frost Bank Tower. This Public/Private Partnership (P3) allowed the City to acquire the current Frost Bank Tower building, which will serve as a consolidated administrative building for the City. As

part of this project, the City completed a 30 year Pro Forma which analyzed the cost-benefit of this P3 project. Based on the 30 year Pro Forma this project will be cost neutral to the City.

This ordinance authorizes a one -time capital improvement expenditure in an amount not to exceed \$59,500,000 payable to the JV partnership of Skanska USA building Inc. and F.A. Nunnelly Company. If approved by Council, funds in the amount of \$75,666,087 will be appropriated with funding to come from the issuance of debt and proceeds from the sale of properties. The debt issued will be self-supporting and will be funded through savings from the consolidation of departments into the current Frost Bank Tower. The additional funds beyond the cost of the construction contract will be used to fund information technology infrastructure and security, projects management, permits and other fees. This action will amend the FY 2018-2023 Capital Improvement Program.

RECOMMENDATION:

Staff recommends authorization of the negotiation and execution of a Design-Build Services Agreement with the Joint Venture (JV) partnership of Skanska USA Building Inc. and F.A. Nunnelly Company in an amount not -to-exceed \$59,500,000; amending the FY 2018 - 2023 Capital Improvement Budget with the appropriation of \$75,666,087 to the Downtown City Office Building (Frost Renovation) Project; and, approval of a Resolution that establishes the City's intention to reimburse itself for prior lawful expenditure of funds.