



Department of Public Works  
May 19, 2005

Jeffrey J. Mantes  
Commissioner of Public Works

James P. Purko  
Director of Operations

To: Alderman Willie Hines, Common Council President  
Alderman Michael Murphy, Chair, Finance & Personnel Committee  
Milwaukee Common Council Members

From: Mr. Jeffrey Mantes, Commissioner *JM*  
Department of Public Works

Re: Milwaukee City Hall Historic Building Restoration Project

At your request, I am providing the following information to address your questions and assist you in your decision making process to provide guidance to accept or reject the current bids for this historic restoration project and to put in place a funding mechanism to allow this project to proceed now or at a future date.

Soft Costs and City Attorney Relocation: (Q1, Q3)

Soft costs are included in the project's cost as outlined in the table below. There are two cost columns, low and high, because of some unknowns regarding the additional costs for the design team construction administrative services, increases in city staff salaries over the duration on the project, and the relocation options of the city attorney's office.

The high cost projection of approximately \$4.0 million was used for the project's total soft cost and is included in the total project cost of \$70.0 million. The low and high costs for the relocation of the city attorney's office represent the two options. The low cost option is for a phased relocation approach to a portion of the 10<sup>th</sup> Floor of the Zeidler Municipal Building for estimated costs of \$263,000. We project multiple relocations during the course of this three plus year project, if this relocation was phased. We project a cost of \$1.0 million to relocate the entire office to an off campus site for the full duration of the project.

<b>Soft Cost Projections:</b>	<b>Low</b>	<b>High</b>
1 Professional Services.		
a. EBE/ RPP Program Administrator & Monitor	\$150,000	\$150,000
b. Construction Peer Review (all phases)	\$30,000	\$30,000
c. Construction auditing	\$120,000	\$120,000
d. Marketing - Web site Construction/Historic Video	\$40,000	\$40,000
e. Bid Pre-qualification Panel	\$5,000	\$5,000
2 City Attorney Relocation	\$263,000	\$1,000,000
3 City Police Antenna Relocation	\$50,000	\$50,000
4 City Staff Administration & Inspection	\$640,000	\$760,000
5 Terra-cotta Manufacturing Approval Visits	\$12,000	\$12,000
6 Landmark Status Washington DC Trips	\$3,000	\$3,000
7 Project Completion ceremonies and dedication plaque	\$6,000	\$6,000
8 Drawing & Spec Reproduction & Advertising	\$0	\$18,000
9 EADP Construction Admin. (2007 + 2008 for 3/22/05)	\$804,000	\$1,206,000
Sub-total	\$2,123,000	\$3,400,000
10% Contingencies	\$212,000	\$340,000
<b>Total:</b>	<b>\$2,335,000</b>	<b>\$3,740,000</b>

Contingencies: (Q2)

Contingencies are a measure of judgement based upon which phase the project is in at the time of the estimate. This percentage varies from 25% at the conception phase to 15-20% at the developmental phase to 8-12% at the bidding phase.

Specifically for the City Hall Restoration project a 10% construction contingency was used at the time of bidding. Generally, as a rule of thumb, a 10% construction contingency is used by DPW and the construction industry. Consideration of a contingency up to 15% was discussed for this project; however, the project team is comfortable with 10%. This is because the most difficult and complex aspects of the work, the South Tower, 8<sup>th</sup> floor banding course and 8<sup>th</sup> floor dormer work are being fully reconstructed, not repaired, thus minimizing or limiting the project's unknown conditions. Therefore a 10% or \$6,000,000 contingency is a reasonable expectation for this project.

Recommendation: (Q4)

I, in conjunction with staff and the Consultant Design Team, and after careful evaluation of the major factors and objectives and a thorough review of the alternatives, recommend the award of the present bid to the lowest responsible bidder. This recommendation offers the lowest total project cost and avoids the estimated added cost of \$11.2 million if the project was delayed and re-bid in 2006. I provide this recommendation because work can begin immediately to restore the structural integrity and repair the critically deferred maintenance of City Hall. Starting work now will restore areas of the building where materials are eroding and pieces of mortar are falling to the sidewalk, providing the reassurance of public safety and mitigating the City's liability. Accepting the recommendation will also provide a reasonable assurance that the EBE, RPP and Apprenticeship Program requirements will be met. Regardless of how attractive or compelling any bidder may be, under my authority, I am obligated by City ordinance to award the bid to the lowest, qualified bidder; in this case J.P. Cullen and Sons, Inc.

Bidding Options: (Q5)

Prior to entering into the process of selecting an architect (January 2003), consideration of "design-build" and "negotiated bid-not to exceed" deliverable methods were discussed with the former Commissioner of Public Works. Under advisement of the City Attorney's Office, these two alternative bidding options were dropped. Both approaches required RFP methods for soliciting construction bids that have legislative constraints. Existing ordinances require competitive bidding for construction projects, while design-build (RFP) approaches could be considered for highly unique projects. Restoration of buildings, historic or not, do not fit the category of uniqueness. Uniqueness for the purpose of this issue may include such issues such as highly innovative, state of the art technology or patented products. An example where such an approach was used in the past was the ozonation process installed at our water treatment plants after the Cryptosporidium outbreak. Other than considering changes in ordinances or state legislation, competitive bidding was the only option.

A design-build approach on this project would not lower the project's cost. Typically, design-build teams have a greater freedom in their design. However, on restoration projects of national historic significance, standards must be met which limit their freedom of design and use of materials.

The structure has been studied, explored and monitored by several teams over a four-year period, providing a direction for the repair approach. A design-build team could accept these multiple studies and reports and follow the recommended approach or begin their own process of evaluation, costing millions in new design fees. In my opinion, it's highly unlikely that a design-build team would draw a conclusion other than the recommended long-term single repair approach. Attempts to gain a significant reduction in the project's cost would reduce the quality of the project and the City would not be satisfied with the end result. I, therefore, would not recommend a design-build approach for this project.

Project Construction Schedule: (Q6)

Bidders requested the City extend the bid due date to have more time to put together a sound and accurate bid. At that time, it became clear the optimistic start of construction in early spring of 2005 was unachievable. Mobilization, permits, temporary power, street closing approval, etc. would cut into the construction period. Also in consideration of the long lead times for terra cotta manufacturing and delivery, the decision to extend the construction period by one year was addressed by an official addendum and was part of the bidding package. The new completion date of September 2008 has been established and reflected in the bids received.

I trust that the proceeding addresses the questions you have posed. As always, I would be pleased to further discuss this project at your convenience.

JJM:GK:ph

c: Tom Barrett, Mayor  
Patrick Curley  
Rhonda Kelsey  
Mark Nicolini  
W. Martin Morics  
Linda Burke  
File

**MICHAEL J. MURPHY**  
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**CHAIR:**  
Finance & Personnel Committee  
Milwaukee Arts Board

**MEMBER:**  
Judiciary & Legislation Committee  
Steering & Rules Committee  
Zoning, Neighborhoods & Development

Wed, May 11, 2005

To: Mr. Jeffrey Mantes, Commissioner  
Department of Public Works  
Room 516 – Zeidler Municipal Building

From: Ald. Willie Hines, Common Council President  
Ald. Michael Murphy, Chair, Finance & Personnel Committee

Re: **CITY HALL RESTORATION PROJECT**

Dear Commissioner Mantes:

The City Hall Restoration Project is the largest single capital improvement project in the City of Milwaukee's history. The Department of Public Works has estimated the total cost of the project to be \$70 million, and the City has until May 24 – just 9 more working days – to determine whether to award the bid to the low bidder or to reject both bids. Should the low bidder be selected, the Common Council must also swiftly determine the appropriate means of funding the remaining balance necessary beyond existing funds allocated for the project in the capital budget.

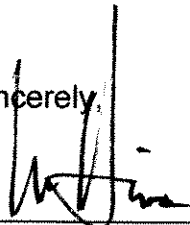
**As Commissioner of Public Works, your personal input and insight into this restoration project would be helpful to Common Council members as we determine how the City should proceed. Please respond to the following questions in writing; feel free to add any additional information which you may deem to be of use to Council members in our deliberations.**

1. Your estimate of \$70 million includes \$6 million (10% of the low bidder's estimate of \$60 million) for contingencies and \$4 million for "soft costs" including City staff time, relocation of the City Attorney's Office, etc. What is the basis of your estimate for contingencies and soft costs?
2. How are contingencies estimated for large capital projects of this size? Does DPW have a formula or method for calculating funding for contingencies in construction projects?

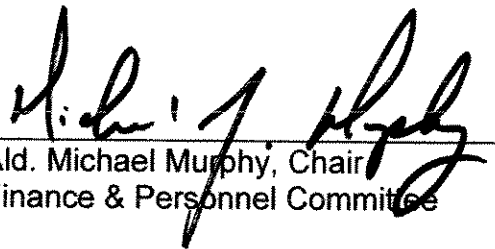
3. Due to the fact that extensive exterior restoration, as well as some interior repair work, will negatively impact the working environment for the City Attorney's Office, does your estimate for contingencies include relocating staff within the City Hall complex or moving the entire City Attorney's Office offsite to a non-city owned facility? What have you estimated as the cost related to either of these two options?
4. In your estimation, should the City award the bid to the low bidder, or reject both bids? The 2 bids were about \$4 million apart in terms of total cost (\$60 million vs. \$64 million). Aside from the Cullen bid being \$4 million lower than the Hunzinger bid, is either bid more attractive or compelling to you if price was not the sole determining factor in selection of the bidder?
5. In the interest of potential cost savings, have you explored options other than accepting the low bid, such as a design/build concept? In lieu of accepting the low bid at this time, what would be your recommendation for this project?
6. Due to climactic conditions in Wisconsin, in your estimation is it truly feasible that the City Hall Restoration Project can be completed by September 2007 as set forth in the City's bid document time schedule?

Thank you for your cooperation.

Sincerely,



Ald. Willie Hines, Common Council President



Ald. Michael Murphy, Chair  
Finance & Personnel Committee

cc: Marianne Walsh  
Mayor Barrett  
mjm.mantes.chr.project