

**Condensed Title:**

A Discussion Regarding Whether the City Commission Should Award a Contract, Pursuant to Invitation to Bid No. 09-08/09, for Construction Services for the Normandy Shores Golf Course Clubhouse Facility, and Authorizing the Mayor and City Clerk to Execute an Agreement with JCI International, Inc., in the Amount of \$2,541,880.38 for the Construction of the Project, Plus Contingency Funds in the Amount of \$254,188; or, in the Alternative, Whether the City Commission Should Reject All Bids, Finding Such Rejections of Bids to Be in the City's Best Interest, and Authorizing a New Invitation to Bid to Be Reissued.

**Key Intended Outcome Supported:**

Ensure well-maintained facilities

**Supporting Data (Surveys, Environmental Scan, etc.):**

According to the City's 2007 Community Satisfaction Survey, 82% of North Beach residents rated recent capital projects completed as "excellent" or "good" compared to 89% of residents citywide. Also, 74% of North Beach residents rated recreational program & facilities as "excellent" or "good" compared to 82% of residents citywide.

**Issue:**

Shall the City Commission approve the award of the contract or reject all bids?

**Item Summary/Recommendation:**

The scope of work specified in this bid comprises the construction necessary to build a replica of the 1941 August Geiger, one-story club house facility located at the Normandy Shores Golf Club. The project is comprised of a Replica Club house facility with an enclosed air conditioned building area of 6,416 square feet, and an exterior covered terrace and entrance porch area of approximately 1,685 square feet, exterior asphalt parking area, with drainage and access driveways with side walks, ramps and entry ways around the building, new landscaping and irrigation and new ADA parking, receiving area, and cart storage area, as per Plans and Specifications of this contract.

A Guaranteed Maximum Price proposal was received from the Construction Manager at Risk (CMR) in the amount of \$3,030,000 in October 2008. Since the GMP was considered to be high, the City made the determination to bid the project through the ITB process.

Pursuant to the ITB Process, the most responsive and responsible bidder with the lowest bid is JCI International.

After considering the review and recommendation of City staff, the City Manager exercised his due diligence and has identified certain technical issues, that although are material failures on the part of certain bidders, have resulted in the disqualification of several bidders that may have had lower prices. These bidders failed to properly complete the required unit price breakdown forms to support their bids. Due to the significant variance in the bids received, the City Commission may want to consider rejecting all bids and re-bidding the project in an effort to seek a lower responsive and responsible bid. This would result in an additional two to three months being added to the project timeline to re-bid the project.

Should the City Commission exercise its authority to reject all bids, the Administration will not require as a condition to be deemed responsive that the unit price breakdown form be fully completed to include units, unit quantities, and unit pricing. However, the Administration will request, should any bidder fail to provide any information in the bid breakdown form, to submit the omitted information without any revision to the bidder's lump sum pricing within five (5) days of the City's request. Failure to do so may deem the bidder nonresponsive.

Prior to re-bidding, the City Commission could also request that the City Manager further negotiate with the CMR to see if a GMP can be secured that is lower than the previous GMP submitted in October 2008.

**Advisory Board Recommendation:**

**Financial Information:**

Source of Funds:	Amount	Account	Approved
1	\$1,469,517.00	CIP - 304.2273 - Capital Reserve	
2	\$507,338.00	CIP - 302.2273 - 2001 Gulf Breeze	
3	\$288,106.00	CIP - 301.2273 - Quality of Life Resort Tax	
4	\$276,919.38	CIP - 383.2273 - 2003 G.O. Bond	
<b>OBPI</b>	<b>Total</b>	<b>\$2,541,880.38</b>	

**Financial Impact Summary:**

**City Clerk's Office Legislative Tracking:**

Humberto Cabanas Ext. 4105

**Sign-Offs:**

<b>Department Director</b> GL FB <i>[Signature]</i>	<b>Assistant City Manager</b> TH PDW <i>[Signature]</i>	<b>City Manager</b> JMG <i>[Signature]</i>
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# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

## COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: February 25, 2009

**SUBJECT: A DISCUSSION REGARDING WHETHER THE CITY COMMISSION SHOULD AWARD A CONTRACT, PURSUANT TO INVITATION TO BID NO. 09-08/09, FOR CONSTRUCTION SERVICES FOR THE NORMANDY SHORES GOLF COURSE CLUBHOUSE FACILITY, IN ACCORDANCE WITH THE CITY MANAGER'S RECOMMENDATION RELATIVE TO THE RANKING OF CONTRACTORS, AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AN AGREEMENT WITH JCI INTERNATIONAL, INC., IN THE AMOUNT OF \$2,541,880.38 FOR THE CONSTRUCTION OF THE PROJECT, PLUS CONTINGENCY FUNDS IN THE AMOUNT OF \$254,188; FURTHER AUTHORIZING THE ADMINISTRATION TO ENGAGE IN VALUE ENGINEERING TO FURTHER REDUCE THE COST AND TIME FOR COMPLETION OF SAID PROJECT; OR, IN THE ALTERNATIVE, WHETHER THE CITY COMMISSION SHOULD REJECT ALL BIDS, FINDING SUCH REJECTIONS OF BIDS TO BE IN THE CITY'S BEST INTEREST, AND AUTHORIZING A NEW INVITATION TO BID TO BE REISSUED.**

### ADMINISTRATION RECOMMENDATION

Approve the award of contract.

### KEY INTENDED OUTCOMES SUPPORTED

Ensure well-maintained facilities

### FUNDING

Funding for \$2,541,880.38 has been previously appropriated as follows:

\$1,469,517.00	CIP - 304.2273.067357 – Capital Reserve for Construction
\$507,338.00	CIP - 381.2273.067357 – 2001 Gulf Breeze for Construction
\$288,106.00	CIP - 301.2273.067357 – Quality of Life Resort Tax – 1% for Construction
\$276,919.38	CIP - 383.2273.067357 – 2003 General Obligation Bond for Construction
<b>\$2,541,880.38</b>	<b>Total</b>

In addition to the above funding, contingency funds for \$254,188 have been previously appropriated in the FY 08/09 Capital Budget under the Quality of Life Resort Tax for contingency.

### ANALYSIS

On October 8, 1997, pursuant to Request for Qualifications (RFQ) No. 79-96/97, the Mayor and City Commission adopted Resolution No. 97-22575, authorizing the Mayor and City Clerk to execute an

agreement with the firm of Arthur Hills and Associates, for professional services for the design, construction, bidding documents, construction observation, project administration, scheduling, and cost estimating necessary for the renovation and improvement of three City golf courses: Bayshore Golf Course, Bayshore/Par 3, and the Normandy Shores Golf Course.

On September 8, 2004, the City adopted Resolution No. 2004-25665 for Amendment No. 2 for additional services necessary for the renovation of the Normandy Shores Golf Course Project which included services relative to the drainage and irrigation system improvements.

In order for the Normandy Shores Golf Course to be operational, the ancillary facilities (clubhouse, cart barn, maintenance building and restroom buildings) of the golf course needed to be designed, permitted, and built to coincide with the completion of the renovation. In particular, the golf course clubhouse facility is essential for the proper operation of the golf course by the City's Parks and Recreation Department.

To complete the golf course facilities in an expedited manner, the City simultaneously retained the services of an architect and a construction manager at risk (CMR) contractor, who worked as a team to provide the City with the most economical and practical implementation of the project. Part of the team's task was to make recommendations concerning the availability of construction materials and the impact it would have on the design and the building type that can be delivered in today's market within the time constraints required.

The CMR enabled the City to start the design/construction documents phase immediately after award and gain the City the time it would have taken a Design-Builder to produce the Design Criteria Package.

Accordingly, on May 10, 2006, the Mayor and City Commission approved Resolution 2006-26197 authorizing CMR agreements with Coastal Construction Company for pre-construction services assisting the architect with the design of these facilities. This resolution also allowed CIP to negotiate a final guaranteed maximum price agreement (GMP) for construction services for these facilities. Work by the Architect and Coastal Construction Company progressed over the next year on all aspects of the project, including the cart barn, the maintenance building, the golf course restrooms, and the clubhouse. Pursuant to decisions made by the City previously regarding the clubhouse, this project proceeded through design and GMP pricing as a renovation project.

During the summer of 2007, significant structural deficiencies were discovered in the existing clubhouse building that had not been previously identified. A proposed engineering solution was identified by the design team and the CMR developed cost proposals for both the renovation scope of work and for the proposed scope of work for the structural repairs. This resulted in a construction estimate for this work from the CMR in the amount of \$3.1 million being discussed with the City Commission in December 2007 as part of a request for additional preconstruction services. This proposal called for the structural revisions to be completed by April 2008, followed by construction for the renovation of the clubhouse over an 11 month period.

During the discussion at the December 2007 meeting, Commissioner Tobin raised legitimate concerns regarding the feasibility and cost effectiveness of renovating the building, as well as concerns regarding the cost estimate and request for additional preconstruction services submitted to the City by the CMR. Pursuant to these concerns, the City Commission deferred the item and requested staff to work with Commissioner Tobin to consider these concerns and return with either a recommendation to proceed, or to make an alternative recommendation.

This process concluded with a determination that it would be more cost effective, and result in a

better product, to completely demolish the existing structure and build a replica in its place. At the February 13, 2008 City Commission meeting, the City approved the demolition of the existing structure and construction of a replica in accordance with Resolution 2008-26763.

The consultant, Architektnics, Inc., delivered completed documents on September 19, 2008, for the design of the replica project. Coastal Construction participated in constructability reviews and advised the Consultant on construction values as part of their pre-construction services already contracted. The Architect and the CMR Contractor completed the design documents for the replica and developed completed construction documents.

The City provided the plans to Coastal Construction for pricing and negotiated a GMP for the construction of the replica on October 28, 2008 of \$3,030,000. It was estimated that construction would have been completed by March 2010. After receiving the negotiated GMP from staff, the City Manager, recognizing the change in market conditions for capital projects and concerned that the proposed GMP was still high in cost, proceeded to initiate a formal Invitation to Bid process for the Clubhouse.

### **SCOPE OF SERVICES**

The scope of work specified in this bid comprises the construction necessary to build a replica of the 1941 August Geiger, one-story club house facility located at the Normandy Shores Golf Club. The project is comprised of a Replica Club house facility with an enclosed air conditioned building area of 6,416 square feet, and an exterior covered terrace and entrance porch area of approximately 1,685 square feet, exterior asphalt parking area, with drainage and access driveways with side walks, ramps and entry ways around the building, new landscaping and irrigation and new ADA parking, receiving area, and cart storage area, as per Plans and Specifications of this contract.

The facility is located within the Normandy Shores Golf Course in the City of Miami Beach, Florida. Normandy Shores Golf Course boundaries consist of the area bounded by Biarritz Drive on west, Fairway Drive. On the north residential homes on the south side of the property and Fairway park and pavilion on the east.

### **BID PROCESS**

ITB No. 09-08/09 was issued on November 26, 2008, with an opening date of February 6, 2009. The pre-bid conference was held on December 9, 2008.

BidNet and Bidsync issued bid notices to 71 and 1,900 prospective proposers respectively, which resulted in the receipt of following twenty-one (21) bids:

- ABC Construction
- Andale Group, LLC
- Coastal Construction of Monroe, Inc. d/b/a Coastal Construction Co.
- D. Stephenson Construction, Inc.
- GC Works, Inc.
- Grace & Naeem Uddin, Inc.
- Gulf Building Corp. / Gulf Design Group
- Homestead Concrete & Drainage, Inc.
- JCI International, Inc.
- KM Plaza
- Link Construction Group
- Mexal Corp.

- Miami Skyline Construction Corp.
- Milton Construction Company
- NAC Construction, LLC
- Overholt Construction Corp.
- Perez-Gurri Corporation d/b/a N & J Construction
- Quest Contracting Services, Inc.
- Thornton Construction Company, Inc.
- Veitia Padron, Inc.
- Zurqui Construction Services, Inc.

Of the 21 bids, there were eleven (11) bids disqualified and one (1) bid not selected for interviews for the following reasons:

Company	Grand Total Bid	Reason for Disqualification
Link	\$2,122,000.00	Failed to meet the 10-year minimum experience requirement
Miami Skyline	\$2,172,025.00	Failed to provide unit quantities in the bid breakdown form
Quest	\$2,228,539.87	Failed to meet the 10-year minimum experience requirement
NAC	\$2,294,198.00	Failed to meet the 10-year minimum experience requirement
GC Works	\$2,388,157.00	Failed to meet the 10-year minimum experience requirement
Grace & Naeem	\$2,495,633.00	Failed to provide unit quantities and prices in the bid breakdown form
Andale Group	\$2,573,483.00	Failed to provide unit quantities and prices in the bid breakdown form
Gulf	\$2,647,982.12	Failed to provide unit quantities in the bid breakdown form
N&J	\$2,711,400.00	Failed to respond to the City's information request
Homestead	\$2,789,316.10	Not selected by the Technical Review Panel for interviews given their evaluation of the proposer's bid price and risk assessment plan
Milton	\$2,959,653.79	Failed to meet the 10-year minimum experience requirement
Overholt	\$ 3,294,139.00	Failed to provide unit quantities in the bid breakdown form

**Mandatory Requirement for Unit Price Bid Form**

In regards to the bid breakdown form, the inclusion of unit pricing information in Invitation to Bid packages came about as part of the ongoing discussions by the Capital Improvement Projects Oversight Committee (CIPOC) to improve the City's construction processes. Beginning in summer 2008, the CIPOC began discussing with staff methods to include unit prices in future lump sum bids and asked staff to present a template that could serve as the basis for discussion of a new unit pricing format. Staff developed the first draft of the Bid Breakdown form which was presented at the September 15, 2008, CIP Oversight Committee (CIPOC) meeting. At that meeting, the CIPOC passed a motion which recommended in part, that the City Commission include in bids for upcoming projects a requirement that bidders provide unit prices to support their lump sum bids. In addition, the CIPOC created the Unit Pricing Sub-committee at its September 15, 2008 meeting.

At the September 17, 2008 City Commission meeting, a motion was passed that included a requirement that bidders provide line item unit pricing for informational purposes only.

At the Unit Pricing Sub-committee meeting of October 21, 2008, staff presented an updated Bid Breakdown form for ROW projects. Although earlier versions of the form considered a more limited listing of items that accounted for the majority of ROW project construction costs, the Committee came to the conclusion that the new Bid Breakdown form was an improvement over the previous

form. It was established that the Bid Breakdown form will have the line item listing that is unique to each project being bid and that the bids remain as lump sum bids, but that the unit pricing information, although not binding, will be used for informational purposes and for future pricing reference in the evaluation of change orders.

Given the express direction to include unit pricing information in bid submittals, the condition that makes completion of the Bid Breakdown form by the bidders mandatory was added in order to ensure that the unit pricing information is included with the bids.

The Bid Breakdown form is an informational form that does not change the bidders overall lump sum price. It is required in order to better explain the bidders proposed costs and charges and also to gain a more informed understanding of exactly what the bidders are providing in their bid. However, since it is a mandatory requirement, failure to properly fill out the form and to properly reflect the information required in the form results in the prospective bidder being non-responsive and therefore disqualified from the bid.

In this specific bid, the unfamiliar form resulted in five (5) of the twenty-one (21) bidders being declared non-responsive and therefore their bids on this project were disqualified. An additional seven (7) bidders were declared non-responsive for not meeting other minimum requirements, as noted in the table above.

As a result, the following table provides the bid tabulation for the remaining bidders deemed responsive:

ITB 09-08/09 Responsive Bid Tabulation	
Company	Grand Total Bid
Thornton	\$ 2,527,499.64
Mexal	\$ 2,529,261.00
ABC	\$ 2,536,922.00
JCI	\$ 2,541,880.38
VPI	\$ 2,693,025.00
Zurqui	\$ 2,697,911.35
D. Stephenson	\$ 2,725,294.00
HC&D	\$ 2,789,316.10
Coastal	\$ 2,803,405.00
KM Plaza	\$ 2,813,414.00

The Technical Review Panel (TRP) consisted of the following individuals:

- Humberto Cabanas, Capital Projects Coordinator, CIP
- Roberto Rodriguez, Capital Projects Coordinator, CIP
- Kevin Smith, Director, Parks and Recreation Department

On February 11 and 12, 2009, the TRP convened, evaluated, and ranked the companies based on the following criteria:

- **15 Points** Risk Assessment Plan/Value Added Submittals
- **5 Points** Past performance evaluation surveys
- **20 Points** Presentation and interview of key personnel
- **60 Points** Base Bid Price

The TRP discussed their individual perceptions of each prospective proposer's qualifications, experience, and competence, and ranked the firms accordingly. The point distribution created a first-place tie between JCI International Inc. (JCI) and Veitia Padron Inc. (VPI). As a tiebreaker, TRP members, without knowing the point results, submitted first-place votes and recommended VPI based on the majority of first-place votes.

Given that VPI's base bid price is 5% more than JCI's (\$2,693,025.00 to \$2,541,880.38 respectively), the TRP justified its decision by noting that VPI provided more complete unit pricing information in its bid breakdown form as compared to JCI. JCI only provided lump-sum pricing in its submittal. Also, VPI was rated having a better Risk Assessment Plan (RAP) than JCI.

#### JCI International, Inc.

JCI International, Inc. is a state-certified general contracting firm with over twenty-seven (27) years of experience. JCI also specializes in construction management and design-build projects. JCI's previous projects include the renovation to Highland Oaks Middle School West and the design-build of the Perrine Fire-Rescue Station.

One notable project is the renovation of alert aircraft hangars NAS in Key West, Florida. This was a \$1.9 million renovation project on a facility with historical significance to the Bay of Pigs Invasion.

Julio E. Martinez, President and Project Executive, has over twenty-five (25) years of experience as a licensed general contractor in Florida. While having successfully performed over \$300 million in new construction and renovations in both the public and private sectors, Mr. Martinez has developed extensive knowledge and expertise in commercial construction as well as public sector institutional construction.

#### Veitia Padron, Inc.

Veitia Padron, Inc. is a state-certified general contracting firm with other fourteen (14) years of experience. Notable projects are the renovations at Fienberg Fisher and W. J. Bryan Elementary Schools and new constructions at Linda Lentin Elementary School and Waterstone Charter School.

Mario Rodriguez, Project Manager, is a state-certified electrical contractor with over ten (10) years experience at VPI. As Project Manager, Mr. Rodriguez supervised the new constructions and additions at several local schools including Aventura Elementary School, Miami Palmetto Senior High School, and Miami-Dade College. Overall, Mr. Rodriguez has supervised over \$138 million in new construction and renovation projects throughout South Florida.

#### CITY MANAGER'S REVIEW

After considering the review and recommendation of City staff, the City Manager exercised his due diligence and carefully considered the specifics of this ITB process. A mitigating factor to be considered is that five (5) bidders were legally disqualified from the ITB for failure to meet a material requirement that is technical in its nature. Said differently, if these disqualified bidders had either correctly, or more carefully, filled out the Bid Breakdown form, it is likely that the City would have had other responsive, responsible bidders with lower pricing from whom to consider and select. While it is certainly the fault of the disqualified bidders to have failed to meet the material requirements of the bid, it has placed the City in a situation where the lowest, most responsive and responsible bidder is some \$370,000 higher than what may have been the lowest and most responsible bidder had this

material requirement of the Bid Breakdown form been properly met.

Given this situation, the City Commission may want to consider rejecting all bids and re-bidding the project without the mandatory requirement to file the Bid Breakdown form. The City can still require the form to be submitted, but not make it an issue of immediate responsiveness, as it was in the current process. While there is no guarantee that the pricing received in a subsequent bid process will be lower than that received in the current process, staff does not believe that the pricing will be higher than the lowest most responsive and responsible bids currently received. If the City Commission chooses to reject all bids, in the interest of seeking a responsive and responsible bidder with a lower bid, the proposed schedule would be as follows:

ITB: Bids Received First Week in April 2009  
Bid Award: April 22, 2009 City Commission Meeting  
Construction: June/July 2009 through June/July 2010

As an additional option, if the City Commission rejects all bids, the Commission may want to consider asking the City Manager to again negotiate with the CMR to see if the GMP price can be lowered below the October 2008 amount.

Alternatively, if time is a significant issue to consider, the City Commission may want to award the project to JCI as the lowest and most responsive and most responsible bidder in this process and at a cost of \$2,541,880.38. If the City Commission awards the project at the February 25, 2009 meeting, then the proposed schedule would be as follows:

Bid Award: February 25, 2009 City Commission Meeting  
Construction: April/May 2009 through April/May 2010

## **CONCLUSION**

Based on the above, the City's public procurement process has resulted in a competitive price of \$2,541,880.38, which is the best price that this process will bring. However, it is possible that a second process may result in a better price from a responsive and responsible bidder.

Should the City Commission exercise its authority to reject all bids, the Administration will not require, as a mandatory requirement of the bid and therefore a condition which needs to be complied with in order to be deemed responsive, that the unit price breakdown form be fully completed to include units, unit quantities, and unit pricing. However, the Administration will request, should any bidder fail to provide any information in the bid breakdown form, to submit the omitted information without any revision to the bidder's lump sum pricing within five (5) days of the City's request. Failure to do so at this point may render the bidder non-responsive. A subsequent procurement process will take 60 to 90 days to complete, and as noted above, the earliest that an award recommendation would be presented to the City Commission would be April 22, 2009.