

**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 8/1/2023

District H

Item Creation Date: 7/14/2023

25CONS540 – Accept Work – Houston Public Works Northeast Quadrant Building (New)-  
Morganti Texas, Inc.

Agenda Item#: 13.

**Summary:****NOT A REAL CAPTION**

RECOMMENDATION from Director General Services Department for approval of final contract amount of \$15,057,385.59 and acceptance of work on contract with **MORGANTI TEXAS, INC** for the Houston Public Works (HPW) Northeast Quadrant Building (New) - 6.61% over the original construction amount and under the approved 10% contingency - **DISTRICT I - GALLEGOS**

**Background:**

**RECOMMENDATION:** The General Services Department recommends approval of a final contract amount of \$15,057,385.59 and acceptance of work on the Construction Manager at Risk (CMAR) contract with Morganti Texas, Inc. for the Houston Public Works (HPW) Northeast Quadrant Building (New) – 6.61% over the original construction amount and under the approved 10% contingency.

**SPECIFIC EXPLANATION:** On December 7, 2016, by Ordinance 2016-961, City Council awarded a Construction Manager at Risk (CMAR) contract to Morganti Texas Inc., to provide pre-construction and construction phase services for the New HPW Northeast Quadrant Building and appropriated \$109,200.00 for pre-construction phase services. On August 23, 2017, by Ordinance 2017-647, City Council approved an appropriation of \$14,000,560.00 to the CMAR contract with Morganti Texas, Inc. for construction phase services. On April 25, 2018, by Ordinance 2018-352, City Council approved a First Amendment to the contract and an additional appropriation of \$1,926,500.00 for the removal and replacement of three, 20,000-gallon underground fuel storage tanks and fuel island that were not part of the original scope but were at the end of their service life. On July 28, 2021, by Ordinance 2021-637, City Council approved a Second Amendment to the contract and increased the General Services Department Director's authority to approve change orders from 5% up to 10%. The General Services Department (GSD) and Morganti Texas, Inc. agreed to two (2) Guaranteed Maximum Price (GMP) proposals for construction services in the total amount of \$14,123,667.31. The General Services Department recommends that City Council approve the final construction amount of \$15,057,385.59 or 6.61% over the total combined GMP, accept the work and authorize final payment to Morganti Texas, Inc.

**PROJECT LOCATION:** 718 East Burress St., Houston TX 77022

**PROJECT DESCRIPTION:** This project demolished the existing building and constructed a new 30,000 S.F. facility that included administrative offices, storage, locker rooms, break rooms, conference rooms, rest rooms, showers, workshop, kitchen, auditorium, and support functions. Site improvements included landscaping, parking, storm water management, fencing, exterior lighting, and a back-up generator sized for the entire complex. The project scope was expanded to include the removal of three 20,000-gallon underground fuel storage tanks and fuel island and replacement with new.


**CONTRACT COMPLETION AND COST:** The contractor completed the project within 1473 days: the original contract time of 631 days, plus 842 days approved by Change Orders. The final cost of the project, including Change Orders, is \$15,057,385.59, an increase of \$933,718.28 over the GMP.

**PREVIOUS CHANGE ORDERS:** Change Order Nos. 1-7 added an additional 842 days to the project for CenterPoint coordination to deactivate a gas line that was not documented in the GIMS database or surveys but was in conflict with the foundation of the new building, termination of a non-performing subcontractor that was responsible for major scope (electrical, drywall, painting, doors, hardware, framing and rough carpentry) and replacement with multiple sub-contractors to perform corrective work and remaining scope of the terminated sub-contractor, applying for a driveway variance for the main entrance to the facility due to site constraints, COVID-related supply chain and labor disruptions, and owner requested program changes to enhance security, functionality, and operations of the facility. These unforeseen conditions impacted the project's critical path and extended the substantial completion of the project by 842 days.

**M/WBE PARTICIPATION:** The advertised M/WBE contract goals for this project were 18% MBE and 10% WBE (28% total). The M/W/SBE goals approved for this project were 18.00% MBE, 6.00% WBE, and 4.00% SBE (28.00% total). According to the Office of Business Opportunity, the actual participation achieved on this project was 20.89% MBE, 0.00% WBE, and 6.42% SBE (24.89% total due to 4% SBE credit cap). The standard for meeting MWSBE participation goals is the demonstration of Good Faith Efforts. The Contractor's M/W/SBE performance on this project was rated Satisfactory due to Good Faith Efforts for the following reasons: Morganti exceeded the MBE and SBE goals and made good faith efforts to achieve the WBE and utilize goal credit subcontractors to the extent possible. For the reasons listed, the Contractor's performance met the intent and the spirit of the City of Houston's MWSBE program.

WBS No: R-950000-0001-4 / S-950000-0001-4

**DIRECTOR'S SIGNATURE/DATE:**

DocuSigned by:  
*C.J. Messiah, Jr.* 7/20/2023  
C. J. Messiah, Jr.  
General Services Department 

Carol Ellinger Haddock, P.E.  
Houston Public Works

**Prior Council Action:**

Ordinance No. 2016-961, dated December 7, 2016  
Ordinance No. 2017-647, dated August 23, 2017  
Ordinance No. 2018-352, dated April 25, 2018  
Ordinance No. 2021-637, dated July 28, 2021

**Amount and Source of Funding:**

No Additional Funding Required

**Previous Funding:**

\$15,344,450.00 – Water and Sewer System Consolidated Construction Fund (8500)

**Contact Information:**

Enid M. Howard  
Council Liaison  
Phone: 832.393.8023

**ATTACHMENTS:**

Description	Type
<a href="#">25CONS540 - Change Orders</a>	Backup Material
<a href="#">25CONS540 - Previous RCAs &amp; Ordinances</a>	Backup Material
<a href="#">25CONS540 - OBO Clearance Letter</a>	Backup Material
<a href="#">25CONS540 - Maps</a>	Backup Material
<a href="#">25CONS540 - Certificate of Final Completion</a>	Backup Material
<a href="#">25CONS540 - Consent of Surety</a>	Backup Material