WORKSPACE STRATEGY & RECOMMENDED VENDOR SELECTION

PRESENTED BY:
Frank Almaraz
Chief Administrative & Business Development Officer (CABDO)

August 26, 2019
Approval Requested
OBJECTIVES & TAKEAWAYS

• REVIEW STRATEGY FOR REFRESHING MODULAR FURNITURE IN SERVICE FOR 30+ YEARS

• REVIEW PROCESS FOR BIDS & EVALUATION

• DISCUSS PROPOSAL FOR 5-YEAR CONTRACT FOR MODULAR FURNITURE AT MCCULLOUGH BUILDING, AS WELL AS FUTURE FACILITIES
AGENDA

• MCCULLOUGH BUILDING VENDOR UPDATE
• WORKSPACE DESIGN & PLANNING FOR EFFICIENCY
• REVIEW OF PROPOSAL HIGHLIGHTS & EVALUATION
• REQUEST APPROVAL FOR 5-YEAR, MULTI-FACILITY CONTRACT
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Contract Value + CEO Contingency</td>
<td>$215M*</td>
</tr>
<tr>
<td>Less CEO Contingency</td>
<td>(5M)</td>
</tr>
<tr>
<td>Maximum Contract Value</td>
<td>210M</td>
</tr>
<tr>
<td>Land &amp; Existing Building</td>
<td>(25M)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>185M</td>
</tr>
<tr>
<td>Fees – Insurance, City &amp; Others</td>
<td>(15M)</td>
</tr>
<tr>
<td>Total</td>
<td>$170M</td>
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Of the project’s $215M budget, there were $170M of contracting opportunities available to our community.

*Goal = on time & on budget*
WORKSPACE IMPACTS CULTURE
EFFICIENCY & COLLABORATION

Environment → Behavior → Culture → Results
DESIGN PLANNING
WORKSTATIONS HAVE MODERNIZED

Current inventory:
• Is @ end-of-life
• Is too large for the modern workspace
• Does not accommodate modern tech tools
Building walls in lieu of modular workstations would have increased construction costs by $9M and furnishings would still be required.
The McCullough Building’s portion of the modular furniture cost represents less than 4% of the overall project budget + the CEO Contingency ($215M).
FLEXIBILITY = COST EFFICIENCY
INTERCHANGEABLE KIT-OF-PARTS

1. TRADITIONAL WORKSTATIONS
   - Heads down, focused personal work
   - Minimal collaboration at desk

2. COLLABORATIVE WORKSTATIONS
   - Frequent, small meetings around desk
   - Collaboration with neighbor

3. BENCHING WORKSTATIONS (standard and modified)
   - Flexibility in assigned seats

   standard

   modified

4. CUSTOMER SERVICE WORKSTATIONS
   - Frequent phone calls

One set of parts for all facilities allows for interchangeability and reduces maintenance & inventory costs.
Some conference room furniture in good condition will be repurposed where most practical.

Office furniture in good condition will be moved to McCullough Building.

We will repurpose furniture that has a remaining useful life.
FUTURE WORKSPACES
NEW & REMODELED

1. McCullough Building 1,300 employees
2. Gembler Fleet Center 35
3. Gas Service Center 240
4. Helotes Service Center TBD
5. West Service Center TBD
6. Braunig Power Station 130
7. Calaveras Power Station 320
8. Eastside Service Center 150
9. Green Mountain Center 170
10. Leon Creek Power Station 10
11. Malone Service Center 150
12. Nacogdoches Road 220
13. Northwest Service Center 215
14. Southwest Service Center 230

Map does not include all work sites
IN SUMMARY: PROPOSAL SCOPE
MODULAR FURNITURE

Agreement is with Local Dealer:
• Each dealer has product exclusivity within the region
• Dealer provides support and service to customer
• Volume purchase results in reduced pricing

Single Manufacturer:
• Estimated cost savings of $3M - $5M over 5 years
• Consistent warranty coverage for all parts / items
• Kit-of-parts allows easy configuration / reconfiguration at all locations
• Reduces inventory bought and stored
MULTI-STAGE PROCESS

8 Respondents to the RFI & received the RFP

5 Qualified to participate, based on RFP specifications

2 Finalists selected, based on RFP criteria

1 Recommended Dealer

All 5 are small* & local!

*U.S. Small Business Administration definition (code 121.201)
Diverse evaluation team from across the organization.
Employee representatives visited all 5 respondents & conducted a thorough assessment.
**DEALER EVALUATION PROCESS**

**FIRST ROUND CRITERIA ASSESSED**

<table>
<thead>
<tr>
<th>KEY AREAS OF FOCUS</th>
<th>HIGHLIGHTS</th>
</tr>
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<tbody>
<tr>
<td>Meet Project Requirements</td>
<td>Ability to provide the items specified in the scope of work</td>
</tr>
<tr>
<td>Experience</td>
<td>Has implemented work of this size / scale, including logistics</td>
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<td></td>
<td>Demonstrates clear ability to provide customer support</td>
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<tr>
<td></td>
<td>Provides support for and Quality Assurance of investment</td>
</tr>
<tr>
<td>Safety</td>
<td>Ability to operate safely within our work environment</td>
</tr>
<tr>
<td>Cost</td>
<td>Direct costs / capital purchase of scoped materials</td>
</tr>
<tr>
<td>Economic Development Impact</td>
<td>Direct benefit for our community; small/local impact</td>
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</tbody>
</table>
### DEALER EVALUATION PROCESS

#### SECOND ROUND RESULTS

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>DEALER¹</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Support</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Warranty Provisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business²</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Woman-Owned Business</td>
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1. All dealers were local

2. U.S. Small Business Administration definition (code 121.201)

The recommended vendor distinguished themselves with:

- **Price** that is 20% better than next closest bid

- **Warranty** coverage value estimated at $1.9M greater than Dealer B

- **Inventory** management services valued at $0.5M greater than Dealer B
If approved, contract will be processed and initial order will be placed in October.
REQUEST FOR APPROVAL

Request the Board of Trustees’ approval to execute a contract for modular furniture up to $18 million & for a term of 5 years with Dealer A.
Thank You