

Agenda Report

TO: CITY COUNCIL January 26, 2004
FROM: CITY MANAGER
THROUGH: FINANCE COMMITTEE
SUBJECT: MODIFICATIONS TO CITY HALL SEISMIC RETROFIT PROJECT SCOPE AND A CONTRACT AMENDMENT FOR THE PROJECT ARCHITECT, ARCHITECTURAL RESOURCES GROUP

RECOMMENDATIONS

It is recommended that the City Council:

1. Approve revisions to project scope and corresponding reductions in costs by \$2,168,000 in order to reduce the imbalance between the City Hall Seismic Retrofit project cost estimate and the budget approved by City Council on August 11, 2003.
2. Authorize an Amendment to Contract Number: 16899-1 with Architectural Resources Group ("ARG") in the amount of \$101,359, thereby increasing the contract amount from \$6,306,895 to \$6,408,254 as follows:

A. Audio visual design services	41,500
B. Exterior lighting design services	24,000
C. Civil engineering courtyard investigation	11,569
D. Structural engineering re-design	<u>24,290</u>
Total	\$101,359
3. To the extent any of the proposed amendments represent work that may be considered separate and should be bid separately, it is recommended that the City Council grant the proposed amendments an exemption from the Competitive Selection process of the Competitive Bidding and Purchasing Ordinance, pursuant to P.M.C. section 4.08.049(B), contracts for which the City's best interests are served. Competitive bidding is not required for any of these services pursuant to City Charter Section 1002(F) contracts for professional or unique services.

PROJECT SCOPE ADJUSTMENTS

On August 11, 2003, the City Council approved the project budget of \$93,273,000. At the completion of 50% Design Development submittal, the corresponding cost estimate equated to \$98,030,000. The total project budget overage equates to approximately \$4,757,000. Of that amount, \$1,819,000 is from the prior budget overage (100% Schematic Design) plus an increase of \$2,938,000 for the 50% Design Development submittal.

Staff held numerous budgetary reviews and discussions with the architect, construction manager, and the cost estimator to review the assumptions and methodologies used in compiling both the 100% Schematic Design submittal and the 50% Design Development cost estimate(s). The project team developed and prioritized two separate lists of potential scope reduction and/or cost savings topics for review with the City Hall Restoration Oversight Committee during the November and December monthly meetings. The City Hall Restoration Oversight Committee motioned in favor of recommending the budget and scope-of-work adjustments in the amount of \$2,168,000 to the City Council for approval. The list of scope-of-work adjustments were as follows:

<u>Item</u>	<u>Description</u>	<u>Amount</u>
1)	Contingency transfer in interim relocation (lease finalization)	(\$650,000)
2)	Discount for upfront (3 year) interim lease payment (Chamber building)	(150,000)
3)	Public arts fee re-allocation (1% of new construction, excluding historic restoration)	(100,000)
4)	Delete replacement of dome moisture membrane @ fish scale tiles	(287,000)
5)	Reduce finish allowance in break rooms	(57,000)
6)	Delete cast stone urns in courtyard (potential fundraising item)	(48,000)
7)	Delete reflecting ponds in courtyard	(36,000)
8)	Eliminate site accessories allowance	(40,000)
9)	Internal reallocation of offsite lease space (Departments of Housing & Transportation)	(700,000)
10)	Delay installation of exterior security cameras (raceway rough-in only)	(50,000)
11)	Delay installation of exterior architectural lighting (partial lighting/full raceway rough-in)	(50,000)
	Total Recommended Cost Adjustments	<u>(\$2,168,000)</u>

The implementation of the above budget adjustment items 1-11, decreases the cost estimate to \$95,862,000 and results in reducing the budget overage from \$4,757,000 to \$2,589,000. The revised cost estimate includes \$7.9 million of project contingency.

ARCHITECT CONTRACT AMENDMENT

For accountability purposes, staff is recommending assigning additional design services to ARG. Staff is recommending increasing ARG's not-to-exceed Contract Number 16899-1 by a total of \$101,359 as follows:

1. Audio visual design services (\$41,500): Architectural Resources Group has retained the firm of Shen Milson Wilke ("SM&W") to perform technology-related design services for the Council Chambers, exterior courtyard, and front entry along Garfield Street.
2. Exterior lighting design services (\$24,000): Architectural Resources Group has retained the firm of Horton Lees Brogden ("HLB") to perform exterior lighting design services for the City Hall building.
3. Civil engineering courtyard investigation services (\$11,569): Architectural Resources Group has retained the firm of GKC Engineering Corporation to perform civil engineering services for the City Hall project. An increase to GKC's contract is proposed to investigate the condition of existing storm drain collection piping in the City Hall courtyard. The design team hopes to reuse the existing storm drain piping and/or pathways in order to minimize disturbance of soil within the root zones of the seven existing oak trees.
4. Structural engineering services (\$24,290): Architectural Resources Group has retained the firm of Forell/Elsesser Engineers, Inc. to perform structural engineering services for the City Hall project. An increase to Forell/Elsesser Engineers, Inc's contract is required as a result of discovering unforeseen conditions during the investigation of the stair tower foundation systems. A re-design of the structural systems in the stair towers is required as the previous design assumptions are no longer valid.

Such services have been anticipated and budgeted for in the City Hall project budget. This report recommends a \$101,359 increase to the not-to-exceed amount of Contract Number 16899-1 with Architectural Resources Group ("ARG"). ARG's contract will increase from \$6, 306,895 to \$6,408,254.

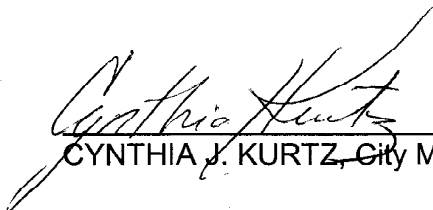
FISCAL IMPACT

Funding for the project has been approved and budgeted for the amount of \$93,273,000. The implementation of the above scope-of-work reductions/adjustments leaves a project budget shortfall of \$2,589,000 as follows:


<u>Item</u>	<u>Project Budget</u>	<u>Cost Estimate</u>	<u>Budget Overage</u>
1. Project Valuation	\$93,273,000	\$98,030,000	\$4,757,000
2. Budget Adjustments	-	(\$2,168,000)	
3. Revised Budget/Cost Estimate	\$93,273,000	\$95,862,000	<u>\$2,589,000</u>

It is important to note that the revised cost estimate does include \$7.9 million in project contingency. With the support of the City Hall Seismic Retrofit Oversight Committee, staff is reluctant to reduce project contingency pending completion of the final project cost estimate. The final cost estimate, based on the 50% construction document submittal, will be completed in April, 2004. Staff expects the final project cost estimate to be within the budgetary parameters as established by City Council.

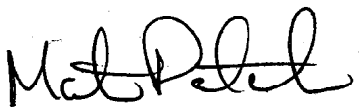
Respectfully submitted,


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