

Agenda Report

TO: CITY COUNCIL **DATE:** October 11, 2004
FROM: CITY HALL RESTORATION OVERSIGHT COMMITTEE
THROUGH: FINANCE COMMITTEE
SUBJECT: CITY HALL SEISMIC RETROFIT PROJECT UPDATE

RECOMMENDATION:

It is recommended that the City Council adopt the prioritization of bid alternates which details the scope of work to be added back into the retrofit of City Hall in excess of the base bid to the maximum level of the project budget (\$93,273,000) in the order listed below:

<u>Topic:</u>	<u>Estimated Amount:</u>
1. Floor coverings (carpet)	\$397,659
2. Window coverings (shades)	\$77,253
3. Exterior historic restoration	\$2,064,655
4. Arcade quarry tile	\$66,000
5. 4th floor finishes & elevator	\$345,890
6. Basement finishes	\$818,354
7. Millwork (essential public areas are provided in base bid)	\$285,210
8. Fountain equipment/restoration	\$66,000
9. Perimeter/courtyard landscaping & irrigation	\$427,343
10. Construct 2 courtyard ramps at stair towers (2 of 4 in base bid)	\$22,000
11. Security in courtyard (raceway only in base bid)	\$66,000
12. New Chamber Dais (reuse existing is in base bid)	\$88,000
13. New Dais computer technology (reuse existing is in base bid)	\$220,000
14. Closed Circuit TV distribution (raceway only in base bid)	\$60,500
15. Add battery backup systems (fire/life safety included in base bid)	\$126,488
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	\$5,131,352

CITY HALL RESTORATION OVERSIGHT COMMITTEE RECOMMENDATION:**A. Prioritization of Bid Alternates:**

As outlined in the July 26, 2004 quarterly update to City Council, the Committee has been assisting staff in developing contingency plans in the event the general contractor bids are in excess of the project budget. The scope of work will be divided into two categories, base bid and bid alternates. The base bid will consist of code- and occupancy-required scope of work topics—which will allow staff to reoccupy the City Hall building in 2007. The bid alternate work could be delayed until after City Hall is reoccupied.

During the July 14, 2004 meeting of the City Hall Oversight Committee, the Committee finalized the prioritization of bid alternates. The Committee recommends that City Council approve adding back into the project the bid alternates in the order of priority as listed above.

CITY HALL RESTORATION OVERSIGHT COMMITTEE WORK:

The following informational report represents the City Hall Seismic Retrofit Project update to the City Council for the period July 1, 2004, through September 30, 2004. The City Hall Oversight Committee reviewed the following activities during the last quarter:

A. Project Schedule:

1. Reviewed and commented on the project schedule which supports that the overall project remains on schedule. The preconstruction time frame has been extended by six weeks to more fully develop bid alternates as a precaution if the general contractor bids come back in higher than the budget. The revised milestone schedule is as follows:
 - a) Staff relocation: Completed in September, 2004
 - b) Pre-construction: Ongoing through November, 2004.
The project team will utilize this time extension to perform building investigations, solicit bids for the installation of tree protection measures, and contract for hazardous materials abatement services
 - c) General contractor bid & award: Ongoing through November, 2004.
The general contractor bids are due back to the City Clerk on November 4, 2004. The Oversight Committee will review the General Contractor bids during the November meeting (11/10/04). Staff expects to recommend a general contractor to City Council on November 22, 2004.

- d) Construction: December 1, 2004 through April 16, 2007.
Staff plans to issue the general contractor "notice to proceed" on December 1, 2004. The construction phase has been shortened from 30 months to 28.5. As substantiated by the construction manager (DMJM), the general contractor will be able to meet this schedule by performing construction work activities in a concurrent and/or overlapping manner.
- e) Staff relocation: April 16, 2007 through May 31, 2007.
Staff will have six weeks to relocate back into City Hall.

B. Project Budget:

The budget equates to \$93,273,000 and the estimated cost of the project is \$98,789,000, resulting in the budget overage of \$5,516,000. The budget overage is directly related to the industry-wide escalation of price increases in construction materials across the board, most notably concrete, steel products, and forming lumber. The project contingency amounts to \$8,619,000 which equates to 9% of the total project cost.

1. The Committee continues to track the escalation trend in the cost of building materials and the direct impact it has on the cost of the City Hall project. The Committee has reviewed numerous sources and participated in discussions relating to the state of industry-wide cost escalation of construction materials.
2. The Committee is currently participating with staff in the general contractor selection process. The Committee has been working with the project team to develop a contingency plan in case the general contractor bids come in higher than the project budget. The contingency plan will be in the form of a recommended list of prioritized bid alternates.

Due to the magnitude of interim office lease payments, the Committee acknowledges that the first priority should be to complete the work activities necessary for staff to reoccupy the City Hall building in 2007. The estimated cost for required reoccupy work equates to \$62.6 million.

The Committee has assisted the project team in prioritizing potential work topics that could be delayed until after City Hall is reoccupied. In prioritizing the delay topics, the Committee has considered the cost of redesign, the level of importance and/or the penalty to complete the work activities once staff reoccupies the City Hall building. As more fully described above, the approximate cost for potential delay work equates to \$5.1 million.

While the Committee is dedicated to providing City Council with a project to move forward within the current budgetary parameters, the Committee does not support the elimination and/or deferment of such topics unless absolutely necessary. The City may choose to delay completion of the topics listed above until after staff reoccupation, or in the future when alternative financial means are identified to complete the work.

3. Based on the substantial amount of unknowns associated with retrofitting an existing building, the Committee supports keeping the project contingency at its current level of \$8,619,000.

C. Competitive Bidding:

The three firms meeting prequalification requirements have been invited to submit sealed bids on the detailed specifications for the project. The contract will be awarded to the lowest responsive and responsible bidder from the prequalified group.

1. The construction contracting package will consist of a blind-sealed base bid, with additive bid alternates. The base bid will consist of required scope of work topics—which will allow staff to reoccupy the City Hall building in 2007—including:
 - a) Seismic strengthening – basement demolition and base isolator installation
 - b) Mechanical, electrical, plumbing, fire sprinkler and alarm systems
 - c) Interior tenant improvements
 - d) Offsite utility connections
 - e) Data/telecommunication installation
2. During the bidding process, the potential general contractors are to provide pricing for constructing additive bid alternates. This process will provide costs for constructing items which may be added to construction efforts if budgetary funds are available. If a budget shortfall remains, the additive bid alternate approach will enable the project to move forward with the current budget approved by City Council. The potential delay topics/bid alternate categories are as follows:
 - a) Historic restoration – interior and exterior
 - b) Site work/landscape – softscape and hardscape
 - c) Interior tenant improvements (nonrequired areas – basement level finishes, 4th level finishes, miscellaneous areas)
 - d) Nonessential technology improvements

D. Local Pasadena Outreach:

The Committee has continued outreach discussions with staff to formulate approaches to increase the level of local contractor, subcontractor, and business involvement in the City Hall project. Local outreach efforts are to include:

1. Preconstruction work activities
 - a) City Hall building investigations
 - b) Site fencing
 - c) Hazardous materials abatement
 - d) Tree and building protection

2. Data collection approaches to solicit company names and involvement of local contractors, subcontractors, and businesses. The first wave of database information was forwarded to the potential general contractors during the bidding process. Future database information will be distributed to the general contractors and subcontractors as construction progresses.

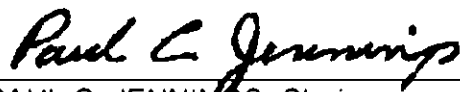
3. The general contractor will be required to institute a proactive outreach program to ensure that Pasadena residents and businesses are included in the City Hall project. To this end, the general contractor will be utilizing community organizations, organizing an employment/business opportunity program, holding community outreach meetings, and implementing outreach solicitation initiatives.

NEXT STEPS:

The Committee will be participating in final selection of the general contractor in November. While the actual costs associated with the project will not be known until formal bids are submitted to the City for consideration, the Committee still wishes to express its concern with respect to the rapid escalation of costs within the construction industry.

While it is likely that project budget challenges will remain, the Committee has been working with staff to develop a list of cost reduction items which can be deferred in order to meet the project budget. The Committee does not support the elimination and/or deferment of such topics. However, the Committee is dedicated to the completion of the project and will be communicating to City Council what aspects of the project will need to be delayed in order to remain within budget.

Respectfully submitted,



PAUL C. JENNINGS, Chair
City Hall Restoration Oversight Committee