

# Agenda Report

March 2, 2026

**TO:** Honorable Mayor and City Council

**FROM:** Department of Public Works

**SUBJECT: AUTHORIZE THE CITY MANAGER TO AMEND CONTRACT NO. 33313 WITH PCL CONSTRUCTION SERVICES, INC. TO INCREASE CONTRACT AMOUNT BY \$177,533,815 FOR CONSTRUCTION MANAGER AT-RISK PHASE 2 CONSTRUCTION SERVICES FOR THE CENTRAL LIBRARY SEISMIC RETROFIT AND RENOVATIONS PROJECT FOR A REVISED TOTAL CONTRACT AMOUNT NOT TO EXCEED \$186,186,155**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the recommended action be categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Title 14, Chapter 3, Article 19, Section 15301, Class 1 – Existing Facilities, and Section 15302, Class 2 – Replacement or Reconstruction, and that there are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances; and
2. Authorize the City Manager to amend Contract No. 33313 with PCL Construction Services, Inc., as a result of the competitive selection process specified by Section 4.08.136 of the Pasadena Municipal Code, increasing the contract amount by \$177,533,815 from \$8,652,340 to a total not-to-exceed amount of \$186,186,155, which shall not exceed the Guaranteed Maximum Price (GMP), inclusive of all contingencies, for Construction Manager At-Risk (CMAR) Phase 2 construction services necessary to complete the Central Library Seismic Retrofit and Renovations project. Competitive bidding is not required pursuant to City Charter Section 1002(I) (contracts utilizing alternative project delivery methods, as approved by the City Council, including, but not limited to, design-build and construction manager at-risk).

## **EXECUTIVE SUMMARY:**

On July 21, 2025, City Council authorized the City Manager to enter into a Construction Manager At-Risk (CMAR) contract with PCL Construction Services, Inc. (PCL) for Phase

1 preconstruction services and Phase 1A selective demolition for the Central Library Seismic Retrofit and Renovations Project. That authorization was intentionally structured to allow early contractor involvement and limited destructive investigations in advance of committing to a Guaranteed Maximum Price (GMP) for full construction, with Phase 2 construction services to be brought forward for separate City Council consideration upon completion of that work.

Since that time, Phase 1A selective investigative demolition, salvaging and protection of historic items, and abatement activities have been underway and have provided controlled access to concealed structural and architectural conditions that could not be fully evaluated through non-destructive means. In parallel, PCL completed Phase 1 preconstruction services in close coordination with City staff, the project design team, and the Mayor-appointed Technical Oversight Committee (TOC). Together, these efforts reduced construction uncertainty, refined project scope and sequencing, and informed development of a negotiated Phase 2 GMP and construction schedule.

The proposed Phase 2 GMP Amendment provides a guarantee by the CMAR that the cost for construction shall not exceed \$177,533,815 based on validated scope, informed risk allocation, and current market conditions. Approval of the GMP and execution of the Phase 2 contract amendment will allow the project to transition into full construction with defined cost and schedule parameters, enhanced “open book” financial accountability, and continued oversight consistent with the CMAR delivery method and the Measure PL bond program.

### **BACKGROUND:**

On July 21, 2025, City Council authorized the City Manager to enter into a Construction Manager At-Risk (CMAR) contract with PCL Construction Services, Inc. (PCL) for the Central Library Seismic Retrofit and Renovations Project. The contract authorized Phase 1 preconstruction services and Phase 1A selective demolition services, consistent with the CMAR delivery method approved by City Council.

The Phase 1 preconstruction scope was intended to advance design coordination and construction planning while providing early contractor involvement to support constructability review, cost development, schedule refinement, bid package planning, and risk assessment. In parallel, Phase 1A selective demolition and abatement were authorized to allow limited destructive investigation of concealed building conditions that could not be fully evaluated through non-destructive means. Together, these phases were structured to inform development of a reliable Guaranteed Maximum Price (GMP) prior to authorization of full construction services.

Following contract execution, Phase 1A construction activities commenced and have remained active, providing controlled access to structural and architectural conditions necessary to confirm design assumptions and refine construction sequencing, schedule development, and cost estimates. Concurrently, PCL completed Phase 1 preconstruction services in close coordination with City staff, the project design team, and the Mayor-

appointed TOC. Phase 1 efforts included cost estimating and reconciliation, constructability and phasing reviews, bid package planning, schedule development, and risk assessment. These activities culminated in the development of a negotiated Phase 2 Guaranteed Maximum Price (GMP) and an associated construction schedule for full construction services.

The proposed Phase 2 GMP reflects a defined project scope, informed risk allocation, and current market conditions, and establishes a guaranteed cost for construction shall not be exceeded. Approval of the GMP and execution of the Phase 2 contract amendment will allow the project to proceed into full construction with defined cost and schedule parameters, enhanced financial accountability, and continued oversight consistent with the CMAR delivery method and the Measure PL bond program.

### **Phase 1 and Phase 1A Updates**

Following contract award, PCL initiated Phase 1 preconstruction services in close coordination with City staff, the project design team, and the Mayor-appointed TOC. Phase 1 activities were focused on advancing the project from design development toward construction readiness and included detailed cost estimating and reconciliation at multiple design milestones; constructability, logistics, and phasing reviews; schedule development; bid package planning; and value engineering analyses. These efforts were intentionally coordinated with ongoing Phase 1A field activities to ensure alignment between design assumptions, construction sequencing, and cost development.

Concurrently, Phase 1A selective demolition and abatement activities commenced in August 2025 to provide controlled access to concealed building conditions that could not be fully evaluated through non-destructive investigation alone. Phase 1A work included hazardous materials abatement; selective demolition of non-historic finishes; controlled removal, protection, and cataloging of historic architectural elements; and targeted structural investigations. This work confirmed anticipated conditions typical of a historic structure of this age and identified additional localized conditions requiring coordination and refinement prior to full construction.

Findings from Phase 1A field investigations were incorporated into Phase 1 preconstruction analyses to refine scope assumptions, validate structural retrofit approaches, adjust construction sequencing, and improve cost and schedule reliability prior to finalizing the Guaranteed Maximum Price (GMP). Structural observations and architectural site reviews informed refinement of retrofit detailing and coordination strategies, reducing uncertainty ahead of Phase 2 construction authorization. Throughout Phases 1 and 1A, the TOC received regular progress updates and provided technical feedback related to constructability, historic preservation strategies, phasing, and risk management considerations. This oversight strengthened the overall reliability of the project's cost and schedule assumptions and informed development of the Phase 2 GMP and construction schedule.

Together, completion of Phase 1 preconstruction services and Phase 1A selective demolition has provided a clearer understanding of existing conditions and construction risks, positioning the project to advance into Phase 2 construction with a defined scope, validated assumptions, and a negotiated Guaranteed Maximum Price.

### **Local Business Participation and Workforce Engagement**

Throughout Phase 1 preconstruction and Phase 1A selective demolition, PCL, in collaboration with City staff, actively promoted opportunities for participation by local businesses and the local workforce as part of the development of the Phase 2 GMP. These efforts were intentionally integrated into preconstruction planning to ensure that local participation considerations informed bid package development, procurement strategies, and construction sequencing.

As documented in monthly reports to the TOC, PCL implemented a range of outreach and engagement activities during GMP development. These efforts included launching a Citywide Construction Opportunity Survey to collect information from Pasadena-based businesses and workers interested in participating in the project; participating in community and workforce outreach events such as the Black Education Expo, Latino Heritage Festival, workforce development career fairs, and district-level community events; and engaging with local business organizations and chambers to disseminate information regarding upcoming subcontracting opportunities.

PCL also coordinated with workforce development and training partners, including Pasadena City College, the Flintridge Center, and regional building trades organizations, to support awareness of anticipated labor needs and pre-apprenticeship and workforce pipeline opportunities associated with the project. Outreach to small, local, and diverse businesses was further supported through participation in Pasadena Chamber of Commerce events and industry networking forums, with the goal of broadening subcontractor participation and promoting competitive bidding during Phase 2 procurement.

Information gathered through these outreach efforts was incorporated into bid package planning and sequencing during GMP development, helping to structure packages in a manner that supports accessibility for a broad range of qualified subcontractors while maintaining project schedule and cost objectives.

### **CMAR Cost Control, Contingencies, and Cost Savings**

The Construction Manager At-Risk (CMAR) delivery method is intended to provide cost certainty while maintaining flexibility to manage the inherent risks associated with complex construction projects, particularly those involving historic buildings and seismic retrofits.

#### **Guaranteed Maximum Price (GMP)**

The Guaranteed Maximum Price establishes a guaranteed cost for construction shall not be exceeded. Once approved, the CMAR is contractually obligated to deliver the project within the GMP, except in cases where the City authorizes changes in scope or where conditions arise that fall outside the scope, systems, kinds and quality of materials, finishes, or equipment, and parameters of the Contract Documents.

#### Contractor and Owner Contingencies

The GMP includes a contractor-controlled contingency of \$4,798,629, which is managed by the CMAR and used to cover those costs that are included in the Guaranteed Maximum Price but not otherwise allocated to another line item or included in a Change Order during construction. Use of this contingency does not increase the GMP and allows issues to be resolved efficiently without unnecessary change orders.

Separately, the City maintains an owner-controlled contingency of \$16,096,536, which is reserved for City-approved scope changes, program modifications, or conditions determined to be outside the CMAR's contractual responsibility. Use of the owner contingency is subject to City review and approval. Any change order requests increasing the GMP for Phase 2 in excess of the established amount of the owner contingency require City Council authorization.

#### Cost Savings

If the project is completed for less than the approved GMP, as may be adjusted by Change Orders, cost savings will benefit the City's Measure PL bond program. Specifically, unused CMAR-controlled contingency will be shared, with 60 percent reverting to the City and 40 percent retained by the CMAR, as specified in the CMAR contract. This shared-savings structure incentivizes proactive cost control, efficiency, and risk management by the CMAR while ensuring the majority of financial benefit accrues to the City.

Any unused owner-controlled contingency remains 100 percent with the City.

Together, these mechanisms provide transparency, accountability, and financial protection for the City while allowing proactive management of risk during construction.

#### **Transition to Phase 2 and GMP Consideration**

Completion of Phase 1 preconstruction services and Phase 1A selective demolition has substantially reduced the uncertainties typically associated with the seismic retrofit and renovation of a historic structure. With destructive investigations complete, key structural and architectural conditions confirmed, and design coordination advanced, the project team is prepared to transition from preconstruction into full construction.

As contemplated at the time of the Phase 1 authorization, City Council retained the ability to accept, negotiate, or decline the proposed Guaranteed Maximum Price, as well as to

pursue alternative approaches if warranted. Based on completion of Phase 1 preconstruction services and Phase 1A selective demolition, staff has validated the proposed scope, sequencing, and cost assumptions and is recommending approval of the negotiated Phase 2 Guaranteed Maximum Price to allow the project to proceed into full construction.

The proposed Phase 2 Guaranteed Maximum Price (GMP) reflects the culmination of this collaborative process and is based on a defined project scope, refined construction sequencing, and current market conditions. The table below summarizes the major cost components of the proposed GMP, including direct construction costs, general conditions, contractor-controlled contingency, allowances, and the CMAR fee.

<b>Phase 1/1A Total Actual Cost</b>	<b>\$ 7,865,764</b>
<b>Phase 2 Summary</b>	
Direct Cost of Work	\$ 137,103,693
General Conditions and Requirements	\$ 10,019,538
CMAR Overhead/Profit & Fees	\$ 4,843,873
Insurance & Bonds	\$ 4,325,622
<b>Subtotal</b>	<b>\$ 156,292,726</b>
CMAR Contingency (60/40 split if unused)	\$ 4,798,629
Owner (City) Contingency	\$ 16,096,536
Allowances (Builders Risk Insurance and Parking)	\$ 1,132,500
<b>TOTAL GUARANTEED MAXIMUM PRICE (GMP)</b>	<b>\$ 186,186,155</b>

In addition to establishing a guaranteed cost for construction that shall not be exceeded, the Phase 2 GMP is accompanied by a detailed construction schedule that incorporates finalized phasing, bid package sequencing, and integration of historic preservation work with structural retrofit operations. The schedule identifies anticipated construction start, major milestones, substantial completion, and overall project duration and will serve as the baseline for Phase 2 construction management and reporting. Phase 2 construction is anticipated to begin in February 2026, with substantial completion in July 2028, inclusive of a weather contingency period.

<b>Milestone</b>	<b>Start</b>	<b>Finish</b>
Phase 2 Construction Start	February 2026	
Structural Work	February 2026	June 2027
Mechanical, Electrical, and Plumbing (MEP)	November 2026	September 2027
Interior Finishes	April 2027	May 2028
Site Work and Landscaping	August 2027	March 2028
Commissioning and Closeout	September 2027	July 2028
<b>Substantial Completion</b>		<b>July 31, 2028</b>

Approval of the GMP and associated construction schedule at this time is consistent with the CMAR delivery strategy previously authorized by City Council and provides both cost and schedule certainty for the Measure PL bond program. Together, these elements establish a clear framework for financial accountability, risk management, and progress tracking as the Central Library Seismic Retrofit and Renovations Project advances into full construction.

**NEXT STEPS:**

Upon City Council approval of the Phase 2 Construction Services amendment and Guaranteed Maximum Price, the City will execute the contract amendment and issue a Notice to Proceed for Phase 2 construction.

PCL will proceed with final subcontractor procurement and mobilization in accordance with the approved bid package plan and construction schedule. Construction activities will advance in planned phases and will include seismic retrofit work, structural improvements, replacement of building systems, and restoration of historic architectural elements.

As Phase 2 construction progresses, PCL and the City will continue to implement local business participation and workforce engagement efforts consistent with the CMAR contract and applicable City policies. These efforts will include continued outreach to local and diverse subcontractors as bid packages are released, coordination with workforce development partners, and tracking of local business and workforce participation throughout construction. Progress related to these efforts will be incorporated into ongoing project reporting.

Throughout Phase 2 construction, the TOC will receive monthly project updates and provide technical input on constructability, preservation strategies, schedule, and risk management. In addition, City staff will provide quarterly updates to the Finance Committee and City Council addressing project status, schedule, expenditures, and overall alignment with the Measure PL bond program.

Construction is anticipated to begin in early 2026, with substantial completion targeted for 2028, consistent with prior City Council direction.

**COUNCIL POLICY CONSIDERATION:**

This contract is consistent with the City Council's goal to improve, maintain and enhance public facilities and infrastructure in order to promote quality of life and local economy; ensure continued operation; and support institutions that serve the needs of Pasadena's diverse residents and families.

**ENVIRONMENTAL ANALYSIS:**

The contract award has been determined to be categorically exempt under the California Environmental Quality Act (CEQA) Guidelines in accordance with Title 14, Chapter 3, Article 19, Section 15301, Class 1, Existing Facilities. Class 1 consists of the repair, maintenance, or minor alteration of existing public facilities involving negligible or no expansion of use.

Phase 2 construction includes the seismic retrofit and renovation of the existing Central Library building, including installation of new structural elements, replacement and modernization of building systems, restoration and reinstallation of historic architectural features, and related construction activities necessary to return the facility to service. These activities constitute minor alterations of an existing public facility and do not involve expansion of use.

All Phase 2 work will be performed within the existing building envelope and is consistent with the building's existing public library function. There are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances. Accordingly, no further environmental review is required.

**FISCAL IMPACT:**

The total cost of this contract amendment, including direct construction costs, general conditions, contractor-controlled contingency, owner contingency, allowances, and the CMAR fee, is \$177,533,815, and the total cost of this action will be \$185,994,815, including the owner-contingency, administrative costs, and inspection and testing services. Funding for this action will be addressed through the utilization of budgeted appropriations in the *Central Library Seismic Retrofit and Renovations (71922)* project through Measure PL, a \$195 million bond measure, approved by Pasadena voters in November 2024. It is anticipated that all costs will be expended through FY 2029. There is no impact to the General Fund.

\$8.461 million has been allocated under the Administration, Inspection, and Testing line item to cover project soft costs. These costs include project management, scheduling, and cost control support; construction administration services provided by the design team to confirm the work is constructed in accordance with approved plans and specifications; required materials testing and special inspections to be presented for contract award at a future Council Meeting; coordination with permitting agencies and associated fees; utility connection and tie-in costs; and also includes \$2.1 million budgeted for owner-supplied furnishings and technology equipment and systems required for the facility to be operational and occupied.

Contract Amendment for Construction Manager At-Risk Phase 2 Construction Services for the Central Library Seismic Retrofit and Renovations Project

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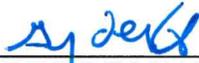
The following table represents the fiscal impact of this action.

Amendment to Contract for Phase 2 CMAR Construction Services	\$	177,533,815
Administration/Inspection/Testing	\$	8,461,000
<b>Total Fiscal Impact</b>	<b>\$</b>	<b>185,994,815</b>

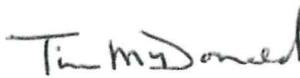
The following table represents the overall project budget.

Phase 1 & 1A GMP Actual Expenditures	\$	7,865,764
Phase 2 GMP (Including CMAR and City Contingencies)	\$	178,320,391
<b>Total GMP</b>	<b>\$</b>	<b>186,186,155</b>
Administration/Inspection/Third-Party Testing	\$	8,461,000
<b>Total Project Cost</b>	<b>\$</b>	<b>194,647,155</b>

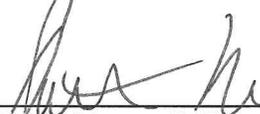
Respectfully submitted,

  
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GREG DE VINCK  
Director of Public Works

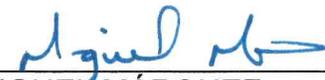
With Concurrence,

  
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