

# Agenda Report

**TO:** CITY COUNCIL July 24, 2000

**FROM:** City Manager

**SUBJECT:** Subterranean Public Parking Structure  
at the Pasadena Courtyard by Marriott Hotel:  
Amendment of Contract No. 16,988 with  
Arciero Brothers, Inc., and Change Order No. 1 therefor

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the City Manager to execute an amendment to Agreement No. 16,988 with Arciero Brothers, Inc., for the construction of a subterranean public parking structure at the Pasadena Courtyard by Marriott hotel increasing the contract "not to exceed" amount from \$2,269,751 to \$2,471,085 an increase of \$201,334 - because of delays to the hotel project, minor construction changes, and reimbursement of permit fees.
2. Authorize the City Engineer and the Director of Finance to execute Change Order No. 1 to Agreement No. 16,988 in the amount of \$150,600 to compensate the contractor for costs incurred on account of the scheduled delays to the scheduled completion of the Pasadena Courtyard by Marriott hotel project.
3. Approve a journal voucher appropriating \$200,000 from the \$2,600,000 Marriott Public Parking Structure construction financing obtained by the City and \$120,471 from the Old Pasadena Parking Structure Fund unappropriated fund balance to Budget Account 8503-407-763222 (Marriott Public Parking Structure).

**BACKGROUND:**

A December 16, 1998 agreement between Pasadena Hotel Associates, LLC, and Koll Construction, L.P., provided for the construction of a 314-room Courtyard by Marriott hotel, together with a six-story, above-grade accessory parking structure. The firm of Arciero Brothers, Inc., was engaged as subcontractor responsible for, among other things, construction of the parking structure.

In order to augment the supply of off-street parking in Old Pasadena, the City Council, on March 15, 1999, approved agreements with Arciero Brothers, Inc., and other entities involved in the hotel project for the construction of two stories of subterranean public parking, including necessary redesign of the structure, for a cost of \$2,400,000. On March 29, 1999, however, staff informed the City Council in closed session that the final cost of the project was likely to exceed the above approved amount. Nonetheless, the various construction and lease agreements were executed on April 2, 1999, including Agreement No. 16,988 with Arciero Brothers, Inc.

Under the 1998 agreement between Pasadena Hotel Associates, LLC, and Koll Construction, L.P., Koll faced severe financial penalties if construction of the hotel, including the parking structure, was not completed in accordance with the original project schedule.

The provision of subterranean parking necessitated the construction of a common wall with footings between the hotel and the redesigned parking structure in order to prevent any surcharge loadings from the hotel's footings on the parking structure excavation. Koll's project schedule showed construction of the common wall's footings to be on the critical path for timely completion of the project. If the common wall's footings were not completed by April 15, 1999, the project would be delayed according to the original schedule that was part of the agreement between Pasadena Hotel Associates, LLC, and Koll Construction, L.P.

The City's contractor, Arciero Brothers, Inc., commenced construction of the common wall footings on April 2, 1999 and completed same on May 15, 1999. Based on Agreement No. 16,988 with Arciero Brothers, Inc., and a separate agreement between Koll Construction, L.P., and Arciero Brothers, Inc., the City is responsible for the costs associated with a 16-day delay in completion of the hotel project. These costs, which are payable to Arciero Brothers, Inc., consist of liquidated damages (withheld by Koll from payment to Arciero Brothers) of \$8,850 per day plus \$9,000 in attorney fees - a total of \$150,600.

It should be noted that Koll Construction, L.P., has indicated to staff that it does not agree with the above interpretation of the extent of the City's responsibility for delay costs. Thus, it is likely that a claim will be forthcoming from Koll for additional delay costs. The amount of this potential claim is unknown at this time.

An amendment to Contract No. 16,988 is now appropriate in order to compensate the contractor for the above delay costs plus the following other work or expenses not covered by the contract: the City's share of improvements to Raymond Avenue, Pacific Place, and Hopkins Alley; the installation of stub-outs for water and sewer house connections to serve the subterranean parking structure office; reimbursement for permit fees; and the installation of security fencing in the parking structure stairwells and along the parking structure's Pacific Place frontage. The recommended contract amendment will increase the contract "not to exceed" amount from \$2,269,751 to \$2,471,085 - an increase of \$201,334 or 8.9 percent.

It is also recommended that the City Engineer and the Director of Finance be authorized to execute Change Order No. 1 for the \$150,600 16-day delay costs described above following execution of the contract amendment. This authorization is required because Contract No. 16,988 requires City Council approval of individual change orders in excess of \$75,000.

The total cost to construct the two floors of subterranean parking structure below the six-story, above-grade Courtyard by Marriott parking structure, contract amount plus incidental costs, is as follows:


Agreement No. 16,988 (Base Bid)	\$2,269,751.00
Amendment (including delay costs)	201,334.00
Legal Fees	61,019.07
Building Permit	86,567.91
1% for City's Public Art Requirement	27,775.68
Testing and Inspection	50,504.03
Insurance	17,205.21
Legal Description/Survey	2,817.56
TELACU Agreements for Tiebacks	<u>3,496.43</u>
Total	\$2,720,470.89

As the final cost of the 148-space subterranean parking structure, including the recommended contract amendment, is \$2,720,471, the unit cost is \$18,382 per space. Data obtained from International Parking Design, Inc., a recognized authority for below-grade structure costs, indicates that for a structure of the depth and configuration of this one, a typical "construction only" unit cost would be approximately \$17,000 per space. As the completed project was carried out on a "design/build" basis, the 8.1 percent higher unit cost indicates that its final cost is consistent with industry standards for such structures.

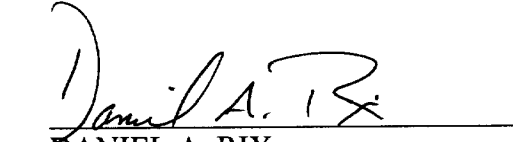
**FISCAL IMPACT:**

Sufficient funds are available from the unallocated portion of the City's Marriott Public Parking Structure construction financing and from the Old Pasadena Parking Structure unappropriated fund balance for the recommended journal voucher needed to pay for the work completed under Contract No. 16,988 by Arciero Brothers, Inc.

Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager

Approved by:

  
DANIEL A. RIX  
City Engineer

Reviewed by:

  
JAY M. GOLDSTONE  
Director of Finance

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