

# Agenda Report

**TO:** CITY COUNCIL **DATE:** December 11, 2006  
**THROUGH:** FINANCE COMMITTEE  
**FROM:** PASADENA CENTER OPERATING COMPANY  
**SUBJECT:** PASADENA CONFERENCE CENTER EXPANSION PROJECT –  
QUARTERLY UPDATE.

## RECOMMENDATION

This report is for informational purposes only.

## BACKGROUND

This report represents the progress update to the City Council for the period August 1, 2006 through October 31, 2006.

## PROGRESS UPDATE

1. Project Schedule: The overall project is on schedule. The temporary exhibit hall is scheduled to be completed and ready for occupancy on January 22, 2007. The projected date of completion for the entire project is April 20, 2009.
2. Project Budget: The overall project remains on budget at this time with the total budget remaining at \$142,492,117.
  - A. Project Financing: The bond issue for the project closed on September 7, 2006. Due to the timing of the bond issue, the city was able to take advantage of a low-point in interest rates. The final interest rate on the bonds was 3.78%. This represents a reduction in annual debt service payments on the project from the levels estimated in the proforma. With this savings, the projected debt service coverage is increased to nearly 30% annually.
3. Project Oversight: The PCOC Board of Directors, is responsible for the oversight of the project and has developed and implemented an oversight plan for the project (see attachment A) The Board is made up of residents of the community appointed

by the Mayor and City Council, as well as representatives from the hotel community, the City's Director of Development and the Vice Mayor. The board includes members with a variety of experience that are beneficial to the project.

The board has appointed an Expansion Committee that meets on a bi-weekly basis with the project team to review the project status and tour the site. The committee reviews the project with the full PCOC Board of Directors at their monthly meetings.

The project team, headed by the Executive Director of the Conference Center and the CEO includes the construction management firm, the architect / engineers and the inspections lab.

The PCOC has hired DMJM as the construction manager for the project. They are also involved with the City Hall project. DMJM is on-site and has a team of six working on the project. DMJM coordinates the efforts of the architects / engineers and inspections lab and provides daily oversight of the activities of the general contractor.

- A. **Project Administration:** The PCOC Board of Directors has developed controls and procedures for the project. Change order requests will be reviewed as per the general contractor agreement, following the same overall procedure used on the City Hall project (see Attachment B). The change order approval procedure also follows the overall procedure used on the City Hall project. Because it is a PCOC contract, the PCOC Board of Directors will approve all change orders prior to the expenditure of contingency funds on the project (see attachment C). The total contingency allocation approved as part of the project budget was \$9,122,432. To date, no contingency has been spent.
  - B. **Financial reporting on the project, including budget and contingency fund status will be included in the quarterly updates provided to the City Council.**
4. **Construction Activities:** The following progress milestones have occurred during this reporting period:
- A. **Construction commenced on August 21, 2006 with the demolition of the concrete planters and seating on the east plaza area. The area has now been leveled with concrete fill and a structural base is being installed in preparation for installation of the temporary exhibit hall.**
  - B. **The "Official Groundbreaking" ceremony was held on September 27. Mayor Bogaard officiated at the ceremony. Vice Mayor Madison, and Council members Holden and Tyler also took up shovels to kick-off the project.**
  - C. **Construction Status:** The General contractor is proceeding on schedule with the project. The completion status of specific areas is as follows:

- i. Temporary Exhibit Hall East Plaza 30%
- ii. Demolition of West Plaza / Exhibit Hall 0%
- iii. Construction of New Exhibit Hall / Ballroom 0%
- iv. Conference Building Exterior Renovation 0%
- v. Site Work (Plazas, Walkways, etc.) 0%

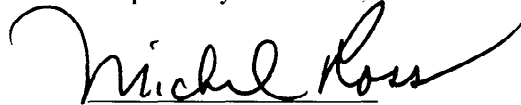
5. Local Pasadena Outreach:

A. Local outreach goals and objectives for the project have been established as stipulated in the general-contractor agreement with Clark Construction mirroring the process and efforts developed for the City Hall Project. The goals are as follows:

<u>Description:</u>	<u>Goal:</u>	<u>Through October:</u>
A. Local Hiring	50 - 75	7
B. Local Business Participation	\$1,250,000 - \$1,850,000	\$319,186
D. Union Apprenticeship Sponsorships	30	Begins November 17

- B. Clark has contracted with The Center for Community and Family Services as their outreach coordinator for the project.
- C. Clark Construction hosted their first Business Opportunity Fair for the project on September 29, 2006. Primary subcontractors were represented and eighteen local businesses participated.
- D. The oversight committee and the project team will monitor the progress of the general contractor's outreach efforts and provide regular updates to the City Council.

Respectfully Submitted,



Michael Ross  
Chief Executive Officer

# Pasadena Convention Center Expansion Project



Organizational Chart



**Pasadena Center Operating Company  
Conference Center Expansion Project**

**General Contractor Contract Amendment Process**

Pursuant to contractual provisions, the project team will be processing contract claims and/or change orders in the following manner:

1. **Initial Claim:** The Claimant has 21 days to submit the claim once the condition for claim is recognized.
2. **Response to Claim:** The PCOC shall have ten (10) days to respond to the claim in one or more of the following approaches:
  - a. Request additional supporting data from Claimant;
  - b. Submit a schedule to the parties indicating when they expect to take action;
  - c. Recommend rejecting the claim in whole or in part, stating reasons for rejection;
  - d. Recommend approval of the claim by the other party; or
  - e. Suggest a compromise.

**Claim Review Process:**

The project team (architect, construction manager, applicable engineers, cost estimator and PCOC staff) will thoroughly review all potential general contractor claims for contract document inclusion, merit, unit quantities, valuation and contractual consistency. The project team will bring validated claims to the CEO for approval. These approved claims will then be brought to the PCOC Expansion Committee for review. In most instances, the duration of the review process will allow the project team to review potential claims with the PCOC Board of Directors prior to incurring any additional delay penalties.

**Pasadena Center Operating Company  
Conference Center Expansion Project**

**CHANGE ORDER APPROVAL AUTHORITY**

1. Board of Directors: The PCOC Board of Directors must formally approve all Conference Center Expansion change orders as follows:
  - A. Single Occurrences: Individual change orders in excess of \$75,000.
  - B. Cumulative: Multiple change orders totaling greater than \$300,000 as tracked from the date of the preceding change order review to the Board of Directors by staff.
  - C. Total contract amendments are not to exceed the project contingency as approved by the Pasadena City Council.
  
2. Chief Executive Officer (CEO): The chief Executive Officer may approve all Conference Center Expansion change orders as follows:
  - A. Single Occurrences: The CEO may approve all individual general contractor change orders not exceeding \$75,000.
  - B. Cumulative: The CEO may approve multiple general contractor change orders not exceeding \$300,000, as tracked from the date that the preceding change orders are approved by the Board of Directors. The CEO may delegate approval authority (\$75,000 individually and \$300,000 cumulative) to the Executive Director of the conference center.
  - C. Emergency Conditions: Staff expects to experience a limited amount of change order requests which will require immediate approval or incur additional delay costs. In those cases, staff recommends enacting “emergency” change order approval which raises the CEO’s change order thresholds above \$75,000. Staff will review these claims with the Board of Directors at the next available Board Meeting date.
  - D. Total contract amendments are not to exceed the project contingency as approved by the Pasadena City Council.
  
3. Updates to PCOC Board of Directors: Convention Center Expansion Project updates to the Expansion Committee and Board of Directors will include financial reporting, including contingency expenditures to date.
  
4. Updates to City Council: Convention Center Expansion Project quarterly updates to City Council Will include financial reporting, including contingency expenditures to date.