



## Legislation Text

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**File #:** 22-438, **Version:** 1

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Adopt a Resolution to Approve and Authorize the City Manager to execute an amendment to an existing Consulting Services Agreement with Indigo, Hammond, and Playle Architects, LLP for the Police Building and South Offices Renovation project and to appropriate \$942,000 to the project from the Capital Improvement Program (CIP) budget

### **COUNCIL PRIORITY**

- Public Safety
- Infrastructure

### **SUMMARY**

This action approves and authorizes the City Manager to execute a contract amendment increasing the fee paid to Indigo, Hammond, and Playle Architects, LLP to cover costs related to extending the construction period of the Police Building and South Offices Renovation project and to appropriate additional funding for the project.

### **RECOMMENDATIONS**

Staff recommends approving the amendment and authorizing the City Manager to execute the contract amendment and appropriating additional funds for the project.

### **BACKGROUND**

The City hired Indigo, Hammond, and Playle Architects, LLP (Indigo) in 2013 to design modifications to the South Offices Building and Police Building that provide more staff work area, increase the size of the dispatch center, improve ADA access, and renovate the HVAC and electrical systems of the Police Building. The City entered into a separate consulting services agreement (CSA) with Indigo for construction support and awarded a contract for the construction of the improvements to D.L. Falk Construction (DLF) in late 2018. Construction of the improvements began in February 2019.

As in any complex building renovation project, there have been owner requests for changes, unforeseen conditions, and design changes during construction. Additionally, on this project there have also been utility and contractor delays during construction. While these items are commonly encountered, they have had an uncommonly significant impact on the schedule for this project. The exact impact of each category hasn't yet been determined, but the cumulative impact is known. The project was originally envisioned for completion Summer 2020; the work is now scheduled for completion by Spring 2023, a delay of up to 33 months. DLF will present a complete analysis of the delay for review before their contract is closed out and the City will evaluate that data to determine which party is responsible for delay. It is likely that each party will have responsibility for some portion of the delay. When delay is assigned to a 3<sup>rd</sup> party, such as a utility company, there is no recourse and each party must cover their own costs. Until responsibility is determined DLF is

covering delay costs of the construction team and the City is covering delay costs incurred by the owner's team, including Indigo.

Construction is scheduled to finish up to 33 months later than originally scheduled. The cost for staff to manage and inspect construction averages \$13,000/month resulting in additional project costs of \$429,000. Over that same period, the increased cost for Indigo, and their sub-consultants, is projected to be \$200,000.

Additionally, owner requests, unforeseen conditions, and design changes that may have contributed to the construction delay have also contributed to higher than anticipated change orders. At contract award, the project budget contained a change order contingency of 15% for the \$6,268,000 construction contract; however, change orders are currently projected to total 20% of the original contract, an increase of 5% or \$313,000. A summary of change orders to date is attached to this Staff Report.

The sum of the staff costs, consultant costs, and increased change order costs listed above, \$942,000, is needed from the CIP budget to complete construction of the project.

### **Analysis**

Project completion has been significantly delayed and the responsibility for delay has not yet been determined. Indigo continues to attend weekly meetings, review work, and respond to field issues; their assistance is critical to successful completion of the project. Architectural services are needed to complete the work and there is no other architectural firm with the required project knowledge.

DLF is likely responsible for and will be assessed liquidated damages for some portion of the delay. The City is also likely responsible and will be required to pay DLF for costs related to some portion of the delay. The magnitude of each of these items is unknown and, therefore, have been excluded from the current project cost estimate in the financial impact section of this report.

Staff recommends that additional funding for the project come from two sources, CIP fund balance and existing CIP expenditure accounts. The City has existing appropriations in CIP expenditure accounts for ADA improvements and this project includes more than \$800,000 in ADA upgrades including construction of 10 single occupancy ADA compliant restrooms, installation of ADA ramps to both buildings, and construction of a new ADA compliant locker room in the police building. Staff recommends that additional funding in the amount of \$409,234 be appropriated from CIP fund balance for this project, and that \$532,766 in existing expenditure accounts be re-appropriated to this project to cover a portion of the costs of ADA work included in the project.

### **Previous Actions**

- On November 7, 2016, the City Council by Resolution No. 2016-145, approved a CSA with Indigo for design services related to the Police Building and South Offices Modifications Project.
- On July 3, 2017, the City Council by Resolution No. 2017-093 approved Amendment No. 1 to the CSA with Indigo for design services to convert the theater space inside the South Offices

Building to a new community meeting room.

- On November 5, 2018, the City Council by Resolution No. 2018-136 awarded a construction contract to DLF and authorized the appropriation of additional funding towards construction of the subject project.
- On November 19, 2018, the City Council by Resolution No. 2018-139 approved a CSA with Indigo in the amount of \$394,090 for construction support services related to the subject project.

### **Applicable General Plan Policies**

GOAL CSF-1: Provide and maintain high-quality police, fire, and emergency medical services.

### **Permits and/or Variances Granted**

Building permits were issued for the construction of the subject project by the City's Building and Safety Services Division of the Community Development Department.

### **Environmental Review**

This project was deemed Categorically Exempt per California Environmental Quality Act (CEQA) section 15301 (A and C) - Existing Facilities.

### **Financial Impacts**

This Project is estimated to cost \$11,134,983, not including settlement for delays.

This CIP fund project requires additional funding. If approved, the attached resolution will appropriate \$409,234 for Fiscal Year 2022-2023 from the CIP Fund Balance into account 210-18-137-5240, this will reduce the fund's undesignated fund balance. The attached resolution will also re-appropriate \$532,766 from eight accounts created to fund ADA improvements to account 210-18-137-5240 to pay for ADA improvements on this project.

The project will be funded as follows:

<u>Account No.</u>	<u>Source</u>	<u>FY/Approp. Date</u>	<u>Amount</u>
210-18-137	General Fund	FY15/16	\$208,000
210-18-137	General Fund	FY16/17	\$1,556,983
210-18-145	General Fund, CIP Bond	FY18/19	\$5,000,000
210-18-137	General Fund	FY17/18	\$560,000
210-18-146	General Fund, CIP Bond	FY18/19	\$1,150,000
210-18-146	General Fund, CIP Bond	Reso 2018-136	\$943,000
<u>210-18-145</u>	<u>General Fund, CIP Bond</u>	<u>Reso 2020-017</u>	<u>\$775,000</u>
Subtotal Existing Appropriation			\$10,192,983

<u>Account No.</u>	<u>Source</u>	<u>FY/Approp. Date</u>	<u>Amount</u>
210-18-137	General Fund	new appropriation	\$409,234
<u>210-18-137</u>	<u>General Fund</u>	<u>re-appropriate</u>	<u>\$532,766</u>

Subtotal New Funding	\$942,000
Total Funding	\$11,134,983

**ATTACHMENTS**

*Att A: Resolution authorizing CSA amendment and appropriating funds*

*Att B: Compensation Schedule*

*Att C: Original CSA and amendments 1, 2, and 3 between the City of San Leandro and Indigo*

*Att D: DLF Change Order summary*

**PREPARED BY:** Nick Thom, City Engineer, Engineering and Transportation Department