



AGENDA REPORT

Meeting Date: January 6, 2009
Item Number: F-9
To: Honorable Mayor & City Council
From: Alan Schneider, Director of Project Administration
Subject: APPROVAL OF AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEVEN EHRLICH ARCHITECTS, INC. FOR ARCHITECTURAL DESIGN, CONSTRUCTION PROCUREMENT AND ADMINISTRATION SERVICES RELATED TO PROJECT LOCATED AT 331 FOOTHILL ROAD (FORMERLY LOCATED AT 9357 WEST THIRD STREET); AND
APPROVAL OF A CHANGE PURCHASE ORDER IN THE AMOUNT OF \$375,458.34 TO STEVEN EHRLICH ARCHITECTS, INC. FOR THESE SERVICES

Attachments: 1. Agreement

RECOMMENDATION

Staff recommends that the City Council move to approve Amendment No. 2 to the agreement with Steven Ehrlich Architects, Inc. (Steven Ehrlich) for architectural design, construction procurement and administration services related the 331 Foothill Road Office Building, and approve a Change Purchase Order in the amount of \$375,458.34, which increases the Purchase Order to \$2,061,458.34.

INTRODUCTION

This Amendment No. 2 corrects an administrative deficiency in the Steven Ehrlich Purchase Order, and increases the City controlled contingency. However, it does not increase the previously approved architectural fees.

In December 2004, City engaged Steven Ehrlich to design an office building at 9357 Third Street, the former Transfer Station site. They studied various design alternatives and solutions until the City determined that the site was inadequate to meet its objectives.

In February 2007, Steven Ehrlich entered into Amendment No. 1 to design a larger, more prominent office building at 331 Foothill Road. The City Council approved the design, authorized its bidding, and subsequently awarded a construction contract. This four-story structure is currently being built.

The total Purchase Order for Steven Ehrlich should have been the sum of the fees for the Third Street and the Foothill projects, but inadvertently it excluded the amount that was spend for the Third Street project. Amendment No.2 corrects this error, and in addition, increases the contingency.

DISCUSSION

The fees expended for the design of the 9357 Third Street project before the site location and project scope was altered was \$300,458.34.

The contract for the design of the current Foothill Road office building is Amendment No. 1 was \$1,686,000, comprised of a fee of \$1,566,000, a \$100,000 contingency and \$20,000 for reimbursable expenses. This compensation was to be in addition to, not inclusive of, the Third Street project.

The existing contingency has been depleted due to unanticipated soil and subterranean conditions requiring some redesign, significant City requested mechanical system changes, assistance in solar panel analysis, design changes to accommodate a smaller anticipated restaurant tenant, design modifications to lower construction costs (frequently called Value Engineering), and preparation of certain leasing exhibits and analysis. An increase of \$75,000 is requested to replenish the depleted contingency. Use of these funds requires the approval of the City.

FISCAL IMPACT

The resulting financial summary of the Steven Ehrlich Architect's fee is as follows:

<u>9357 Third St</u> expended before alterations		\$300,458.34
<u>331 Foothill site</u>		
Amendment No. 1		
Fee	\$1,566,000.00	
Contingency	\$100,000.00	
Reimbursable expenses ¹	<u>\$20,000.00</u>	
		\$1,686,000.00
Amendment No. 2		
Additional contingency		<u>\$75,000.00</u>
Total fee, contingency, & reimbursables		\$2,061,458.34

The existing purchase order is for \$1,686,000, leaving a deficiency of \$375,458.34.

Funding for this Project is allocated in FY 08-09 Capital Improvement (CIP) budget for 331 Foothill Road Office Building Project #888, and is available to cover these costs.

 Scott G. Miller
Finance Approval

 David D. Gustavson
Approved By

Attachment 1

Agreement

AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEVEN EHRLICH ARCHITECTS FOR ARCHITECTURAL DESIGN, CONSTRUCTION PROCUREMENT AND ADMINISTRATION SERVICES RELATED TO PROJECT LOCATED AT 331 FOOTHILL ROAD (FORMERLY LOCATED AT 9357 WEST THIRD STREET)

NAME OF ARCHITECT,
ADDRESS & DESIGNATED
REPRESENTATIVE

Steven Ehrlich Architects
10865 Washington Boulevard
Culver City, CA 90232
Attention: Thomas Zahlten, AIA

CITY'S ADDRESS & DESIGNATED
REPRESENTATIVE:

City of Beverly Hills
345 Foothill Road
Beverly Hills, CA 90210
Attention: Alan Schneider
Director of Project Administration

COMMENCEMENT DATE:

Upon receipt of Notice to Proceed

COMPLETION DATE:

Upon final acceptance by the City Council

COMPENSATION:

Professional fee as follows:

1. \$292,425.60 expended of base contract amount as described in Exhibit B
2. \$1,566,000 as described in Exhibit B of Amendment No. 1
3. Total fee not to exceed \$1,858,425.60

Contingency as follows:

1. \$100,000 as described in Exhibit B of Amendment No.
2. \$75,000 as described in Exhibit B of this Amendment No. 2
3. Total Contingency not to exceed \$175,000

Reimbursable expenses as follows:

1. \$8,032.74 expended of base contract amount described in Exhibit
2. \$20,000 as described in Exhibit B of Amendment No. 1
3. Total Reimbursable expenses not to exceed \$28,032.74

Total of professional fee, contingency and expenses not to exceed \$2,061,458.34

AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEVEN EHRLICH ARCHITECTS FOR ARCHITECTURAL DESIGN, CONSTRUCTION PROCUREMENT AND ADMINISTRATION SERVICES RELATED TO PROJECT LOCATED AT 331 FOOTHILL ROAD (FORMERLY LOCATED AT 9357 WEST THIRD STREET)

This Amendment No. 2 is to that certain Agreement between the City of Beverly Hills, a municipal corporation ("City"), and Steven Ehrlich Architects ("Architect"), dated December 21, 2004, and identified as Contract No. 387-04 as amended by Amendment No. 1 dated February 20, 2007 and identified as Contract No. 47-07 ("Agreement") for architectural design, construction procurement and administration services related to 331 Foothill Road.

RECITALS

- A) City entered into a written agreement with Architect in connection with the design and construction administration of a new three-story office building ("Building" or "Project") at 9357 West Third Street, Beverly Hills.
- B) Architect incurred \$292,425.60 in fees and \$ 8,032.34 in reimbursable expenses to analyze the Project site and to prepare drawings and renderings, for a total expenditure of \$300,458.34. City has paid Architect \$300,858.34 in compensation for these services.
- C) City then revised the Project and determined that the site at 9537 West Third Street was inadequate to satisfy its new objectives. The City and the Architect then executed Amendment No. 1 that changed the location of the Project to 331 Foothill Road, increased the size of the Building to approximately 73,000 square feet of gross leasable area, and raised the height to four floors.
- D) Amendment No. 1 established a new lump sum fee of \$1,566,000, a contingency of \$100,000, and reimbursable expenses of \$20,000, for a total of \$1,686,000, exclusive of funds previously expended.
- E) City desires to increase the Architect's contingency by \$75,000 because studies and changes have reduced the existing contingency substantially. City anticipates that additional studies may be required, relating to possible tenant requirements.
- F) Pursuant to the authority provided by Government Code Section 37103, City desires to engage Architect to design the Project in the manner set forth herein and more fully described in Section 1 of Exhibit A.
- G) Architect represents that it is qualified and able to perform those services.

NOW, THEREFORE, the parties agree as follows:

Section 1. Schedule 1 to Exhibit A, "Progress Schedule" shall be amended as attached hereto and incorporated herein.

Section 2. Exhibit B, "Payment Terms" shall be amended as attached hereto and incorporated herein.

Section 3. Except as specifically amended by this Amendment, all provisions of the Agreement dated December 21, 2004 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the _____ day of _____ 200__, at Beverly Hills, California.

City:
CITY OF BEVERLY HILLS
A Municipal Corporation

BARRY BRUCKER
Mayor of the City of
Beverly Hills, California

ATTEST:

(SEAL)
BYRON POPE
City Clerk

Architect:
STEVEN EHRLICH ARCHITECTS
A Sole Proprietorship

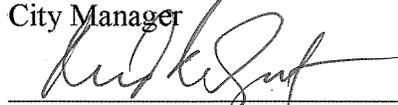

STEVEN EHRLICH, F.A.I.A.
Proprietor

112
16
08

APPROVED AS TO FORM:

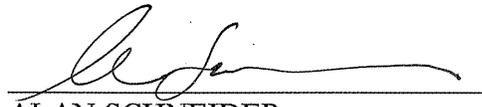

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

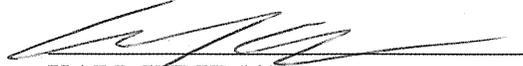
RODERICK J. WOOD, CCM
City Manager


DAVID D. GUSTAVSON
Director of Public Works & Transportation

[Signatures continue]



ALAN SCHNEIDER
Director of Project Administration



KARL KIRKMAN
Risk Manager

SCHEDULE 1 TO EXHIBIT A

PROGRESS SCHEDULE

Commencement of Services:	Upon receipt of a Notice to Proceed
Schematic Design completed in:	Ten weeks
Review Period:	Two weeks
Design Development completed in:	Ten weeks
Review Period:	Two weeks
Construction Documents completed in:	Sixteen weeks
Permitting:	Six weeks
Construction Procurement completed in:	Six weeks
Construction (est) to be completed in:	Twenty months
Completion Date: by the City Council	Upon final acceptance of the Project

The City reserves the right to review the plans and specifications for up to two weeks between phases.

EXHIBIT B

PAYMENT TERMS

City has compensated Architect for the satisfactory performance of services described in the Agreement the sum of \$300,458.34 in fees and expenses relating to the 9357 Third Street project. This Project was terminated and the location and scope moved to 331 Foothill Road.

Amendment No. 1 established a not to exceed fee of One Million Five Hundred Sixty Six Thousand Dollars (\$1,566,000) for the 331 Foothill Road project that remains in effect.

Architect shall provide City with monthly invoices in a form acceptable to the City for services performed. Such invoices shall describe in detail the work performed during the previous month and the percentage complete for the phase in progress. Invoices shall request payment in proportion to the portion of total services performed. City shall pay satisfactory invoices within forty-five (45) days. However, in no event shall the City pay more than the following for the satisfactory completion:

	<u>Fee per Phase</u>
Base Contract (expended amount)	\$300,458.34, remainder of base contract
Schematic Design	\$234,900.00 completed and paid
Design Development	\$313,200.00 completed and paid
Construction Documents	\$626,400.00 completed and paid
Bidding and Award	\$78,300.00 completed and paid
Completion of Construction	\$234,900.00 in progress
Acceptance by the City Council	\$78,300.00
Total fee	\$1,866,458.34

In the event the substantial completion of the Project, including the construction of the Cable TV tenant improvements, exceeds 20 months from the commencement of construction, the Architect shall be entitled to additional compensation either on an hourly basis or by a mutually agreed lump sum amount.

(In addition to the fee, the contingency is increased from \$100,000 set forth in Amendment No. 1 to One Hundred and Seventy Five Thousand Dollars (\$175,000) for services in connection to the Project for the extension of the construction period in (e) above or for unforeseen conditions yet to be defined. Said sum, or a portion thereof, shall not be expended until the City defines the scope and specifically authorizes the services in writing.