



## CITY OF BEVERLY HILLS STAFF REPORT

**Meeting Date:** November 15, 2011  
**To:** Honorable Mayor & City Council  
**From:** Alan Schneider, Director of Project Administration  
Donielle Kahikina, Associate Project Manager  
**Subject:** Public Works Warehouse/Shops and Site Improvements  
Progress Report

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### **INTRODUCTION**

On September 20, 2011, the City Council approved an agreement with RTK Architects, Inc. (RTK) for consulting architectural and engineering services related to the Public Works Warehouse/Shops and Site Improvements at 9357 W. Third Street.

Presentation of the conceptual design by the Architect is scheduled for this Council Study Session. Staff proposes to implement a construction management multi-prime method of project delivery, and will discuss the process for selection of the construction manager and cost benefits to the City.

Subject to the City Council's concurrence to proceed with the construction manager approach, the formal agenda for the November 15, 2011 City Council meeting includes the approval of Amendment No. 1 to the agreement with C.W. Driver for construction management services for the development of the Public Works Warehouse project.

### **DISCUSSION**

#### *Project Description*

The proposed project consists of a 3-story, 20,000 SF Public Works warehouse and shops facility and exterior yard to be located at 9357 W. Third Street, on the City's former refuse transfer site. The project is intended to provide for efficient storage of interior and exterior materials used by the City's Public Works & Transportation Department. It replaces over 60,000 SF of warehouse and shops that were located on the corner of Foothill Road and Third St. Temporarily, these functions are in a tent structure and the former Virgin Records building on the east side of Foothill Road.

Meeting Date: November 15, 2011

The proposed structure has a basement warehouse, a ground floor of technical shops, and a second floor that will provide the Public Works Emergency Operations Center (DOC), the storage of Engineering plans and documents, offices, unassigned future space for City uses. A tunnel connecting basement of the new facility to existing parking structure subterranean level B-2 is also proposed to provide secondary access to emergency supplies.

#### Project Delivery Method

Staff proposes to contract for this project using the Construction Manager Multi Prime (CMMP) delivery method to assure constructability of components, and confirm that the facility being planned is cost effective, built on schedule and of the highest quality.

In this method the Construction Manager (CM) is a consultant to the City who is engaged early in the design process to review the plans and specifications as they are being developed, provide value engineering, provide detailed cost estimating, pre-qualify trade subcontractors, prepare schedules, and bid the trades.

The Construction Manager will also prepare and coordinate all bid packages required to build the project, which is similar to the Design-Bid-Build method. Rather than subcontractors bidding to and selected by the general contractor, each package of trades pursuant to Public Contracting Code is bid by the City to pre-qualified subcontractors. These contracts are held by the City and managed by the Construction Manager.

This type of delivery method is widely used by other municipalities, and other public agencies. In many ways this process mirrors the delivery method for the Crescent garage project, which has met its schedule and is significantly under budget.

Some of the advantages of the CMMP method are:

- The Construction Manager “partners” with the design team and provides input during in the design process. This is currently underway.
- The process allows the trades to be limited to prequalified bidders, and results in the selection of the lowest bidder in each trade.
- The Construction Manager provides periodic cost estimates during design, and the City can authorize rebidding of portions of the work if over budget. The CM shall suggest value engineering methods to reduce the construction cost as necessary.

#### Construction Manager Selection

The Construction Manager selection process used a request for proposal issued to twelve highly reputable firms, many who have bid on City projects over the past years. Five firms responded with detailed information on their fee, preconstruction services, general conditions, insurance and bonding, personnel experience, firm experience, construction time and similar items. Staff narrowed the group to three firms that included C.W. Driver, W.E. O’Neil, and Bernards.

The Construction Manager finalists were interviewed and then competed on the basis of best value. A summary of the major business points that were considered in the process are:

	C.W. Driver	Bernards	W.E. O'Neil
Project Construction Time	10 mo	18 mo	12 mo
Project Closeout	1 mo	0 mo	2 mo
Total Completion Time	11 mo	18 mo	14 mo
Preconstruction Fee	\$30,775	\$20,000	\$155,427
Construction Fee	\$566,878	\$608,282	\$899,195
Closeout Fee	\$52,887	\$27,000	included
Total Fee	\$650,540	\$655,282	\$1,044,622

After careful evaluation of the business points, staff recommended the selection of C.W. Driver as the Construction Manager. They presented the best combination of fee, construction experience, and a highly qualified team. Their CMMP experience includes eleven public projects, and numerous other municipal buildings such as the recently completed Laguna Niguel City Hall and a wide range of other facilities.

#### Preconstruction Services

A key function of the construction manager is during the design phases of the Architect's services. Their contributions early in the design process provide the greatest opportunity for cost savings and to ensure the project plans and specifications are complete with virtually no errors and omissions.

An agreement with C.W. Driver in the amount of \$30,775 has been executed to provide preconstruction services, which include:

- Review of plans and specifications for constructability
- Value engineering
- Scheduling and cost estimating
- Prequalify the subcontractors
- Prepare and issue bid packages

Amendment No. 1 on the formal agenda extends that contract and adds the management of the construction from bid acceptance through project completion.

#### **FISCAL IMPACT**

Funding for this agreement has been allocated from the Fiscal Year 11-12 Capital Improvement Program (CIP) budget, project #0894. The conceptual budget for the cost of construction is \$10,000,000, and indirect soft costs \$1,400,000, for a total project budget of \$11,400,000.

#### **RECOMMENDATION**

Staff recommends that the City Council approve the design concepts as presented and the construction manager approach for project delivery. Formal approval of Amendment No. 1 to the Agreement with C.W. Driver for Construction Management Services for the development of the Public Works Warehouse project; and approval of a change purchase order in the amount of \$619,765 for these services and a contingency of \$75,000 for a total not to exceed amount of \$694,765 is on the City Council's formal agenda on November 15, 2011.

  
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David D. Gustavson  
Approved By