



## AGENDA REPORT

**Meeting Date:** June 17, 2008  
**Item Number:** F-20  
**To:** Honorable Mayor & City Council  
**From:** Scott Miller, Director of Administrative Services and CFO and  
Noel Marquis, Assistant Director of Administrative Services  
**Subject:** **APPROVALS AND RESOLUTIONS OF THE COUNCIL OF THE CITY  
OF BEVERLY HILLS RELATED TO VARIOUS CITY PURCHASING  
AND BUDGET TRANSACTIONS AS DESCRIBED HEREIN.**

**Attachments:** 1. Amendments to Agreements (1)

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**ITEM A. APPROPRIATING FUNDS IN THE AMOUNT OF \$2,463,094.66 FOR  
CAPITAL FACILITIES PLAYGROUND PROJECTS COMPLETED BY  
THE BEVERLY HILLS UNIFIED SCHOOL DISTRICT AT EL RODEO,  
HAWTHORNE AND HORACE MANN SCHOOLS; AND,**

**APPROVAL TO REIMBURSE THE BEVERLY HILLS UNIFIED  
SCHOOL DISTRICT IN THE AMOUNT OF \$1,324,103.66 FOR THE  
DESCRIBED PROJECTS.**

### RECOMMENDATION

Staff recommends that the City Council move to appropriate \$2,463,094.66 for capital facilities playground projects at El Rodeo, Hawthorne and Horace Mann Schools and authorize payment to the Beverly Hills Unified School District (District) in the amount of \$1,324,103.66 for the completed projects.

<u>FROM</u>		<u>TO</u>	
\$2,463,094.66	Capital Assets Retained Earnings 08-30000	\$2,463,094.66	BHUSD Capital Projects 50080877-73410

## **INTRODUCTION**

In June of 1999, the City and District entered into an agreement through which the City would provide up to \$5 million of bond proceeds from the City of Beverly Hills Public Financing Authority Lease Revenue Bonds, 1998 Series A (Capital Improvements Project) for capital projects that are of benefit to and used by residents of the City under the terms and conditions of the Joint Powers Agreement (JPA) between the City and District.

## **DISCUSSION**

Under the terms of the agreement the District would be reimbursed for projects completed that met the conditions of the agreement and were of benefit to the City's residents and participants in the programs conducted at District facilities by the City through the JPA. The District has completed capital facilities playground projects that meet the criteria of the June 1999 agreement at El Rodeo, Hawthorne and Horace Mann in the amount of \$1,324,103.66 and is requesting reimbursement from the City. To date the City has reimbursed \$3,675,896.34 of the funds available. With this reimbursement the District will have expended the entire \$5,000,000 committed from the City.

## **FISCAL IMPACT**

Funds were not budgeted but available from Capital Assets Internal Service Fund unreserved fund balance.

**ITEM B. AMENDMENT NO. 4 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES RELATED TO THE BEVERLY GARDENS AND MONTAGE HOTEL PROJECT; AND, APPROVAL OF A CHANGE ORDER IN THE AMOUNT OF \$149,900 TO THE PURCHASE ORDER WITH STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$565,900.**

## **RECOMMENDATION**

Staff recommends that the City Council approve amendment no. 4 to the agreement and the change order in the amount of \$149,900 for a not-to-exceed total of \$565,900 with Stegeman and Kastner, Inc. to provide project management consultant services related to the Beverly Gardens and Montage Hotel project.

## **INTRODUCTION**

The City has entered into an agreement dated September 14, 2004 and amended May 17, 2005, January 17, 2006, and December 12, 2006 with Stegeman and Kastner, Inc. for project management consultant services related to the Beverly Gardens and Montage Hotel Project.

**DISCUSSION**

This amendment will provide services related to the pre-design, design and construction of the base building improvements, and tenant improvements at the Beverly Gardens Building.

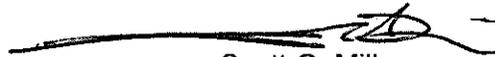
**FISCAL IMPACT**

Funds were budgeted and are available in the Parking Enterprise Funds Tenant Improvement Program Capital Budget for this purpose.



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Noel Marquis  
Finance Approval



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Scott G. Miller  
Approved By

AMENDMENT NO. 4 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES RELATED TO THE BEVERLY GARDENS AND MONTAGE HOTEL PROJECT

NAME OF CONSULTANT: Stegeman and Kastner, Inc.

RESPONSIBLE PRINCIPAL OF CONSULTANT: Fritz W. Kastner, Chief Executive Officer

CONSULTANT'S ADDRESS: 2601 Ocean Park Boulevard, Suite 300  
Santa Monica, California 90405  
Attention: Fritz W. Kastner  
Chief Executive Officer

CITY'S ADDRESS: City of Beverly Hills  
455 N. Rexford Drive  
Beverly Hills, CA 90210  
Attention: Alan Schneider, Director of Project Administration

COMMENCEMENT DATE: Upon receipt of a Notice to Proceed

TERMINATION DATE: Upon completion of the Beverly Gardens Building's base building improvement and tenant improvements

CONSIDERATION: **Beverly Gardens and Montage Hotel:** Not to exceed \$50,000 (FY 2004-05 for pre-construction, including reimbursables); Not to exceed \$50,000 per year (FY 2005-06 for pre-construction, including reimbursables); Not to exceed \$100,000 (FY 2006-07 for construction, including reimbursables); Not to exceed \$180,000 (fee) for Fiscal Years 2007-08 and 2008-09 for construction); Not to exceed \$36,000 (reimbursables) for construction Fiscal Years 2007-08 and 2008-09; All not to exceed amounts are based on the rates described in Exhibit B-1

**Gardens Building:** Not to exceed \$22,900 for Pre-design phase; Not to exceed \$35,000 for Design phase; Not to exceed \$87,000 for Construction phase; Not to exceed \$5,000 for reimbursable expenses; All not to exceed amounts are based on the rates described in Exhibit B-1-A;

Grand Total not to exceed \$565,900

AMENDMENT NO. 4 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES RELATED TO THE BEVERLY GARDENS AND MONTAGE HOTEL PROJECT

This Amendment No. 4 is to that certain Agreement between the City of Beverly Hills, a municipal corporation ("City"), and Stegeman and Kastner, Inc. ("Consultant"), dated September 14, 2004, and identified as Contract No. 293-04, as amended by Amendment No. 1, dated May 17, 2005 and identified as Contract No. 109-05, Amendment No. 2, dated January 17, 2006 and identified as Contract No. 16-06, and further amended by Amendment No. 3, dated December 12, 2006 and identified as Contract No. 454-06 ("Agreement"), for project management consultant services related to the Beverly Gardens and Montage Hotel Project.

RECITALS

A. City entered into a written agreement with Consultant, dated September 14, 2004, for project management consultant services related to the Beverly Gardens and Montage Hotel Project, which was previously amended.

B. City desires to utilize the services of Consultant for the pre-design, design and construction of the base building improvements, and tenant improvements at the Beverly Gardens Building. Therefore, City desires to amend the Agreement to amend the scope of services and increase the compensation to compensate Consultant for such services.

NOW, THEREFORE, the parties agree as follows:

Section 1. The Termination Date shall be amended as set forth above.

Section 2. The Consideration shall be amended as set forth above.

Section 3. Exhibit A-1, Scope of Services for the Gardens Building shall be added to Exhibit A as attached hereto and incorporated herein.

Section 4. Exhibit B-1-A, Schedule of Rates for the Gardens Building shall be added to Exhibit B-1 as attached hereto and incorporated herein.

Section 5. Except as specifically amended herein, the Agreement dated September 14, 2004 shall remain in full force and effect.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, at Beverly Hills, California.

CITY OF BEVERLY HILLS  
A Municipal Corporation

\_\_\_\_\_  
BARRY BRUCKER  
Mayor of the City of Beverly Hills, California

ATTEST:

\_\_\_\_\_(SEAL)  
BYRON POPE  
City Clerk

CONSULTANT: STEGEMAN AND  
KASTNER, INC.

\_\_\_\_\_  
FRIEDRICH KASTNER  
Chief Executive Officer

\_\_\_\_\_  
RANDALL FULTON  
Treasurer

[Signatures continue]

APPROVED AS TO FORM



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LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:



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SCOTT G. MILLER  
Director of Administrative Services/Chief  
Financial Officer



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ALAN SCHNEIDER  
Director of Project Administration



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KARL KIRKMAN  
Risk Manager

EXHIBIT A-1  
SCOPE OF SERVICES

PRE-DESIGN PHASE

Existing Conditions:

Consultant shall assist the City and City's potential tenants in understanding the Gardens building architectural, structural, MEP scope of work as provided by the Developer.

Consultant shall assist the City and potential tenants in evaluating existing conditions.

Scope Modifications to Shell & Core:

Evaluate potential changes as proposed by City or tenant and advise of cost and schedule impacts.

Coordinate, negotiate and work with Developer in implementing City desired scope changes.

Consultant shall advise City and tenant of Developer's construction schedule on a monthly basis. Advise City of schedule opportunities for implementing City desired changes.

Program Evaluation:

Consultant shall assist the City and City's consultant in the evaluation, development and revision as necessary of City's preliminary Project Program.

Criteria Development:

Consultant shall, with the participation of City and the City's consultant, assist City in developing their technical criteria for incorporation into the project design.

Programmer Selection (if required):

With City's participation and concurrence, select space programmer and negotiate an Agreement. Manage the programming of City's space requirements.

General Assistance:

Consultant shall be available to the City to provide any and all program management services City requires in this phase.

Estimated Fee Not to Exceed: \$22,900

DESIGN PHASE

Process Management:

Review City's Program objectives and assist in controlling the architectural and engineering design effort throughout the design process.

#### Architect Selection:

Work with City in selection of an Architect. Evaluate qualifications, staffing and compatibility. Assist the City in negotiating Contracts.

#### Team Selection:

Concurrent with selection of Architect, Consultant shall assist the City in selection of all engineering consultants (interviewing where necessary). Consultant with approval of City will assist in selection of and in the negotiation with all other specialty consultants, such as surveyor, acoustical and lighting consultant. Where indicated, Consultant shall prepare list of potential candidates for approval by the City and conduct interviews of such consultants and their staff, together with the City.

#### Team Direction:

Consultant shall, with participation of the City, manage and oversee the activities of the Project Team and help keep the focus of the team's activities in concert with the City's project goals. Consultant shall on behalf of the City, issue and implement authorizations and directives to the consultants.

#### Review of Conceptual Design:

Consultant shall review, with the participation of the City, concept drawings prepared by the Architect and engineering team, provide comments and assist the City in determining that the City's objectives are met by the design prior to the City's approval.

#### Review of Schematic Design:

Consultant shall review, with the participation of the City, schematic design drawings prepared by the A&E Team, provide comments and analysis of design features and assist the City in determining that the schematic design is a consistent and logical evolution of the approved design concept prior to the City's approval.

#### Review of Design Development:

Consultant shall review, with the participation of the City, the development of the design, provide comments and analysis of design and building system features, code compliance, and materials proposed, evaluate the design package for budget and schedule impact, and provide value engineering input prior to City's acceptance and approval.

#### Review of Construction Documents:

Consultant shall review the construction documents with the Architect and Engineers, secure the City's decisions as required and review the drawings for completeness. Consultant shall also review the proposed materials, coordination with the building systems, design loads and engineering assumptions and proposed methods of construction for compliance with the City's budget, schedules goals and objectives and for consistency with desired levels of construction finishes and sound construction practice.

#### Contract Administration:

Consultant shall monitor the performance of all project participants under the various contracts and review and recommend for approval all billings in connection with them. Consultant shall review and

negotiate requests for extra service authorizations and make the appropriate recommendations for approval or disapproval to the City.

#### Project Schedule:

Consultant shall, together with the Architect and the City, develop a Project Master Schedule in coordination with the Montage Hotel construction schedule. This schedule will reflect not only the activities of the Architect and the General Contractor, but also City's review and approval time requirements, public approvals, and any other pertinent time frames.

#### Project Budget:

Consultant shall review the project budget proposed by the City and will refine the information to reflect direct and indirect costs, FF&E, Owner direct purchases, and appropriate contingencies relative to the direct (construction) budget, ascertain that it reflects the cost of the City's special requirements of the tenant improvement such as, electrical and mechanical upgrades, and the appropriate level of cost for the intended level of quality and finish of the interior improvements; Consultant shall establish allowances, qualifications, and exclusion from this budget and confirm the appropriateness of the construction contingency included in the budget vis-a-vis the amount of information contained in the project documents. Consultant shall periodically update this budget to reflect the City's requirements.

#### Design Meetings:

Consultant shall interface with the Architect and the engineers through design meetings where Consultant shall participate in order to gain a thorough understanding of the construction means, methods and materials proposed for this project. Consultant shall focus on constructability aspects of the design and make recommendations for potential alternates.

#### Client Meetings:

Consultant shall meet regularly with the City and other City's clients to discuss the progress of the design and to review contract, schedule, budget and construction issues. Consultant shall advise and make recommendations to the City relating to City's direction of the design effort.

#### Value Engineering:

Throughout the development of the architectural and engineering design for City's project, Consultant shall conduct value engineering analysis to confirm that the proposed solutions meet the quality standards for the Project and result in the most effective expenditure of construction funds.

Estimated Fee Not to Exceed: \$35,000

### CONSTRUCTION PHASE

#### Competitive Bid General Contractors:

Consultant shall conduct a general contractor selection process and oversee the conduct of the competitive bidding process. Consultant shall participate in the development of bid instruction and together with the Architect conduct a pre-bid conference.

Consultant shall manage the response to bidders questions and review addenda to the bid documents prior to release to bidders.

Consultant shall participate in the review of bids received and tabulate bid results.

Consultant shall participate in the pre-award review with the low bidder and the finalization of the general contract.

**General Contractor Procedures:**

Consultant shall review General Contractor's proposed project documentation and procedures together with the scheduling of tenant improvement construction work, as well as preconstruction schedules relating to product submittals, shop drawing preparation and review, purchasing and deliveries, and the confirmation of timely availability of alternative products. Consultant shall assist in coordination of this contract and the Montage Hotel construction schedule.

**Change Order Control:**

Consultant shall review requests for changes, whether requested by the City, Architect, General Contractor or Subcontractors. Consultant shall review the breakdown submitted using the Architect, Engineers and other General Contractors or Subcontractors to check prices as necessary. Consultant shall negotiate with the General Contractor, have the Architect finalize and conform the drawings, and Consultant shall write the final Change Order for City approval.

**Cost Report:**

Consultant shall prepare a monthly Cost Report for direct and indirect construction cost expenditures reflecting committed costs (base contracts plus Change Orders), pending Change Orders, anticipated Change Orders, and cost to complete. If desired, Consultant can report on items tracked internally by the City, such as indirect costs, FF&E costs, other direct purchases, and contingencies.

**Pay Requests:**

Consultant shall review General Contractor's requests for progress payments and Architect's Certifications issued in connection therewith, determine dollar value of progress, and advise the City that all sums are due pursuant to the applicable contracts and/or purchase orders.

**Construction Meetings:**

Consultant shall conduct weekly meetings with the General Contractor, Architect, and the City to review construction progress, request for information (RFIs), and review schedules, requested and/or pending changes, and any other current construction issues to assure orderly progress of information and decisions.

**Field Observations:**

Consultant shall make periodic field observations advising the City as to the adherence to schedule, quality control, plans and specifications.

All required inspections shall be made by registered deputy inspectors, as mandated by applicable laws and governmental regulations.

Final Acceptance:

Consultant shall establish procedures acceptable to the City to be followed by the Contractors, the City and the Architect in connection with the inspection and acceptance of installations and systems of the project in order to facilitate City's acceptance.

Project Close Out:

Consultant shall, with the assistance of the City, perform a final visual acceptance review of construction work, review the General Contractor's implementation of Architect's punchlist of corrective work and request the Architect to make his/her final inspection and certification when and where appropriate. Consultant shall also monitor General Contractor's close-out of all contracts, including settlement of claims, receipt of all final lien releases, and final payments. Consultant shall also monitor the production of as-built drawings (as required), and the preparation of project manuals, including all operating instructions and warranties.

Coordination:

Consultant shall assist in coordinating the work of all professional firms and agencies for the project to minimize interference with the construction progress.

General Assistance:

Consultant shall generally be available to the City to review and recommend solutions to construction or related problems that arise.

Estimated Fee Not to Exceed: \$87,000

EXHIBIT B-1-A

Schedule of Rates

City shall pay Consultant for the satisfactory performance of all services required by this Agreement in the following not to exceed amounts and based on the hourly rates set forth in Exhibit B-1:

Pre-Design Phase:

Not to exceed Twenty-Two Thousand Nine Hundred Dollars (\$22,900) plus reimbursable expenses as noted in Section B below.

Design:

Not to exceed Thirty-Five Thousand Dollars (\$35,000), plus reimbursable expenses as noted in Section B below.

Construction: Not to exceed Eighty-Seven Thousand Dollars (\$87,000) plus reimbursable expenses as noted in Section B below.

Not to exceed for work set forth in Exhibit A-1: \$144,900, plus \$5,000 reimbursable expenses as noted in Section B below.

TOTAL NOT TO EXCEED: \$149,900

A. Fees

Hourly rates:

President	\$200
Executive Vice President	\$180
Senior Vice President	\$165
Project Manager	\$155
Assistant Manager	\$ 90

B. Reimbursable Expenses

Reimbursable expenses reasonably incurred by Consultant in the performance of services under this Agreement shall be reimbursed by City. These expenses may include only the following actual costs, except as otherwise provided below: delivery, messenger services plus 5%, and parking; photocopying at 16¢ per page and mileage at the rate of 38¢ per mile. In addition, City shall reimburse Consultant for the cost of the premium to carry Professional Liability Insurance required by this Agreement, up to a maximum amount of Twenty-Seven Thousand One Hundred Eighty-One Dollars (\$27,181) per year. Other reasonable expenses incurred in the performance of this Agreement may be reimbursed with the prior written approval of the City Representative, City Manager or his designee.

Not to exceed Five Thousand Dollars (\$5,000)