



## AGENDA REPORT

**Meeting Date:** March 11, 2009

**Item Number:** F-3

**To:** Honorable Mayor & City Council

**From:** Alan Schneider, Director of Project Administration

**Subject:** RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS  
AWARDING A CONTRACT TO TOWER GENERAL CONTRACTORS,  
INC. FOR THE CITY HALL SECOND FLOOR / THIRD FLOOR  
REMODEL AND APPROVING PLANS AND SPECIFICATIONS  
THEREFOR; AND

APPROVE A PURCHASE ORDER IN THE AMOUNT OF \$3,184,000  
TO TOWER GENERAL CONTRACTORS, INC. FOR THE CONTRACT  
WORK

**Attachments:**

1. Resolution
2. Form of Contract

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### **RECOMMENDATION**

Staff recommends that the City Council adopt the resolution awarding a contract to Tower General Contractors, Inc. (Tower) for Part II of the City Hall upgrade effort: City Hall Second Floor and Third Floor Remodel (Project) in the amount of \$2,699,000; approval of the construction contingency of \$485,000; approval of the plans and specifications for the Project, dated January 15, 2009, which are adopted and approved with respect to design criteria; and approval of the purchase order in the amount of \$3,184,000.

### **INTRODUCTION**

Over three years ago, the City initiated a comprehensive upgrade of the City Hall building which was last remodeled over 20 years ago. The project was broken into two parts in order to avoid having to close the entire City Hall. In 2008, construction started on Part I, in which the ground floor of City Hall (re-named the first floor) was remodeled into a one-stop Customer Service Center, which created a new customer service center to accommodate the needs of most customers that do business at City Hall. In addition, the project design addressed new workstations, upgraded wall, ceiling and floor finishes and improved energy-efficient HVAC, lighting and life-safety systems. The new space provides a new upgraded environment with an expanded level of convenience and customer service. Part II is now before the City Council to complete the project. We are

mid-way in a two-part process with 55 full time employees relocated to modular office units and staff from several departments in temporary locations within the building in anticipation of completion of this work. If not completed, these employees would remain displaced at appreciable cost to the City or crowded back into now sub-standard space.

The \$2.7 million bid and \$485,000 contingency amount for the remodel of the 2<sup>nd</sup> and 3<sup>rd</sup> floors of City Hall is a one-time expense, already budgeted from \$4.3 million of restricted bond funds raised and set aside to complete the update of this building. This is the second part of the two-part project.

The areas being revamped have: air circulation problems that cause hot and cold zones, stale air and health concerns; outmoded energy systems that need efficiency upgrades to be as "green" as the areas previously remodeled, including electricity and lighting systems that are inefficient and ineffective; fire alarm systems that need to be upgraded to the same standard as the previously remodeled spaces; and the remodel areas need ADA upgrades and changes to comply with new OSHA standards. Structural enhancements in a former stairwell area would also be included in this project. Additionally, the spaces were laid out in a manner that is very inefficient for today's usage and does not support the consolidation of departments that has occurred since the original design. The City's policy is "what we do, we do right" and we wait until we do have the funding to do things properly.

As noted, 55 employees have been relocated to temporary modular office units on Third Street since December 2008 in order to accommodate the remodel. Police Department staff is occupying portions of the vacated space through summer of 2009 while the Emergency Operations Center is being remodeled. The vacated areas in City Hall have significant damage to carpet and paint and damage from removed built-in furniture that would not allow the space to be reoccupied without additional investment under any scenario.

The original schedule would have had the modular offices vacated by the end of the year when the remodel would be complete. Consequently, the modular units are only contracted through the end of the year. Every additional month of rental beyond that timeframe would cost the City \$15,500. The space occupied by the modular units is needed for the construction of a permanent, budgeted, Public Works warehouse, which could start construction in March of 2010 if approved and if the site is available.

It should also be noted that the budgeted money for this now half-completed remodel is in bond funds raised specifically for City Hall facilities construction. When the project started three years ago and when construction started on phase I, the budget was solid. The project is fully funded from restricted sources. There is no option to use this money for operations or other capital projects. The engineer's estimate for the cost of the job was \$3.5 million and the lowest responsive bid came from a very well qualified contractor at \$2.7 million. This bid will expire in April, 2009.

The office space in City Hall was last renovated as part of the Civic Center complex in the 1980's. The conditions and function of the work space has been virtually unchanged in almost 20 years. This upgrade extends the useful life of the existing space, avoiding the need to acquire new space to accommodate basic functions which would be more costly in the long run.

**DISCUSSION**

RTK Architects, a California licensed architect, prepared the plans and specifications that meet the needs of the various departments. The following scope of the proposed remodel was developed with the input of the Community Services Department, Administrative Services Department, City Attorney and Communications & Marketing Division and includes:

- Remodel of approximately 6,200 square feet of first floor for Community Services Department, City Attorney’s offices, Communication’s offices and staff lunch room; and upgrades to fire/life safety system and HVAC system at City Clerk’s offices.
- Remodel of approximately 11,000 square feet of second floor for Administrative Services Department and training / conference facilities; and upgrade of the public corridors.

The bid documents requested quotations for the base bid, compensatory delay, and four bid alternates. The basis for selection was listed as the sum of the base bid, all bid alternates and twenty days of compensatory delay. The base bid and the alternates are described as follows:

Base bid for the interior remodel of second floor and third floor includes the demolition, new wall construction, doors, floor finishes, lighting, and ceilings; and includes electrical, mechanical, plumbing, fire sprinklers, fire alarm, cabinets and woodwork.

- Alternate #1(a) – Install lime-based interior plaster over existing ceiling at north and south corridors on second floor.
- Alternate #2(a) – Construct all improvements related to east lobby on the second floor including new wall, door and window.
- Alternate #1(b) – Install two skylights in the exterior balcony on the second floor
- Alternate #2(b) – Install flat “GFRG” panels for wall cladding similar to the first floor historic lobby wall treatments, where base bid lime-based plaster is specified.

Seventeen firms attended the mandatory job walk and obtained bid documents for this project. The project was advertised in the local Beverly Hills newspapers, and construction trade publications, including the McGraw-Hill Construction Information Group (Dodge Report).

On February 4, 2009, five bids were received as follows:

<i>Bidder's Name</i>	<i>Base Bid</i>	<i>Alt. #1(a)</i>	<i>Alt. #2(a)</i>	<i>Alt. #1(b)</i>	<i>Alt. #2(b)</i>	<i>Delay Comp</i>	<i>Total Bid Amount</i>
Hanan Construction	\$2,530,000	25,000	34,000	16,000	24,000	10,000	\$2,639,000
PCN3, Inc.	\$2,580,000	16,500	9,000	9,000	199,000	10,000	\$2,823,500
Tower General Contractors, Inc.	\$2,593,000	26,000	160,000	38,000	42,000	10,000	\$2,869,000
USS Cal Builders	\$3,092,000	36,000	34,000	38,000	46,000	36,000	\$3,282,000
Delmac Construction	\$3,300,000	18,000	15,000	12,000	25,000	20,000	\$3,376,500

The bid documents include the following language:

“SPECIFIC QUALIFICATIONS Bidders shall have the following experience. City shall reject such bids that fail to demonstrate such experience as non-responsive. Bidders shall have project experience in general construction of public facilities, such as governmental, municipal or university facilities that are comparable to the work specified by this bid package. City shall determine, in its sole discretion, what constitutes comparable projects. **Bidders’ failure to meet the minimum specific qualifications required herein and accurately represent bidders past project experience will render the bid non-responsive and are grounds for rejection by the City Council.**

7. Within the last five years, list at least three (3) general construction projects each exceeding \$5,000,000 (original bid amount) your organization has completed involving public facilities, which include similar trade categories. On a separate sheet, provide the following project information for the projects listed (it is bidder’s sole responsibility to provide all information requested below including current contact information to substantiate project data)”

The apparent low bidder, Hanan Construction Co., Inc., did not provide evidence of at least three completed projects that meet the minimum dollar value specified in the Specific Qualifications. The second lowest bidder, PCN3, Inc. failed to provide evidence of three completed projects within the specified timeframe in the Specific Qualifications. Thus, staff, in consultation with the City Attorney’s office, recommends that the City Council find that Hanan Construction Co.’s bid and the PCN3’s bid are non-responsive and be rejected as it does not list three completed projects each exceeding \$5,000,000 it has performed in the last five years.

The bid of the third lowest bidder, Tower, was reviewed by staff and found to be responsive to the bid requirements, and to the qualifications and experience requirements. As reported by the California State Contractors License Board, their license is current and in good standing.

Staff recommends acceptance of Tower’s Base Bid and Alternates #1(a), #1(b), and #2(b) for the total contract amount of \$2,699,000. The cost submitted for alternate #2(a) is not consistent with the estimated cost for that work; and therefore, it is not recommended that this alternative be included in the contract amount. A contingency of \$485,000 is recommended for changes due to unforeseen conditions to complete the work.

The low bid of \$2.7 million is approximately 23% less than the pre-bid estimate of \$3.5 million for the work.

In addition to the contract work described above, the project scope includes the replacement of the workstation furniture. This furniture was purchased 20 years ago and has reached the end of its life cycle, as well as not meeting current ergonomic standards. A budget of \$475,000 has been estimated for the purchase of Kimball furniture and is accounted for in the project capital budget. Approval by the City Council of a purchase order and installation would be submitted at a future Council meeting.

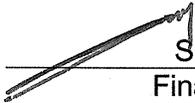
The bid documents specify a total 300 calendar day (ten months) completion period for the work, resulting in a contractual completion date in January 2010. The specifications call for a phased construction program starting with the remodel of the second floor, and then the third floor. As such, staff from Community Services Department and Communications & Marketing will be relocated to the third floor (former Human Resources offices) during the second floor work, set at 120 days.

Following the completion of the second floor, remodeling will commence on the third floor, set at 180 days. Although the total contractual completion period is based on a ten month period, it is anticipated that portions of the third floor work can start earlier and reduce the completion period by one to two months.

Since staff from Administrative Services Department is currently housed in leased modular buildings on Third Street, Project Administration staff will aggressively manage the project completion period to shorten the date when staff can move back to City Hall to limit future lease payments. The lease payment for the modular buildings is \$15,500 per month.

**FISCAL IMPACT**

Funding for this contract work in the amount of \$3,184,000 has been allocated from the fiscal year 2008-2009 Capital Improvement Program (CIP) budget for the City Hall Master Project #0851. The funds available to cover the cost of this work are a one-time expense already budgeted from \$4.3 million of restricted bond funds raised and set aside to complete the remodel and update of the City Hall.

  
\_\_\_\_\_  
Scott G. Miller  
Finance Approval

  
\_\_\_\_\_  
For David D. Gustavson  
Approved By

RESOLUTION 09-R-

RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS  
AWARDING A CONTRACT TO TOWER GENERAL CONTRACTORS, INC.  
FOR THE CITY HALL SECOND FLOOR / THIRD FLOOR REMODEL AND  
APPROVING PLANS AND SPECIFICATIONS THEREFOR

The Council of the City of Beverly Hills does hereby resolve as follows:

Section 1. The plans and specifications for the City Hall Second Floor Remodel / City Hall Third Floor Remodel, dated January 15, 2009, ("Project") copies of which are on file in the Public Works & Transportation Department, are hereby adopted and approved with respect to design criteria.

Section 2. The City invited bids for the Project and five bids were received. Bidders were required to provide evidence of at least three (3) comparable construction projects completed in the last five-year period. The lowest bid submitted by Hanan Construction Co., Inc. is non-responsive because it did not provide evidence of three completed projects, and did not provide evidence of any completed projects which meet the minimum dollar value required by the bid. The second lowest bid submitted by PCN3, Inc. is non-responsive because it failed to provide evidence of three (3) completed projects in the last five-year period. The City Council finds that the lowest responsive bid was submitted by Tower General Contractors, Inc.

Section 3. In accordance with Beverly Hills Municipal Code Section 3-3.104 (d) (7), the City Council shall award the bid to the lowest responsible bidder.

Section 4. Upon reviewing the bids submitted for the work to be performed pursuant to contract and said plans and specifications, the City Council hereby rejects the Hanan Construction Co., Inc. bid as non-responsive and the PCN3, Inc. bid as non-responsive and finds that Tower General Contractors, Inc., hereinafter "said Contractor", is the lowest responsible bidder for such work. The bid of said Contractor is hereby accepted in the total amount of \$2,699,000, which includes the Lump Sum Base Bid and Alternate Bid #1(a), Alternate Bid #1(b) and Alternate Bid #2(b), and a contract for the performance of such work dated \_\_\_\_\_, and identified as Contract No. \_\_\_\_\_, a copy of which is on file in the Office of the City Clerk, is hereby approved and awarded to said Contractor.

Section 5. A construction contingency in the amount of \$485,000 is hereby approved for change orders to the contract as approved by the City.

Section 6. The Mayor is authorized and directed to execute said Agreement on behalf of the City and the City Clerk is directed to attest thereto.

Section 7. The City Manager or his designee shall administer the terms of the Agreement on behalf of the City.

Section 8. The City Clerk shall furnish a copy of said Agreement after it has been approved and fully executed by the City, along with a copy of this resolution, to: Tower General Contractors, Inc., 10923 Randall Street, Suite E, Sun Valley, CA 91352.

Section 10. The City Clerk shall certify to the adoption of this Resolution and shall cause this Resolution and his certification to be entered in the Book of Resolutions of the Council of this City.

Adopted:

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

ATTEST:

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

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
RODERICK J. WOOD  
City Manager

  
\_\_\_\_\_  
DAVID D. GUSTAVSON  
Director of Public Works  
Transportation

  
\_\_\_\_\_  
ALAN SCHNEIDER  
Director of Project Administration

APPENDIX A

FORM OF CONTRACT

This contract ("Contract") is entered into by and between the City of Beverly Hills ("City"), a California municipal corporation, and TOWER GENERAL CONTRACTORS, INC., a Corporation, whose address is 10923 Randall Street, Suite E, Sun Valley, CA 91352.

In consideration of the agreements herein contained, the parties agree as follows:

1. WORK TO BE PERFORMED. Contractor shall furnish at Contractor's own expense all labor, materials, supplies, equipment, tools, transportation and other items of expense necessary to complete in a workmanlike manner all Work in accordance with the terms and conditions of the Contract, except for the labor, materials, supplies, equipment, tools, transportation and other items of expense as may be required to be furnished by the City. The Work is defined in detail in the Contract Documents, which govern the interpretation and performance of this Contract, but may be generally described as follows:

**CITY HALL SECOND FLOOR REMODEL / CITY HALL THIRD FLOOR REMODEL**

2. CONTRACT DOCUMENTS. This contract consists of this Form of Contract and the following Contract Documents, including all exhibits, appendices, addenda, drawings, specifications and documents therein and attachments thereto, all of which are by this reference incorporated herein and made a part of this Contract:

- SECTION 1: NOTICE INVITING BIDS**
- SECTION 2: INSTRUCTIONS TO BIDDERS**
- SECTION 3: SPECIAL CITY REQUIREMENTS**
- SECTION 4: GENERAL SPECIFICATIONS**
- SECTION 7: ADDITIONAL FORMS**
- SECTION 8: GENERAL CONDITIONS**

as contained in City's Bid Document for Bid No. 09-19, dated January 15, 2009 and

- SECTION 5: BIDDER'S BID**
- SECTION 6: SIGNATURE PAGE AND LEGAL STATUS**

of Contractor's Bid in response thereto, all of which are incorporated herein by reference, and all of which shall comprise the Contract Documents for this Contract. If any item of the Scope of Work, Payment Schedule, or any other item of the Bid Package is modified by either of the parties or arrived at by negotiation between the parties, that item as finally agreed upon by the parties shall also become a Contract Document, it shall supersede the corresponding item of the Bid Package, if any, and it shall be subject to all terms and conditions of the Contract.

3. PERFORMANCE PERIOD. Contractor shall commence Work after execution of the Contract, and shall complete all Work as described in Appendix B from the date of Notice To Proceed as set forth in the Contract Documents.

4. PAYMENT. City shall pay Contractor as full consideration for the satisfactory performance by Contractor of all Work required under this Contract the sum of Two Million Six Hundred Ninety-nine Thousand Dollars (\$2,699,000), inclusive of Alternate Bids #1(a), #1(b) and #2(b) payable as provided in the Contract Documents.

5. The City Manager or his designee shall administer the terms of the Agreement on behalf of the City.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed as of the date stated below.

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_

CITY OF BEVERLY HILLS  
"City"

TOWER GENERAL CONTRACTORS, INC.  
"Contractor"

\_\_\_\_\_  
BARRY BRUCKER  
Mayor

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

\_\_\_\_\_  
BYRON POPE  
City Clerk

APPROVED TO FORM:

APPROVED AS TO CONTENT:

\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

\_\_\_\_\_  
RODERICK J. WOOD  
City Manager

\_\_\_\_\_  
DAVID D. GUSTAVSON  
Director of Public Works

\_\_\_\_\_  
ALAN SCHNEIDER  
Director of Project Administration

\_\_\_\_\_  
KARL KIRKMAN  
Risk Manager