



## AGENDA REPORT

**Meeting Date:** May 27, 2009

**Item Number:** E-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 \$2,843,000  
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 \$2,543,000; approval of the construction contingency of \$300,000; 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 \$2,843,000.

### INTRODUCTION

Over three years ago, the City initiated a comprehensive upgrade of the City Hall building which was last remodeled over 20 years ago. Bond funds were raised specifically for the purpose of completing the project. However, the project was broken into two parts in order to avoid having to close the entire City Hall. In 2007, construction started on Part I, in which the ground floor of City Hall was remodeled into a one-stop Customer Service Center. In addition, that project design addressed the need for new workstations, upgraded wall, ceiling and floor finishes and improved energy-efficient HVAC, lighting and life-safety systems. Part II is now before the City Council to complete the project as described in detail in the study session report on this item prepared for the May 27, 2009 meeting. As noted in that report, 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. A balance of \$4.3 million of the restricted bond funds raised for this project is included in the fiscal year 2008-2009 Capital Improvement Program budget to complete this second phase. This upgrade would extend 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**

In May 2008, the City Council approved an agreement with RTK Architects, a California licensed architect, to prepare the plans and specifications to meet the needs of the various departments. The proposed renovation was developed with the input of the Community Services Department, Administrative Services Department, City Attorney and Communications & Marketing Division. The scope of the renovation includes:

- Renovate 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.
- Renovate approximately 11,000 square feet of second floor for Administrative Services Department and training / conference facilities; and upgrade of the public lobby.

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 renovation of the second floor and third floor includes 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	\$3,390,000

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 for the contract amount of \$2,593,000. In consideration of the costs submitted for Alternates #1(a), #1(b), #2(a) and #2(b) and the respective value of that work, it is not recommended that these alternates be included in the contract amount. A contingency of \$300,000 is recommended for changes due to unforeseen conditions to complete the work. In

addition, Tower has agreed to value engineering reductions of \$50,000 by working with the architect to amend the project without materially affecting the scope of work.

The contract amount of \$2,543,000 is approximately 25% less than the pre-bid estimate of \$3,500,000 for the work.

In addition to the contract work described above, the project will require certain costs to complete the work that is accounted for in the project capital budget. These are the replacement of the workstation furniture, and modular building lease payments. The 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 \$450,000 has been estimated for the purchase of Kimball furniture. The current lease agreement for the modular building ends in October, so an additional six month lease at \$90,000 is necessary. Approval by the City Council of agreements for the items noted above 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 March 2010. The specifications call for a phased construction program starting with the renovation 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, renovation 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 \$2,843,000 has been allocated from the fiscal year 2008-2009 Capital Improvement Program (CIP) budget for the City Hall Master Project #0851 and is available to cover the cost of this work.



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



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

# **Attachment 1**

Resolution

RESOLUTION 09-R-

RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS AWARDED 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 \$2,543,000, which includes a deductive change order of \$50,000 for minor reduction in the scope of work, 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 \$300,000 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 9. 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.

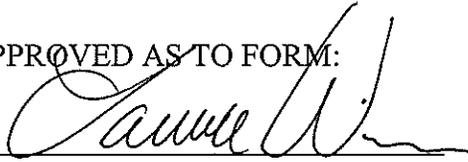
Adopted:

\_\_\_\_\_  
NANCY KRASNE  
Mayor of the City of Beverly Hills,  
California

ATTEST:

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

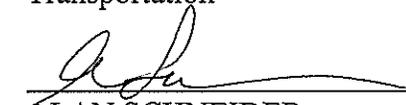
APPROVED AS TO FORM:

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

APPROVED AS TO CONTENT:

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

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

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

## **Attachment 2**

Form of Contract

**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 Five Hundred Forty-three Thousand Dollars (\$2,543,000), inclusive of Change Order No. 1 in the credit amount of Fifty Thousand Dollars (\$50,000) 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"

\_\_\_\_\_  
NANCY KRASNE  
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

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KARL KIRKMAN  
Risk Manager