



## AGENDA REPORT

**Meeting Date:** May 4, 2010  
**Item Number:** F-13  
**To:** Honorable Mayor & City Council  
**From:** Alan Schneider, Director of Project Administration  
**Subject:** APPROVAL OF AMENDMENT NO. 3 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES RELATED TO THE 9400 SOUTH SANTA MONICA BOULEVARD PROPERTY; AND,  
  
APPROVAL OF A CHANGE PURCHASE ORDER IN THE AMOUNT OF \$104,000 TO STEGEMAN AND KASTNER, INC. FOR THESE SERVICES  
  
**Attachments:** 1. Agreement

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### **RECOMMENDATION**

It is recommended that the City Council approve the "Amendment No. 3 to the Agreement Between the City of Beverly Hills and Stegeman and Kastner, Inc. for Project Management Consultant Services Related to the 9400 South Santa Monica Boulevard Property", and approve a Change Purchase Order in the amount of \$104,000 for these services. The total amount of this agreement with amendments is \$203,000 including all reimbursable expenses.

### **INTRODUCTION**

On December 1, 2009, staff presented to the City Council a report regarding the conceptual development of a three-story building on the City's vacant lot at the southwest corner of South Santa Monica Boulevard and Canon Drive. The City Council endorsed proceeding with the selection of Jeffrey Kalban as the architect for this project, and an agreement for the first phase of design services was approved on January 12, 2010.

The proposed amendment to the agreement with Stegeman and Kastner, Inc. (Stegeman & Kastner) is to continue their role in providing project management services related to this project. Part of the impetus to proceed expeditiously with this project

management services agreement is to maintain coordination with the timing of the pending agreement with the Chamber of Commerce.

### **DISCUSSION**

The initial project management services agreement with Stegeman & Kastner provided for an architectural investigation of the possible maximized use of the property in conjunction with architect, Jeffrey Kalban. Amendment No. 1 services included the architect selection process in preparing the Request For Qualifications (RFQ), evaluation of the RFQ submissions and contract negotiation.

Based on the accepted conceptual plans presented to the City Council, the following scope of services will provide for management of the second phase of architectural and engineering design services by Jeffrey Kalban. Amendment No. 3 encompasses the following scope of project management services:

- Oversee and direct the architect and engineering effort to meet City requirements, the project schedule and the project budget.
- Provide and update the project budget, incorporating a construction cost estimate provided by others.
- Oversee the construction cost estimating effort to confirm the estimate includes appropriate contingencies to reflect all aspects of the final construction costs.
- Prepare and update the project milestone schedule.
- Provide and update the project economic analysis.
- Assist the architect in the interface with City departments and entities including Community Development (Building & Safety and Planning), Public Works & Transportation, Planning Commission, Architectural Commission and City Council.
- Interface with the user groups including the Beverly Hills Chamber of Commerce, the Beverly Hills Conference & Visitors Bureau (CVB) and the Beverly Hills City Store; assist in the coordination with the Building Shell & Core design. All interior development work, including budgeting, scheduling, selection of planning, design and engineering consultants and general contractor is specifically excluded.
- Oversee and direct the activities of consultants retained by the City including soils & geology and survey.
- Review and make recommendations for the processing of invoices submitted in connection with the project.
- Provide coordination and oversight on all other aspects of this phase of the project.

The fee proposal for the above services is \$104,000.

The fee for project management services related to this project inclusive of Amendment No. 3 is \$203,000. The total consultant fee including future project management services during the construction phase is projected at \$271,000. A subsequent amendment to the agreement will be submitted for consideration and approval by the City Council for the future construction administration and tenant build-out services by Stegeman & Kastner.

### **FISCAL IMPACT**

The \$7.5 million estimated development cost for the building would be financed with taxable bonds supported by the building rents. Funding for this agreement is allocated from the appropriation of funds requested in the agenda report for the amendment to the

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agreement with Jeffrey Kalban and will be reimbursed with proceeds from the future bond issuance.

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

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

# **Attachment 1**

Agreement

AMENDMENT NO. 3 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES RELATED TO THE 9400 SOUTH SANTA MONICA BOULEVARD PROPERTY

NAME OF CONSULTANT: Stegeman and Kastner, Inc.

RESPONSIBLE PRINCIPAL OF CONSULTANT: Fritz W. Kastner, Chairman

CONSULTANT'S ADDRESS: 2601 Ocean Park Boulevard, Suite 300  
Santa Monica, California 90405  
Attention: Fritz Kastner

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: June 30, 2011

CONSIDERATION: Original Agreement:  
Not to exceed \$25,000, based on the rates set forth in Exhibit B-1, including reimbursable expenses as described in Exhibit B-1

Amendment No. 1:  
Not to exceed \$24,000, based on the rates set forth in Exhibit B-1, including reimbursable expenses as described in Exhibit B-1

Amendment No. 2:  
Not to exceed \$50,000, based on the rates set forth in Exhibit B-1, including reimbursable expenses as described in Exhibit B-1

Amendment No. 3:  
Not to exceed \$104,000 based on the rates set forth in Exhibit B-1, including reimbursable expenses as described in Exhibit B-1

Total not to exceed \$203,000

AMENDMENT NO. 3 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES RELATED TO THE 9400 SOUTH SANTA MONICA BOULEVARD PROPERTY

This Amendment No. 3 is to the Agreement between the City of Beverly Hills (hereinafter called "City"), and Stegeman and Kastner, Inc., (hereinafter called "Consultant") dated February 4, 2008 and identified as Contract No. 23-08, as amended by Amendment No. 1 dated January 29, 2009 and identified as Contract No. 35-09 and Amendment No. 2 dated February 2, 2010 and identified as Contract No. 38-10.

RECITALS

A. City entered into a written agreement with consultant dated February 4, 2008 for project management consultant services related to the 9400 South Santa Monica Boulevard property.

B. City desires to further amend the Termination Date of the Agreement and the Scope of Services, and increase the Consideration for the additional 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, "Scope of Services", shall be amended as attached hereto and incorporated herein.

Section 4. Exhibit B-1, "Schedule of Fees", shall be amended as attached hereto and incorporated herein.

Section 5. Except as specifically amended by this Amendment No. 3, the Agreement dated February 4, 2008 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, at Beverly Hills, California.

CITY OF BEVERLY HILLS  
A Municipal Corporation

\_\_\_\_\_  
JIMMY DELSHAD  
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

APPROVED AS TO FORM

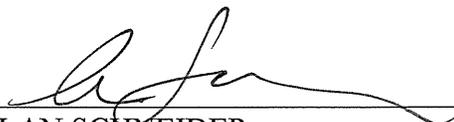
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
JEFFREY KOLIN  
City Manager

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

[Signatures continue]



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ALAN SCHNEIDER  
Director of Project Administration



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KARL KIRKMAN  
Risk Manager

## EXHIBIT A

### SCOPE OF SERVICES

#### **ORIGINAL AGREEMENT**

Consultant shall perform the following services as directed by City's Director of Project Administration in writing in connection with the 9400 South Santa Monica Boulevard property ("Site"):

Consultant shall perform an evaluation of the development potential of the Site. The Site is vacant without any building structures.

#### Program:

The City has identified a number of potential uses for this site. These include a 1,000 square foot Visitor Center and a 400 square foot City Store. In addition, the City is considering an office tenancy on the upper floors of up to 15,000 square feet. There will be no on site parking.

#### Scope of the Analysis:

Provide an architectural investigation of the possible maximized use of the property. The City anticipates retail and related uses on the ground floor and office use on 2 floors above.

The building program does not include any on site parking but it is the intent to provide public parking on an adjacent site as part of another City development. The project may be charged parking "in lieu" fees given the small site and the inability to provide adequate parking.

#### Work Product:

Consultant shall retain Jeffrey M. Kalban & Associates Architecture, Inc. (JMKA) to prepare the required drawings as further described in Attachment I to this Exhibit. These drawings shall include:

- Site analysis including required setbacks, building height and other features as defined by City zoning and building codes. Identification of potential non-conforming conditions.
- Massing study showing the proposed building volume in the context of the surrounding structures.
- Conceptual floor plans identifying gross floor areas and proposed uses.
- Conceptual sections.
- Computer generated building views including identification of potential building materials.
- Conceptual analysis of structural system to allow basic cost analysis.

In addition, Consultant shall generate a conceptual budget of the total project cost, including indirect costs & fees and direction construction costs.

Preparation of a conceptual pro forma economic analysis showing income and expense / return on investment projection.

Schedule: Consultant shall perform this work in a 90-day period.

## **AMENDMENT NO. 1**

### **Scope of Services**

Consultant shall perform the following services as directed by City's Director of Project Administration in writing, limited to Phase 1 Schematic Design of the project which includes architect selection and contract negotiation, conceptual and schematic design and processing of the design through initial building department review and approval by the City Planning Commission. The scope of services includes the following:

- Draft the architect Request For Qualifications (RFQ) for publication by the City.
- Assist in the response to questions submitted by the architects relating to the RFQ.
- Review RFQ responses submitted.
- Participate in the evaluation of the RFQ submissions with the City staff.
- Assist in the preparation of a staff report and discussions with the City.
- Participate in the evaluation of architect's contract proposals and finalization of the architect's contract for review and action by the City Council.
- Participate in the coordination, direction and review of the conceptual and schematic designs prepared by the architect and engineers.
- Assist in the review process by City agencies including the Building & Safety and Planning Divisions of the Community Development Department.
- Prepare preliminary project budgets and schedules for review and approval by the City.
- Assist in the presentation of the schematic design for approval by the City Council.

Future Phase 2 project development includes the Design Development, Construction Documents, Bidding and Procurement and Construction Administration and is not part of the services in this Agreement.

## **Schedule**

This Scope of Services is based on the following time frames:

December 2008:	Publication of the RFQ
February 2009:	Receipt of the RFQ Evaluation of Submissions
March 2009:	Interviews with short listed architects Selection of finalist architect
April 2009:	Prepare and finalize architect and engineer agreement for Phases 1 and 2
May 2009:	Present A&E agreement to City Council for approval
May/June 2009:	Conceptual design phase Preparation of conceptual project schedule and budget
June/July 2009:	Schematic design phase Preparation of schematic project schedule and budget Project Review with City agencies
August 2009:	Presentation of Schematic design, schedule and budget to City Council for action.

## **AMENDMENT NO. 2**

### **Scope of Services**

Consultant shall perform the following services as directed by City's Director of Project Administration in writing, limited to development of the project design to the point of completion of the Design Services Phase of the architectural and engineering services. The scope of services includes the following:

- Oversee and direct the architect and engineering effort to meet City requirements, the project schedule and the project budget.
- Provide and update the project budget, incorporating a construction cost estimate provided by others.
- Oversee the construction cost estimating effort to confirm the estimate includes appropriate contingencies to reflect all aspects of the final construction costs.
- Prepare and update the project milestone schedule.
- Provide and update the project economic analysis
- Assist the architect in the interface with City departments and entities including Community Development (Building & Safety and Planning), Public Works & Transportation, Planning Commission, Architectural Commission and City Council.
- Interface with the user groups including the Beverly Hills Chamber of Commerce, the Beverly Hills Conference & Visitors Bureau (CVB) and the Beverly Hills City Store and assist in the establishment of the program and other requirements

- Oversee and direct the activities of consultants retained by the City including Soils & Geology and Survey.
- Review and make recommendations for the processing of invoices submitted in connection with the project.
- Provide coordination and oversight on all other aspects of this phase of the project.

### **Milestone Schedule**

December 2009: Architect's selection presentation to City Council

January 2010: City approval of architect's agreement design services

March 2010: Architect completes design services

April 2010: City approval of design services

Future project management services are anticipated in order to complete the project. Consultant shall provide future services consisting of the following phases to be incorporated herein by an amendment to this Agreement:

April 2010 – July 2010: City approval of architect's agreement to prepare construction documents

July 2010 – March 2011: Agency approvals, bidding process, award construction contract and notice to proceed with construction

March 2011 – January 2012: Construction of project and tenant build-out

### **AMENDMENT NO. 3**

#### **Scope of Services**

Consultant shall perform the following services as directed by City's Director of Project Administration in writing, limited to development of the project design to the point of completion of Construction Documents, bidding and award of the construction contract for the work. The scope of services includes the following:

- Oversee and direct the architect and engineering effort to meet City requirements, the project schedule and the project budget.
- Provide and update the project budget, incorporating a construction cost estimate provided by others.
- Oversee the construction cost estimating effort to confirm the estimate includes appropriate contingencies to reflect all aspects of the final construction costs.

- Prepare and update the project milestone schedule.
- Provide and update the project economic analysis.
- Assist the architect in the interface with City departments and entities including Community Development (Building & Safety and Planning), Public Works & Transportation, Planning Commission, Architectural Commission and City Council.
- Interface, through the City Manager's Office, with the user groups including the Beverly Hills Chamber of Commerce, the Beverly Hills Conference & Visitors Bureau (CVB) and the Beverly Hills City Store, assist in the coordination with the Building Shell & Core design. All interior development work (except for the shell lobby and common areas), including budgeting, scheduling, selection of planning, design and engineering consultants and general contractor is specifically excluded.
- Oversee and direct the activities of consultants retained by the City including Soils & Geology and Survey.
- Review and make recommendations for the processing of the invoices submitted in connection with the project.
- Provide coordination and oversight on all other aspects of this phase of the project.

### **Milestone Schedule**

April 15, 2010:	Completion of the Design Development phase
April 15 - August 6, 2010:	Construction Document phase
August 9 - October 14, 2010:	Agency Review
October 6 - November 24, 2010:	Bid period
December 14, 2010:	City Council Approval of Construction Contract
December 15 - 31, 2010:	Finalization of documents

Future project management services are anticipated in order to complete the project. Consultant shall provide future services consisting of construction administration and closeout to be incorporated herein by a subsequent amendment to this Agreement upon approval by the City.

January 2011:	Award construction contract and notice to proceed with construction.
January 2011-2012:	Construction administration and closeout for the Shell & Core of the project.

ATTACHMENT I TO EXHIBIT A

JEFFREY M KALBAN ARCHITECTS SUBCONSULTANT SERVICES

November 14, 2007

Fritz Kastner  
STEGEMAN + KASTNER, INC.  
2601 Ocean Park Boulevard, Suite 300  
Santa Monica, California 90405

Re: Canon/Santa Monica Property  
Feasibility/Conceptual study

Dear Fritz,

Thank you for coming to our offices to discuss the project for the City of Beverly Hills. We are intrigued by the opportunity to create fresh design for a southern California classic - retail first floor with 2 floors of offices on top - on this challenging site.

Jeffrey M. Kalban & Associates Architecture, Inc. proposes to provide you with architectural services in connection with the requested conceptual design studies. The total time frame for our work is 30 days. Deliverables would include floor plans and a diagrammatic section. We would work with William K. Koh, our structural engineer, to identify the most appropriate structural system for the building. Upon your general approval of the aforementioned, we will import the plans into our 3D modeling program. In this way, we can show the City views of the proposed building.

In order to do this work as efficiently as possible, we need to have the topographic survey of the site in AutoCAD format, and our structural engineer would appreciate having a geotech report for the site, or for sites adjacent or proximate to it.

Our services are for the architectural and structural work described above only. Cost estimating, mechanical, plumbing, and electrical design are NOT included. Our fee for the foregoing is proposed as follows.

Architect

Architectural Design - Floor Plans, Section, 3D model	52 hours x \$175 = \$ 9,100.00 40 hours x \$100 = \$ 4,000.00
Total	\$13,100.00

Structural Engineer

Conceptual structural approach 12.66 hours x \$150 = \$ 1,900.00

Total Architect and Structural Engineer Fees: \$15,000

Our hourly rates are \$175.00 per hour for principals, \$135.00 per hour for Project Architects, and \$100 per hour for AutoCAD drafters/designers. The fee will be billed monthly based on actual hours worked. Bills are due and payable within 15 days of receipt. Reimbursable expenses shall include computer plotting and printing. Reimbursable expenses will not include the usual and ordinary expenses of an architectural practice.

All drawings, disks, and renderings shall remain the property of Jeffrey M. Kalban & Associates Architecture, Inc. and shall be available to the client for reproduction at any time and for whatever purpose that he may desire, except that the client shall not use such drawings and models for any other structure or location than the one specified in this agreement.

We acknowledge that time shall be of the essence in the performance of our obligations under this agreement.,

If the above is acceptable to you, please sign one copy of this agreement and return it to our office as our authorization to proceed.

Sincerely,

JEFFREY M. KALBAN & ASSOCIATES ARCHITECTURE, INC

Jeffrey M. Kalban  
Jeffrey M. Kalban, AIA  
President

EXHIBIT B- 1

Schedule of Fees

**ORIGINAL AGREEMENT**

Fee:

As outlined in Exhibit A, Consultant shall perform this work in coordination with Keyser Marston Associates. Consultant's fee includes the cost of the Architectural Services provided by Jeffrey M. Kalban and Associates ("JMKA") as a reimbursable expense without markup.

Summary:

JMKA Fees per proposal

attached as Attachment 1 to Exhibit A:	Not to exceed \$15,000.00
Consultant Fee (includes reimbursable expenses)	Not to exceed \$10,000.00

Reimbursable Expense (at actual cost) for mileage, printing and other expenses reasonably incurred in the performance of the Agreement are included in the total fee:

Total Not to Exceed	\$25,000.00
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**AMENDMENT NO. 1**

Fee:

As outlined in Exhibit A, Consultant shall perform the above services from project start through the City Council approval (May 2009) for the following fee:

Fees for services from commencement through February 28, 2009:	Not to exceed \$4,000.00
Fees for services from March 1, 2009 through May 31, 2009:	Not to exceed \$20,000.00

Reimbursable Expense (at actual cost) for mileage, printing and other expenses reasonably incurred in the performance of the Agreement are included in the total fee:

Total Fee for Amendment No. 1:	Not to exceed \$24,000.00
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**AMENDMENT NO. 2**

Fee:

As outlined in Exhibit A, Consultant shall perform the Amendment No. 2 services through the Design Services Phase based on hourly rates specified herein for the following fee:

Fees for services from January 2010 through April 2010: Not to exceed \$50,000.00

Reimbursable Expenses (at actual cost) for mileage, printing and other expenses reasonably incurred in the performance of the Agreement are included in the total fee.

Total Fee for Amendment No. 2: Not to exceed \$50,000.00

**Total not to exceed amount of Agreement and Amendments No. 1 & No. 2: \$99,000.00**

**AMENDMENT NO. 3**

Fee:

As outlined in Exhibit A, Consultant shall perform the above services through the agency review, bidding and award of construction contract phase based on hourly rates specified herein for the following fee:

Fees for services from April 2010 through August 2010 for construction documents phase Not to exceed \$32,000.00

Fees for services from August 2010 through December 2010 for agency review, bidding and award of construction contract phase Not to exceed \$72,000.00

Reimbursable Expense (at actual cost) for mileage, printing and other expenses reasonably incurred in the performance of the Agreement are included in the total fee:

Total Fee for Amendment No. 3: Not to exceed \$104,000.00

Total not to exceed amount of Agreement and Amendments #1, #2 & #3: \$203,000.00

Standard Rate Schedule

The following standard rate schedule for compensation under this Agreement is valid for the current calendar year, effective January 1, 2010, and is subject to revision on an annual basis upon thirty (30) days' written notice to City.

<u>Positions</u>	<u>Hourly Rates</u>
Principal	\$216.00
Project Executive	\$196.00
Senior Project Manager	\$180.00
Project Manager	\$170.00
Assistant Project Manager	\$150.00
Project Engineer	\$98.00
Project Management Assistant	\$75.00

Future Project Management Services Fee Schedule

Design Services (Amendment No. 2)	\$50,000.00
Construction Documents (Amendment No. 3)	\$32,000.00
Agency Approvals/Bidding/Award of Construction Contract (Amendment No. 3)	\$72,000.00
Construction/Tenant Build-out	\$88,000.00
Contingency for unforeseen considerations	\$29,000.00
Total	\$271,000.00