



## AGENDA REPORT

**Meeting Date:** April 5, 2016  
**Item Number:** D-16  
**To:** Honorable Mayor & City Council  
**From:** Chad Lynn, Assistant Director of Public Works Services  
Aisha Ogura, Assistant Property Manager

**Subject:** APPROVAL OF AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN & KASTNER, INC FOR CONSULTING SERVICES ON VARIOUS CITY OWNED PROPERTIES; AND  
APPROVAL OF A CHANGE PURCHASE ORDER IN AN AMOUNT NOT TO EXCEED \$47,000 TO STEGEMAN & KASTNER, INC. FOR THE ADDITIONAL SERVICES

**Attachments:** 1. Amendment No. 1

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### **RECOMMENDATION**

It is recommended that City Council move to approve Amendment No. 1 to Agreement No. 35-14 with Stegeman & Kastner., Inc. for consulting services on various City owned properties and approve the change purchase order in an amount not to exceed \$47,000, for a total not to exceed amount of \$93,000.

### **INTRODUCTION**

The City currently has an agreement and purchase order with Stegeman & Kastner., Inc. for consulting services related to tenant and building improvements at various City owned properties. This Amendment No. 1 provides for additional consulting services associated with increased service demands and an expanded scope to include property management services.

### **DISCUSSION**

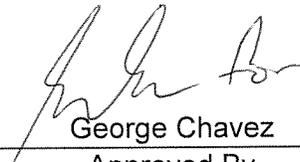
The amendment includes \$27,000 for additional consulting services relating to assessment of warranty work for repairs at 9400 Santa Monica Blvd and 331 Foothill Road, coordination of extra waterproofing efforts for all City leased buildings and increased service requests for antenna rental tenants upgrading their equipment.

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Additionally, this amendment expands the scope of work for the agreement and adds property management services. The property management services are estimated not to exceed \$20,000 during this fiscal year and would bring the total additional funding to \$47,000, for a total not to exceed amount of \$93,000. Stegeman & Kastner will assist the Real Estate & Property Management Division with tenant service requests follow up, site visits and tenant project coordination. The original agreement in the amount of \$46,000, which was approved under City Manager authority, did not include property management services.

**FISCAL IMPACT**

Funds in the amount of \$27,000 are available in the Facilities Maintenance Budget 40505901-730400. An additional \$20,000 is available in the Real Estate & Property Management program.

  
George Chavez  
\_\_\_\_\_  
Approved By

# **Attachment 1**

AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN THE CITY OF  
BEVERLY HILLS AND STEGEMAN & KASTNER, INC FOR CONSULTING  
SERVICES ON VARIOUS CITY OWNED PROPERTIES

NAME OF CONTRACTOR: Stegeman & Kastner, Inc.

RESPONSIBLE PRINCIPAL OF CONTRACTOR: Fritz Kastner, CEO

CONTRACTOR'S ADDRESS: 2601 Ocean Park Blvd Santa Monica, CA 90405

CITY'S ADDRESS: CITY of Beverly Hills  
455 N. Rexford Drive  
Beverly Hills, CA 90210  
Attention: Chad Lynn,  
Assistant Director of Public Works Services/Parking &  
Facilities Operations

COMMENCEMENT DATE: January 13, 2014

TERMINATION DATE: June 30, 2016

CONSIDERATION: Original Agreement: Professional Fees not to exceed  
\$45,000; Reimbursable expenses not to exceed \$1,000

Amendment No. 1: Professional Fees not to exceed  
\$45,000; Reimbursable expenses not to exceed \$2,000

Total of Original Agreement and Amendment No.1 not to  
exceed \$93,000

AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN THE CITY OF  
BEVERLY HILLS AND STEGEMAN & KASTNER FOR CONSULTING  
SERVICES ON VARIOUS CITY OWNED PROPERTIES

This Amendment No. 1 is to that certain Agreement between the CITY of Beverly Hills (hereinafter called "CITY"), and Stegeman & Kastner (hereinafter called "CONTRACTOR") dated January 24, 2014 and identified as Contract No. 35-14 (hereinafter called "Agreement").

RECITALS

A. CITY entered into a written agreement with CONTRACTOR to perform consulting services with respect to various CITY owned properties.

B. CITY and CONTRACTOR now desire to amend the Termination Date, amend the Scope of Services to provide property management services for CITY-owned properties, and increase the compensation for the additional services.

NOW, THEREFORE, the parties agree as follows:

Section 1. The Termination Date shall be amended as set forth on the cover sheet.

Section 2. The Consideration shall be amended as set forth on the cover sheet.

Section 3. Exhibit A, "Scope of Work" shall be amended as attached hereto and incorporated herein.

Section 4. Exhibit B, "Schedule of Payment and Rates," shall be amended as attached hereto and incorporated herein.

Section 5. Except as specifically amended by this Amendment No. 1, the remaining provisions of the Agreement shall remain in full force and effect.

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_ 2016, at Beverly Hills, California.

CITY OF BEVERLY HILLS,  
A Municipal Corporation

\_\_\_\_\_  
JOHN A. MIRISCH  
Mayor of the City of Beverly Hills, California

[Signatures continue]

ATTEST:

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

CONTRACTOR: STEGEMAN & KASTNER, INC.

  
\_\_\_\_\_  
FRITZ KASTNER  
Chief Executive Officer

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

APPROVED AS TO FORM:

  
\_\_\_\_\_  
DAVID M. SNOW  
Interim City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
MAHDI ALUZRI  
City Manager

  
\_\_\_\_\_  
CHAD LYNN  
Assistant Director of Public Works Services/Parking  
& Facilities Operations

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

**EXHIBIT A**  
**SCOPE OF WORK**

**ORIGINAL AGREEMENT:**

CONTRACTOR will be available to the CITY to review and recommend solutions to construction or related problems that arise.

Following properties/addresses are covered by this Agreement:

The Art of Shaving – 9520 Brighton Way  
David Yurman Expansion – 369 N. Rodeo Drive  
447 N. Canon Drive  
430 N. Camden Drive  
Gardens Building Vitrines & Retail Vacancy  
331 Foothill Road

Provide Construction Management Services and Project development assistance. Scope of services will be on an as needed basis per below:

**Existing Conditions:**

CONTRACTOR will assist the CITY and CITY's tenants in understanding the building's architectural, structural, MEP and Fire/life safety systems.

CONTRACTOR will assist the CITY and CITY's tenants in evaluating existing conditions.

**Scope Modifications to Shell & Core:**

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

Coordinate Tenant's work with base bldg MEP and fire life safety systems.

CONTRACTOR will review and evaluate tenant requested changes to S&C and advise CITY of construction impacts.

**General Assistance:**

CONTRACTOR will be available to the CITY to provide any and all project management services CITY requires.

**DESIGN PHASE**

**Process Management:**

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

**Team Direction:**

CONTRACTOR will, 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. CONTRACTOR will on behalf of the CITY, issue and implement authorizations and directives to the CONTRACTORS.

Review of Conceptual Design:

CONTRACTOR will 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:

CONTRACTOR will review, with the participation of the CITY, schematic design drawings prepared by the Architect & Engineer 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:

CONTRACTOR will 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:

CONTRACTOR will review the construction documents with the Architect and Engineers, secure the CITY's decisions as required and review the drawings for completeness. CONTRACTOR will 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:

CONTRACTOR will monitor the performance of all project participants under the various contracts and review and recommend for approval all billings in connection with them. CONTRACTOR will review and negotiate requests for extra service authorizations and make the appropriate recommendations for approval or disapproval to the CITY.

Project Schedule:

CONTRACTOR will, together with the Architect and the CITY, develop a Project Master Schedule as required for each project. 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:

CONTRACTOR will 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; CONTRACTOR will 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. CONTRACTOR will periodically update this budget to reflect the CITY's requirements.

Design Meetings:

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

Client Meetings:

CONTRACTOR will 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. CONTRACTOR will advise and make recommendations to the CITY relating to CITY's direction of the design effort.

Value Engineering:

At CITY's request, throughout the development of the architectural and engineering design, CONTRACTOR will 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.

**CONSTRUCTION PHASE**

General CONTRACTOR:

At CITY's request, CONTRACTOR shall review the qualifications of the General CONTRACTOR proposed by Tenant and make recommendations. CONTRACTOR will participate in Pre- Construction meetings.

General CONTRACTOR Procedures:

CONTRACTOR will 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.

Change Order Control:

At CITY's Request, CONTRACTOR will review requests for changes, whether requested by the CITY, Architect, General CONTRACTOR or SubCONTRACTORS. CONTRACTOR will review the breakdown submitted using the Architect, Engineers and other General CONTRACTORS or SubCONTRACTORS to check prices as necessary. CONTRACTOR will negotiate with the General CONTRACTOR, have the Architect finalize and conform the drawings, and CONTRACTOR will write the final Change Order for CITY approval.

Cost Report:

Upon request, CONTRACTOR will 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, CONTRACTOR can report on items tracked internally by the CITY, such as indirect costs, FF&E costs, other direct purchases, and contingencies.

Pay Requests:

CONTRACTOR will 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:

CONTRACTOR will participate in regular meetings with the General CONTRACTOR, Architect, Tenant and on an as needed basis and 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. CONTRACTOR will review RFI's and Substitution requests for impact to Shell & Core bldg systems and provide recommendations to CITY.

Field Observations:

CONTRACTOR will 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:

CONTRACTOR will 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:

CONTRACTOR will, 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. CONTRACTOR will also monitor General CONTRACTOR's close-out of all contracts, including settlement of claims, receipt of all final lien releases, and final payments. CONTRACTOR will also monitor the production of as-built drawings (as required), and the preparation of project manuals, including all operating instructions and warranties.

Coordination:

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

General Assistance:

CONTRACTOR will generally be available to the CITY to review and recommend solutions to construction or related problems that arise

**AMENDMENT NO. 1:**

CONTRACTOR shall provide the following as-needed property management services for CITY owned properties as directed by the Assistant Director of Public Works Services/Parking & Facilities Operations. Services are not limited to specific addresses.

- Assist Real Estate and Property Management division of Public Works Services Department ("RE&PM") staff in Processing Tenant Service Requests.
- Assist RE&PM staff in working with Facilities Maintenance Manager through regular meetings.
- Assist RE&PM staff in conducting periodic site visits and tenant meeting to identify and address City building and tenant needs.

EXHIBIT B

SCHEDULE OF PAYMENTS AND RATES

<u>RATES:</u>	<u>Hourly:</u>
Principal	\$224.00
Project Executive	\$203.00
Senior Project Manager	\$185.00
Project Manager	\$170.00
Assistant Project Manager	\$150.00
QA/QC Manager	\$150.00
Senior Estimator	\$125.00
Senior Scheduler	\$125.00
Project Engineer	\$ 98.00
Property Manager – combined rate	\$ 95.00

Reimbursable Expense Rates:

All reimbursables will be charged at cost without markup

Photocopy/Reproduction Rate - B/W	\$ .10/page
Photocopy/Reproduction Rate - Color	\$ .50/page
Mileage, adjusted to I.R.S. standard rate	
Parking	
Long Distance Telephone	
Printing	
Messenger & Delivery Services	
Travel: Airfare, Hotel, Cab Fares, Rental Car	

Subcontracts: Will be charged at cost plus 5%