



AGENDA REPORT

Meeting Date: December 5, 2007
Item Number: P-12
To: Honorable Mayor & City Council
From: Alan Schneider, Director of Project Administration
Subject: APPROVAL OF AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND STEGEMAN AND KASTNER, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES RELATED TO THE CITY HALL GROUND FLOOR REMODEL PROJECT; AND
APPROVE A PURCHASE ORDER TO STEGEMAN AND KASTNER, INC. IN THE AMOUNT OF \$110,000 FOR THE SERVICES
Attachments: 1. Agreement

RECOMMENDATION

It is recommended that the City Council approve the agreement with Stegeman and Kastner, Inc. in the not-to-exceed amount of \$110,000 for project management consulting services related to the City Hall Ground Floor Remodel project.

INTRODUCTION

The proposed agreement with Stegeman and Kastner, Inc. is to provide professional consulting services to supplement Project Administration staff in the administration of the construction contract and related other contracts necessary to complete the remodel project on schedule and budget.

DISCUSSION

On October 16, 2007, a contract was awarded to Tower Engineering for the remodel of the ground floor of City Hall to create a Customer Service Center and improve the staff office space. A Notice To Proceed was issued to the contractor effective November 5, 2007, establishing the contractual completion date of September 5, 2008.

To effectively manage this important project, meet the schedule for completion and move-back of staff from the temporary modular buildings, and coordinate a number of related support vendors/contractors, will demand highly competent staff be assigned to this project.

The Project Administration Division of Public Works & Transportation is responsible for the accomplishment of the City's capital projects, and is currently managing approximately 24 projects, including a number of major projects, such as the vehicle shop construction, Public Works parking garage, and 331 Foothill Office Building.

To supplement the 3 member technical Project Administration staff, the services of a project management consultant, Stegeman and Kastner, has been engaged during the past fiscal year on an as-needed basis. Under that agreement, Stegeman & Kastner played a major role in the management and coordination of the relocation of City staff to the temporary modular buildings.

The proposed agreement with Stegeman & Kastner is to provide the necessary project management services for the City Hall Ground Floor Remodel. Fees are to be paid based on the hourly rates specified in the agreement to a maximum not to exceed amount of \$110,000. A brief summary of the services and duties stipulated in the agreement are as follows:

- Team Direction – manage and oversee the activities of the Project Team and help keep the focus on the team's activities in concert with City's project goals, including procurement of other related vendor/contractor services.
- Furniture/Fixtures/Equipment (FF&E) – assist the City and the architect in finalizing the FF&E scope and budget, and procurement of vendors.
- Project Schedule – develop a Project Master Schedule to reflect not only the activities of the General Contractor, but also other vendors and FF&E procurement.
- Project Budget – review the City's CIP budget to reflect direct and indirect costs, FF&E, City direct purchases, and appropriate contingencies.
- General Contractor Procedures – review General Contractor's proposed project documentation and procedures together with the scheduling of product submittals, shop drawing preparation and review, purchasing and deliveries, and the confirmation of timely availability of alternate products.
- Change Order Control – review requests for changes, whether requested by City, architect, General Contractor or Subcontractors. As requested by City, Consultant shall negotiate with the Subcontractor or General Contractor, have the architect finalize and conform the drawings, and Consultant shall write the final Change Order for City approval.
- Cost Reports – 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. Consultant shall report on items tracked internally by City, such as indirect costs, FF&E costs, other direct purchases, and contingencies.
- Pay Requests – review General Contractor's requests for progress payments and architect's Certifications issued in connection therewith, and confirm dollar value of progress.

- Construction Meetings – conduct weekly meetings with the General Contractor, architect, and City to review construction progress, requests 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 – perform field observations and advise City as to the adherence to schedule, quality control, plans and specifications.
- Final Acceptance – establish procedures acceptable to City to be followed by Contractors, 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 – perform a final visual acceptance review of construction work, review the General Contractor's implementation of architect's punch list.
- Commissioning Agent – manage the implementation of the Commissioning Program and coordinate the work of Commissioning Agent and Contractor.
- General Assistance – shall be available to City to review and recommend solutions to construction or related problems that arise.

Currently, Stegeman and Kastner are also providing project management services in representing the City's interests with the Athens Group for the public components for the T-Lot development. They have provided professional, timely and responsive service, and demonstrated their ability as exceptional project managers.

FISCAL IMPACT

The consultant's fee is a not-to-exceed amount of \$110,000 based on the hourly rates specified in the agreement. Funding for the agreement has been allocated from the Capital Improvement Program budget for the City Hall Master Project.



Scott G. Miller
Finance Approval



David D. Gustavson
Approved By

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND
STEGEMAN AND KASTNER, INC. FOR PROJECT
MANAGEMENT CONSULTANT SERVICES RELATED TO THE
CITY HALL GROUND FLOOR REMODEL PROJECT

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: Upon recording of Notice of Completion

CONSIDERATION: Not to exceed \$110,000, based on the rates
and actual cost of reimbursable expenses
described in Exhibit B-1

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND
STEGEMAN AND KASTNER, INC. FOR PROJECT
MANAGEMENT CONSULTANT SERVICES RELATED TO THE
CITY HALL GROUND FLOOR REMODEL PROJECT

THIS AGREEMENT is made by and between the City of Beverly Hills (hereinafter called "City"), and Stegeman and Kastner, Inc., (hereinafter called "Consultant").

RECITALS

A. City desires to have certain services provided (the "services") as set forth in Exhibit A, attached hereto and incorporated herein.

B. Consultant represents that it is qualified and able to perform the services.

NOW, THEREFORE, the parties agree as follows:

Section 1. Scope of Services. Consultant shall perform the project management consulting services in connection with City Projects from the list of services set forth in Exhibit "A," attached hereto, as required by City and upon the written agreement of both parties. Consultant shall perform the services described in Exhibit "A" in a manner satisfactory to City and consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.

Section 2. Time of Performance. Consultant shall perform the services on or by the Termination Date set forth above.

Section 3. Compensation. City agrees to compensate Consultant, and Consultant agrees to accept in full satisfaction for the services required by this Agreement the Consideration set forth above and more particularly described in Exhibit B-1, attached hereto and incorporated herein. City shall pay Consultant said Consideration in accordance with the schedule of payment set forth in Exhibit B-2, attached hereto and incorporated herein.

Section 4. Independent Contractor. Consultant is and shall at all times remain, as to City, a wholly independent contractor. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as herein set forth. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City.

Section 5. Assignment. Consultant shall not assign or attempt to assign any portion of this Agreement without the prior written approval of City.

Section 6. Consultant: Responsible Principal(s). The Responsible Principal(s) set forth above shall be principally responsible for Consultant's obligations under this Agreement and shall serve as principal liaison between City and Consultant. Designation of another Responsible Principal by Consultant shall not be made without the prior written consent of City.

Section 7. Personnel. Consultant represents that it has, or shall secure at its own expense, all personnel required to perform Consultant's services under this Agreement. Consultant may associate with or employ associates or subconsultants in the performance of its services under this Agreement with the prior written approval of City, but at all times shall be responsible for their services.

Section 8. Interests of Consultant. Consultant affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the services contemplated by this Agreement. No person having any such interest shall be employed by or be associated with Consultant.

Section 9. Insurance.

(a) Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by Consultant.

(b) Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by Consultant in performing the services required by this Agreement.

(c) Consultant shall at all times during the term of this Agreement, carry, maintain and keep, in full force and effect, a policy or policies of Professional Liability Insurance (errors and omissions) with minimum limits of One Million Dollars (\$1,000,000) per claim and in the aggregate. Any deductibles or self-insured retentions attached to such policy or policies must be declared to and be approved by City. Further, Consultant agrees to maintain in full force and effect such insurance for one year after performance of work under this Agreement is completed.

(d) Consultant agrees to maintain in force at all times during the performance of work under this Agreement workers' compensation insurance as required by law.

(e) Consultant shall require each of its sub-consultants or sub-contractors to maintain insurance coverage which meets all of the requirements of this Agreement.

(f) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide.

(g) Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at Consultant's expense, the premium thereon.

(h) At all times during the term of this Agreement, Consultant shall maintain on file with the City Clerk a certificate or certificates of insurance on the form set forth in Exhibit C, attached hereto and incorporated herein, showing that the aforesaid policies are in effect in the required amounts. Consultant shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The policies of insurance required by this Agreement shall contain an endorsement naming the City as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to City, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(i) The insurance provided by Consultant shall be primary to any coverage available to City. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(j) Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

Section 10. Indemnification. Consultant agrees to indemnify, hold harmless and defend City, City Council and each member thereof, and every officer, employee and agent of City, from any and all claims, losses, liabilities, costs, expenses and damages (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant or any person employed by Consultant in the performance of this Agreement.

Section 11. Termination.

(a) City may terminate this Agreement for cause upon five (5) days prior written notice to Consultant. City may terminate this Agreement without cause upon fifteen (15) days prior written notice to Consultant.

(b) In the event of termination or cancellation of this Agreement by City, due to no fault or failure of performance by Consultant, Consultant shall be paid full compensation for all services performed by Consultant, in an amount to be determined as follows: For work done in accordance with all of the terms and provisions of this Agreement, Consultant shall be paid an amount equal to the amount of services performed prior to the effective date of termination or cancellation, based on the rates set forth in Exhibit B-1; provided, in no event shall the amount of money paid under the foregoing provisions of this paragraph exceed the amount which would be paid Consultant for the full performance of the services required by this Agreement.

Section 12. City's Responsibility. City shall provide Consultant with all pertinent data, documents, and other requested information as is available for the proper performance of Consultant's services.

Section 13. Information and Documents. All data, information, documents and drawings prepared for City and required to be furnished to City in connection with this Agreement shall become the property of City, and City may use all or any portion of the work submitted by Consultant and compensated by City pursuant to this Agreement as City deems appropriate.

Section 14. City Representative. City appoints Alan Schneider to act on its behalf regarding this Agreement. Consultant may rely on the instructions and decisions of the named person (or the City Manager) and instructions and decisions of any other party shall not be binding on Consultant until City has notified Consultant in writing of the appointment of other persons to act on its behalf.

Section 15. Changes in the Scope of Work. The City shall have the right to order, in writing, changes in the scope of work or the services to be performed. Any changes in the scope of work requested by Consultant must be made in writing and approved by both parties.

Section 16. Notice. Any notice required to be given to Consultant shall be deemed duly and properly given upon delivery, if sent to Consultant postage prepaid to the Consultant's

address set forth above or personally delivered to Consultant at such address or other address specified to City in writing by Consultant.

Any notice required to be given to City shall be deemed duly and properly given upon delivery, if sent to City postage prepaid to City's address set forth above or personally delivered to City at such address or other address specified to Consultant in writing by City.

Section 17. Attorney's Fees. In the event of litigation between the parties arising out of or connected with this Agreement, the prevailing party in such litigation shall be entitled to recover, in addition to any other amounts, reasonable attorney's fees and costs of such litigation.

Section 18. Entire Agreement. This Agreement represents the entire integrated agreement between City and Consultant, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both City and Consultant.

Section 19. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 20. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

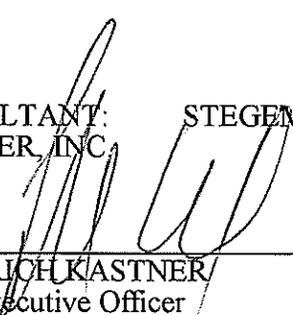
IN WITNESS WHEREOF, the parties hereto have executed this Agreement the _____ day of _____, 200____, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

JIMMY DELSHAD
Mayor of the City of Beverly Hills, California

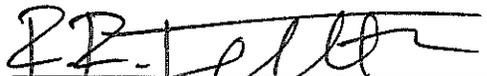
ATTEST:

_____(SEAL)
BYRON POPE
City Clerk

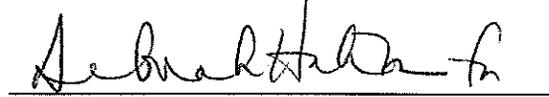
CONSULTANT: STEGEMAN AND
KASTNER, INC.


FRIEDRICH KASTNER
Chief Executive Officer

[Signatures continue]


RANDALL FULTON
Treasurer

APPROVED AS TO FORM

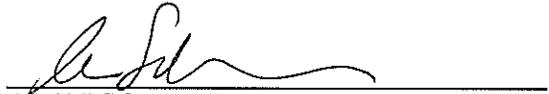

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

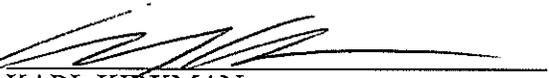
RODERICK J. WOOD
City Manager



DAVID D. GUSTAVSON
Director of Public Works & Transportation



ALAN SCHNEIDER
Director of Project Administration



KARL KIRKMAN
Risk Manager

EXHIBIT A
SCOPE OF SERVICES

Consultant shall perform the following services as directed by Director of Project Administration in writing in connection with the City Hall Ground Floor Remodel ("Project"):

Construction Phase

1. **FURNITURE/FIXTURE/EQUIPMENT (FF&E):**

Consultant shall assist City and the architect in the development of an FF&E scope and budget as well as procurement of a vendor.

2. **TEAM DIRECTION:**

Consultant shall, with the active participation of City, manage and oversee the activities of the Project Team and help keep the focus on the team's activities in concert with City's project goals. Consultant shall report to the Project Director designated by City. The Project Director will issue authorizations and directives for implementation to Consultant.

3. **PROJECT SCHEDULE:**

Consultant shall, together with the architect and City, develop a Project Master Schedule. This schedule shall 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. CPM scheduling software in use is both SureTrak and Microsoft Project.

4. **PROJECT BUDGET:**

Consultant shall review the project budget proposed by City and shall 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 City's special requirements of the base building, such as structural, 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-à-vis the amount of information contained in the project documents. Consultant shall periodically update this budget to reflect City's requirements. Upon City's request, Consultant shall develop the project budget.

5. **GENERAL CONTRACTOR PROCEDURES:**

Consultant shall review General Contractor's proposed project documentation and procedures together with the scheduling of base building modification work, 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 alternate products.

6. **CHANGE ORDER CONTROL:**

Consultant shall review requests for changes, whether requested by 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. As requested by City, Consultant shall negotiate with the Subcontractor or General Contractor, have the architect finalize and conform the drawings, and Consultant shall write the final Change Order for City approval.

7. **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 City, such as indirect costs, FF&E costs, other direct purchases, and contingencies.

8. **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 City that all sums are due pursuant to the applicable contracts and/or purchase orders.

9. **CONSTRUCTION MEETINGS:**

Consultant shall conduct weekly meetings with the General Contractor, architect, and City to review construction progress, requests 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.

10. **FIELD OBSERVATIONS:**

Consultant shall perform field observations and advise City as to the adherence to schedule, quality control, plans and specifications. All regulatory inspections shall be made by City Building Inspector, or registered deputy inspectors for all Special Inspections. Deputy inspections shall be at City's expense, as mandated by applicable laws and governmental regulations.

11. **FINAL ACCEPTANCE:**

Consultant shall establish procedures acceptable to City to be followed by Contractors, 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.

12. **PROJECT CLOSE-OUT:**

Consultant shall, with the assistance of City (as reasonably required by Consultant), 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 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, maintenance manuals and warranties.

13. **COMMISSIONING AGENT:**

Manage the implementation of the Commissioning Program as developed by the City's Commissioning Consultant and coordinate the work of Commissioning Agent and Contractor.

14. **COORDINATION:**

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

15. **GENERAL ASSISTANCE:**

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

EXHIBIT B-1

Schedule of Rates

City shall pay Consultant for the satisfactory performance of all services required by this Agreement an amount not to exceed One Hundred Ten Thousand Dollars (\$110,000) and based on the hourly rates set forth in this Exhibit and reasonable reimbursement expenses as described below.

A. Fees

Hourly rates:

Principal	\$216
Project Executive	\$196
Senior Vice President	\$180
Project Manager	\$170
Assistant Project Manager	\$150
Project Engineer	\$ 98

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: delivery, messenger services plus 10%, and parking at actual cost; photocopying at 10¢ per page and mileage, adjusted to I.R.S. standard rate, currently .485¢ per mile. In addition, City shall reimburse Consultant for the cost of the premium to carry Professional Liability Insurance, up to a maximum amount of \$28,648. 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.

City shall pay Consultant for its expenses incurred in the performance of authorized services in amounts equal to the rates outlined above. These rates shall be fixed until June 30, 2009 and shall be adjusted annually thereafter as follows: Beginning January 1, 2008, the rates shall be adjusted in accordance with the increase, or decrease, in the Los Angeles-Long Beach Consumer Price Index for All Urban Consumers, published by the U.S. Bureau of Labor Statistics ("CPI"). The change in the CPI shall be the percentage difference between the CPI for the month of January 2007 and the month of January 2008 and the first month of each subsequent year.

EXHIBIT B-2

Schedule of Payment

Consultant shall submit an itemized statement to City for its services performed, which shall include documentation setting forth in detail a description of the services rendered, including the hours of service and reasonable reimbursable expenses incurred. City shall pay Consultant the amount of such billing within thirty (30) days of receipt of same.



EXHIBIT C

CERTIFICATE OF INSURANCE

This is to certify that the following endorsement is part of the policy(ies) described below:

NAMED INSURED

COMPANIES AFFORDING COVERAGE

ADDRESS

A.
B.
C.

COMPANY (A. B. C.)	COVERAGE	POLICY NUMBER	EXPIRATION DATE	LIMITS		
				B.I.	P.D.	AGGREGATE
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input type="checkbox"/> BLANKET CONTRACTUAL <input type="checkbox"/> CONTRACTOR'S PROTECTIVE <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> EXCESS LIABILITY <input type="checkbox"/> WORKERS' COMPENSATION <input type="checkbox"/>					

It is hereby understood and agreed that the City of Beverly Hills, its City Council and each member thereof and every officer and employee of the City shall be named as joint and several assureds with respect to claims arising out of the following project or agreement:

It is further agreed that the following indemnity agreement between the City of Beverly Hills and the named insured is covered under the policy: Contractor agrees to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all liability or financial loss resulting from any suits, claims, losses or actions brought against and from all costs and expenses of litigation brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the wrongful or negligent actions of contractor's officers, employees, agents or others employed by Contractor while engaged by Contractor in the (performance of this agreement) construction of this project.

It is further agreed that the inclusion of more than one assured shall not operate to increase the limit of the company's liability and that insurer waives any right of contribution with insurance which may be available to the City of Beverly Hills.

In the event of cancellation or material change in the above coverage, the company will give 30 days written notice of cancellation or material change to the certificate holder.

Except to certify that the policy(ies) described above have the above endorsement attached, this certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

DATE: _____

BY: _____

Authorized Insurance Representative

TITLE: _____

AGENCY: _____

ADDRESS: _____

RM02.DOC REVISED 10/14/96.