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DEPARTMENT OF
GENERAL SERVICES

CITY OF SACRAMENTO
CALIFORNIA

5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-3699

OFFICE OF THE DIRECTOR

916-449-5548

August 25, 1988

APPROVED
BY THE CITY COUNCIL

DIVISIONS:

City Council
Sacramento, California

SEP 6 1988

COMMUNICATIONS
FACILITY MANAGEMENT
FLEET MANAGEMENT
PROCUREMENT SERVICES

OFFICE OF THE
CITY CLERK

Honorable Members In Session:

SUBJECT: REDUCE THE CONSTRUCTION PAYMENT RETENTION OF 10% TO 5%
ON THE GATEWAY PACIFIC CONSTRUCTION, INC. CONTRACT FOR
THE CONSTRUCTION OF CROCKER ART MUSEUM PAVILION,
CROCKER/HASTINGS HOUSE RESTORATION (CC: MA26) -
216 O STREET, SACRAMENTO, CALIFORNIA

SUMMARY

This report recommends reducing the construction payment retention of 10% to 5% with Gateway Pacific Construction, Inc. for the subject project.

BACKGROUND

On September 30, 1986, the City Council authorized the City Manager to execute a construction contract of \$3,376,935.00 with Gateway Pacific Construction, Inc. for subject project. To date, Council has approved eight Change Orders to this work totalling \$866,939.31.

On January 12, 1988 the City Manager was authorized by City Council to execute Change Order No. 5 which provided for certain items previously removed from the initial project bid to be included at a future time when additional funding could be obtained. This action added the following two alternates: 1) North and East Hastings House Porches, and 2) Period Room Finishes. This additional work, totalling \$571,762.00, added 90 days to Gateway Pacific's construction contract. Additional approved time extensions, authorized through the Change Order process, total 69 days. A total of all time extensions equal 159 days.

City Council
 August 25, 1988
 Page Two

Gateway Pacific has requested a reduction of their 10% retention to 5%. This action fairly responds to the extended length of their contract and the claims by their subcontractors who are not providing work under Change Order No. 5. (Reference Attachments "A", "B" and "C").

City Attorney's Office has reviewed this request and has no objections to allowing the reduction in retention.

City staff feels remaining 5% retention of +\$201,777.00 is sufficient to cover any items which may arise during the course of project closeout.

FINANCIAL

Retention money is being held by Wells Fargo Bank and requires City authorization for release of identified fund amount.

The total project retention as of the July 1988 billing is \$403,553.00. The retention to be released is \$201,777.00.

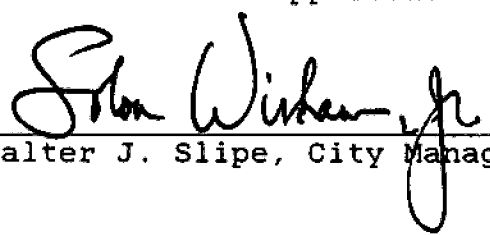
RECOMMENDATION

It is recommended that the City Manager be authorized to release \$201,777.00 in retention money to Gateway Pacific Construction, Inc.

Respectfully submitted,


 Frank Mugartegui
 Director of General Services

Recommendation Approved:

for: 
 Walter J. Slipes, City Manager

September 6, 1988
 District #1

GATEWAY PACIFIC CONSTRUCTION, INC.

July 18, 1988

Mr. Michael Sweeney
City of Sacramento
5730 24th Street
Building 1
Sacramento, Ca. 95822

Subject: Crocker Art Museum

Dear Michael:

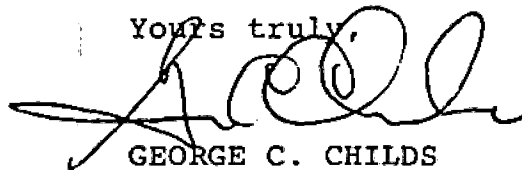
We request that you reduce our retention on the subject project to 5% immediately.

Several recent change orders have extended the contract and have caused us to hold retention on several of our subcontractors that did not participate in the change orders. I am enclosing a letter from our bonding company, giving their permission to reduce the retention.

Also enclosed is a suggested form letter to be sent to Wells Fargo's escrow people.

Your cooperation and attention to this matter is greatly appreciated.

Yours truly,



GEORGE C. CHILDS
President

GCC:ng

Encl.

CC: Gary Bechtel
Mike Ward

RECEIVED

JUL 18 1988

DEPARTMENT OF GENERAL SERVICES
FACILITY MANAGEMENT



CORROON & BLACK

Insurance Services

July 15, 1988

City of Sacramento
573C - 24th Street, Building No. 1
Sacramento, California 95822


RE: Bond No. 97012286
Gateway Pacific Construction, Inc.
Crocker Art Museum Pavilion and Crocker-Hastings
House Restoration, 216 "O" Street
Sacramento, California

Gentlemen:

We, Seaboard Surety Company, as surety on this project do hereby consent to the reduction of retention from 10% to 5% pursuant to the contract.

Sincerely,

SEABOARD SURETY COMPANY

By 
Jack M. Woodruff, Jr., Attorney in Fact

RECEIVED

JUL 18 1988

DEPARTMENT OF GENERAL SERVICES
FACILITY MANAGEMENT



Certified Copy

SEABOARD SURETY COMPANY

BBB

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No. 10212

ADMINISTRATIVE OFFICES, BEDMINSTER, NEW JERSEY
POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That SEABOARD SURETY COMPANY, a corporation of the State of New York, has made, constituted and appointed and by these presents does make, constitute and appoint W.F. Ames, Jr. or J.M. Albada or John R. Lamberson or Sheila O'Connor or Rich Wassall or Terry J. Moughan or Cynthia L. Lewis or Jack M. Woodruff, Jr. or Carol Ganapol or John W. Davis or John M. Goodloe or John E. Koster or San Francisco, California or Richard K. Hoffman or Michael McGowan its true and lawful Attorney-in-Fact to make, execute and deliver on its behalf insurance policies, surety bonds, undertakings and other instruments of similar nature as follows Without Limitations

Such insurance policies, surety bonds, undertakings and instruments for said purposes, when duly executed by the aforesaid Attorney-in-Fact, shall be binding upon the said Company as fully and to the same extent as if signed by the duly authorized officers of the Company and sealed with its corporate seal, and all the acts of said Attorney-in-Fact, pursuant to the authority hereby given, are hereby ratified and confirmed.

This appointment is made pursuant to the following By-Laws which were duly adopted by the Board of Directors of the said Company on December 8th, 1927 with Amendments to and including January 15, 1982 and are still in full force and effect.

ARTICLE VII SECTION 1

"Policies, bonds, recognizances, stipulations, consents of surety, underwriting undertakings and instruments relating thereto insurance policies, bonds, recognizances, stipulations, consents of surety and underwriting undertakings of the Company, and releases, agreements and other writings relating in any way thereto or to any claim or loss thereunder, shall be signed in the name and on behalf of the Company (a) by the Chairman of the Board, the President, a Vice-President or a Resident Vice-President and by the Secretary, an Assistant Secretary, a Resident Secretary or a Resident Assistant Secretary, or (b) by an Attorney-in-Fact for the Company appointed and authorized by the Chairman of the Board, the President or a Vice-President to make such signature, or (c) by such other officers or representatives as the Board may from time to time determine. The seal of the Company shall if appropriate be affixed thereto by any such officer, Attorney-in-Fact or representative."

IN WITNESS WHEREOF SEABOARD SURETY COMPANY has caused these presents to be signed by one of its Vice-Presidents, and its corporate seal to be hereunto affixed and duly attested by one of its Assistant Secretaries, this 20th day of April 19 88



Attest

(Seal) *Diana M. Blument*
Assistant Secretary

SEABOARD SURETY COMPANY,

By *Michael B. Keegan*
Vice-President

STATE OF NEW JERSEY
COUNTY OF SOMERSET

ss
On this 20th day of April 19 88 before me personally appeared Michael B. Keegan a Vice-President of SEABOARD SURETY COMPANY, with whom I am personally acquainted, who, being by me duly sworn, said that he resides in the State of New Jersey, that he is a Vice-President of SEABOARD SURETY COMPANY, the corporation described in and which executed the foregoing instrument, that he knows the corporate seal of the said Company, that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said Company, and that he signed his name thereto as Vice-President of said Company by like authority.

(Seal) FELICE M. CATALANO
NOTARY PUBLIC OF NEW JERSEY
My Commission Exp. June 4, 1991

Felice M. Catalano
Notary Public

CERTIFICATE

I, the undersigned Assistant Secretary of SEABOARD SURETY COMPANY do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this Certificate and I do further certify that the Vice-President who executed the said Power of Attorney was one of the Officers authorized by the Board of Directors to appoint an attorney-in-fact as provided in Article VII, Section 1, of the By-Laws of SEABOARD SURETY COMPANY.

This Certificate may be signed and sealed by facsimile under and by authority of the following resolution of the Executive Committee of the Board of Directors of SEABOARD SURETY COMPANY at a meeting duly called and held on the 25th day of March 1970:

RESOLVED (2) That the use of a printed facsimile of the corporate seal of the Company and of the signature of an Assistant Secretary on any certification of the correctness of a copy of an instrument executed by the President or a Vice-President pursuant to Article VII, Section 1, of the By-Laws appointing and authorizing an attorney-in-fact to sign in the name and on behalf of the Company surety bonds, underwriting undertakings or other instruments described in said Article VII, Section 1, with like effect as if such seal and such signature had been manually affixed and made, hereby is authorized and approved."

IN WITNESS WHEREOF I have hereunto set my hand and affixed the corporate seal of the Company to these presents this 15th day of July 19 88



Elizabeth Dufewicz
Assistant Secretary
Form 957 (Rev. 7/84)