



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT
August 21, 2007

Honorable Mayor and
Members of the City Council

Title: Contract: Design-Assist for Tenant Improvements at 300 Richards Boulevard (BB91)

Location/Council District: 300 Richards, District 1

Recommendation: Adopt a **Resolution:** 1) approving a project budget of \$12.2 million for 300 Richards Boulevard including the following budget appropriations and transfers to the 300 Richards Boulevard (BB91) project: (a) \$340,296 in interest earnings from the 2006 Capital Improvement Revenue Bonds (CIRBs) Series C lease revenue bonds (Fund 715); (b) \$4,659,704 from the 2006 CIRBs Series C lease revenue bonds (Fund 715) fund balance; (c) \$500,000 from the 2003 CIRBs (Fund 712) fund balance; and (d) a transfer of \$200,000 from the Underground Fuel Tank Replacement (CA91) project; 2) awarding Unger Construction a design-assist contract for construction services related to tenant improvements at 300 Richards Boulevard in an amount not to exceed \$8,338,194; and 3) authorizing the City Manager to execute a design-assist contract with Unger Construction for construction services related to tenant improvements at 300 Richards Boulevard.

Contacts: Cynthia Kranc, Facilities Manager, 808-2258; Bill Thomas, Director, Development Services, 808-1918

Presenters: Not Applicable

Department: General Services and Developmental Services

Division: Facilities and Real Property Management

Organization No: 3289

Description/Analysis:

Issue: On May 22, 2007, City Council adopted Resolution No. 2007-309 approving the use of a design-assist approach for the delivery of tenant improvements at 300 Richards Boulevard, suspending competitive bidding and authorizing the Department of General Services to solicit requests for qualifications (RFQ) for design-assist services related to tenant improvements at 300 Richards Boulevard. Unger

Construction was selected to provide design-assist services for tenant improvements at 300 Richards Boulevard.

Awarding the design-assist contract will allow Unger Construction to assist the City's design consultant, Lionakis Beaumont Design Group in the development of phased bid packages, and to complete the tenant improvements. This design-assist contract includes a guaranteed maximum price (GMP) of \$8,338,194 for construction of the tenant improvements.

Policy Considerations: The recommendations included in this report are consistent with the Guiding Principles for Downtown Space Planning approved by the City Council on September 19, 2006 (Resolution No. 2006-696). The recommendations in this report are consistent with Sacramento City Code Chapter 3.60.

Committee/Commission Action: None

Environmental Considerations: In December 2005, Phase 1 Environmental Site Assessments were prepared by ADR Environmental Group, Inc. for the building and its improved site and in January 2006 for the undeveloped vacant parcels. Both reports concluded that no additional investigation was warranted. Staff will prepare all necessary documents for this project as required under the California Environmental Quality Act.

This project was originally planned to meet Leadership in Energy and Environmental Design (LEED) Silver certification. This level of certification is estimated to cost an additional \$800,000 in construction and other costs. Funding constraints for this project required that the project team balance the cost of LEED certification against basic tenant requirements. After extensive value engineering and cost analysis, staff recommends that this project be delivered without LEED.

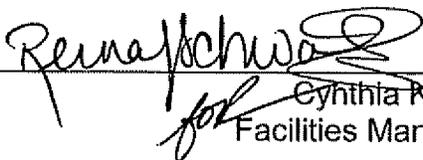
Rationale for Recommendation: The design-assist delivery approach provides the opportunity to maximize project scope within a limited budget. It is a faster delivery method than the design-bid-build delivery approach and is consistent with the alternative delivery approaches mentioned in the Smith-Culp report presented to City Council in February 2003.

Financial Considerations: The project budget as approved by City Council in November 2006 includes \$6.5 million of funding for tenant improvements. The estimated cost for tenant and site improvements related to the occupancy of the existing building is \$12.2 million. Funding for the additional \$5.7 million will be transferred to the project from the following funding sources:

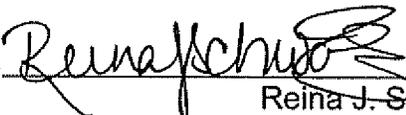
Fund 715 fund balance	\$4.7 million
Fund 715 Interest earnings	0.3 million
Fund 712 fund balance	0.5 million
Underground Fuel Tank Replacement project (CA91)	<u>0.2 million</u>
Total:	\$5.7 million

Based on the above information, there is sufficient funding to award \$8,338,194 to Unger Construction for specific components of the tenant building improvements. Staff will continue to develop a master plan for the remaining site improvements at 300 Richards Boulevard and report back to Council on development opportunities, contingent on the availability of funding.

Emerging Small Business Development (ESBD): Contractors submitting for the pre-construction phase of a design-assist project are typically unable to demonstrate meeting the City's ESBD goal because the construction phase of the project is not fully developed. The RFQ required a commitment letter from responding contractors stating that the City's 20% ESBD goal will be met for the construction phase of the project.

Respectfully Submitted by: 
Cynthia Kranc
Facilities Manager

Approved by: 
William Thomas
Director, Department of Development Services

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:


Ray Kerridge
City Manager

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BACKGROUND INFORMATION:

On November 21, 2006, City Council approved the issuance of approximately \$33.5 million in 2006 Capital Improvement Revenue Bonds (CIRBs) Series C & D lease revenue bonds. These revenue bonds were for the purchase of the property located at 300 Richards Boulevard; which included \$6.5 million for tenant improvements and \$5 million for extra tenant improvements.

On May 22, 2007, City Council approved the Downtown Space Planning and Implementation Strategy. The overall 300 Richard Boulevard space planning and tenant improvement project represents Phase 1 of the approved strategy including the move of the Development Services and Police Departments into 300 Richards Boulevard.

On May 22, 2007, City Council adopted Resolution 2007-309 approving the design-assist approach for the delivery of tenant improvements at 300 Richards Boulevard, suspending competitive bidding and authorizing the Department of General Services to solicit requests for qualifications (RFQ) for design-assist general contracting services for tenant improvements at 300 Richards Boulevard. The architect, Lionakis Beaumont Design Group was selected from the Department of General Services pre-approved on-call master services agreements list.

The Department of General Services advertised a RFQ for design-assist construction services for tenant improvements at 300 Richards Boulevard on the City's internet site. A total of five proposals were received and deemed responsive.

The selection committee evaluated the statements of qualifications based on previous experience with tenant improvement projects for public facilities, the firms' construction/design team approach, design-assist team experience working together on previous design-assist projects as well as the firms' commitment to completing the project within the time line given. The committee selected Unger Construction.

An initial agreement with Unger Construction in the amount of \$35,540 for pre-construction services was executed and a Notice to Proceed was issued on July 3, 2007. On July 19, 2007, staff was given direction by the City Manager's Office to issue a supplemental agreement in the amount of \$25,000 to allow the contractor to start initial site mobilization, preliminary wall lay-out and start up of metal stud framing.

The initial project cost estimate developed from the initial design plans and presented by the design-assist team was \$14.7 million. The project team has performed extensive value engineering design and has successfully reduced the estimate to \$12.2 million. The decrease in the project estimate from \$14.7 million to \$12.2 million is a result of assessing detailed (line item) needs for the improvements to the building without affecting operational functions and requirements for City services.

The 300 Richards Boulevard project budget estimate includes the following tenant improvement components:

Project Components	Responsible Agent/Party
1. Building design fees	Lionakis Beaumont Design Group
2. Tenant improvement to prepare the building for occupancy including plumbing, mechanical, electrical, floors, walls and ceilings	Unger Construction
3. Systems furniture (new and used)	City of Sacramento
4. Police lockers	Unger Construction
5. Information technology infrastructure	City of Sacramento/Unger Construction
6. Building security	City of Sacramento/Unger Construction
7. Staff moves to 300 Richards Boulevard from other City facility locations	City of Sacramento

Awarding the design-assist contract will allow Unger Construction to assist the City's design consultant, Lionakis Beaumont Design Group, in the development of phased sub-contractor bid packages and for the construction of the tenant improvement at 300 Richards.

Department of General Services staff is currently finalizing plans and specifications for moves to and from other city facilities that are part of the Downtown Space Planning and Implementation Strategy. Staff plans present the proposed move plans to City Council in November 2007.

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

August 21, 2007

**AUTHORIZING ACTIONS RELATED TO APPROVAL OF A DESIGN-ASSIST CONTRACT
FOR TENANT IMPROVEMENTS AT 300 RICHARDS BOULEVARD**

BACKGROUND

- A. On May 22, 2007, Council adopted Resolution 2007-309 approving the design-assist approach for the delivery of tenant improvements at 300 Richards Boulevard, suspending competitive bidding and authorizing the Department of General Services to solicit requests for qualifications (RFQ) for general contracting services related to tenant improvements at 300 Richards Boulevard.
- B. The Department of General Services advertised a RFQ for design-assist construction services for tenant improvements at 300 Richards Boulevard on the City's internet site. Five proposals were received and deemed responsive. The selection committee evaluated the statements of qualifications based on previous experience with tenant improvement projects for public facilities, the firms' construction/design team approach, design-assist team experience working together on previous design-assist projects as well as the firms' commitment to completing the project within the time line given.
- C. The committee selected Unger Construction. A Notice to Proceed was issued on July 3, 2007, and an initial agreement in the amount of \$35,540 for pre-construction services was executed. On July 19, 2007, staff was given direction by the City Manager's Office to issue a supplemental agreement in the amount of \$25,000 to allow the contractor to start initial site mobilization, preliminary wall lay-out and start up of metal stud framing.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. A project budget of \$12.2 million is approved for tenant improvements for the 300 Richards Boulevard project (BB91).
- Section 2. The City Manager or the City Manager's designee is authorized to recognize interest earnings of \$340,296 from the 2006 Capital Improvement Revenue Bonds (CIRB) Series C lease revenue bonds (Fund 715) and appropriate the interest to the 300 Richards Boulevard project (BB91).

- Section 3. The City Manager or the City Manager's designee is authorized to transfer \$4,659,704 from the 2006 Capital Improvement Revenue Bonds (CIRB) Series C lease revenue bonds (Fund 715) fund balance and \$500,000 from the 2003 Capital Improvement Revenue Bonds (Fund 712) fund balance to the 300 Richards Boulevard project (BB91).
- Section 4. A transfer of \$200,000 from the Underground Fuel Tank Replacement project (CA91) to the 300 Richards Boulevard project (BB91) is approved.
- Section 5. The design-assist contract for construction services related to tenant improvements for the 300 Richards Boulevard project (BB91) is awarded to Unger Construction in an amount not to exceed \$8,338,194.
- Section 6. The City Manager or the City Manager's designee is authorized to execute a design-assist contract with Unger Construction for construction services related to tenant improvements for the 300 Richards Boulevard project (BB91).