

**City of Hercules
Agenda Item Transmittal**

Meeting Date: January 27, 2009

Agenda Item Number: IX.9/RDA Item IV.6

Agenda Item Wording:

Adopt A Resolution Authorizing The City Manager/Executive Director To Execute An Agreement With Oliver And Company To Provide Construction Manager At-Risk Services For The Construction Of The Sycamore Downtown Street Development For An Amount Not To Exceed \$4,050,756

Submitting Department: Affordable Housing

Contact Name: Walter McKinney

For action by:

- City Council
- RDA Board
- PFA Commission

Placement on agenda:

- Intro./Presentation
- Consent Calendar
- Public Hearing
- Communications
- Council Rpts./Reso
- C.M. Rpts/Reso.
- Intergov. Issues

Department Recommendation: Staff recommends that Council take the following actions:

1. Adopt a resolution authorizing the City Manager/Executive Director to enter into an agreement with Oliver and Company (Oliver) a General Contractor as the Construction Manager At-Risk for the construction of the Sycamore Downtown Street Development, not to exceed \$4,050,756.

Alternatives:

Do not adopt the resolution and instruct staff to develop an alternative course of action.

Discussion:

The construction manager at-risk method is an alternative procurement process where the selection of a general contractor to perform as the Construction Manager (CM) occurs separate from the scoping and bidding of the subcontractors (trades). The CM then provides the City/Agency with a guaranteed maximum cost of construction, including the costs for the subcontractors. The bidding process for the subcontractors will be managed by the City/Agency and once selected with the assistance of the CM, the CM will be responsible for the coordination of all subcontractor work and performance thereof.

Oliver has performed as the City/Agency preconstruction general contractor which consisted of assisting the project design and development team in establishing a construction budget for the project, reviewing plans and specifications during the design phase in comparison to the construction budget and collaborating in the creation of bidding parameters and specifications for subcontractors.

Separately bidding the various trade packages will provide the City/Agency with the maximum bidding leverage possible, especially given the current status of building activities where it is likely that more trades people are competitively bidding for projects than during prior years. Staff believes that this method of procurement will provide some measure of savings and value with respect to cost and budget containment and will work to prevent collusion among contractors.

In evaluation of Oliver as the potential CM staff reviewed information provided by Oliver through materials and website presentations as well as reviewed Oliver's qualifications and standing with the Contractors State Licensing Board and found that Oliver has demonstrated a strong competence in the area of construction and construction management and meets the needs of the City/Agency in the delivery of construction management services for the Sycamore Downtown Street Development.

Oliver and Company have been in business since 1946 and have completed more the 1,000 new buildings in the San Francisco Bay Area. In 2004, Oliver built the Victoria Family Apartments in Hercules. The Contractors State Licensing Board reports that Oliver is licensed as a General Building Contractor (License No. 276682) in good standing, and is maintaining all required bonding and insurance.

The contract and scope of work are attached. A summary is provided here:

Pre-Construction Services	\$78,000.00
Construction Phase Staffing	\$1,064,787.00
General Conditions (CM Logistics)	\$471,219.00
Trade Contract Package Overhead (4.75%)	<u>\$2,436,750.00</u>
<i>Total Not To Exceed Amount:</i>	\$4,050,756.00

The Construction Budget for the Sycamore Downtown Street Development is carefully estimated at \$56,500,000. Included within the full construction budget is:

The Subcontractor or Trade Contract Packages:	\$51,300,000.00
The Oliver and Company Contract:	\$4,050,756.00
Construction/Scope Interface Contingency:	<u>\$1,149,244.00</u>
<i>Total Cost of Construction:</i>	\$56,500,000.00

Prior Council/Board Actions:

The City Council previously adopted Resolution No. 01-051 authorizing the City Manager to implement affordable housing programs for low and moderate-income households. This program includes the development of affordable housing units within the City of Hercules which will be purchased by low to moderate-income households. The Sycamore Downtown Development is an affordable housing project required under California Redevelopment Law (as a result of the Bayside Development) to deliver affordable housing units to low and moderate-income households.

On September 18, 2007 the Council/Agency adopted Resolution No. 07-126 directing the City Manager/Executive Director to enter into a contract with Oliver for pre-construction services. Oliver has completed this work and a construction budget has been prepared.

Commission Review and Actions/Recommendation:

