



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: SEE BELOW

DATE: 06-02-08

Approved

Date

6/10/08

COUNCIL DISTRICT: Various

SUBJECT: AMENDMENT TO MASTER AGREEMENTS WITH KITCHELL CEM, GILBANE BUILDING COMPANY AND URS CORPORATION FOR PROGRAM, PROJECT AND CONSTRUCTION MANAGEMENT CONSULTING SERVICES FOR VARIOUS PROJECTS

RECOMMENDATION

Approval of amendments to three consultant master agreements to extend their terms for 2 years and increase the maximum compensation as follows:

- a. Kitchell CEM (Kitchell) for a variety of program, project and construction management services to supplement in-house resources from the date of execution of the master agreement and through December 31, 2010, increasing compensation by \$150,000, for a total agreement amount not to exceed \$500,000.
- b. Gilbane Building Company (Gilbane) for a variety of program, project and construction management services to supplement in-house resources from the date of execution of the master agreement and through December 31, 2010, increasing compensation by \$150,000, for a total agreement amount not to exceed \$500,000.
- c. URS Corporation (URS) for a variety of program, project and construction management services to supplement in-house resources from the date of execution of the master agreement and through December 31, 2010, increasing compensation by \$250,000 for a total agreement amount not to exceed \$500,000.

OUTCOME

Approval of the master agreement amendments with Kitchell, Gilbane and URS to continue program/project/construction management consulting services on existing work with the City in support of City staff, as needed, for delivery of various capital improvement programs/projects.

BACKGROUND

The Department of Public Works (DPW) manages a variety of projects that include the design and construction of buildings, bridges, parks and trails. While DPW is currently staffed to manage and provide the technical resources for much of the capital improvement program, the variable workload in any given period of time may exceed the capacity of in-house resources. In addition, specialty skills and services are occasionally required for some projects.

Staff conducted a consultant selection process in February 2006 in accordance with the Council-adopted, Qualifications Based Consultant Selection (QBCS) policy. Council approved staff's selection process and recommendation to execute three consultant master agreements in June 2006. The contracts were executed in June 2006 and expire in June 2008. Maximum values for the agreements were \$350,000 each for the top two ranked consultants, Kitchell and Gilbane, and \$250,000 for the third ranked consultant, URS.

The scope of work under the master agreements includes, but is not limited to, cost estimates, constructability reviews, scheduling, value engineering, claims analysis, construction management and construction administration. These services are necessary for large and/or complex projects currently underway and to provide supplemental staff support based on periodic workload fluctuations.

Project consultant services under these master agreements are authorized only by individual service orders detailing the specific scope of services, schedule, compensation and an appropriate funding source(s). Consultant services will be tailored to complement City staff's expertise thereby ensuring efficient and effective project implementation.

Consultant services are being provided to the City on several large architectural and site development projects. These projects have entered the construction document phase and/or have begun construction. The work started by the consultants will continue beyond the master agreement expiration date. Further, some of the work requires supplemental services in order to deliver the project/ program efficiently and cost effectively. Specifically, the consultants are engaged by service order on the following:

- a. Kitchell is currently providing services for Kirk Senior Center and Mayfair Community Center. It is anticipated that services for these projects will be completed by June 2009 with project closeout support activities extending to December 2010.
- b. Gilbane is currently providing services for Prolog electronic program/project cost and management database services. The database and management services are required to support project implementation and management through December 2010 including the closeout of the Parks Bond program.
- c. URS is currently providing services to Vietnamese Cultural Heritage Gardens, various Public Safety bond projects including the Police Substation and Las Plumas Household

Waste projects. It is anticipated that services for these projects will be completed by December 2009 with project closeout support activities extending to December 2010.

ANALYSIS

Current services provided by each consultant through specific service order will not be completed by the expiration of the master agreements due to the nature of the work and the implementation schedules. Amending the current master agreements with Kitchell, Gilbane and URS will provide continuity to the work underway, support through construction and project closeout issues related to these services agreements. Because the work is in progress, it is not practicable for staff to undertake a new QBCS process or to reallocate the work internally. Either action would lead to increased project costs and schedule delay resulting from the additional time required to implement a QBCS or reallocation of work.

EVALUATION AND FOLLOW-UP

No additional follow-up actions with Council are expected at this time.

POLICY ALTERNATIVES

Alternative #1: Select another consultant to provide the required services.

Pros: City required professional services may be distributed throughout the available pool of interested consultant firms.

Cons: It is not practicable to ask a new firm to continue services already in process. Other firms do not possess the institutional knowledge of the programs and projects which provides a distinct advantage for services provided to these various programs and projects. The time involved to proceed through the City's QBCS process does not support the current program, project or construction schedules.

Reason for not recommending: There is insufficient time to select another firm or transfer the historical knowledge of the various programs or projects that is possessed by Kitchell, Gilbane and URS.

Alternative #2: Utilize staff to provide the specialty skills or expertise of program, project and construction management services.

Pros: Provides full resource utilization within the City of San Jose Public Works staff.

Cons: Dedicated City staff with specific expertise in the areas of Primavera schedule control, Claim Digger, and Prolog Web-based construction management system is not available at this time. Failure to provide proactive schedule and project controls throughout the programs and projects jeopardizes the City's goals in project delivery and the City's position with regard to successful claims management and resolution.

Reason for not recommending: City staff is currently not available and cannot be made available in a timely fashion to provide the services required to meet the program and project delivery goals, which have already started design and construction.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item does not meet any of the above criteria, but staff conducted an initial consultant selection process that complies with the City's Qualifications Based Consultant Selection Policy. This approval memo will be posted on the City's website for the June 24, 2008 Council agenda.

COORDINATION

Staff coordinated this memo with the Planning, Building and Code Enforcement Department, City Attorney's Office, and City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

These projects are consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$550,000
2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Original Master Agreements	\$950,000
First Amendment to Master Agreement	<u>550,000</u>
TOTAL AGREEMENT AMOUNT	\$1,500,000
3. SOURCE OF FUNDING: Various
4. OPERATING COSTS: Not Applicable

HONORABLE MAYOR AND CITY COUNCIL

06-02-08

Subject: Amendment to Master Agreements for Program, Project and Construction Management Services

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CEQA

CEQA: Not a project.



KATY ALLEN

Director, Public Works Department

For questions please contact DAVE SYKES, ASSISTANT DIRECTOR, at 408-535-8300.

