



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Public Works**

**Meeting Date: June 17, 2024**

Report #:2404-2929

### **TITLE**

Approval of 1) Increase of Construction Contingency for Contract No. C21178123B with Swinerton Builders in the Amount of \$1,000,000; 2) Contract Amendment No. 4 for Contract No. S20176170 with Romig Engineers, Inc. in the Amount of \$21,786 and to Extend the Contract Term; 3) Increase of Contingency for Purchase Order with Pivot Interiors Inc. in the Amount of \$23,440; and 4) Authorization for the City Manager to Execute a General Services Contract for Moving Services in an Amount of up to \$250,000 for the New Public Safety Building Capital Project (PE-15001); CEQA - Environmental Impact Report for the New Public Safety Building and New California Avenue Area Parking Garage (Resolution No. 9772)

### **RECOMMENDATION**

Staff recommends that Council:

1. Approve an increase of construction contingency for Contract No. C21178123B with Swinerton Builders in an amount not to exceed \$1,000,000 for a total contract contingency amount not to exceed \$9,395,300;
2. Approve and authorize the City Manager or their designee to execute Contract Amendment No. 4 to Contract No. S20176170 with Romig Engineers Inc. to provide geotechnical services in the amount of \$21,786 and a contract extension through September 30, 2024;
3. Approve an increase to the contingency for the Purchase Order with Pivot Interiors Inc. in the amount of \$23,440; and
4. Authorize the City Manager or their designee to execute a future general services contract in an amount of up to \$250,000 for moving services for the Public Safety Building project.

### **BACKGROUND**

The New Public Safety Building (PSB) (PE-15001) and New California Avenue Area Parking Garage (PE-18000) are among ten key projects included in the 2014 Council Infrastructure Plan. The PSB was identified as the plan's highest priority project and is tied together with the parking garage project with respect to California Environmental Quality Act (CEQA). The parking garage opened in December 2020. On February 1, 2021, Council approved the award of the construction contract for the PSB to Swinerton Builders and authorized execution and delivery

of one series of Certificates of Participation in an amount not to exceed \$120 million to finance the PSB construction.<sup>1</sup> The PSB construction is anticipated to be substantially completed in July 2024.

Romig Engineers' services for the PSB project include evaluation of subsurface materials at the site to provide information for design and construction of excavation shoring and the seepage cut-off wall, preconstruction geotechnical services, and construction geotechnical services. Romig Engineers contract S20176170<sup>2</sup> began on November 8, 2019. The contract term was through November 7, 2022 and was extended by Amendment No. 2 through May 18, 2023. Amendment No. 3<sup>3</sup> was approved by Council on May 8, 2023 to extend for time only through April 30, 2024.

On June 19, 2023, Council approved a Purchase Order with Pivot Interiors in the Amount of \$756,021 to provide cubicle and office furniture for the new PSB.<sup>4</sup>

## **ANALYSIS**

The PSB is one of the most complex projects that the City has constructed to date. Given its complexity, since the PSB construction contract was awarded in early 2021, there have been numerous change orders addressing issues of unforeseen site conditions, owner requested changes, design clarifications, and required changes due to authorities having jurisdiction, which are agencies that are responsible for enforcing codes and regulations. In addition, since change order costs are based on current construction costs rather than bid amounts, the significant escalation of construction costs over the past several years has impacted the project and the use of the contingency. As of April 2024, the project has used 94% of the Council-approved contingency of \$8,392,800. Due to the multiple issues and clarifications, the contingency usage is anticipated to go beyond the City's typical "10% of the construction contract amount" contingency authorization. A reallocation of \$1 million from the project's non-construction budget to the construction contingency is recommended to provide enough contingency authorization to continue to evaluate and process valid change orders as the project nears completion.

Due to the length of time it has taken to construct the PSB, additional funding is needed for existing contracts.

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<sup>1</sup> City Council, February 1, 2021; Agenda Item #4, SR #11752, <https://www.cityofpaloalto.org/files/assets/public/v/3/agendas-minutes-reports/reports/city-manager-reports-cmr/yr-archive/2021/id-11752.pdf>

<sup>2</sup> Romig Engineers Inc., Geotechnical services for Public Safety Building, S20176170, [https://www.cityofpaloalto.org/files/assets/public/v/1/public-works/engineering-services/cip-contracts/romig-engineers-inc.-s20176170-psb\\_final.pdf](https://www.cityofpaloalto.org/files/assets/public/v/1/public-works/engineering-services/cip-contracts/romig-engineers-inc.-s20176170-psb_final.pdf)

<sup>3</sup> City Council, May 8, 2023; Agenda Item #5, SR #2304-1272, <https://www.cityofpaloalto.org/files/assets/public/v/1/public-works/engineering-services/cip-contracts/sr2304-1272-5.8.2023-pe-15001-psb-romig-contract-amendment.pdf>

<sup>4</sup> City Council, June 19, 2023; Agenda Item #9, SR #2304-1375, <https://www.cityofpaloalto.org/files/assets/public/v/1/public-works/engineering-services/cip-contracts/sr2304-1375-6.19.2023-pivot-one-workplace-purchase-orders.pdf>

- For Romig’s contract (Attachment A), additional funding of \$21,786 is needed for additional geotechnical inspections including observing and testing subgrade, retesting as required, and inspection of unforeseen conditions. The resulting total contract not to exceed amount is \$131,478, with the contract ending on September 30, 2024.
- For the Purchase Order with Pivot Interiors (Attachment B), the original contract approved by Council on June 19, 2023 included base services of \$687,292 and \$68,729 for contingency. The existing contingency has been used for storage fees due to the delays in PSB completion. The additional \$23,440 in contingency is for prevailing wage increases and additional storage fees until the furniture installation is completed in summer 2024, for a new total not to exceed contract of \$779,461.
- For the moving general services contract, staff is finalizing the move-in schedule for the PSB and expects to release an invitation for bids in June and award a contract in mid-July to maintain the PSB schedule. Staff is requesting authorization for the City Manager to execute the moving services contract as the contract will need to be in place prior to Council returning from its break in August.

#### **FISCAL/RESOURCE IMPACT**

Funding for the increase in contingencies and the contract amendment recommended in this report is available in the Fiscal Year 2024 Adopted Capital Improvement Program budget for the Public Safety Building project (PE-15001). These actions do not increase the overall PSB project budget approved by Council when the construction contract was approved in 2021, as savings realized in the furniture, fixtures, and equipment budget items are available to cover the increased costs.

#### **STAKEHOLDER ENGAGEMENT**

Staff provides monthly updates on PSB construction through the PSB’s project webpage and newsletter.

#### **ENVIRONMENTAL REVIEW**

An Environmental Impact Report for the PSB and the New California Avenue Area Parking Garage was prepared and was certified by Council on June 11, 2018, by adoption of Resolution No. 9772<sup>5</sup>

#### **ATTACHMENTS**

Attachment A: Romig Contract S20176170, Amendment No.4  
Attachment B: Purchase Order with Pivot Interiors, Inc.

#### **APPROVED BY:**

Brad Eggleston, Director Public Works/City Engineer

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<sup>5</sup> Resolution 9772, <https://www.cityofpaloalto.org/files/assets/public/v/1/city-clerk/resolutions/reso-9772.pdf?t=40475.53>