



AGENDA ITEM NO.

COUNCIL MEETING 1/15/2008

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

January 15, 2008

FROM: KENNETH A. NERLAND, Director
General Services Department

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GSD/Administration Division

SUBJECT: APPROVAL OF CONTRACT CHANGE ORDERS FOR PHASE 1 RENOVATIONS TO THE FRESNO CONVENTION AND ENTERTAINMENT CENTER (FCEC) AND AUTHORIZE THE PUBLIC WORKS DIRECTOR TO SIGN THE CHANGE ORDERS ON BEHALF OF THE CITY

KEY RESULT AREA

Customer Service

RECOMMENDATIONS

Staff recommends that the City Council:

1. Approve the four (4) contract Change Orders identified in attached Exhibit A totaling \$544,466.51 which provided for additional unanticipated renovation work required to successfully complete Phase I renovations to the FCEC and;
2. Authorize the Public Works Director to sign the Change Orders on behalf of the City which were anticipated as part of the \$1,348,600 appropriation authorized by Council on June 5, 2007.

EXECUTIVE SUMMARY

Throughout the construction of the Phase I renovation project to the FCEC, which is now completed, unforeseen conditions were encountered which necessitated additional work in order to successfully complete the various renovation elements called for in the project. This multi-prime project was comprised of several construction contracts with different contract completion dates. On average contract time frames were extended 35 percent to deal with unforeseen conditions, and cumulative change orders were issued which enabled contractors to keep working to meet the overall project completion with least disruption to the FCEC event schedule. Attached Exhibit A outlines the information for each of the four change orders. Council approval of the requested change orders will allow the contractors to be paid for the work specified for each change order which is now completed. Council approval of the change orders and contract time extensions will not require any additional funding beyond that already approved.

On June 5, 2007, the City Council approved the appropriation of \$1,348,600 to provide the necessary funds for the completion of Phase I improvements. This additional funding anticipated the cost of the four change orders totaling \$544,466.51. The total dollar amount of each of the four change orders represent cumulative changes that were necessary for the successful completion of work required under each contract.

KEY OBJECTIVE BALANCE

The Key Objectives of Customer Satisfaction, Employee Satisfaction and Financial Management have been met by transforming the Saroyan Theater, Selland Arena, and Theater Plaza to premium entertainment venues and enhancing their marketability and revenue generating capabilities.

BACKGROUND

Council Resolution No. 94-114 requires authorization from the Council for approval of individual contract change orders which exceed \$100,000; and multiple contract change orders which aggregate more than 10% of the total contract price or \$100,000, whichever is greater.

Staff recognizes that the approval currently being requested of the Council is after the fact relative to the above provision governing contract change orders. The conditions in the 40 plus year old facility and the overall time constraint for completion of the Project are presented below. These factors were given consideration in the decision by staff to complete the overall project and return to Council with a comprehensive request as opposed to incremental requests that would have delayed completion of the project and significantly increased the cost.

While construction was underway during Phase I renovations to the FCEC numerous unforeseen conditions were encountered during construction that required changes to the original contract scope of work. These changes necessitated contract change orders for increased contract cost and extended contract time. During the pre-demolition and demolition phases of the project, preexisting and unforeseen conditions were discovered in both the Saroyan Theater and the Selland Arena that required additional work to achieve the desired outcome. Examples of this work include extensive asbestos abatement, the discovery and repair of improperly constructed and rotted wall studs, releveling of uneven concrete flooring, repair of water damage, replacement of corroded water and sewer pipes, and the discovery of undisclosed structural support beams that required field re-engineering to achieve the desired outcome.

Many of the preceding conditions resulted in multiple change orders to individual contracts in order for them to be effectively addressed. In these instances stopping construction pending change order authorizations would have resulted in significant increased costs, well above these requested change order cost increases, as well as significantly extended the overall project completion date. Additionally, with the nature of some of the work and contractor invoicing timelines, the aggregate dollar amount of change orders did not reach the threshold for Council approval until late December, 2007.

An additional major consideration was that both facilities continued to be used for entertainment and convention events. During this time it was necessary to take into consideration the operations of the FCEC in relation to their customer needs, event commitments and to maintain their ability to generate substantial operating revenues. This in turn required construction efforts to be scheduled around events in each facility, subsequently impacting both construction schedules and costs. Again, stopping construction pending change order authorization would have resulted in greater conflicts between scheduled events and construction potentially impacting FCEC revenues as well as increasing project costs and extending overall project completion.

REPORT TO THE CITY COUNCIL

Approval of Contract Change Orders and Time Extensions for FCEC PHASE 1 Renovations

January 15, 2008

Page 3

FISCAL IMPACT

On June 5, 2007, Council adopted Resolution No. 2007-298 appropriating \$1,348,600 to provide the necessary funds for the completion of Phase I improvements which included funds for these change orders. Council approval of the change orders and contract time extensions will not require any additional funding beyond that already approved.

Attachment: Exhibit A

Exhibit A
Phase I FCEC Renovation Project
Change Orders

	<i>PO Number</i>	<i>Contractor</i>	<i>Location of work</i>	<i>Contract Amount</i>	<i>Revised Contract Amount</i>	<i>Change Order Total</i>
1	43744	Davis Moreno Const.	Saroyan back of house	\$ 793,826.00	\$ 957,424.00	\$ 163,598.00
2	43747	Tarlton & Sons	Saroyan back of house	\$ 212,604.00	\$ 343,322.45	\$ 130,718.45
3	44590	Talton & Sons	Saroyan Restroom	\$ 168,285.76	\$ 213,091.06	\$ 129,091.06
4	44669	Davis Moreno Const.	Saroyan Theater Lobby	\$ 1,126,437.00	\$ 1,247,496.00	\$ 121,059.00
					Total	\$544,466.51