

City of Sacramento

Legislation Text

File #: 2019-00262, Version: 1

Title:

Administrative Matter: Repeal Resolution No. 2018-0437 and Adopt a Revised Resolution for the Sacramento Convention Center Renovation and Expansion Project

File ID: 2019-00262

Location: 1400 J Street, District 4

Recommendation:

Adopt a Resolution: 1) repealing Resolution No. 2018-0437; 2) authorizing the City Manager or City Manager's designee to execute Supplemental Agreement No. 4 to Contract No. 2017-0912 for Phase 1 of the Guaranteed Maximum Price (GMP), with Hunt Construction Group, Inc., in the amount of \$142.5 million for the construction of the Sacramento Convention Center (SCC) Renovation and Expansion Project; 3) increasing the City Manager's authority to approve single change orders and the cumulative amount without Council authorization for the construction phase of the SCC for City Agreement No. 2017-0912 pursuant to City Code section 3.60.240; 4) authorizing the City Manager or City Manager's designee to execute Supplemental Agreement No. 4 to Contract No. 2017-0634 with Populous, Inc. for an amount not to exceed \$3,226,875 for construction administration services of the SCC; 5) authorizing the City Manager or City Manager's designee to execute a professional services agreement with O'Connor Construction Management, Inc. for an amount not to exceed \$3,696,888 for construction management services of the SCC; 6) authorizing the City Manager or City Manager's designee to execute a professional services agreement with O'Connor Construction Management, Inc. for an amount not to exceed \$2,670,431 for construction management services of the Sacramento Community Center Theater Renovation Project (CCT); 7) authorizing the City Manager or City Manager's designee to execute Supplemental Agreement No. 1 to Contract No. 2015-2259 to increase the not to exceed amount by \$558,000, and authorizing Alliant Insurance Services, Inc., to secure an Owner Controlled Construction Insurance Program (OCIP) on behalf of the City in an amount not to exceed \$5,679,433; 8) authorizing the City Manager or the City Manager's designee to make any necessary budgetary adjustments to repay the prior City Council authorized interfund loans; and 9) authorizing the City Treasurer and the City Manager, or their respective designees, to do the following after final pricing and sale of the 2018 Transient Occupancy Tax Revenue Bonds: approve all financial transactions including budgets and appropriations needed to carry out the financing of the capital improvement projects in accordance with the law and City policy.

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Presenter: None

Attachments:

1-Description/Analysis

2-Resolution

3-Exhibit A - Supplemental Agreement for Professional Services with Hunt Construction Group, Inc.

4-Exhibit B - Supplemental Agreement for Professional Services with Populous, Inc.

5-Exhibit C - Professional Services Agreement with O'Connor Construction Management, Inc. for the Sacramento Convention Center

6-Exhibit D - Professional Services Agreement with O'Connor Construction Management, Inc. for the Sacramento Community Center Theater

7-Exhibit E - Supplemental Agreement for Professional Services with Alliant Insurance Services, Inc.

Description/Analysis

Issue Detail: On November 13, 2018, the City Council adopted Resolution No. 2018-0437 which approved various contracts and supplemental agreements necessary for the construction of the Sacramento Convention Center (SCC) Expansion and Renovation Project and the Community Center Theater Renovation Project (CCT) and the allocation of funds.

One of the agreements referenced in the resolution was incorrect. This report recommends establishing the correct amount for the agreement with O'Connor Construction Management, Inc. ("O'Connor") to provide construction management services for an amount not to exceed \$3,696,888 for the SCC project.

Given the increase in the not-to-exceed amount of the contract from \$1,441,366 (for the design portion), to \$142.5 million for construction, staff is requesting that the City Manager's authority to approve single change orders for the City's Agreement with Hunt (Agreement No. 2017-0912) be increased from \$100,000 to \$500,000, and that the cumulative limitation on the City Manager's change order authority is increased to \$10,000,000.

Proceeds from the 2018 Transient Occupancy Tax Revenue Bonds will be allocated to the Convention Center Complex Renovation Program (M17100100). The revised resolution includes authority to allocate the bond proceeds needed for the SCC and the CCT.

Policy Considerations: The improvements to the SCC support the following goals and policies of

the City's General Plan:

- ERC 4.1.3 City-Owned Resources. The City shall enhance the quality of existing City-owned arts and cultural resources and facilities through reinvestment, communications and marketing.
- ERC 4.1.5 The city shall support renovation and expansion of SCC facilities and adjacent supportive infrastructure, including hotels, to attract top tier national and international events.

The renovation and expansion of the SCC will allow the facility to remain attractive and competitive in the future, while providing a nationally-recognized convention venue for residents, visitors and convention attendees. It is also anticipated to generate increased Transient Occupancy Tax (TOT) revenue as more events will likely lead to more hotel night stays and may generate the need for additional hotel development in the downtown core.

Economic Impacts: The agreement requires compliance with the recently approved Community Workforce and Training Agreement (CWTA), which will require local hiring and allow for targeted employment opportunities for Sacramento residents.

In addition, an analysis was prepared by Halo Hospitality with assistance from Visit Sacramento to look at the potential effect of the project on additional event growth and hotel room night demand. Based on that analysis, the SCC expansion may result in an estimated increase in occupancy within five years of completion of the SCC project. In addition, the estimated number of citywide conventions that generate significant hotel demand and drive economic impact may increase. This could result in an estimated annual increase of over 150,000 new hotel room nights.

Environmental Considerations:

California Environmental Quality Act (CEQA): In accordance with CEQA, the City, as "lead agency," determined that an Environmental Impact Report (EIR) should be prepared for the SCC Renovation and Expansion Project. On June 19, 2018, City Council approved Resolution No. 2018-0252 certifying the Environmental Impact Report and Mitigation Monitoring Plan for the SCC Renovation and Expansion Project.

Sustainability: The SCC project will be designed utilizing energy efficient standards and will reduce the carbon footprint contribution, therefore helping meet the City of Sacramento's sustainability goal. The City is pursuing Leadership in Energy and Environmental Design (LEED) Silver certification with the U.S. Green Building Council for the SCC Renovation and Expansion Project in accordance with City policy LU 8.1.5 LEED Standard for City-Owned Buildings, which requires LEED (Leadership in Energy and Environmental Design) Silver or equivalent standard. The CCT project will be designed in accordance with City policy LU 8.1.5 and will meet the LEED Silver

equivalent standards.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Approval of these supplemental agreements, authorization to secure the OCIP, to execute the new agreements with O'Connor, and allocation of bond proceeds are necessary to move forward with the construction phase of the Convention Center Complex Renovation Program (M17100100). A corrected resolution is included in this report which includes repealing Resolution 2018-0437.

Financial Considerations: With the allocation of the bond proceeds to the Convention Center Complex Renovation Program (M17100100), there will be sufficient funds available for the following agreements:

- Supplemental Agreement No. 4 (Contract No. 2017-0912-4) with Hunt Construction Group, Inc. for Phase 1 of construction of the SCC with a Guaranteed Maximum Price (GMP) for an amount not to exceed \$142.5 million for the SCC.
- Supplemental Agreement No. 4 (Contract No. 2017-0634-4) with Populous Inc. for an amount not to exceed \$3,226,875 for the SCC.
- A professional services agreement with O'Connor Construction Management, Inc. for an amount not to exceed \$3,696,888 for the SCC.
- A professional services agreement with O'Connor Construction Management, Inc. for an amount not to exceed \$2,670,431 for the CCT.
- Supplemental Agreement No. 1 (Contract No. 2015-2259) with Alliant Insurance Services to increase the not to exceed amount by \$558,000, and authorizing Alliant Insurance Services, Inc. to secure an Owner Controlled Construction Insurance Program policy on behalf of the City at a total cost not to exceed \$5,679,433 for the SCC and the CCT.

Additionally, as reported to Council on September 25, 2018, the following interfund loans will be paid back as follows:

Council Date	Resolution Motion	Loan Amount	Fund Name	Funding Repayment
2/14/2017	2017-0057	\$5,000,000	Community Center	Fund Balance
5/16/2017	2017-0171	\$350,000	Community Center	Fund Balance
5/30/2017	2017-0216	\$3,800,000	General	Fund Balance
5/30/2017	2017-0216	\$3,800,000	Innovation and Growth	Fund Balance
5/30/2017	2017-0216	\$3,400,000	Community Center	Fund Balance
5/1/2018	2018-0149	\$200,000	General	APP Maintenance (117000500)
Total		\$16,550,000		

Local Business Enterprise (LBE): The contractor, Hunt Construction and the construction management firm, O'Connor are LBE firms. The architect, Populous is not an LBE firm.