



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

STAFF REPORT
 December 4, 2007

Honorable Mayor and
 Members of the City Council

**Title: Crocker Art Museum Expansion and Renovation Project (CF60)
 Financing Plan and Award of a Construction Contract**

Location/Council District: 216 O Street, Council District 1

Recommendation: Adopt:

1) a **Resolution** a) approving the Project Budget for the Crocker Art Museum Expansion and Renovation Project (the "Project"); b) directing staff to implement the construction-funding strategy for the Project; c) authorizing the City Manager to execute the Second Amendment to the Memorandum of Understanding ("Second Amendment") between the City and the Crocker Art Museum Association ("CAMA"), City Agreement number 2002-0215; d) authorizing the City Manager to execute loan and security agreements with CAMA related to a \$12 million Community Reinvestment Capital Improvement Program ("CRCIP") bond proceeds loan for the construction of the Project; e) appropriating \$100,000 from City Facilities Deferred Maintenance Capital Improvement Project (CE21) for the Project; and f) authorizing the City Manager to recognize cash contributions deposited into the Crocker Construction Fund (Fund 717) received from the Crocker Art Museum Association (CAMA) and adjust the Project budget for these contributions.

2) a **Resolution** a) approving the guaranteed maximum price (GMP) for the Project in an amount not to exceed \$74,489,026; b) authorizing the City Manager and CAMA to execute the Construction Phase Amendment with the Construction Manager, Rudolph & Sletten, Inc., in an amount not-to-exceed the GMP; c) for this Project, increasing the maximum amount for change orders that may be approved by the City Manager, or the City Manager's designee, from \$100,000 to \$250,000; and d) authorizing the City Manager to execute assignments of the construction phase portions of CAMA's agreements with the Project Architect and Project Archeologist from CAMA to City.

Contact: Gus Vina, Assistant City Manager, 808-5704; and Cynthia Kranc, Facilities Manager, 808-2258

Presenters: Gus Vina, Russell Fehr and Cynthia Kranc

Departments: Department of General Services

Division: Facilities & Real Property Management

Organization No: 3289

Description/Analysis:

Issue: In October 2000, CAMA presented a process and timeline for development of a Crocker Art Museum Master Plan to the City Council. Since then, CAMA and the City have been working toward the common goal of constructing the Project. The actions recommended in this report support that goal and will facilitate the start of the construction phase of the Project.

Additionally, staff will return to City Council in December 2007 for approval of construction testing services as part of the total Project budget.

Policy Considerations: The recommended actions are consistent with the previous City Council actions and approvals for the Project, summarized in the Background Information included in Attachment 1.

Committee/Commission Action: The Project was presented to the Design Review and Preservation Board on three occasions, the Sacramento Disabilities Advisory Commission on two occasions, and the Parks and Recreation Commission.

Environmental Considerations: The City Council certified the Environmental Impact Report, approved the Mitigation Monitoring Plan, and adopted the Findings of Fact and Statement of Overriding Considerations for the Project on October 25, 2005. On August 22, 2006, the City Council approved an Addendum to the Environmental Impact Report for the demolition of the Herold Wing.

Rationale for Recommendation:

The actions recommended in this report will allow the Project to be completed. This state-of-the-art facility will protect the City's art collection valued at \$1billion-plus. A more complete description of the Project, including its energy efficient systems and green features, is described in Attachment 2. Once the Project is complete, the City's real estate asset inventory will increase by \$84 million.

Additionally, due to the magnitude of the Project, and the potentially significant cost escalations that could result from delayed change order approvals, staff recommends that the single change order limit be increased for this Project, from \$100,000 to \$250,000, (which is less than one-half of one percent of the contract price). Providing this level of authority to the City Manager will reduce Project costs by reducing administrative requirements and avoiding delays in obtaining approvals for changes below this threshold. This also is consistent with the provisions of the Memorandum of Understanding already approved by CAMA and the City Council, which require that the CAMA Board of Directors approve change orders of \$250,000 or more. The City Change Order Limit policy is further explained in Attachment 4.

Financial Considerations: The Project budget is \$84 million. Through recent bidding of the Project, Rudolph & Sletten, Inc., CAMA and City staff developed the GMP in the amount of \$74,489,026, which includes certain subcontracts (steel, demolition of the Herold Wing, site dewatering) that the City Council awarded on September 25, 2007. The following provides a summary of estimated costs and the proposed funding plan:

<u>Estimated Construction Costs</u>	
City Project Contingency/Rain Allowance	\$645,000
Off-Site Construction Award	\$3,340,000
GMP Contract Award	\$74,489,026
Prop 40 Grant Work	\$1,862,000
Project Management/Consultants	\$2,200,500
Permits and Fees	\$1,400,000
Total Estimated Construction Costs:	\$83,936,526
<u>Cash Available for Construction Contract</u>	
CRCIP	2 million
Prop 40 Grant	2 million
Deferred Maintenance for Chiller	0.1 million
Downtown Bond / Tax Increment	9 million
City Bridge Loan	12 million
CAMA Cash	27 million
CRCIP Contingency ¹	15 million
Total Cash Available:	\$67.1 million
Pledges due during construction	\$8.8 million²
Budget Shortfall at Completion:	(\$8.0 million)³
<u>Future Funding Sources</u>	
Pledges due 2010-2013	25.1 million
Total Future Funding:	\$33.9 million

¹ CAMA relinquishes all interest in Lot X

² legally binding pledges due during construction include \$4 million in 2008, \$2.5 million in 2009 and \$2.3 million in 2010

³ additional fundraising and/or an additional bridge loan to close the gap by the end of construction.

As reflected above the total Project funding includes a \$12 million bridge loan with CAMA, approved by City Council on April 18, 2006. The CAMA Board approved the bridge loan

documents on November 15, 2007. The loan documents include CAMA's obligation to remain current on its repayment schedule with the City. This report requests approval of the loan and security agreements for the bridge loan, which are on file and available for public review at the Office of the City Clerk.

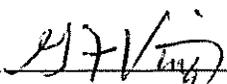
As noted in the financial table on the previous page, the projected project shortfall at completion is \$8 million. Since philanthropic contributions are known to increase during construction of projects such as this one, CAMA is confident that the rate of ongoing pledges and cash donations will increase during the course of construction to close this gap. As a protective measure and as outlined in the construction funding strategy (Attachment 3), work will not be authorized for more than the "Funds Available for Disbursement" which are defined as eighty-percent (80%) of the sum of the amounts on deposit in the construction accounts (as defined by the MOU), and any other amounts on deposit in the City's account, maintained for the purpose of funding the Project. Therefore, staff is recommending that staff be authorized to adjust the project revenue and expenditure budgets based on actual cash received during the construction phase.

In addition to the work included in the GMP and project budget, CAMA has committed to funding the furniture, fixtures, and equipment needed to open the Museum.

Emerging Small Business Development (ESBD): Due to the extensive, and highly specialized scopes of many of the Project subcontracts, the City Office of Small Business (OSB) waived Emerging and Small Business Enterprise (ESBE) requirements for the Project. However, Rudolph & Sletten, Inc., in conjunction with OSB staff, conducted an extensive outreach to local chambers of commerce and the small business community in an effort to include emerging/small business participation in the Project. The percentage attained for the overall Project is approximately 8%, which is roughly \$6 million. For FY2006/07, the Department of General Services achieved an ESBD percentage of 62%

Respectfully Submitted by: 
Cynthia Kranc
Facilities Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Approved by: 
Gus Vina
Assistant City Manager

Recommendation Approved:



Don

Ray Kerridge
City Manager

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Attachment 1**BACKGROUND:**

In October 2000, the Crocker Art Museum Association (CAMA) presented a proposed process and timeline for a Master Plan development for the Crocker Art Museum to the City Council. Since that time, the City and CAMA have been working together on the preconstruction phases of the Crocker Art Museum Expansion and Renovation Project (the "Project"). Currently, off-site improvements are under construction along with demolition and site activities. State-funded Prop 40 improvements to the existing Museum were completed September 1, 2007. Additional Project milestones that have occurred include:

On December 3, 2002:

- The City Council adopted Resolution No. 2002-799 authorizing execution of a Memorandum of Understanding (the "MOU") between the City and CAMA that outlined the roles and responsibilities of the City and CAMA throughout the preconstruction and construction phases of the Project, and authorizing CAMA to release a Request for Qualifications (RFQ)/Request for Proposals (RFP) for the selection of a Construction Manager/General Contractor (CM/GC) for the Project. A panel comprised of CAMA and City representatives unanimously selected Rudolph & Sletten, Inc. as the Construction Manager for the Project through a competitive, qualification-based selection process.

On March 11, 2003:

- The City Council adopted Resolution No. 2003-117, suspending competitive bidding for the construction of the Project, as it is permitted to do under Section 3.60.170D of the Sacramento City Code, which allows competitive bidding to be suspended if the City Council determines, on a 2/3 vote, that it is in the best interests of the City to do so.

On November 4, 2004:

- The City Council adopted Resolution No. 2004-854 authorizing CAMA to proceed with the design development phase.

On December 7, 2004:

- The City Council adopted Resolution 2004-919 approving the Crocker Art Museum Business Plan and recognizing increased annual General Fund costs in an amount of \$541,000 beginning in FY2008.

On October 25, 2005:

- The City Council adopted Resolution No. 2005-780 certifying the Environmental Impact Report, approving the Mitigation Monitoring Plan, and adopting the Findings of Fact and Statement of Overriding Conditions and Resolution No. 2005-781 approving the design of the Project. Staff updated the City Council on the status of

the CAMA Capital Project Phase 2.

On February 7, 2006:

- The City Council adopted Resolution 2006-104 approving the Community Reinvestment Capital Improvement Program (CRCIP) project list, which included the Crocker Art Museum Expansion and Renovation Project.

On December 6, 2005:

- The City Council approved the vacation and realignment of 2nd Street (Resolution 2005-876).

On April 18, 2006:

- The City Council approved the final Tier I and Tier II project list and bridge financing which included a \$2 million dollar CRCIP contribution, \$8 million from Sacramento Housing and Redevelopment Agency bond funds and a \$12 million bridge loan for the Project.

On August 22, 2006:

- The City Council adopted Resolution No. 2006-623 approving an Addendum to the Final Environmental Impact Report for the Project approving the demolition of the Herold Wing and design of a replacement structure.

On March 20, 2007:

- The City Council adopted Resolution 2007-162 authorizing the City Manager to execute a construction contract with Rudolph & Sletten, Inc. for public improvements to the existing Museum, funded by the State of California under the California Cultural and Historical Endowment (CCHE) Grant and authorizing CAMA to execute an agreement with Rudolph & Sletten, Inc. for construction management services for the Project. CAMA's use of Rudolph & Sletten, Inc. prior to that time was in accordance with the City Manager's authority.

On May 29, 2007:

- The City Council adopted Resolution No. 2007-320 authorizing the City Manager to execute a construction contract with Rudolph & Sletten, Inc. in an amount not to exceed \$3.34 million for the off-site and site improvements for the Project, in anticipation of the Project construction in Winter 2007.

On June 5, 2007

- The City Council adopted Resolution No. 2007-362 approving the First Amendment to the MOU, outlining the construction protocol between the City and CAMA and approving the CAMA Business Plan, Capital Project Phase 2.
- CAMA reported on the overall success of the fundraising campaign. The City Council approved the naming of the new wing of the Project as "The Teel Pavilion" in honor of the Teel family, a campaign leader and major donor.

- The City Council authorized Rudolph & Sletten, Inc., the approved Construction Manager for the Project, to solicit bids from prospective subcontractors for the construction phase of the Project.

On September 4, 2007:

- The City Council adopted Resolution 2007-652 authorizing staff to develop an alternate construction funding strategy for the Project and directing staff to return to Council in advance of the award of the guaranteed maximum price with a contract for: a) detailing, fabrication and installation of steel; b) disconnecting the fire alarm system in the Herold wing; c) rerouting water pipes; d) demolishing the Herold Wing; and e) site de-watering to prepare for construction of a basement.

On September 25, 2007:

- The City Council adopted Resolution No. 2007-704 authorizing the City Manager to execute a contract for construction activities with Rudolph & Sletten, Inc., the approved Construction Manager for the Project, for: detailing, fabrication and installation of steel; b) disconnecting the fire alarm system in the Herold wing; c) rerouting water pipes; d) demolishing the Herold Wing; and e) site de-watering to prepare for construction of a basement.

Attachment 2**Project Description**

The Project will provide a 123,000 square foot expansion consisting of galleries, art storage facilities, an auditorium, meeting rooms, indoor and outdoor reception spaces, a café, catering kitchen, a new central utility plant and other spaces. Once the facility is complete, the Museum will be able to expand its programs and offerings to the public. The expansion will provide dedicated exhibition space, galleries capable of housing major 'blockbuster' exhibits, greater public amenities and improved circulation spaces. The new galleries will operate within precise humidity, temperature and lighting parameters. Such stringent environmental controls, essential to a fine art museum, present a challenge regarding energy management. In October 2005, the City Council exempted the Project from achieving a Leadership in Energy and Environmental Design (LEED) rating due to these highly specialized building systems. Despite this, the Project includes energy efficient systems, and green methods will be included both during construction and in the completed facility. Some of the Project enhancements include:

Energy Efficiency:

- Title 24 standards have been exceeded by approximately 5%.
- The Project has qualified for incentives from PG&E for exceptionally efficient boilers that conserve natural gas.
- SMARDT chillers provide greater tonnage of refrigeration per unit of electricity consumed.
- Highly efficient water fixtures and irrigation technology, combined with point-of-use hot water heaters and recirculating domestic hot water will conserve water.
- Variable air volume (VAV) systems and demand-controlled ventilation that supplies air based on occupancy, in combination with premium efficiency motors, will reduce electrical use.
- Humidity controls and monitoring will be provided in all galleries, art storage and circulation spaces on the 3rd floor, as well as in art storage spaces on the 2nd floor.
- In the auditorium, indoor air quality will be enhanced through the use of an under-floor air distribution system that utilizes outdoor air for free cooling.
- The expansion glazing has laminated glass in addition to Low-E coatings, which provide added insulating value while also enhancing security. Translucent clerestory panels with a special 'nano gel' provide greater insulation as well as ultraviolet (UV) protection of the art.
- In galleries, track lighting circuiting is limited to an efficient 20-amp system for quartz halogen lighting. This maintains flexibility that is critical to the Museum, but it restricts the number of fixtures that can be mounted in any single run of track.
- In the main galleries on the 3rd floor, linear fluorescent fixtures provide ambient lighting with halogen sources for the sole purpose of illuminating the artwork. The halogen fixtures have Halogen Infrared (HIR) lamp technology to reduce power consumption and increase light output.
- A motion sensor system is used in all gallery spaces so that the halogen lights are

turned off when the spaces are not in use. By switching off the least efficient light sources when they are not required, the energy load is reduced without reducing the quality of light when the artwork is being viewed.

- All lighting fixtures in galleries, public spaces and exterior site lighting utilize a time clock control system shut down during the hours when not in use.
- In offices, workshops and meeting rooms, low-glare fluorescent lighting is used.
- In the Museum store, fluorescent and metal halide sources provide most of the light, with halogen fixtures used sparingly.
- Where directional or accent lighting is desirable in public areas, metal halide or compact fluorescent sources are used.
- Technologically advanced electronic, high power factor ballasts in fluorescent and metal halide fixtures extend lamp life and provide superior energy efficiency.
- All meeting and conference rooms utilize a dimming system to create multi-functional lighting and limit the power consumption when not in use.

Green Technology:

- Concrete waste from the demolition of the Herold Wing will be recycled.
- High-recycled content materials will be used, such as: structural steel, reinforcing steel, light gauge metal framing and concrete (15% fly ash).
- A minimum of 20% of building materials will be manufactured within a 500-mile radius.
- Certified wood floors will be installed in the main galleries.
- Adhesives and sealants will contain low-Volatile Organic Compounds (VOC) content to meet Sacramento County Air Quality Management District (SCAQMD) Rule 1168 standards.
- Paints and coatings will contain low-VOC content to meet applicable Green Seal standards.
- Carpets will meet the Carpet and Rug Institute Green Label Indoor Air Quality Test Program's VOC limits.
- Composite wood products such as medium density fiberboard will not contain added urea-formaldehyde resins.
- Heating, Ventilating and Air Conditioning (HVAC), refrigeration or fire suppression systems will not contain Hydrochlorofluorocarbons (HCFC) or halogenated hydrocarbon gas (HALON).
- An indoor Air Quality Management Plan will be developed and implemented during construction and before Occupancy.
- A carbon dioxide (CO₂) monitoring system will be installed throughout the building.
- Entry grates will be provided to reduce pollutant cross contamination
- All janitors' closets, copy rooms and other rooms containing chemicals will be exhausted and maintained under negative pressure.
- Drains will be plumbed to provide appropriate disposal of liquid waste where water and chemical mixing occurs.
- A Project waste management plan will be implemented.

Attachment 3**Construction-Funding Strategy:**

In addition to funding provided by the City and State of California, CAMA is involved in a major fundraising campaign that will continue throughout construction. Historically, fundraising for museums accelerates once construction begins. Recognizing this likely scenario, on September 4, 2007, the City Council directed staff to develop an alternate construction-funding strategy that would hedge construction cost escalation by allowing the Project to start construction without all funding in place. With construction escalating at one percent per month (\$700,000), delaying the start of construction until all funding is secured could delay the Project indefinitely. The construction-funding strategy enables the Construction Phase of the Project to begin while safeguarding the City from incurring construction costs in excess of available funding. The City is protected by the following measures:

- Work will not be authorized for more than the "Funds Available for Disbursement" which are defined as eighty-percent (80%) of the sum of the amounts on deposit in the construction accounts (as defined by the MOU), and any other amounts on deposit in the City's account, maintained for the purpose of funding the Project. This concept was presented to City Council on September 4, 2007.
- Each month, the City will reconcile the accounts and prepare a "Monthly Expenditure Certificate" as part of the monthly account reconciliation. In order to prepare the Monthly Expenditure Certificate, the City will verify that two "Construction Funding Tests" have been met. They are:
 - 1) The cost of the work performed pursuant to the Construction Contract in any given month is less than the Funds Available for Disbursement at the beginning of that month; and
 - 2) The aggregate amount of the Construction Manager's projected cash flow for any given quarterly period is less than the "Funds Available for Disbursement" at the beginning of that quarter.
- Prior to submitting the first Application for Payment, the Construction Manager is required to submit a projected cash flow for each of the next two quarters, developed in consultation with the City and CAMA. If the Funds Available for Disbursement, as analyzed on a monthly basis, will not be sufficient to pay for the work projected for the remainder of the current quarter, and the next successive quarter, then the City, CAMA and the Construction Manager are required to consult and agree regarding the future course of action.

There are risks associated with starting a project that is not entirely funded, such as incurring termination costs for work not fully funded and having an unfinished project. However, the existing cash on hand is adequate to deliver a watertight building. Should the City, CAMA and Rudolph & Sletten, Inc., determine that work must be

suspended as a result of insufficient, projected cash flow, funds on hand will be sufficient to pay for any stop-work costs incurred.

Attachment 4

City Change Order Limit:

City Code Section 3.60.210 establishes two limitations on the approval of change orders by the City Manager or the City Manager's authorized designee, utilizing funds from the established project contingency: (1) The cumulative change order total may not exceed a specified percentage of the contract amount without City Council approval (for this Project, the specified percentage is 6%); and, (2) Any single change order that exceeds \$100,000 requires City Council approval. However, City Code Section 3.60.240 authorizes the City Council by resolution to increase the City Manager's level of change order authority for a construction contract "where the circumstances surrounding a public project are such that a variance is appropriate."

Attachment 5

**Second AMENDMENT TO
MEMORANDUM OF UNDERSTANDING (MOU)**

**ON FILE IN THE OFFICE OF THE CITY CLERK
AND AT**

http://www.cityofsacramento.org/webtech/streaming_video/live_council_meetings.htm

Attachment 6

Loan Agreement

ON FILE IN THE OFFICE OF THE CITY CLERK

AND AT

http://www.cityofsacramento.org/webtech/streaming_video/live_council_meetings.htm

Attachment 7

Security Agreement

ON FILE IN THE OFFICE OF THE CITY CLERK

AND AT

http://www.cityofsacramento.org/webtech/streaming_video/live_council_meetings.htm

Attachment 8

Construction Phase Amendment

ON FILE IN THE OFFICE OF THE CITY CLERK

AND AT

http://www.cityofsacramento.org/webtech/streaming_video/live_council_meetings.htm

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

December 4, 2007

APPROVING THE CROCKER ART MUSEUM EXPANSION AND RENOVATION PROJECT BUDGET; DIRECTING STAFF TO IMPLEMENT A PROJECT CONSTRUCTION-FUNDING STRATEGY; AUTHORIZING THE CITY MANAGER TO EXECUTE THE SECOND AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SACRAMENTO AND THE CROCKER ART MUSEUM ASSOCIATION (CAMA); AUTHORIZING THE CITY MANAGER TO EXECUTE LOAN AND SECURITY AGREEMENTS WITH CAMA RELATED TO A \$12 MILLION CRCIP BOND PROCEEDS LOAN; APPROPRIATING \$100,000 FROM CITY FACILITIES DEFERRED MAINTENANCE CAPITAL IMPROVEMENT PROJECT (CE21); AND RECOGNIZING CASH CONTRIBUTIONS DEPOSITED INTO THE CROCKER CONSTRUCTION FUND (FUND 717) RECEIVED FROM THE CROCKER ART MUSEUM ASSOCIATION (CAMA) AND ADJUSTING THE PROJECT BUDGET FOR THESE CONTRIBUTIONS.

BACKGROUND

- A. On December 3, 2002, the City Council approved a Memorandum of Understanding (the "MOU") (Resolution 2002-799) that outlined the roles and responsibilities of the City of Sacramento and the Crocker Art Museum Association ("CAMA") throughout the preconstruction and construction phases of the Crocker Art Museum Expansion and Renovation Project ("the Project").
- B. Since that time, the City Council has received many reports and approved numerous items in furtherance of the Project, as detailed in the staff report for this matter, including the adoption of Resolution No. 2007-362 approving the First Amendment to the MOU between the City and CAMA.
- C. On September 4, 2007, the City Council directed staff to work with CAMA and Rudolph & Sletten, Inc., the approved Construction Manager for the Project, to develop an alternate construction-funding strategy for the Project that would allow the construction phase to begin while fundraising continues. This strategy is necessary to minimize the effects of construction cost escalation on the Project; protect the City from incurring construction costs in excess of available funding; and provide adequate time for the City, CAMA and Rudolph & Sletten, Inc. to evaluate the future course of action should projected funding become insufficient.
- D. City staff, CAMA and Rudolph & Sletten, Inc., have developed an alternate construction-funding strategy that will protect the City from incurring construction costs in excess of available funding by limiting construction spending to eighty-percent of the available funds. This strategy includes monthly funding tests and

reporting measures as outlined in the Second Amendment to the Memorandum of Understanding between the City and the CAMA.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Crocker Art Museum Expansion and Renovation Project Budget is approved.
- Section 2. Staff is directed to implement the alternate Construction-Funding Strategy for the Crocker Art Museum Expansion and Renovation Project.
- Section 3. The City Manager is authorized to execute the Second Amendment to the Memorandum of Understanding between the City of Sacramento and the Crocker Art Museum Association for the Crocker Art Museum Expansion and Renovation Project (CF60), City Agreement No. 2002-215.
- Section 4. The City Manager is authorized to execute loan and security agreements between the City and the Crocker Art Museum Association related to a \$12 million Community Reinvestment Capital Improvement Program bond proceeds loan.
- Section 5. \$100,000 is appropriated from City Facilities Deferred Maintenance Capital Improvement Project (CE21) to the Crocker Art Museum Expansion and Renovation Project (CF60).
- Section 6. The City Manager is authorized to recognize cash contributions deposited into the Crocker Construction Fund (Fund 717) received from the Crocker Art Museum Association (CAMA) and adjust the Project budget for these contributions.

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

December 4, 2007

APPROVING THE GUARANTEED MAXIMUM PRICE FOR THE CROCKER ART MUSEUM EXPANSION AND RENOVATION PROJECT; AUTHORIZING THE CITY MANAGER AND CAMA TO EXECUTE THE PROJECT CONSTRUCTION PHASE AMENDMENT WITH RUDOLPH & SLETTEN, INC.; INCREASING THE CITY MANAGER CHANGE ORDER AUTHORITY; AND AUTHORIZING THE CITY MANAGER TO EXECUTE ASSIGNMENTS OF TWO CONSULTANT AGREEMENTS FROM CAMA TO THE CITY

- A. City Council approved a Memorandum of Understanding (the "MOU") on December 3, 2002, (Resolution 2002-799) that outlined the roles and responsibilities of the City and the Crocker Art Museum Association (CAMA) throughout the preconstruction and construction phases of the Project.
- B. Under the MOU, CAMA acts as the Project "Owner" during the preconstruction phase, and CAMA is authorized to execute in its name all design and preconstruction services contracts, subject to City approvals.
- C. On December 3, 2002, (Resolution 2002-799) the City Council authorized CAMA to release a Request for Qualifications/Request for Proposals (RFQ/RFP) for the selection of a Construction Manager/General Contractor (CM/GC) for the Project.
- D. A panel comprised of CAMA and City representatives unanimously selected Rudolph & Sletten, Inc. as the Construction Manager for the Project through a competitive, qualification-based selection process. CAMA authorized Rudolph & Sletten to begin construction management services for the preconstruction phase, after approval by the City Manager.
- E. On March 11, 2003, (Resolution 2003-117) the City Council suspended competitive bidding for construction of the Project pursuant to Section 3.60.170D of the Sacramento City Code, that allows competitive bidding to be suspended if the City Council determines, on a 2/3 vote, that it is in the best interests of the City to do so. This also is authorized under Section 203 of the City Charter.
- F. On March 20, 2007, the City Council adopted Resolution 2007-162 that, among other things, authorized CAMA to execute an agreement with Rudolph & Sletten, Inc. for construction management services for the Project.
- G. On June 5, 2007, the City Council authorized Rudolph & Sletten, Inc. to solicit bids from prospective subcontractors for the construction phase of the Project.

- H. Under the terms of the construction manager agreement between CAMA and Rudolph & Sletten, Inc., after soliciting bids Rudolph & Sletten, Inc. developed a Guaranteed Maximum Price (the "GMP") for construction of the Project. Under the terms of this agreement, the GMP is accepted and approved by execution of a "Construction Phase Amendment" by the City, CAMA and Rudolph & Sletten, Inc. The GMP proposal also lists the subcontractors selected by Rudolph & Sletten, Inc. in accordance with the procedures approved by the City and CAMA, and approval of the Construction Phase Amendment constitutes approval of this subcontractor list for purposes of Public Contract Code Sections 4100 and following, to the extent applicable.
- I. Upon execution of the Construction Phase Amendment, the City will be the "Owner" of the Project during the construction phase and Rudolph & Sletten, Inc., will be responsible for construction of the project as the City's Contractor.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Guaranteed Maximum Price for the Crocker Art Museum Expansion and Renovation Project in the amount of \$74,489,026 is approved.
- Section 2. The City Manager and CAMA are authorized to execute the Construction Phase Amendment with Rudolph & Sletten, Inc., in an amount not to exceed \$74,489,026.
- Section 3. For the construction phase of this Project, the limitation on the City Manager's individual change order approval authority specified in City Code section 3.60.210(E) is increased from \$100,000 to \$250,000.
- Section 4. The City Manager is authorized to execute an assignment of the agreement between CAMA and Gwathmey Siegel & Associates, Project Architect, from CAMA to the City, for architectural services to be performed during the construction phase of the Project.
- Section 5. The City Manager is authorized to execute an assignment of the agreement between CAMA and Tremaine & Associates, Project Archeologist, from CAMA to the City, for archeological services to be performed during the construction phase of the Project.