



Office of the City Manager

CONSENT CALENDAR

October 24, 2006

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Stephen Barton, Director, Housing Department

Subject: Contract: Peer Review Construction Cost Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to the contract with Dabri, Inc. for financial peer review services, increasing the contract amount by \$36,480 for an amount not to exceed \$50,580.

FISCAL IMPACTS OF RECOMMENDATION

The FY 2007 Budget includes funds for this contract amendment in Housing Department budget code: 610-8151-465-3038.

CURRENT SITUATION AND ITS EFFECTS

The Housing Department currently has a contract with Dabri, Inc. to provide peer review advisory services. These services include the preparation of analyses and peer review of the General Contractor's construction cost estimates for the Oxford Plaza and David Brower Center development. This study has included Dabri's analysis of the design development drawings, construction specifications, and Cahill Construction's (the General Contractor) most current cost estimates for the entire development. The analysis includes all costs related to the construction of the development and has so far provided staff with several questions concerning the development which were subsequently addressed by the Developer and General Contractor. This contract provides an independent assessment and professional analysis of the construction costs and answers many of the staff's question concerning the project cost. Dabri's analysis has provided the City Housing and Public Works staff with much valuable information which will later be provided to the City's construction manager for the development and will prove to be a valuable tool to the construction manager to better understand and monitor the construction of the project for the City. The information has been also forwarded to the City's financial consultant.

The General Contractor is currently advertising and soliciting bids for the project. After obtaining the bids, the General Contractor will the provide the Developer with their best estimate of completing the project, based on the bids received. The Developer expects to receive the General Contractor's price and enter into a Guaranteed Maximum Price contract with the Developer.

Both Public Works and Housing staff believe that this same peer review analysis of the final bids and construction cost will provide staff with a better understanding of the project's costs, potential problems, and a better understanding and foresight into monitoring aspects of the project. This analysis and the additional analysis of the final construction cost will provide the City's construction manager with a valuable tool to understand the derivation of the costs and will help prepare the construction manager to monitor and analyze the construction process.

BACKGROUND

Dabri, Inc. entered into a \$14,100 contract with the Housing Department on June 15, 2006, to provide peer review advisory services for the Oxford Plaza and David Brower Center. In April 2006, the Housing staff solicited the peer services by submitting requests to several firms in the Bay Area based on description of the project and the services required. Two firms responded with a flat fee for conducting such services. The staff reviewed both proposals and chose selected Dabri's price after checking with the references provide and based upon the flat fee which was submitted.

Dabri, Inc. has over 15 years of cost estimating, value engineering and peer review experience in the mixed used development construction projects. The company has extensive experience in all facets of construction management, which include planning, pre-construction, and construction management services including means and methods of constructing projects. Dabri, Inc. has each been involved not only in estimating, but also project management and coordination. Dabri has an extensive list of subcontractors trade in order to keep up to date with the local pricing. Dabri has also experience in preparing budgets and progressive estimates through the design phases for owners, architects, contractors and construction managers.

RATIONALE FOR RECOMMENDATION

When the Contractor entered into the initial City agreement in June 15, 2006, the company performed the services that were contracted and provide through meetings with staff, also provided communication drafts for use by the staff in obtaining more information regarding the analysis of the construction costs which were provided by the Developer. This service was valuable and staff believes that such services should again be performed and provided on the final construction cost estimates. It is essential at that time that the construction manager be under contract and be able to participate in the review as it is completed. It has become apparent to the staff that these services are needed for this project and Housing staff has sought to complete these plans in the best and most expedient manner. We have found these services to be very helpful and would like to continue utilizing the company's services for the final cost estimate and the cost estimate which will most probably be used prior to the transfer of the property in December and the start of construction in January, 2007.

ALTERNATIVE ACTIONS CONSIDERED

If the Department is unable to amend the contract with Dabri, Inc., there will be no funds available to complete the ongoing analysis of the Oxford Plaza and the contract will have to be terminated.

CONTACT PERSON

Stephen Barton, Director, Housing Department, 981-5400

Attachment:

1: Resolution

RESOLUTION NO.–N.S.

CONTRACT WITH DABRI, INC. FOR PEER REVIEW SERVICES

WHEREAS, the Housing Department has used a consultant to provide the staff with an analysis of an affordable housing project and mixed-use development, by conducting peer review services and report related to the construction cost estimates provided for the Oxford Plaza and David Brower Center development; and

WHEREAS, the City Council previously approved funding reservations from the Housing Trust Fund Program and approved predevelopment loan assistance to Resources for Community Development to assist in the development and expansion of affordable housing for low-income persons who work or reside in Berkeley; and

WHEREAS, Berkeley Redevelopment Agency approved a grant from the Agency's Housing Fund to assist with the acquisition of the Housing development Air Rights Parcel by the Housing Developer which will provide for long-term affordable housing; and

WHEREAS, the City Council has approved the submission of a Section 108 application to HUD to assist in the development of the Oxford Plaza and David Brower Center development; and

WHEREAS, the Housing Department solicited proposals for professional peer review consultant services, and the City subsequently entered into an agreement with Dabri, Inc. to provide such services; and

WHEREAS, Dabri, Inc. currently provides such services thereby assisting the City staff to meet its due diligence and underwriting requirements, and the funding for the additional contract amount is available from Budget Code (610-8151-465-3038), and the contract has been entered in the contract database, CMS No. GJC6X.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment to the contract with Dabri, Inc. for peer review services to increase the contract amount by \$36,480 for an amount not to exceed \$50,580. A record signature copy of said contract amendment to be on file in the Office of the City Clerk.