



City of Culver City

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Staff Report

File #: 24-554, **Version:** 1

Item #: C-8.

CC - CONSENT ITEM: (1) Approval of Amendments to the Existing Construction Contracts with Cornerstone Construction Group, Inc. in an Aggregate Amount Not-to-Exceed \$72,006 Related to Improvements on City-Owned Properties (Known as Project Homekey) at 3868 and 3900 Sepulveda Boulevard.

Meeting Date: January 8, 2024

Contact Person/Dept: Elaine Warner / Office of Economic and Cultural Development
Tevis Barnes/ Housing and Human Services Department

Phone Number: (310) 253-5777
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Fiscal Impact: Yes No

General Fund: Yes No

Attachments: Yes No

Commission Action Required: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (01/03/2024)

Department Approval: Jesse Mays, Assistant City Manager (12/13/2023)

RECOMMENDATION:

Staff recommends the City Council approve amendments to the existing construction contracts with Cornerstone Construction Group, Inc (CCG) in an aggregate amount not-to-exceed \$72,006 for required improvements of City-owned properties (known as Project Homekey) at 3868 and 3900 Sepulveda Boulevard.

BACKGROUND/DISCUSSION:

On September 12, 2022, the City awarded a construction contract to CCG for the renovation of two motels for interim and supportive permanent housing on Sepulveda Boulevard. The total amount of the contract was \$8,300,000 with an allowable 10% contingency for unanticipated costs.

Construction of the project was initiated in October 2022. As renovations began, it was discovered

that several systems required substantial improvements and repairs beyond the original bid amount. Additionally, new elements were added to the project scope to include enhanced common areas, kitchenette upgrades and plumbing connections, HVAC systems, flooring roof replacement, perimeter wall repairs, fire alarm/life safety updates, window/door replacement, soft story retrofit, landscaping and labor extensions.

In February and May 2023, staff requested additional funding/budget authority in a total amount of \$4,671,304 to complete the project and related enhancements. The project was substantially completed in September 2023 and received a final certificate of occupancy in November 2023. At that time, it was estimated that there was approximately \$140,066 of contingency available in the contract.

In completing the financial close-out, however, staff identified a discrepancy involving a payment that had occurred during the project management transition relative to the contract contingency allowance and performance bond payments (\$212,000 directly reimbursed to CCG prior to construction initiation). As a result, a contingency deficit now exists, and an additional allocation of \$72,006 is required to fully fund the agreement.

FISCAL ANALYSIS:

The Adopted Budget for Fiscal Year 2023-2024 includes sufficient funding in CIP Nos. PF034 (Interim Housing - Deano's) and PF035 (Permanent Housing - Sunburst) to cover the \$72,006 needed to complete the construction agreement for the project.

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Approve amendments to the existing construction contracts with Cornerstone Construction Group, Inc., in an aggregate amount not-to-exceed \$72,006;
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.