



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report Details (With Text)

File #: 23-134 **Version:** 1 **Name:**
Type: Public Hearing **Status:** Public Hearing
File created: 8/16/2022 **In control:** City Council Meeting Agenda
On agenda: 9/12/2022 **Final action:**
Title: CC - PUBLIC HEARING: (1) FOUR-FIFTHS VOTE REQUIREMENT: Waiver of Formal Bid Procedures and Award of a Construction Contract to Cornerstone Construction Group, Inc. in the Amount of \$8,309,694 to Renovate City-Owned Property at 3860 and 3900 Sepulveda Boulevard; (2) Authorization to the City Manager to Negotiate and Approve the Final Terms of the Contract with Cornerstone Construction Group, Inc.; and (3) Authorization to the City Manager to Approve Change Orders to the Contracts in an Aggregate Amount Not-to Exceed \$830,969 to Cover Contingency Costs (10%).

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
9/12/2022	1	City Council Meeting Agenda		
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Meeting Date: September 12, 2022

Contact Person/Dept: Todd Tipton / CDD - Economic Development Division
Tevis Barnes / CDD - Housing Division

Phone Number: (310) 253-5783
(310) 253-5782

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 (09/07/2022); Published in the

Culver City News (09/01/2022).

Department Approval: Sol Blumenfeld, Community Development Director (08/31/2022)

RECOMMENDATION:

Staff recommends the City Council (1) waive the formal bidding requirements and award a construction contract to Cornerstone Construction Group, Inc. in the amount of \$8,309,694 to renovate City owned property at 3868 and 3900 Sepulveda Boulevard pursuant to Culver City Municipal Code (CCMC) Section 3.07.090.E (**requires a four-fifths vote**); (2) authorize the City Manager to negotiate and approve the final terms of the contract with Cornerstone Construction Group, Inc.; and (3) authorize the City Manager to approve change orders to the contract in an aggregate amount not-to-exceed \$830,969 to cover construction contingency costs (10%).

PROCEDURE

1. Mayor seeks motion from City Council to receive and file the affidavits of publication and posting of notices and correspondence received in response to the public hearing notices; and,
2. Mayor calls on staff for a brief staff report and City Council poses questions to staff as desired; and,
3. Mayor seeks a motion to open the public hearing; and
4. Mayor seeks a motion to close the public hearing after all public testimony has been presented; and,
5. The City Council discusses the item and arrives at its decision.

BACKGROUND:

Project Homekey is a statewide program funded through the California Department of Housing and Community Development (HCD). The Homekey program is intended to encourage cities, counties and other public entities to develop a range of permanent or interim housing types for people experiencing homelessness. On March 15, 2022, HCD announced Culver City was awarded \$26.6 million to create interim and supportive permanent housing. If the City achieves 90% occupancy of the units within 8 months of receiving the award, HCD will give the City a bonus award of \$740,000 for ongoing operating expenses.

On August, 11, 2022, the City closed escrow on two motels located at 3868 Sepulveda Blvd. (Deano's Motel), and 3900 Sepulveda Blvd. (Sunburst Spa and Suites), both located in the City of Culver City, for use as interim and permanent supportive housing. Deano's Motel was constructed in the early 1960s, and the Sunburst Spa and Suites was constructed in 1991.

In order for the properties to be used as interim and permanent supportive housing, renovations to the site and onsite improvements are needed. To meet the occupancy deadline for the bonus award, the renovations must be completed very quickly. The renovation work relates to aesthetics, site security, building systems including electrical, plumbing, heating/ventilation/air conditioning system improvements, and compliance with the Americans with Disabilities Act (ADA) among other things. The renovations do not include large scale/noise generating activities and are generally interior renovations that may be performed after construction hours in order to satisfy the construction schedule.

In an effort to meet the expedited schedule, the City has been diligently working with John Kalisky and Associates (JKA) for architectural services and Katz, Okitsu & Associates (KOA) for construction management services since April. Due to the short timeline, in June 2022, the City issued a Request for Qualifications (RFQual) seeking three qualified contractors to bid the renovation work identified in project plans prepared by the project architect JKA. The City received five responses to the RFQual. Staff reviewed the responses and found Cornerstone Construction Group, Inc. (Cornerstone), Specialized Construction and Exbon Development, Inc (Exbon). to have the required experience, positive references, and possess the required licenses and insurances needed to complete the renovations.

On August 12, 2022, the City asked Cornerstone, Specialized Construction and Exbon to bid the renovation work identified in the project plans.

DISCUSSION:

The City received the following bids for the renovation work:

- Cornerstone Construction Group, Inc. \$8,309,694
 - Exbon Development, Inc. \$8,444,719
- (Specialized Construction opted not to bid on the project.)

Cornerstone was the lowest responsive bidder. As a result, staff recommends the City Council approve an agreement with Cornerstone in the amount of \$8,309,694 to renovate City owned property at 3860 and 3900 Sepulveda Boulevard and authorize the City Manager or his designee to approve change orders for unanticipated costs in an amount not-to-exceed \$830,969 (10% of the contract amount).

The renovations will be overseen by KOA, the City's consulting construction manager.

FISCAL ANALYSIS:

The total funding available for the acquisition and the development of the two motels is \$32,855,500 which comes from the Project Homekey grant, an allocation from State Senator Sydney Kamlager, and the City of Culver City Low and Moderate Income Housing Asset Fund. \$20 million of that was used for the acquisition of the two properties. Other costs include the relocation of tenants, the design, the construction management, and the hazardous materials abatement. The cost for the renovations including the contingency is estimated at \$9,140,663. Sufficient funding for the renovations and contingency is included in the Adopted Budget for Fiscal Year 2022/2023 Project Homekey - Interim Housing - Deano's (CIP No. PF034) and Project Homekey - Permanent Housing -

Sunburst (CIP No. PF035).

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Waive formal competitive bidding procedures, pursuant to CCMC Section 3.07.090.E, and award a construction contract to Cornerstone Construction Group, Inc. in the amount of \$8,309,694 to renovate City owned property at 3868 and 3900 Sepulveda Boulevard (**requires a four-fifths vote**);
2. Authorize the City Manager to negotiate and approve the final terms of the contract with Cornerstone Construction Group, Inc.;
3. Authorize the City Manager to approve change orders to the contracts in an aggregate amount not-to-exceed \$830,969 to cover contingency costs (10%);
4. Authorize the City Attorney to review/prepare the necessary documents; and,
5. Authorize the City Manager to execute such documents on behalf of the City.