

0220-05997-0000

TRANSMITTAL

TO Council	DATE 09-07-22	COUNCIL FILE NO. 14-1174-S25
FROM Municipal Facilities Committee		COUNCIL DISTRICT 3

At its meeting held on August 11, 2022, the Municipal Facilities Committee (MFC) approved the recommendation of the attached Bureau of Engineering (BOE) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize BOE to proceed with the construction contract award for the Madrid Theatre renovations project, located at 21622 Sherman Way, to Waisman Construction, Inc. for an amount not to exceed \$10,743,000.

There is a potential General Fund impact of up to \$3.31 million in 2023-24, to the extent that sufficient funding from supplemental sources are not secured to address the current project shortfall.



Matthew W. Szabo
City Administrative Officer
Chair, Municipal Facilities Committee

MWS:LRR: 05230019

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Date: August 11, 2022

To: Municipal Facilities Committee

From: Steven Fierce, AIA
Municipal Facilities Program Manager
Bureau of Engineering



Subject: **MADRID THEATRE – (COUNCIL DISTRICT 3) – APPROVAL TO AWARD THE CONSTRUCTION CONTRACT AND TO IDENTIFY FUNDS IN THE 2023-24 FISCAL YEAR TO CLOSE THE FUNDING SHORTFALL OF \$3.31 MILLION DOLLARS**

RECOMMENDATION

The Bureau of Engineering (BOE) recommends that the Municipal Facilities Committee (MFC):

1. Recommend that the Board of Public Works (Board) approve the award of the construction contract for the Madrid Theatre Renovations Project (Work Order No. E1908443) to Waisman Construction, Inc. (Waisman), for an amount not to exceed Ten Million, Seven Hundred Forty-Three Thousand Dollars (\$10,743,000).
2. Instruct CAO staff to work with Council District 3 (CD 3) to identify supplemental funding sources to address the anticipated shortfall of \$3.31 Million, which may include additional contributions of City capital funds that will be pursued as a last recourse through the City Budget process for the upcoming 2023-24 Fiscal Year budget.

Discussion/Background:

The Madrid Theatre Renovations project is located at 21622 Sherman Way, Canoga Park, CA 91303, and is in Council District 3. The Theatre, constructed in 1997, has a total capacity of 430 seats, and services programs organized by City's Department of Cultural Affairs (DCA).

DCA and CD3 initiated the efforts to renovate the Madrid Theater in 2016. The Council Office has been an ardent supporter of the project and looks forward to completing the project and inviting the community back to enjoy this Canoga Park cultural institution.

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The renovations designed for the Project include upgrades to the front façade, lobbies, theatre, and back-of-house support spaces. Specifics of the work are as follows:

- The façade work includes enclosing an existing exterior balcony with a new curtain wall above, and the installation of a new marquee with custom signage.
- Improvements near the entry include the installation of a new ornate ceiling under the marquee, and a new sidewalk with top-seeded mirror glass.
- Improvements in the lobbies include the installation of new restrooms, millwork, lighting, carpets, minor food service, and the relocation of the elevator machine room.
- Improvements to the theatre include new seating, stage lighting equipment, audio video equipment, and the replacement of the stage floor.
- Improvements to the backstage area include the installation of a new restroom with a shower, and various tenant improvements.

Bid Solicitation

The Board of Public Works (Board) approved Motion number 2022-0238, on April 13, 2022, authorizing the solicitation of bids for the construction of the Project (Attachment No 1).

The proposed bidders submitted a request for a bid extension, and the Board subsequently approved Motion number 2022-0511, which revised the bid due date to June 1, 2022 (Attachment No. 2).

On June 1, 2022, the Board received a total of three (3) bids for the Project as summarized below:

No.	Contractor	Base Bid Amount
1	Royal Construction Corp. (Royal) (SBE)	\$ 10,736,000
2	Waisman (SBE, LBE).	\$ 10,743,000
3	Green Building Corporation (Green) (LBE)	\$ 12,260,000

BOE conducted the review of all of the bids, and while Royal Construction's bid was the lowest, they made errors in their bid package that reduced the scoring of their bid.

The Bid received from Waisman was found to be in order and it is hereby recommended that the Board award the construction contract for the Project in the amount of Ten Million, Seven Hundred Forty-Three Thousand Dollars (\$10,743,000) to Waisman as the lowest responsive and responsible bidder.

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Funding Status

Upon identifying the lowest, responsible, and responsive Bid of \$10,743,000 for the construction of the Project, the BOE updated the project budget and available funding, and subsequent project shortfall. To reduce the funding shortfall, the BOE removed its project management and construction management staff costs from the Project budget. Further funding is required to close the current shortfall. After adding the necessary contingency amount to the construction contract budget, the funding shortfall is currently projected to be approximately \$3.31 Million, as summarized in the tables below:

Total Project Funding

Funding Source	Funding Amount
CRA Bond Funds	\$ 2,990,000
MICLA Funds	\$ 5,500,000
State Funds	\$ 2,000,000
Total Project Funds	\$ 10,490,000

Project Costs

Pre-Design costs	\$ 1,292
Design Consultant	\$ 800,000
Other Direct Costs (BCA, Materials Testing, Artwork, Permits)	\$ 644,580
Construction Contract Amount	\$ 10,743,000
15% Construction Contingency	\$ 1,611,450
BOE Project Estimate	\$ 13,800,322
Project Funding Shortfall	\$ (3,310,322)

The Project Team has confirmed the construction contract for this Project currently has funding of approximately \$10.4 Million. After adding the necessary contingency amounts to the construction contract budget, there is an approximate shortfall of \$2.76 Million for construction, which is part of the overall Project shortfall of \$3.31 Million. Thus, in order to fully fund construction activities for this Project under the construction contract as well as completing the Project, additional funds will need to be requested in the 2023-24 Fiscal Year to close the funding gap.

Funding Sources	Expended/ Committed	Amount for Construction	FY 22-23 1 st Qtr.	FY 22-23 2 nd Qtr.	FY 22-23 3 rd Qtr.	FY 22-23 4 th Qtr.	FY 23-24 1 st Qtr.	FY 23-24 2 nd Qtr.
CRA Bond Funds	\$780,203	\$2,209,797	\$400,000	\$1,500,000	\$ 309,797			
MICLA Funds	\$108,000	\$5,392,000			\$3,390,203	\$2,001,797		
State Funds		\$2,000,000				\$2,000,000		
Subtotal	\$888,203	\$9,601,797						
<i>Projected Shortfall</i>		\$3,310,322					\$2,400,000	\$910,322
TOTALS		\$13,800,322	\$400,000	\$1,500,000	\$3,700,000	\$4,001,797	\$2,400,000	\$910,322
<i>*Staff to identify supplemental funding sources to address the anticipated funding shortfall, which may include additional contributions of City capital funds that will be pursued as a last recourse through the City budget process in the 2023-24 FY.</i>								

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In order to protect the City in instances of projects that are awarded but that may be underfunded at the time of the construction award, a funding clause has been included in the contract which limits the City's liability for an awarded project to the amount of funding then appropriated at the time of the award of the project. The language is as follows:

“Notwithstanding the foregoing, the CITY’s liability for each Awarded Project shall be limited to the amount of funding then appropriated for the Awarded Project, which may be less than the Awarded Amount. If the CITY appropriates additional funds for the Awarded Project, the City’s liability shall be to the extent of such appropriation(s), subject to the terms and conditions of this Contract and the Bid Documents for the Awarded Project. CONTRACTOR shall not be required to perform any work on an Awarded Project in excess of the amount appropriated for the Awarded Project.”

This report recommends the Committee recommend that the Board of Public Works approve the award of the construction contract for the Project to Waisman, as described in this report, and direct CAO staff to work with Council District 3 (CD 3) and the Department of Cultural Affairs to identify funds to address the shortfall of approximately \$3.31 Million Dollars in the 2023-24 Fiscal Year. Once additional funds are identified, BOE staff will return to the Steering Committee to recommend the allocation of such identified funds to the Project.

cc:

Bernyce Hollins, City Administrative Officer
LaTanya Roux, City Administrative Officer
Elis Lee, City Administrative Officer
Deborah Weintraub, Bureau of Engineering
Bernadette Hernandez, Bureau of Engineering
Steven Lane, Bureau of Engineering