



DATE ISSUED: January 18, 2006 REPORT NO. CCDC-06-03

ATTENTION: Chair and Members of the Redevelopment Agency
Docket of January 24, 2006

SUBJECT: First Amendment to Agreement with Pfocus LLC for Construction Phase Owner=s Representative Consulting Services for the Rehabilitation of the Historic Balboa Theatre - Horton Plaza Redevelopment Project

REFERENCE: Scope of Services Owner=s Representative

STAFF CONTACT: Gary Bosse, Senior Project Manager - Construction

SUMMARY

Issue – Should the Redevelopment Agency authorize the First Amendment to Agreement with Pfocus LLC for Construction Phase Owner’s Representative Consulting Services for the Rehabilitation of the Historic Balboa Theatre in the amount of \$263,225 with a maximum compensation to not exceed \$413,225?

Staff Recommendation - That the Redevelopment Agency authorize the First Amendment to the Agreement with Pfocus LLC for Construction Phase Owner’s Representative Consulting Services for the Rehabilitation of the Historic Balboa Theatre in the amount of \$263,225 with a maximum compensation to not exceed \$413,225.

Centre City Development Corporation Recommendation – On November 30, 2005, the Corporation Board of Directors voted unanimously to approve the First Amendment to the Agreement with Pfocus LLC in the amount of \$263,225 for Construction Phase Owner’s Representative Consulting Services for the Rehabilitation of the Historic Balboa Theatre.

Other Recommendations - None.

Fiscal Impact - Funds are available in the FY 2006 Horton Plaza Redevelopment Project budget.

BACKGROUND

The rehabilitation of the Historic Balboa Theatre (ATheatre@) advances the Visions and Goals of the Centre City Community Plan and the Objectives of the Horton Plaza Redevelopment Project by:

! Eliminating blight through the rehabilitation and upgrade of a significant historic

structure;

- ! Strengthening the Arts District, thereby contributing to the growth of making downtown the dominant regional center for the arts, entertainment, dining and public festivals; and
- ! Providing a community facility to cater toward both downtown residents and visitors.

In addition, the Historic Preservation Focus Plan and the 2004-2009 Implementation Plan for Centre City and Horton Plaza specifically list the rehabilitation of the Theatre as a focus project.

At the October 2, 2002 joint meeting of the Budget/Finance/Administration and Projects Committees, staff was directed to proceed with the rehabilitation of the Theatre as a public initiative, and proceed with issuing a Request for Qualifications for professional services.

In May 2003, the Corporation selected Kitchell CEM ("KCEM") to lead the project team and facilitate delivery of the Historic Balboa Theatre. The first contract with KCEM was approved by the Corporation on June 11, 2003 in the amount of \$134,560 for pre-design phase Owner=s Representative services. Once approval of the Project Planning Guide and recommended program for the rehabilitation of the Balboa was secured at the June 16, 2004 meeting of the Corporation Board, the KCEM contract was amended. The Amendment, in the amount of \$659,346, provided for design and construction phase Owner=s Representation services. These services were to be delivered during the three phases of design (schematic, design development, and construction documents) and construction of the final construction package.

As the design development phase was nearing completion in May 2005, two key KCEM staff members left the employment of KCEM. Over the two years during which the consulting services were provided, Corporation staff had established a high level of trust in the work of these key staff members and chose to terminate the contract with KCEM. KCEM was paid for the work completed. The remainder of the contract amount, (approximately \$413,000) which was not expended, was unencumbered and released back into the project budget.

In June 2005, Rick Pfannenstiel, P.E. and Karen Neu O=Connor, the two key staff members, formed Pfocus LLC, their own consulting firm. In the interest of continuity and because of the quality of the services provided by these individuals, the Corporation approved a contract with Pfocus LLC in July 2005 in the amount of \$150,000. This contract would provide the necessary consulting services through the completion of the final phase of design.

The consultant firm is comprised of the following principals and primary contacts:

ROLE/FIRM	CONTACT	OWNED BY
Pfocus LLC	Rick Pfannenstiel Karen Neu O=Connor Laura Goodwin	(Privately Owned)

DISCUSSION

As the final renovation construction phase approaches, it is necessary to secure Owner=s Representative services for the 17-month construction phase. A scope of services has been agreed to (Attachment No. 1) and a cost of \$263,225 has been negotiated as the value of said scope. Some highlights of the negotiation include:

- The principals of Pfocus LLC have agreed to keep the hourly rates that were agreed to in the original KCEM Agreement, negotiated in 2003, through the completion of construction phase services in August 2007;
- The total cost of the Owner=s Representative consulting services for both design and construction phase services has not increased, despite an increase in the estimates for construction and the change in consulting firms; and
- Pfocus LLC is assigning a local individual to deliver the consulting services during the construction phase, thus saving approximately \$40,000 in reimburseable expenses related to travel/lodging/meals. This makes it possible for the Corporation to realize the benefit of additional consultant hours on the job, in the Theatre, and during construction.

EQUAL OPPORTUNITY

Pfocus LLC=s subconsulting firms are listed below:

Firm Name: Pfocus LLC		
SUBCONSULTANT FIRMS	PRINCIPALS	FIRM CERTIFICATION
Schuler & Schook, Inc.	Robert Schook Diane Schuler	OBE

Pfocus LLC submitted a Work Force Report dated October 28, 2005, which indicated a total of three employees of which two are female and one are members of an under-represented ethnic group. Contractors and subcontractors who do less than a total of \$10,000 worth of business with the Corporation during the preceding twelve (12) months, or who have less than a total of fifteen (15) employees, are exempt from submitting an Equal Opportunity Plan.

SUMMARY/CONCLUSION

The restoration of the Historic Balboa Theatre will play a vital role in fostering community participation in the arts and economic growth. The Balboa will become a multi-purpose performing arts center in the heart of downtown San Diego. This community treasure will become an exciting venue for cultural, commercial, community and convention activities.

Respectfully submitted,

Concurred by:

Gary Bosse
Senior Project Manager-Construction

Nancy C. Graham
President

Attachment: Scope of Services