



**Centre City
Development
Corporation**

REPORT NO. CCDC-07-14

DATE ISSUED: April 25, 2007

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of May 1, 2007

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Balboa Theatre Renovation (located at Fourth Avenue and E Street)
Request to Encumber Funds – Horton Plaza Redevelopment Project

COUNCIL DISTRICT(S): District 2 & 8

REFERENCE: None

STAFF CONTACT: Gary J. Bosse, Senior Project Manager
(619) 533-7163

REQUESTED ACTION:

That the Redevelopment Agency (the “Agency”) authorize the Centre City Development Corporation (the “Corporation”) to take such actions as necessary to encumber \$1,150,000 from the Balboa Theatre budget for the final phase of the Balboa Theatre Renovation.

STAFF RECOMMENDATION:

That the Agency authorize the Corporation to take such actions as necessary to encumber \$1,150,000 from the Balboa Theatre budget for the final phase of the Balboa Theatre Renovation.

SUMMARY:

On April 5, 2006, bids were opened for the final renovation phase of the Theatre. Bids were submitted by three, pre-qualified, General Contractors. The lowest, responsible, and responsive bid was submitted by PCL in the amount of \$16,956,300. Based upon the January 24, 2006 Agency approval of the request to bid, the Agency was authorized to award the contract up to the estimated construction of \$14,038,000.

In order to keep the project on schedule, and to mitigate continued escalation of construction costs, the Corporation staff proposed the following contracting strategy to the Corporation Board Budget/Finance Committee on April 12, 2006. It was proposed to award the contract to PCL without Alternate Bid Items 1 through 6, and to execute a deductive Change Order No. 1 removing the theatrical equipment package and ornamental painting allowances simultaneous with the

execution of the contract. The omission of the Alternate Bid Items would result in a \$386,300 bid decrease, and the deletion of the theatrical equipment package and ornamental painting allowances decreased the bid by \$1,834,000 and \$800,000 respectively. These reductions totaled \$3,020,300 and reduced PCL's bid under the authorized amount, allowing the Agency to award the contract.

In June and July 2006, Change Order No. 2 was approved by the Corporation and Redevelopment Agency respectively. Change Order No. 2, in the amount of \$3,020,300 reinstated the theatrical equipment package and ornamental painting allowances as well as the Alternate Bid Items 1 through 6. Alternate Bid Items 1 through 6 are briefly described as (1) Dressing room millwork, (2) Wood louver doors at toilet partitions, (3) Lobby expansion at the Rotunda, (4) Exterior lighting, (5) Third floor build out, and (6) Wayfinding signage. The reinstatement of these items was critical to the Balboa having the theatrical performance capabilities and historic legitimacy that it needs to be successful. With the approval of Change Order No. 2 the total authorized amount was as follows:

Original Authorization	January 24, 2006	\$14,038,000
Original Bid Amount*	April 5, 2006	\$16,570,000
Change Order No. 1	May 3, 2006	(\$2,634,000)
PCL Construction Services Contract Amount	May 3, 2006	\$13,936,000
Change Order No. 2	July 25, 2006	\$3,020,300
PCL Construction Services Current Contract Amount	July 25, 2006	<u>\$16,956,300</u>

The approval of Change Order No. 2 allowed the project to move forward, but did not fund a contingency for changes during construction. Now at the halfway point of the final phase of construction, funds for changes during the construction phase must be made available. It is proposed to move \$1,150,000 from the Fiscal Year 2007 project budget into the authorized construction budget. This additional funding will fund a construction contingency of 5% and will make it possible to incorporate additional enhancements including decorative conservation painting of the public lobbies and the grand drape. The amount available subsequent to this additional authorization would be \$18,106,300. Failure to authorize this additional amount will mean the Agency cannot compensate the Contractor for unforeseen changes and will preclude the restoration of the public lobby spaces and grand drape to their 1924 splendor.

FISCAL CONSIDERATIONS:

Funds for this requested authorization are available in the Fiscal Year 2007 project budget for the Balboa Theatre.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION:

On March 28, 2007, the Centre City Development Corporation Board approved this item.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

In 2003, at the initiation of the design, the design team performed a program and budget development process via a series of work sessions with the stakeholders. These work sessions provided the stakeholders, which included the Corporation, San Diego Theatres, potential user groups, technical representatives, and public representatives, a forum to define the mission, design goals, program requirements, budget goals, and schedule objectives. Ultimately these goals were incorporated in the Project Planning Guide.

KEY STAKEHOLDERS AND PROJECTED IMPACTS (if applicable):

The key stakeholders for the project are the proposed future operator, San Diego Theatres, and the future arts organizations that will use the Theatre.

BACKGROUND

The rehabilitation of the Theatre 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 Plans for Centre City and Horton Plaza specifically list the rehabilitation of the Theatre as a focus project.

The following provides a summary of the financial status of the Agreement:

Original Bid Amount*	April 5, 2006	\$16,570,000
Change Order No. 1	May 3, 2006	(\$2,634,000)
Bid Award	May 3, 2006	\$13,936,000
Change Order No. 2	July 25, 2006	\$3,020,300
Revised Bid Amount	July 25, 2006	<u>\$16,956,300</u>

**less Bid Alternates 1-6*

CONTRACTOR

ROLE/FIRM	CONTACT	OWNED BY
PCL Construction Services, Inc.	Darin Chestnut District Manager	Privately Owned

Firm Name: PCL Construction Services, Inc.		
PRINCIPALS AND PRIMARY STAFF ASSIGNED TO CONTRACT	TITLE	PRIMARY CONTACTS
Darin Chestnut	District Manager	✓
Jeff McDonald	Superintendent	✓
Ankit Sanghvi	Project Manager	✓

EQUAL OPPORTUNITY

Firm Name: PCL Construction Services, Inc.		
SUBCONTRACTORS	PRINCIPALS	FIRM CERTIFICATION
Miller Environmental, Inc. Anaheim, CA	Gregg Miller	OBE
Quality Reinforcing Poway, CA	Brian Miller	OBE
New Dimensions Masonry, Inc. San Diego, CA	Dennis Wighsosky	OBE
PC Iron, Inc. dba. Pacific Coast Iron Spring Valley, CA	Gerald Anderson	OBE
Spooner's Woodwork, Inc. Poway, CA	Tom and Steve Spooner	OBE
Ocean Door San Diego, CA	Gunnar Grimm	OBE
Restoration Works Kankakee, IL	Gail Wallace	OBE
Brady Company La Mesa, CA	Scott Brady	OBE

Painter's Unlimited CA, Inc. Oceanside, CA	Paul Marczynski	OBE
Schindler Elevator Corporation Irvine, CA	Grahm Exel	OBE
United Plumbing Systems, Inc. San Diego, CA	Robert Lo	OBE
Coastal Air, Inc. Oceanside, CA	Debbie Mendes & Judith Bailey	DBE
J. G. Tate Fire Protection Systems, Inc. Poway, CA	James G. Tate	OBE
Dynalectric Company San Diego, CA	Dave Raspolich	OBE
Prestige Concrete Poway, CA	Jerry Green	OBE
Stafford Environmental Services, Inc. dba. Bird Solutions International Vista, CA	Caroline Stafford	WBE
Logan's Marketing San Diego, CA	Ellis Logan	MBE
Sheldon Site Utilities Poway, CA	William Sheldon	OBE

PCL submitted a Work Force Report on April 25, 2006, which indicates a total of 39 employees in their San Diego office, of which 10 are females and 6 are members of under-represented ethnic groups.

- (2) Hispanic Males
- (2) Asian Females
- (2) Asian Males

Current under-representations are as follows:

- (1) Black management and financial
- (2) Hispanic management and financial
- (2) Filipino management and financial
- (7) Female management and financial

The Asian and Filipino categories reflect areas of under-representations; however, the overall categories exceed the goals.

Equal Opportunity Contracting staff has requested an Equal Opportunity Plan and will continue to monitor the firm's effort to implement their plans.

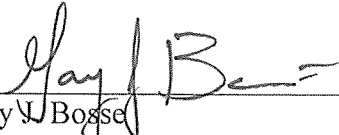
There is no conflict of interest known to me regarding any Agency or Corporation officer or employee regarding this Agreement.

CONCLUSION

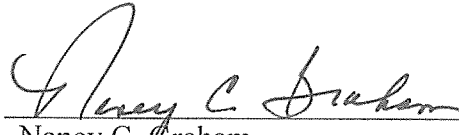
The restoration of the Theatre will play a vital role in fostering community participation in the arts and economic growth. The Theatre will become a multi-purpose performing arts center in the heart of downtown San Diego. This community treasure will become an exciting venue for cultural, commercial,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

Respectfully submitted,

Concurred by:



Gary W. Bosse
Senior Project Manager - Construction



Nancy C. Graham
President