

REPORT TO THE CITY COUNCIL AND SUCCESSOR AGENCY



DATE: January 17, 2017

TITLE: Construction of Tenant Improvements at 11999 Palm Dr
(Visitor Center)

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RECOMMENDATION

Authorize the City Manager to execute a contract with Diamond Construction, Inc. for the Construction of Tenant Improvements at 11999 Palm Drive in an amount of \$157,470.00 with a 20% contingency amount of \$31,494.00 for unforeseen expenses, which brings the total budgeted amount to \$188,964.00.

DISCUSSION

City staff completed an analysis of administration office space available and necessary to complete all City businesses. Total and future departmental staff, current and future number of available offices, building maintenance costs, required building improvements and tenant improvements was also analyzed. Based on current and future needs of the City, Staff determined that the ultimate long term solution was to begin a relocation process of the City administration offices into an existing building, and phase the construction of future buildings to completely relocate City Hall to one site located at 11999 Palm Drive on the Northwest corner of Palm Drive and Pierson Blvd.

The current City Hall Complex (65950 Pierson Blvd) utilizes three separate buildings made up of multiple temporary modular buildings which are in need of major infrastructure upgrades including; frame and structure re-construction/re-stabilization, complete re-roofing, new ADA accessible ramps, re-leveling of building floors, remove/replace of warped damaged floor boards, AC replacements, and electrical and plumbing upgrades to bring to current building codes. The buildings are deficient in current building codes, fire codes, ADA accessibility, and structural stability. Preliminary estimate costs for all of the needed improvements are as follows, for details see Exhibit 1;

1. Total Cost of Improvements Building A = \$512,250
2. Total Cost of Improvements Building B = \$314,250
3. Total Cost of Improvements Building C = \$216,250

On-going building maintenance costs are increasing annually due to exceeding the building life expectancy of temporary buildings. All available offices and cubicles in the existing buildings are currently being utilized by staff, with some spaces shared between two staff members.

City staff researched available buildings and open land throughout the City, and looked into the purchasing and leasing cost options. New construction costs, costs of tenant improvement of existing buildings, and costs associated with the rehabilitation of the existing buildings was also analyzed. After all items were assessed, the most feasible option was determined to be the relocation of the City's administrative offices to the existing building located at 11999 Palm Drive (Visitor's Center), and the phasing of construction of future buildings to completely relocate City Hall to one new site at the Northwest corner of Palm Drive and Pierson Blvd. The lots and building at 11999 Palm Drive are currently owned by the City, which saves the City the cost of purchasing new land, and the costs for leasing or renting a building.

The first phase of the City Hall relocation process would entail completing tenant improvements to the interior of the existing building (Visitor's Center). The existing building was recently improved with a new HVAC system and interior upgrades and is in good condition to function as an administrative building. In order to accommodate new office spaces, the building will be improved with office divider walls and doors, an entryway, electrical and data upgrades, HVAC and lighting adjustments, and other office upgrades. City Staff requested proposals for the completion of the building interior tenant improvements from qualified, local, licensed contractors and received the following two proposals:

1. Abboud Diamond Construction, Inc D.B.A. Diamond Construction, Inc – 9675 El Rio Lane Desert Hot Springs CA, 92240 = \$157,140.00
2. Nicol Construction – 67851 Ocotillo Trail, Desert Hot Springs CA 92241 = \$163,825.00

Staff reviewed the proposals for completeness, verified references, reviewed past project performances with similar projects, verified licenses and insurances, and reviewed project schedules. Based on this analysis, Staff is recommending that City Council authorize the City Manager to execute a contract with Diamond Construction, Inc for the Construction of Tenant Improvements at 11999 Palm Drive in an amount of \$157,470.00 with a 20% contingency amount of \$31,494.00 for unforeseen expenses, which brings the total budgeted amount to \$188,964.00. The contingency was set at 20% to cover unforeseen expenses and also to cover the costs necessary for relocation of internet modems, data, and phone lines necessary to convert the current building into a City administrative building.

FISCAL IMPACT

The contract total is \$157,470.00 with a 20% contingency amount of \$31,494.00 for unforeseen expenses, which brings the total budgeted amount to \$188,964.00. Last fiscal year the City had \$2,239,005 in positive cash flow. This money is currently unallocated in the budget. Upon City Council approval, Staff will increase the current budget of \$15,082,480 to \$15,271,444 to cover the costs of the improvements. The increase will be reflected in account General Fund / Public Buildings / Contract services account (001-41-42-4320).

EXHIBIT(S)

- 1) Estimated Costs for Improving Existing City Hall Buildings
- 2) Bid Proposal Comparison
- 3) Proposal Diamond Construction
- 4) Proposal Nicol Construction
- 5) Proposed Floor Plan