



**CONSENT CALENDAR**

**Agenda Item # 5**

**AGENDA REPORT SUMMARY**

**Meeting Date:** July 13, 2021

**Subject:** Amended Construction Contract Award: City Hall Council Chambers  
Audio/Visual Upgrade Project CD 01021

**Prepared by:** Dave Brees, Special Projects Manager

**Reviewed by:** Jim Sandoval, Engineering Services Director

**Approved by:** Brad Kilger, Interim City Manager

**Attachment:** None

**Initiated by:**

City Council CIP Project #CD 01021

**Previous Council Consideration:**

February 27, 2018; January 8, 2019; January 28, 2020 and July 14, 2020

**Fiscal Impact:**

The following project actions will cost \$36,000, which is anticipated to be funded through the assessment of Liquidated Damage fines against the EIDIM Group Inc.

- Breakdown of funds to be used:
  - o \$16,448 Shalleck Collective Group Inc.
  - o \$19,552 to Project's construction contingency
- Amount already included in approved budget: None
- Amount above budget requested: \$36,000

**Environmental Review:**

Categorically Exempt pursuant to CEQA Section 15301 (a) Existing Facilities in that the project involves a remodel to the interior of an existing facility, and none of the circumstances in CEQA Guidelines Section 15300.2 applies.

**Policy Question for Council Consideration:**

Does Council desire to complete the unfinished construction work on the City Hall Council Chamber Audio/Visual Upgrade Project CD 01021?

**Summary:**

- On April 20, 2021, the City terminated its construction contract with the EIDIM Group Inc..

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**Reviewed By:**

City Manager

BK

City Attorney

JH

Finance Director

JM

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- Staff has filed an insurance claim against EIDIM Group Inc.'s bonding company, Western National Insurance Company, for the completion of the unfinished construction work, Liquidated Damages, and additional construction administration support.
- The services of Guardian Group Inc. have been secured by Western National Insurance Company to complete the unfinished construction work.
- The services of the Shalleck Collective Inc. have been secured by the City to provide the additional construction administration support to the project.

**Staff Recommendation:**

1. Approval of a takeover agreement with the Western National Insurance Company for the completion of City the Council Chamber Upgrade Project CD 01021;
2. Approval of a contract amendment with the Shalleck Collective Inc. in the amount of \$16,448 for construction administration support services;
3. Appropriation of \$36,000 Liquidated Damages to the Council Chamber Upgrade Project CD 01021.



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### **Purpose**

To complete the unfinished construction work on City Hall Council Chambers Audio/Visual Upgrade Project CD 01021

### **Background**

City Council awarded the construction contract for the City Council Chamber Audio/Visual Upgrade project to EIDIM Group Inc. (EIDIM) at its July 14, 2020 meeting. On April 2021, the City terminated EIDIM's construction contract.

The original contract Notice to Proceed was issued on August 18, 2020, and the contractor had 160 calendar days to complete the project by January 25, 2021. In December 2020, the contractor was given an extension of 14 days to the contract period due to COVID-19 related restrictions and delays. In early January 2021, staff met with EIDIM's project management team to review a list of its concerns, develop a revised plan, and schedule to complete the project without further delays. On January 27, 2021, staff sent a letter to EIDIM documenting the City's concerns about EIDIM's ability to complete the project on time.

On February 17, 2021, staff issued EIDIM a Preliminary Notice of Intent to Terminate Notice to encourage the contractor to assign additional resources to the project. On March 24, 2021, the City noticed EIDIM of its intent to assess Liquidated Damages in the amount of \$500 per calendar day effective February 8, 2021. On April 7, 2021, EIDIM was sent a Notice of Intent to Terminate letter providing EIDIM ten days to complete the work. Finally, on April 20, 2021, the City issued EIDIM a Notice of Contract Termination.

### **Discussion/Analysis**

Staff has initiated a claim to EIDIM's construction bonding company, Western National Insurance Company (Western), and its claims investigation contractor, The Guardian Group Inc. (Guardian), to secure an alternate contractor to complete the unfinished work. The filed claim includes the financial liability to complete the construction work, \$36,000 in Liquidated Damages charged to EIDIM for the dates of February 8, 2021 through April 20, 2021, and the construction contract support addendum with the Shalleck Collaborative Inc. (Shalleck), the project designer, in the amount of \$16,448.

Western will assume the construction responsibilities originally assigned to EIDIM and the City will directly contract with Western to take over responsibility for the work. Construction bids have been secured from responsible bidders and Western/Guardian are ready to proceed with the work. The City remains financially responsible for the original contract amount and approved change orders (inclusive of sums already paid to EIDIM), and Western will be financially responsible for any amount over the original contract for the completion of the construction work up to the penal sum of the bond.



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It is expected project construction will be completed by December 2021; the actual schedule is still being negotiated with the construction contractor. The original construction contract period was for 160 days, however, in the post Covid 19 world, some delays are to be expected. Staff will appraise Council of the final project schedule once it has been determined.

In addition to the Western takeover contract, staff is requesting approval of a contract amendment with Shalleck to extend its support of the construction project. Their scope of work includes the review and approval of project submittals, responding to Requests for Information (RFI's) and on-site inspections. The additional expense of the work included in the amendment is expected to be paid for via the utilization of the Liquidated Damages charged to EIDIM.

The requested action also includes an appropriation of the Liquidated Damages to the project and will allow the Council Chamber Upgrade Project CD 01021 to proceed from its current condition through the completion of the project.

### **Options**

- 1) **Option #1** Approval of a takeover contract with the Western National Insurance Company for the completion of the City Council Chamber Upgrade Project CD 01021; approval of a contract amendment with the Shalleck Collective Inc. in the amount of \$16,448 for construction administration support services; appropriation of \$36,000 Liquidated Damages to the Council Chamber Upgrade Project CD 01021.

**Advantages:** This option will allow the Council Chamber Upgrade Project CD 01021 to be completed in the most cost effective and timeliest manner.

**Disadvantages:** None

- 2) **Option #2** Receive a lump sum payment from Western National Insurance Company, rebid the project, and complete the project as if it is a new capital project.

**Advantages:** None

**Disadvantages:** This option requires the City to assume responsibility for the construction project in its current state including all work deficiencies, both known and unknown. Additional staff time will also be required for administration and management of the project and this option will add a delay in the completion of the project.

### **Recommendation**

The staff recommends Option 1.