Title: Crocker Art Museum Expansion Project (M13000100) [Two-Thirds Vote Required]

Location: 216 O Street, District 4

Recommendation: Pass a Resolution: 1) establishing a revenue and expenditure budget in the CIP Reimbursable Fund (Fund 3702) in the amount of $770,000 in the Crocker Art Museum Expansion Project (M13000100); 2) transferring $500,000 from available fund balance in the General Fund to M13000100; and 3) suspending competitive bidding in the best interests of the City and authorizing the use of a Request for Proposals (RFP) process to select a contractor to replace the Crocker Art Museum humidifier.

Contact: Hector Barron, Interim Director, Public Works, (916) 808-2669, Department of Public Works

Presenter: None

Attachments:
1-Description/Analysis
2-Resolution
Description/Analysis

Issue Detail: The humidifier constructed as part of the Crocker Art Museum Expansion Project is not functioning properly, and needs to be replaced. A settlement agreement with the general contractor and related subcontractors has been reached wherein the contractor and subcontractors have agreed to pay for the majority of the costs.

The recommendations in this report allow the settlement agreement funds to be used for the design and construction of a new humidifier and other minor work, and provide funding for City staff costs, project contingency, and anticipated litigation costs related to design defects attributed to the architect who did not elect to participate in the settlement agreement.

Valuable artwork that is often hundreds of years old is very susceptible to stresses caused by an unstable climate environment. Without proper and consistent climate control the messages conveyed in artistic treasures can suffer gradual damage. Given the specialized system required to maintain the art collections, it is the best interests of the City to suspend competitive bidding for the replacement of the Crocker Art Museum humidifier.

Policy Considerations: The recommendation to suspend competitive bidding is in accordance with the provisions of City Code Section 3.60.170, which states that the restrictions and provisions of City Code requiring the award of contracts by competitive bidding shall not apply when, upon two-thirds vote of the City Council, it is determined that it is in the best interests of the City to suspend competitive bidding for any contract.

Economic Impacts: None.

Environmental Considerations: The recommendations in this report involve administrative activities. In accordance with Section 15061(b)(3) of the California Environmental Quality Act guidelines, no environmental review is necessary because it can be seen with certainty that there is no possibility that these activities may have a significant effect on the environment.

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Additional funding is needed to resolve design and construction defects related to the Crocker Museum Expansion Project; and expert witness expenses and other litigation costs associated with the architectural design defects.
The RFP process requires the suspension of competitive bidding, and is often used when specialized work is required or when critical operations are being interrupted. A contractor selection process based on qualifications is highly recommended for work within the Museum.

**Financial Considerations:** The estimated design and construction cost of the new humidifier and other work under the settlement agreement is $770,000, which will be covered by reimbursements included in the settlement agreement. The negotiated amount does not provide for City staff costs or project contingency estimated at $250,000, or continued expert witness and other potential litigation costs related to pursuing additional design and construction defects attributed to the architect estimated at $250,000. The additional City funding will be provided with a transfer of available fund balance in the General Fund to the project.

**Local Business Enterprise (LBE):** Not applicable.
RESOLUTION NO. 2017-XXXX

Adopted by the Sacramento City Council

May 30, 2017

CROCKER ART MUSEUM EXPANSION PROJECT (M13000100)

BACKGROUND

A. The original ultrasonic humidification system as-designed did not perform to expectations. Repeated mechanical failures caused undesirable indoor humidity conditions adverse to art exhibits and increased amounts of staff time to respond to occupant complaints. The new proposed steam based humidification system is of a more conventional design, with better reliability and predictable results.

B. A settlement agreement with the general contractor and related subcontractors has been reached wherein the contractor and subcontractors have agreed to pay for the majority of the costs.

C. Additional funding is needed to resolve design and construction defects related to the Crocker Museum Expansion Project; and expert witness expenses and other litigation costs associated with the architectural design defects.

D. The City’s request for proposals (RFP) process requires the suspension of competitive bidding, and is often used when specialized work is required or when critical operations are being interrupted. A contractor selection process based on qualifications is highly recommended for work within the Museum.

E. Valuable artwork that is often hundreds of years old is very susceptible to stresses caused by an unstable climate environment. Without proper and consistent climate control the messages conveyed in artistic treasures can suffer gradual damage.

F. Given the specialized system required to maintain the art collections, it is the best interests of the City to suspend competitive bidding for the replacement of the Crocker Art Museum humidifier.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. A $770,000 revenue and expenditure budget in the CIP Reimbursable Fund (Fund 3702) shall be established in the Crocker Art Museum Expansion Project (M13000100).
Section 2. The expenditure budget in M13000100 shall be increased by $500,000 with a transfer from available fund balance in the General Fund (Fund 1001).

Section 3. Competitive bidding is hereby suspended and the use of a RFP process to select a contractor to replace the Crocker Art Museum humidifier is authorized.