

1 SECOND AMENDMENT TO AGREEMENT NO. 33344

2 **33344**

3 THIS SECOND AMENDMENT TO AGREEMENT NO. 33344 (the "Second  
4 Amendment") is made and entered, in duplicate, as of March 8, 2016 for reference  
5 purposes only, pursuant to a minute order adopted by the City Council of the City of Long  
6 Beach at its meetings on December 15, 2015 and March 8, 2016, by and between ARUP  
7 NORTH AMERICA LIMITED, a corporation organized under the laws of the United  
8 Kingdom ("Consultant"), with a place of business at 560 Mission Street, Suite 700, San  
9 Francisco, California 94105, and the CITY OF LONG BEACH, a municipal corporation  
10 ("City").

11 WHEREAS, the parties entered into Agreement No. 33344 (the  
12 "Agreement") whereby Consultant agreed to provide services in connection with the  
13 design, construction and development of a new civic center located in downtown Long  
14 Beach; and

15 WHEREAS, the parties desire to amend the Agreement to, among other  
16 things, add additional services (relating to change management, Project and contract  
17 management, commissioning and relocation services) to the Scope of Work attached to  
18 the Agreement and to increase the total Agreement amount by ~~\$4,475,295~~ <sup>\$4,029,295</sup>; RFA T.M.

19 NOW, THEREFORE, in consideration of the mutual terms and conditions in  
20 the Agreement and in this Second Amendment, the parties agree as follows:

21 1. Additional Services. In addition to the services otherwise described  
22 in the Agreement, Consultant shall provide change management, contract management,  
23 commissioning and relocation services more particularly described in Exhibit "A-1"  
24 attached to this Second Amendment and incorporated by this reference ("Additional  
25 Services"). The Scope of Work attached as Exhibit "A" to the Agreement is hereby  
26 amended to include the Additional Services.

27 2. Compensation for Services. The total amount authorized to be paid  
28 for all services provided by Consultant pursuant to the Agreement, as amended hereby,

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

1 shall not exceed Eight Million Ninety-Nine Thousand Seven Hundred Thirty-Three Dollars  
2 (\$8,099,733).

3 3. Except as expressly modified herein, all of the terms and conditions  
4 contained in Agreement No. 33344 are ratified and confirmed and shall remain in full  
5 force and effect.

6 IN WITNESS WHEREOF, the parties have caused this document to be duly  
7 executed with all formalities required by law as of the date first stated above.

8 ARUP NORTH AMERICA LIMITED, a  
9 corporation organized under the laws of  
10 the United Kingdom

11 May 18, 2016

By [Signature]  
Name AWAN HUGHES  
Title PRINCIPAL

12 May 18, 2016

By [Signature]  
Name IGNACIO BAZANDIARAN  
Title PRINCIPAL

13 "Consultant"

14 CITY OF LONG BEACH, a municipal  
15 corporation

16 July 19 2016

By [Signature] EXECUTED PURSUANT  
City Manager TO SECTION 301 OF  
THE CITY CHARTER.  
Assistant City Manager

18 "City"

19 This Second Amendment to Agreement No. 33344 is approved as to form  
20 on May 23 2016.

21 CHARLES PARKIN, City Attorney  
By [Signature]  
Deputy

RECEIVED  
CITY CLERK  
LONG BEACH, CA  
16 JUL 21 PM 2:05

# EXHIBIT "A-1"

↓

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100



ARUP



PROPOSAL FOR

# CHANGE ENGAGEMENT

NEW CITY OF LONG BEACH CIVIC CENTER

DRAFT FOR DISCUSSION: AUGUST 14, 2015



## INTRODUCTION TO CHANGE ENGAGEMENT

The relationship between the workplace and business performance should not be passive. In fact, the Arup Team proactively supports the opportunity to use the design of the workplace as an active and powerful catalyst of cultural change. Effective Change Engagement makes greater change possible, increases the speed of adoption and results in increased return on investment. From a project management perspective, it also contributes to keeping the project on budget and on schedule.

Change Engagement is a process by which we help organizations manage the people side of change in order to achieve required business results. Specifically focused on workplace change, the Arup Team's approach is rooted in the importance of the individual to project outcomes. The more successful individuals can be in transitioning from their current state to the targeted way of working, the better the organizational outcome. A partnership between Human Resources, Real Estate and Facilities and Information Technology, supported by a Change Strategy and toolkit, will help ensure a seamless transition to a new workplace environment and way of working.

A strong emphasis should be placed on engaging leadership, business units, and employees throughout the project process so they can gain ownership of their new workplace environment before the project is actually completed. Leadership creates the picture of the future state to demonstrate to all stakeholders the value in taking ownership and buy-in to achieve that picture.

The extent of our involvement with your team is dependent on the degree of change through which you are going, the knowledge and availability of your staff, and other consulting resources with whom you are already working. We approach the Change process as a highly collaborative effort, as we understand that our clients own the long term results long after the projects in which we're involved are complete. Building change capacity into the organization is a key goal of our involvement.

We believe the most effective methodology is one based on industry-leading research, and with this in mind, the Arup Team has chosen to support its existing methodology with the Prosci® model.

### Why Change Engagement is Important

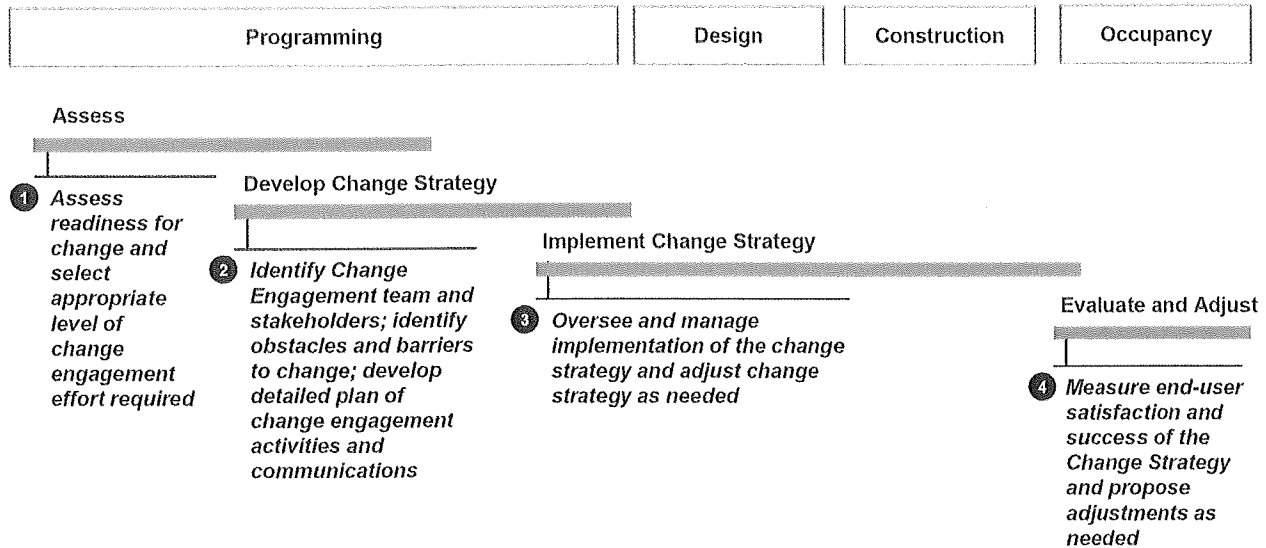
Projects with excellent Change Engagement are nearly six times more likely to achieve or exceed their project objectives. Research shows that successful Change Engagement programs can:

- Increase the velocity and impact of key initiatives.
- Help dissipate resistance and achieve buy-in for workplace change.
- Increase the likelihood of meeting or exceeding project objectives.
- Set precedents and increase efficiencies for further projects.
- Create alignment and facilitate communication between management and staff across the organization.
- Minimize work disruption and lost productivity while enhancing employee satisfaction and performance.

It is our belief that Change Engagement begins with the first communication to employees about the project and should continue through implementation and post occupancy. We have crafted this scope to serve the City of Long Beach with regards to the New Long Beach Civic Center currently under development.

## PROCESS & TOOLS

The Arup team provides the skills and tools to lead your organization through four stages of the Change Engagement process:



Workplace change is most successful when it is targeted to local populations and supported across the scope of the project cycle. With this in mind, the Arup team’s Change Engagement approach is integrated within standard project phases. The initial stages of Assessing Readiness for Change, and then developing the Change Strategy are the focus of this document, as this work sets direction and provides a strategy and plan to move forward. Implementing the Change Plan follows and the scope is dependent on what is discovered and decided in the first two phases.

## SCOPE OF SERVICES

### PHASE 0: CHANGE ENGAGEMENT INITIATION

As a first step in the process, the Arup Team proposes a series of direction setting discussions with your project team. These discussions will serve to:

- Confirm/develop the Change Engagement project schedule and budget
- Confirm roles and responsibilities among Arup Team members and the project team
- Establish the steering committee that will oversee the Change Engagement
- Establish the framework and strategy regarding methods of presenting to the City of Long Beach and other interested groups
- Identify key stakeholders and influencers
- Identify what is changing with regard to Human Resources, Technology, work processes, workflow, behavior, etc.



## PHASE 1: ASSESS READINESS FOR CHANGE

The purpose of this phase is to understand in detail how the workplace change will likely to be received by employees. We will work with appropriate City of Long Beach resources (usually including Human Resources, Technology and Communications) teams to understand where efforts may need to be aligned. This phase also provides the opportunity to further investigate how ways of working, expectations and behaviors are required to change, and the potential impact/risks to the New Long Beach Civic Center project.

1. **Change Sponsorship: Leader's alignment session:** The Arup Team will conduct a high-level alignment discussion with organizational leaders and the project steering committee. The purpose of this session is to set expectations for the Change Engagement project, understand the issues, concerns, goals and priorities of the change engagement process, and to identify measures of success. During this discussion, we will also review the workplace change team structure and roles to identify key participants from the city (i.e., Executive Sponsor, Project Sponsor, Change Champions, and Project Team).
2. **Current State: Employee survey:** We propose that a formal pre-occupancy evaluation be developed and carried out at the start of the project to establish perceptions of the staff, create a baseline measurement of change readiness and to establish targets against which the Change Engagement project success can be measured. Our survey typically measures project understanding, desire for change, barriers to change and opportunities to be realized. The survey also compares the relative importance of a variety of workplace attributes to their degree of performance in order to develop key priorities for the future. The ability to weigh importance and performance enables us to identify and prioritize key messages, tactics and activities within the Change Strategy. The brief online survey will enable your team to reach a wide number of staff in a cost- and time-efficient manner. In advance of developing this survey, we will work with the City of Long Beach to review other available data from employee engagement, satisfaction or other regular surveys that you may already conduct.
3. **Change Ambassadors and Change Champions:** An important part of the first phase is to begin to establish a core team within the organization who will become responsible for sharing and supporting key messages formally and informally throughout the project. We will carry out individual or small group interviews with department leaders in order to review change readiness and begin to identify potential resistance to change and infrastructural or cultural barriers.
4. **Operational Change:** Taking into account the proposed design, we will work with the steering committee and relevant department heads to determine how public services might be delivered in the new facility. This will be compared to current business practices to determine areas of change, and will enable the Arup Team and the steering committee to better define areas of focus for operational change management. This will not only prepare the City for detailed discussions with PECP on operational interfaces, but also help plan for required changes within departments.
5. **Change Readiness Assessment:** Based on the success criteria identified during the leadership alignment session, we will interpret findings from the employee survey and Change Ambassador and



Change Champion discussions to provide a comprehensive change readiness assessment. This report, with insight categorized by department (as required), will highlight challenges and risks and identify critical enablers. Recommendations for mitigating risks will be incorporated as the Change Engagement strategy is developed.

## PHASE 2: DEVELOP THE CHANGE STRATEGY

Like all important business initiatives, a successful change begins with a thoughtful strategy. During this phase of work, we will develop a targeted approach to respond to the workplace change. This phase also involves securing senior buy-in and sponsorship for the change that will be essential to the successful delivery of the program.

1. **Establish the Change Charter:** Once the change assessment is complete, we will develop an overarching Change Charter, which defines the 'case for change' including benefits, the scope of the Change Engagement project, and the critical success factors that define how we will measure our success. These definitions will be supported with explicit objectives related to change engagement deliverables and key activities. Finally, we will document the team and each member's roles and responsibilities.

The Change Charter is presented in a one-page visual, approved by the steering committee. The charter will provide the foundation for the Change Strategy.

2. **Communication & Engagement Plan:** Upon approval of the Change Charter, we will develop a comprehensive roadmap to address the change with a variety of communications and engagement activities. The roadmap will identify communication platforms, participants and audience. It will outline key messages and establish the sequence and frequency of activities to engage and inform leadership, management, and employees throughout the project in a consistent, effective and exciting manner.
3. **Training Plan:** We will work with Change Ambassadors and Change Champions to identify pre-project employee capabilities related to workplace and technology tools that may be impacted by the project and move. We will also incorporate areas of change and related training opportunities that were identified in the Operational Change meetings with the department leadership. Training requirements will be documented and incorporated in the communication and engagement plan.
4. **Champion Forum:** It will be important to identify departmental representatives to act as Champions during the Change Engagement project. These staff should be influential among their peers and have the authority to make local decisions, yet also have the time to invest in building engagement among colleagues. These Champions will be expected to engage with the Arup Team and steering committee during the Change Strategy development to provide insights into organizational culture and training requirements and feedback on the communication and engagement plan.
5. **Playback Session:** We will conduct workshops with the project steering committee and departmental leaders to share the outcomes of the Change Readiness Assessment, the Change





Charter, and the Change Strategy. During this workshop, we will explore the recommended activities, including the communications strategy, training plan and engagement roadmap.

### PHASE 3: IMPLEMENT THE CHANGE STRATEGY

This phase provides employees with the information and tools they will need to prepare for the transition. Although these activities culminate in move-day events, communication and engagement can never start too early. Sharing timely information, reinforcing key messages, demonstrating changes and building the desire and ability to change are key focuses of this phase of work. This phase ensures employees understand their new work arrangements before they move in and covers the support activities through the actual migration. Training and the development of appropriate workplace etiquette or protocols will be included here.

The type and volume of activities during this phase will be dependent upon the Change Strategy that is developed in Phase 2. The following provides a baseline understanding of the types of things that may be included, but should not be considered prescriptive or comprehensive:

1. Overall Change Engagement Management: Throughout the course of the workplace change program, the Arup Team will participate in project team meetings and coordinate presentations to update the steering committee on the Change Engagement initiatives. We will also monitor and document change readiness among departments with a “dashboard” to be updated over the course of engagement as required.
2. Communications Collateral: We develop a wide range of materials as outlined in the communications and engagement roadmap. We will work closely with your internal communications specialists to develop physical and digital materials, including an intranet page, with consistent messages and branding. Communications will include, but not be limited to: presentation material, frequently asked questions, training guidance, posters and newsletters.
3. Team Briefings: We will develop a schedule of regularly-occurring briefing sessions (stand alone or part of existing departmental meetings) to support Change Ambassadors and Change Champions with project communication and ensure that staff are widely engaged and have the opportunity to raise questions about the project. These on-site presentations will be staged during key project milestones to inform all employees of decisions and progress, support storage reduction activities and ensure staff are prepared for the transition.
4. IT and Communications transition plan: This will deal with changes that take place with the migration and move in to the new facility such as equipment purchasing plan (printers, copiers, monitors, flat screens, projectors, cash handling systems, electric information kiosk, etc) and commensurate policy updates.
5. Logistics and Departmental Service Delivery plan: This will be carried out as a project management function to ensure departments have all necessary plans and policies set for (1) delivering public services in the new facility, such as cashiering, visitor information, permit counter; and (2) internal logistics such as mail sorting and delivery, vendor access (e.g., vending machines, catering). Marketing of all existing, or developing new, alternative transportation programs should

be considered as part of this scope. We will manage the process, comment on draft plans (as needed) and assist the steering committee with ensuring departments are prepared to implement their respective plans.

6. **Protocol Workshops:** The introduction of a new workplace environment often necessitates changes to work processes, policies and behavior. Our change managers will facilitate a series of voluntary staff workshops to help identify appropriate solutions to local concerns and logistical challenges. By enabling staff to determine the protocols for the environment, they will adopt further ownership of the space and help ensure successful behaviors that may be sustained over time.
7. **Training Sessions:** We will facilitate training sessions to introduce new technology, policies or ways of working to employees. We propose that these sessions be offered in-person and via WebEx so that they may be recorded for more efficient distribution across the workforce.
8. **Employee Contests:** Coordinate with the project team to identify project topics/areas for which employees can provide input. The opportunity to organize contests for all employees to participate in the project creates a sense of ownership. Examples may include: meeting room naming contest, voting to select artwork for community spaces, wellness contest for team walking the most steps to encourage health, purging contests, etc.
9. **Project Mock-ups:** Because many of the staff will be moving into new types of work spaces in the new building, the City and PECP should consider creating physical mock-ups and poster presentations on-site. These mockups can be arranged in an open, high-traffic area to display current project information such as schedule, key messages, pictures of new building, pictures of the construction site, furniture, etc.
10. **Welcome Kit:** Once move day is imminent, a Welcome Kit, whether an electronic or printed resource, will provide vital information about the new space, including orientation, protocols, technology, furniture and ergonomics, contact numbers, building and neighborhood information (when applicable). This resource will reinforce existing policies, ways of working and brand values with an engaging, intuitive format.
11. **Welcome Event:** A welcome event can generate excitement for the new building, engage staff with the variety of new work settings and enable staff to meet their new neighbors. This event would take place within the first two weeks of occupation. We can contribute targeted ideas for the event to help achieve project objectives and address the organizational culture.

#### PHASE 4: EVALUATE AND ADJUST

Once the workplace change has been completed, it is important to continuously monitor and measure outcomes. This involves multiple formats of continued engagement to understand lessons learned, evaluate success and assess behavioral change. Identifying opportunities to enhance results and implement further actions to reinforce the change is a critical and often missed opportunity to solidify and recognize changes within the organization.



1. **Concierge Support:** Our extensive work with companies who have introduced new workplace environments demonstrates that the first experience of a new environment is critical to helping staff develop and sustain new behaviors. We can facilitate joint 'Hyper-care' with IT and Operations on-site for the first few days of occupancy to model how spaces are intended to be used, ensure that any potential issues are rectified efficiently and identify opportunities for improvement in subsequent phases. The few days of investments often pays dividends in reducing the change 'dip' and helping people quickly return to productivity.
  
2. **30-Day Health Check:** This initial post-move assessment will capture and address any immediate issues related to the transition to the new building and to apply key lessons to forthcoming moves. The Health Check is conducted in person with Change Ambassadors and Change Champions and key members of the delivery team, and feedback is captured.
  
3. **Post-Occupancy Evaluation:** Having developed and agreed upon a series of performance targets, it is only appropriate that the team regularly assesses progress towards those goals and makes adjustments as necessary. Revisiting various questions from the pre-occupancy survey allows the City of Long Beach to evaluate progress and measure results against project goals.

We suggest that the POE takes place approximately three months after occupation so that there is ample time to take remedial action, if necessary. Successes should also be celebrated and shared, where possible, to continue to foster wider engagement and buy-in among staff.

SCHEDULE FOR PHASES 0, 1, AND 2

	Week	1	2	3	4	5	6	7	8	9	10	11	12
<b>Change Engagement Initiation</b>													
0 Pre-kick off Activities		█											
1 Project Team Presentation			█										
<b>Assess Readiness for Change</b>													
2 Leadership Alignment Session			█										
3 Assess Current State: Employee Survey				█	█	█							
4 Change Champions					█	█	█						
5 Operational Change							█	█					
6 Assess Change Readiness								█	█				
<b>Develop the Change Strategy</b>													
7 Establish the Change Charter								█	█	█			
8 Communication & Engagement Plan											█	█	
9 Training Plan												█	█
10 Champion Forum													█
11 Initial Project Introduction													█
12 Playback Session Workshops													█



ASSUMPTIONS

- We will conduct a weekly teleconference coordination meeting with the City of Long Beach core team to review project progress and updates. We will utilize an issue tracking list to document any relevant issues and action items.
- We will attend nine in-person meetings or workshops over the duration of the 12 weeks. The City of Long Beach will provide workspace for these meetings and workshops.
- The City of Long Beach will provide responsive feedback, scheduling assistance, internal brand oversight and content review.
- We will produce one draft of the Change Readiness Scorecard for review by the City of Long Beach.
- Establishing the Change Charter is an iterative process with the City of Long Beach. We will produce two to three drafts of the charter for the City's review and comment.
- We will present the draft final Change Readiness Assessment, Change Charter and Change Strategy during the Playback Session Workshops and will incorporate feedback and comments into a final document.
- Final deliverable will be electronic (PPT and PDF).
- Fee quote is valid for six months from date of issue.

FEES

We propose to complete Phases 0 through 2 on an hourly basis with a maximum top set labor fee of \$160,960. Estimated expenses as outlined below are estimated at \$14,360 for a total of \$175,319. Fees for Phases 3 and 4 are estimated to be \$145,000 with the potential to further refine the scope at the completion of Phase 2. The total fees for Phases 0 through 4 are estimated to be \$320,319.

TASK		DESCRIPTION	ASSUMPTION	COST
<b>0. CHANGE ENGAGEMENT INITIATION</b>				
0	Pre-kick off Activities	Establish CM team: Identify and build a multi-disciplinary team that will lead and manage the CM effort throughout the project life-cycle. Gather information: Assemble key project information, identify project stakeholder groups, and coordinate CM activities with the overall project schedule.	Performed virtually	\$ 3,220
1	Project Team Presentation	Ensure project team alignment for project and change management process. Entails confirming CE project schedule, confirming roles and responsibilities and identifying key stakeholders and influencers. Identify departments with significant operational change.  Deliverable: Meeting minutes	We will prepare presentation and participate in (two) 2-hour meetings. Following meeting, we will synthesize and document information.	\$13,960



I. ASSESS READINESS FOR CHANGE				
2	Leadership Alignment Session	<p>Leadership and steering committee presentation is to set expectation for the CM project, understand issues, concerns, goals and priorities of process and identify measures of success.</p> <p>Identify key participants from the city - Executive Sponsor, Project Sponsor, and Change Champions.</p> <p>Deliverable: Meeting minutes</p>	<p>Assume (one) 2-hour presentation to leadership sponsors. We will prepare presentation, facilitate and document session.</p>	\$8,580
3	Assess Current State: Employee Survey	<p>Web-based survey issued to all employees on site to inform a baseline measurement of change readiness and establish targets against which the CE project success can be measured.</p>	<p>We will develop survey, coordinate data collection, analyze.</p>	\$8,200
4	Change Champions	<p>Individual or small group interviews with department leaders to review change readiness and identify potential resistance to change and infrastructural or cultural barriers</p>	<p>Up to (12) 90-minute meetings with 12 champions over 2.5 days.</p>	\$13,740
5	Assess Operational Change	<p>Work with the steering committee and relevant department heads to determine changes in delivering of public services in the new facilities.</p>	<p>Ten 2-hour meetings with relevant department leads over 1.5 days.</p>	\$7,940
6	Assess Change Readiness	<p>Interpret findings from the employee survey and Change Champion discussions based on success criteria established during leadership session.</p> <p>This report will highlight challenges and risks and identify critical enablers, as well as make recommendations for mitigating risks.</p> <p>Deliverable: Change readiness scorecard</p>	<p>Synthesize and summarize information from leadership session, employee surveys, and change champion interviews.</p>	\$12,040



TASK	DESCRIPTION	ASSUMPTION	COST
<b>II. DEVELOP THE CHANGE STRATEGY</b>			
7	Establish the Change Charter	Develop the Change Charter that will provide the foundation for the Change Strategy. It will define the 'case for change,' including benefits, scope, and the critical success factors, as well as explicit objectives and key activities.  Its development is an iterative process with the Sponsor and will ultimately be presented in as one page visual, approved by leadership and the steering committee.  Deliverable: Change charter	Requires 2-3 in-person meetings with leadership and potentially gathering feedback from Change Champions.  \$28,240
8	Communication & Engagement Plan	Identify communication platforms. Outline key messages, participants and audience, sequence, and frequency of communications and activities to engage and inform leadership, management, and employees throughout the project.  Deliverable: Draft communication plan	2 hour meeting with project team and potentially with Change Champions  \$8,207
9	Training Plan	Work with HR and IT departments to assess training requirements. Requirements will be documented and incorporated into the communication and engagement plan.  Deliverable: Training assessment	We will meet with IT and HR (or whoever owns training plan for organization) for 2 hours each.  \$3,197
10	Champion Forum	Gather feedback from Champions on communication and engagement plan and information regarding employees' pre-project capabilities related to workplace and technology tools to inform training plan.  Obtain feedback on draft initial project introduction.  Deliverable: Revised draft communication plan	We will facilitate (two) 2-hour meetings with Champions  \$3,537
11	Playback Session Workshops	Share outcomes of Change Readiness Assessment, Change Charter and Change Strategy with project steering committee and departmental leaders.  Explore communications strategy, training plan and engagement roadmap.  Deliverable: Change strategy	We will facilitate (three) 4-hour workshops.  \$15,900



TASK	DESCRIPTION	ASSUMPTION	COST	
<b>II. DEVELOP THE CHANGE STRATEGY (CONTINUED)</b>				
12	Initial Project Introduction	On-site presentations to employees to introduce and define the direction of the project, introduce key messages, guide expectations and address questions.	We will facilitate up to (three) 2-hour workshop / FAQ forums during 1 day onsite.	\$8,200
<b>PROJECT ADMINISTRATION &amp; COORDINATION</b>				
13	Project Administration	Scheduling, status meetings and meeting notes	Weekly status meetings and coordination with project team for 12 - 24 weeks	\$15,000
14	General Project Management	Invoicing, coordination and communication	Ongoing throughout project with particular emphasis on remaining ENA process	\$11,000
<b>TOTAL FEES - PHASES 0-2</b>				
	Labor Subtotal		\$160,960	
	Reimbursable Expense - Printing and Survey Cost (1%)		\$1,610	
	Total Travel Cost (Estimated \$750/ person/ trip)		\$12,750	
Phases 0-2 Total Fee			\$175,319	
<b>ESTIMATED FEES - PHASES 3-4</b>				
	Labor Subtotal Budgetary Fee Estimate		\$141,000	
	Reimbursable Expense - Printing Cost (3%)		\$4,000	
PHASES 3-4 ESTIMATED FEES			\$145,000	
<b>TOTAL FEES PHASES 0-4</b>			<b>\$320,319</b>	

GENERAL CONDITIONS

This work will be performed under Contract 33344 as amended. A signed Letter of Authorization or Client /Consultant Agreement is required for the Arup Team to proceed with the work.



Thank you for the opportunity to continue our work with the City of Long Beach. Please don't hesitate to contact us if you have any questions.

Sincerely,

Ignacio Barandiaran  
Principal  
Planning  
Arup

Steven D. Morton  
Senior Vice-President | Regional Director of  
Hellmuth, Obata & Kassabaum, Inc.



Your ref  
Our ref  
File ref

# ARUP

Michael Conway  
Director, Economic and Property Development  
City of Long Beach  
333 W. Ocean Blvd., 3rd Floor  
Long Beach, CA 90802

Arup North America Ltd  
560 Mission St, Suite 700  
San Francisco, CA  
94105  
United States of America  
t +1 415 957 9445  
d +1 415 946 0202  
f +1 415 957 9096

Ignacio.barnadiaran@arup.com  
www.arup.com

December 2, 2015

Dear Mr. Conway,

## **Scope and Fee for Project and Contract Management, New Long Beach Civic Center P3**

Arup North America, Ltd. (Arup) is pleased to provide this fee proposal to the City of Long Beach (“City”) and its Harbor Department (the Port of Long Beach or “Port”) for project management services during the design and construction of the New Long Beach Civic Center P3 Project (“Project”) in Long Beach, CA. We understand from you that this will be delivered under our existing contract, Agreement Number 33344 between the City and Arup dated December 5, 2013, as amended by the First Amendment dated March 9, 2015, and will require a Second Amendment.

Based on the experience of working closely with the City to procure a private partner for this project over the past two years, Arup developed this proposal for delivery of the services and completion of deliverables necessary to support the City and Port in meeting their obligations under the public-private partnership agreement (the “Project Agreement”). This fee proposal assumes that the work will commence upon execution of the Project Agreement and associated transaction and financing documents, expected on or around January 15, 2016.

The term “Arup Team” used throughout refers to Arup and its subconsultants HOK, MBI Media, and MGAC.

## **1 Background: Overall Project Structure**

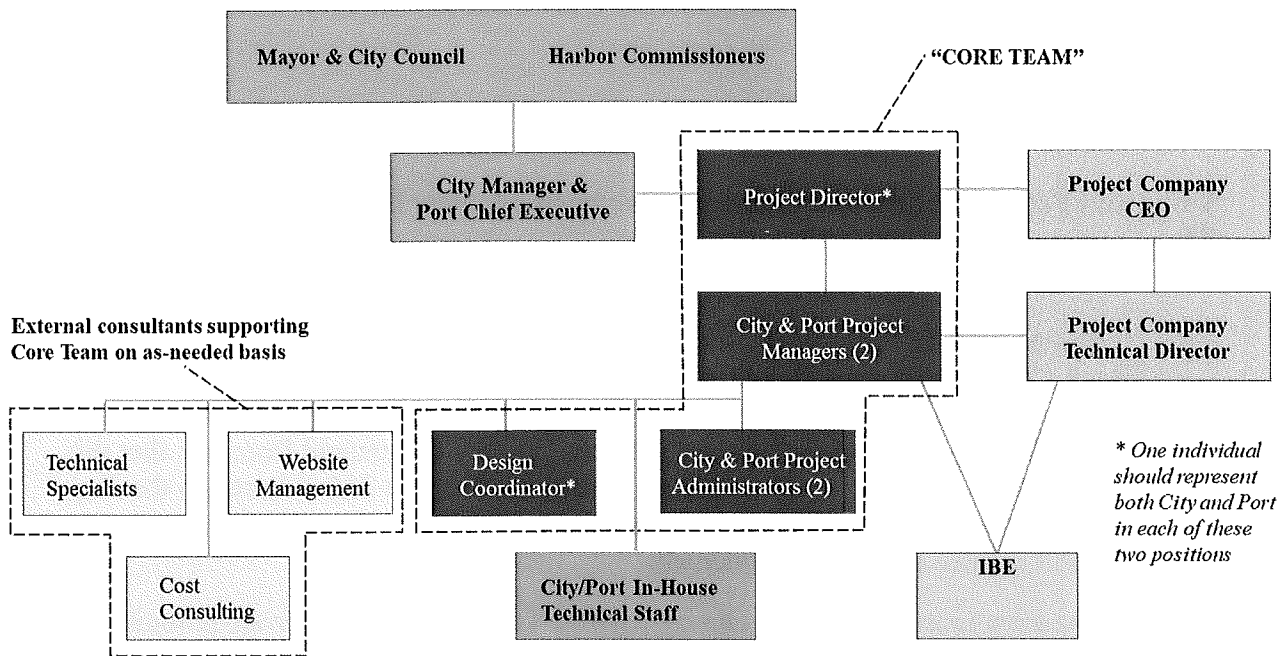
---

Please refer to Exhibit A for a summary deal structure diagram and the Project Agreement for details on how the Project is structured. Exhibit B contains a summary of the Project Agreement articles and appendices specific to this scope and fee proposal.

## 2 Scope of Work

In order to achieve the expected cost and quality outcomes for the Project, it is important for the City and Port (each an “Owner” or both “Owners”) to properly staff the contractual function required to carry out all Owners’ design and construction obligations under the Project Agreement. This function generally includes (1) establishing and carrying out clear communication, decision-making, and reporting protocols, and (2) regularly monitoring and managing Owners’ progress and performance towards meeting contractual obligations.

Our presumed Owner’s organizational chart is as follows:



As shown above, there are four main positions required to deliver this core function: (1) a Project Director; (2) Project Managers (two total, one each for City and Port); (3) Project Administrators (two total, one each for City and Port); and (4) Design Coordinator.

The “Core Team” is expected to be based at or near the construction site for the duration of the Project’s design and construction phase. The Project Managers and Project Administrators will be dedicated to the Project on a full-time basis, unless otherwise stated. The Design Coordinator will likewise be dedicated to the Project on a full-time basis during the design phase of the Project, which is expected to span the first 15 months after Financial Close. It is assumed that the City will furnish suitable office space for this personnel at the existing City Hall or the Main Library (or within construction offices in another location).

These functions need to be supported by a pool of technical consultants (e.g. engineers, architects, planners) and City and Port in-house staff (e.g. IT staff, public works staff) who can assist with discrete analyses and provide feedback (in a proprietary function) on the various design packages during design development and construction drawings. Website

management services (shown above) are also critical to the overall public communications function generally. Cost consulting services will be provided ad hoc. The external technical consultants will work from their respective current places of business and will communicate and travel as needed to provide their support services.

The following table summarizes our assumptions on the roles the Arup Team would be fulfilling in the above City/Port organizational structure.

**Table 1. Core Team Function Matrix and Staffing Assumptions**

Positions	City Obligations	Port Obligations
<b>CORE TEAM</b>		
Project Director	City & Port Jointly Appointed	
Project Manager	<b>Arup Team</b>	Port Staff
Project Administrator	<b>Arup Team</b>	Port Staff
Design Coordinator	<b>Arup Team</b>	
<b>TECHNICAL SUPPORT TEAM</b>		
In-House Technical Staff	City Staff	Port Staff
Technical Consultants (Pool)	<b>Arup Team</b>	
Community Outreach	City Staff	
Cost Consulting	<b>Arup Team</b>	
Project Website Management	<b>Arup Team</b>	

As indicated in Table 1 above, it is expected the Port will have its own Project Manager and Project Administrator focusing on the Port HQ building portion of the Project. It is anticipated that the Design Coordinator will be a full-time position shared between the City and the Port.

Descriptions of the proposed Arup Team positions are provided as follows.

## Project Manager

### Role

The Arup Team will provide day-to-day management of the Project for the City, including but not limited to the following activities: corresponding and coordinating with the Project Company and its affiliates and the Independent Building Expert (IBE), representing the City’s interests and obligations to the Project; regularly communicating with, and presenting to, the Project Director and other senior city staff; coordinating submittal reviews with City staff, Port staff, consultants, and the IBE; representing the City in design and construction meetings; responsible for risk management registers and change management registers; managing the Design Coordinator and specialty consultant resources within and apart from the Arup Team; determining Owner inspection schedules; ensuring approvals are adequately presented, as needed, to the Project Director in a timely

fashion; reviewing project announcements and updates drafted by Project Company; and overseeing project website management and content. The Project Manager will also be required to train and support the incoming City O&M Manager in the last 12 months of construction, who will be appointed by the City at a later date.

### **Qualifications**

The PM shall have five to ten years or more of experience managing design-build projects for a public owner or a contractor and at least ten years in a mix of design management and construction management. Buildings projects are preferred but horizontal infrastructure experience may be applicable. The candidate will have the skill set expected of an experienced manager, including an ability to make decisions on the spot, successfully run and make significant contributions to major project meetings with experienced and savvy counterparties, demonstrate composure under pressure, have excellent written and oral skills, and set and maintain clear expectations amongst the parties at all stages.

## Project Administrator

### **Role**

Support the City Project Manager.

### **Qualifications**

The Project Administrator shall have at least five years of experience in administration of design and construction projects and be familiar with using project administration and project controls tools. The candidate preferably will have experience working on building projects with public sector owners/clients, and have an accredited degree in a relevant professional field.

## Design Coordinator

### **Role**

Overall technical lead responsible to manage the design process on behalf of the Owners (City and Port), including but not limited to the following activities: leading and coordinating review and comment of design submittals, Design Requirement Changes (CCOs), and other design-related matters; facilitating review and comment on mock-ups and leading Owners' user group reviews; ensuring design approvals are adequately presented to the Project Managers in a timely fashion; and advising the Project Managers on other design matters as they arise. Will report equally to the City and Port Project Managers.

### **Qualifications**

The Design Coordinator shall have at least ten years of experience in the management of the design process for multi-disciplinary public projects, in particular of Design-Build projects. The candidate should be an architect or have demonstrated knowledge and experience in architectural design. She or he must have the skill set expected of an experienced design manager, including an ability to make decisions on the spot, successfully run and make significant contributions to major project meetings with experienced and savvy counterparties, demonstrate composure under pressure, have excellent written and oral skills, and set and maintain clear expectations amongst the

parties at all stages. The candidate will have an accredited master's degree in either architecture or engineering and will possess valid professional licensure in the State of California.

### 3 Project Team

---

To fill the City Project Manager, City Project Administrator, and City/Port Design Coordinator positions we propose the City and, in the case of the Design Coordinator, the Port interview pre-screened candidates put forth by the Arup Team and make selections jointly along with Ignacio Barandiaran and Orion Fulton, Arup's current Project Director and Project Manager, respectively.

Consultant support on an as-needed basis will be determined by the two Project Managers and the Design Coordinator and will be drawn from the pool of technical consultants made available by the Arup Team. These consulting roles include (1) engineering services such as Civil, Structural, Mechanical, Electrical, Plumbing, Acoustics, Lighting, Fire, Facades, and IT (Arup); (2) architectural services such as Interior Design, Design Architecture, Landscape Architecture (HOK); (3) planning services; and (4) commercial and financial support.

Website management will continue to be provided by MBI Media. This will include continuing updates to the existing project website at the direction of the Project Director (or Project Manager).

MGAC will remain on the team to provide as-needed cost consulting.

### 4 Term

---

The anticipated term of Phase 4 is January 18, 2016 to Mid-November, 2020 (58 months). This is based on an assumed start date the Monday after Financial Close on January 15, 2016 to Lincoln Park completion, which is estimated to be mid-November, 2020.

The major construction work for the City Hall, Port HQ, and Main Library buildings is expected to span 44 months starting from the Financial Close date.

These dates and time spans are per the schedules submitted by the Developer, which form part of the Project Agreement.

### 5 Rates

---

#### Arup Rates

Arup's FY2016 rates are shown below in Table 2 for key project personnel and other positions as required to perform the work.

**Table 2: Arup Rates (in USDS)**

<b>“Core Team” Personnel/Staff Position</b>	<b>Monthly Rates (FY2016\$)</b>
City Project Manager	26,833
Design Coordinator	24,917
City Project Administrator	14,375
<b>Technical Consultant Support Personnel/Staff Position</b>	<b>Hourly Rates (FY2016\$)</b>
Principal	355
Associate Principal	255
Senior Manager/Associate	225
Senior Consultant/Engineer	200
Consultant/Analyst	180
Engineer	140
Assistant/Clerical	100

Arup rates increase at the beginning of each Fiscal Year (April 1 to March 31) to cover salary, overhead, and other cost increases. Our proposal is contingent on our ability to raise rates at a minimum of 3% at the beginning of each fiscal year and starting on April 1, 2017, and any required increases beyond that are subject to negotiation.

### Subconsultant Rates

Tables 3-5 below show proposed rates for Phase 4, which would also escalate a minimum of 3% per Arup fiscal year, with any required increases beyond that being subject to negotiation.

**Table 3: HOK Hourly Rates (in USDS)**

Please refer to Exhibit C for all of HOK’s FY2016 rates.

**Table 4: MBI Hourly Rates (in USDS)**

<b>Staff Position</b>	<b>Hourly Rates (FY2016\$)</b>
Principal in Charge	165
Project Manger	105
Web Administrator	105
Graphic Designer	105

**Table 5: MGAC Hourly Rates (in USDS)**

<b>Staff Position</b>	<b>Hourly Rates (FY2016\$)</b>
Nick Butcher, Director	\$250
Rick Lloyd, Senior Associate	\$200
Paul Abernathy, Senior Associate	\$175
Ana Apan, Associate	\$150

## 6 Fee

Our estimate is based on a construction schedule duration of 58 months. However, in the event of schedule delays and other events beyond our control that affect our work, we reserve the right to revisit this agreement based on these unanticipated impacts. Arup will work diligently to avoid and mitigate potential cost increases and notify the City and Port of any anticipated budget variances. We recommend that the City assigns a contingency for this potential event.

### Core Team

As noted above, three positions of the “Core Team” would be staffed by Arup personnel: City Project Manager, City Project Administrator, and City/Port Design Coordinator. The following fee estimate is based on an assumed number of months of dedication of each of these positions and a monthly rate for each. Should these time periods, which are based on the contractual schedule prepared by the Developer and included in the Project Agreement, change then the fee would need to be adjusted accordingly. Table 6 is a breakdown of the Core Team Fee.

**Table 6: City Fee Breakdown for Core Team**

Cost Category	Monthly Rates (US\$2016)	FTE	Months	Escalation per FY	Totals (YOE)
City Project Manager	\$26,833	1	58	3%	\$1,649,139
City Project Administrator	\$14,375	1	44	3%	\$658,844
City/Port Design Coordinator	\$24,917	0.5	15	3%	\$187,996
Travel Expenses Allowance					\$40,000
<b>Core Team Estimate – City</b>					<b>\$2,535,980</b>

**Table 7: Port Fee Breakdown for Core Team**

Cost Category	Monthly Rates (US\$2016)	FTE	Months	Escalation per FY	Totals
City/Port Design Coordinator	\$24,917	0.5	15	3%	\$187,996
Expense Allowance					\$10,000
<b>Core Team Estimate – Port</b>					<b>\$197,996</b>

Core Team support will be invoiced on a monthly lump-sum basis. Expenses incurred by Core Team staff above will be invoiced as incurred with no mark-ups, within the Expense Allowance. The Expense Allowance is intended for travel, meals, phone calls, printing, and other required expenses. To keep expenses to a minimum, we anticipate Core Team staff to live close to the Project site. In addition, we will not invoice for staff commute to and from the construction office. As noted above, the “Core Team” would be supported by wider Arup Team over the 44 months that include all the design and substantial completion

of the construction. The following estimate is an allowance that should be budgeted for technical support to the Core Team.

**Table 8: Technical Consultant Support Allowance assumptions, Total and by year**

Year	2016	2017	2018	2019	2020	Total
City	\$250,000	\$100,000	\$70,000	\$100,000	\$0	<b>\$520,000</b>
Port	\$250,000	\$75,000	\$50,000	\$80,000	\$0	<b>\$455,000</b>

It will be the Project Managers' responsibility to diligently manage the support activities within the allowance and under the oversight and supervision of the Project Director. The allowance is based on an assumed level of effort and the current construction schedule. If the schedule, which is based on the contractual schedule prepared by the Developer and included in the Project Agreement, change or should there be unusual circumstances in the Project requiring a greater level of effort than has been estimated here, then the fee would be adjusted accordingly. Any changes in the above Technical Consultant Support Allowances will be approved by the Project Director.

Technical consultant support will be invoiced on a time and material basis. If in any given year there are amounts not utilized for support activities, the unused budget will be rolled over to the following year.

Subcontractors will be marked-up at 5% to cover administrative costs of managing their contracts and processing subconsultant invoices.

## Fee Summary

The following summarizes the fees indicated above.

**Table 9: City Fee Summary**

Cost Category	Budget	Comments
Core Team – Arup	\$2,535,980	Monthly lump-sum basis (58 months)
Technical Support Allowance	\$520,000	T&M basis (44 months)
<b>Total City Budget</b>	<b>\$3,055,980</b>	

**Table 10: Port Fee Summary**

Cost Category	Budget	Comments
Core Team – Arup	\$197,996	Monthly lump-sum basis (15 months)
Technical Support Allowance	\$455,000	T&M basis (44 months)
<b>Total Port Budget</b>	<b>\$652,996</b>	



## 7 Assumptions

---

Our scope and fee in the previous sections are conditioned upon the following assumptions:

- There is no change to the current contract provisions in Agreement Number 33344 between the City and Arup;
- Arup's Core Team members will be provided an office or desk to work at on a daily basis in either the construction office with the contractor or in City Hall and be provided access to internet (wi-fi or otherwise), printers, and copiers;
- In addition, we assume that Arup's Core Team members will be dedicated full-time to the Project over the time frames indicated in Tables 6 and 7 above;
- Arup Team members will use their company issued laptops and cell phones;
- The Fee Estimates assume that the Project schedule will be materially similar as that included in Attachment 6A of the Project Agreement; should the schedule materially change, then the allowances may need to be revised accordingly; any changes to the allowances shall be at the sole discretion of the Project Director;
- The Fee Estimates assume that unusual events such as Force Majeure events or extended workouts with lenders will not occur and that there will not be an unusual number of Relief Events, owner-directed changes, etc.; as such, should such unusual events occur and should the City or Port need a different type or level of support as is contemplated in this proposal, then the parties will review and revise the scope of work, fee, and schedule; any changes to the allowances shall be at the sole discretion of the Project Director;
- The website management fee, which is included in the Technical Consultant support allowance indicated in Table 8 above, does not include making major structural changes to the existing website [www.lbciviccenter.com](http://www.lbciviccenter.com) but rather making additive adjustments to it to be able to more effectively communicate the Projects' design and construction updates;
- Arup Team will not be the primary point of contact for media or third parties and will not have primary responsibility to write press releases or for generating communications collateral and web content; however, the Project Managers are expected to support those individuals tasked by the City and Port who will perform these primary community and media communications/relations functions;
- This proposal assumes that the Independent Building Expert (IBE) will be contracted in a timely manner to perform the scope and tasks per the most current version of the Project Agreement and of the template IBE Agreement that have been negotiated between the City/Port and the Developer; and
- Likewise, this proposal assumes that the City and Port's in-house technical staff identified in the organizational chart above will be reasonably available and respond to queries in a timely manner where their expertise, input, or approval may be needed; should there be material adverse impacts in this regard, we expect that the Core Team may need additional technical consultant support than has been estimated in this proposal, in which case the Technical Support Allowances outlined in Table 8 above may need to be revised.

## 8 Critical Tasks by Others

---

The following are City and/or Port tasks critical to our ability to successfully deliver our proposed services:

- Appointment of a Project Director (either jointly or representing the City at a minimum) that can oversee the Project Manager position;
- Appointment of a Port Project Manager to liaise with the Design Coordinator;
- Appointment of the Independent Building Expert;
- Provision of a suitable office or desk space with a monitor, internet, phone (landline), and power outlets, and access to printers and copiers for the City Project Manager, City Project Administrator, and City/Port Design Coordinator;
- Provision of any identification and security badges necessary to access the site office, construction office, construction site, or other locations;
- Determination and provision of any requirements Arup Team members must comply with related to being a full time City independent contractor onsite at City Hall.

## 9 Terms and Conditions

---

We assume this scope of work and associated fees would be delivered under our existing contract, Agreement Number 33344 between the City and Arup dated December 5, 2013 with no change to the terms and conditions therein.

## 10 Acceptance of Proposal

---

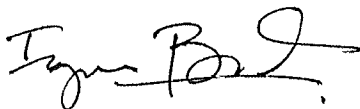
If you accept this proposal and the terms and conditions provided, please sign below and return a signed copy to me.

\_\_\_\_\_  
 City Authorized Representative  
 Name: Michael Conway  
 Title: Director, Economic and Property Development

\_\_\_\_\_  
Date

We are excited and honored to be serving the City of Long Beach on this important project. Please do not hesitate to contact me or Orion Fulton to discuss this proposal.

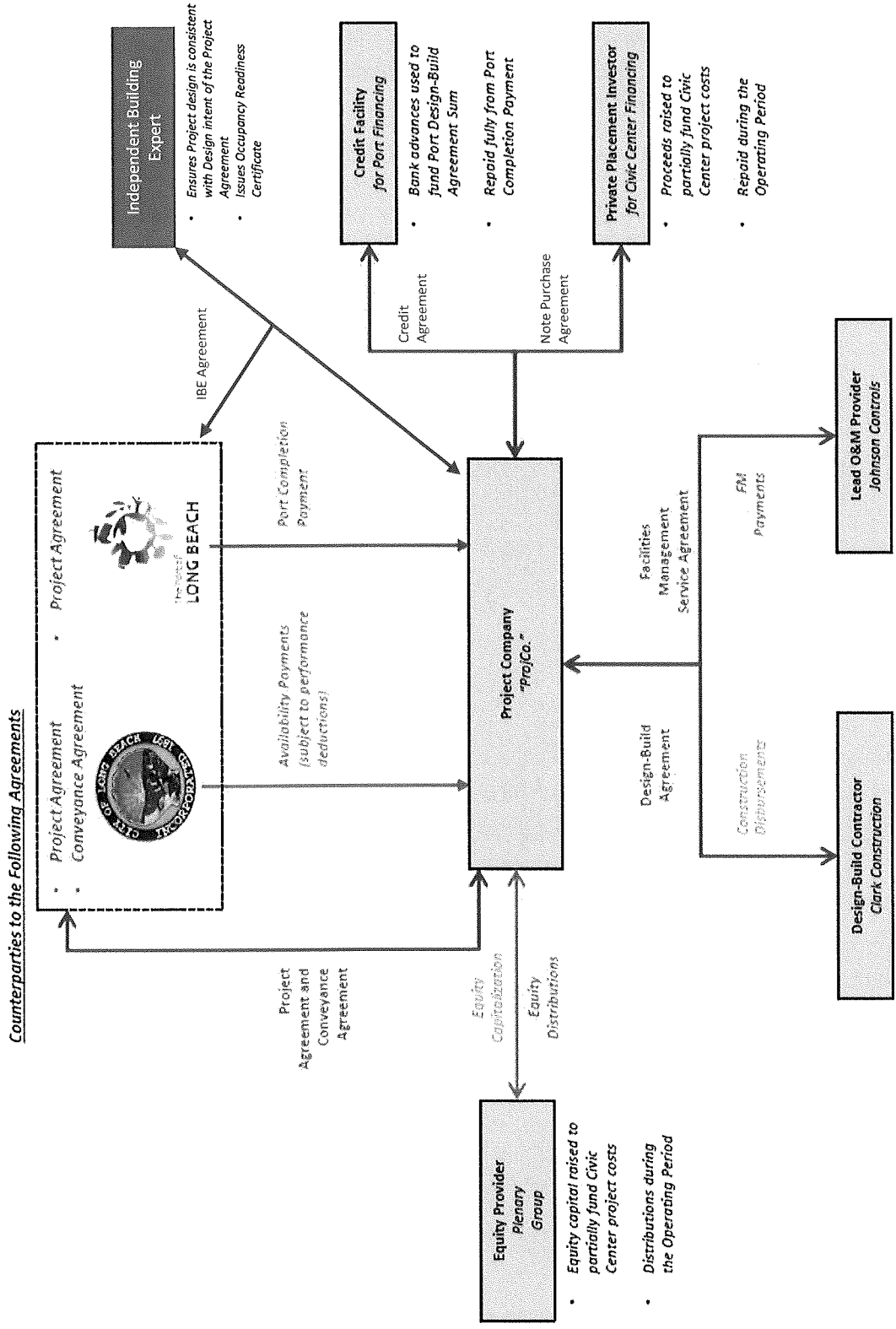
Yours sincerely



Ignacio Barandiaran P.E.  
Principal

Enc      Exhibit A – Deal Structure  
          Exhibit B – Summary of Relevant Project Agreement Articles and  
          Appendices with Owner Staffing Implications  
          Exhibit C – HOK Rates

Exhibit A. New Long Beach Civic Center – Deal Structure



1. Counterparties entering in contractual agreements
2. Construction Phase flow of funds
3. Operations phase flow of funds

**Exhibit B**

**Summary of Relevant Project Agreement Articles and Appendices with Owner Staffing Implications**

PA Article	High level summary of Owner rights and obligations from a contract management perspective	Owner Staffing Implications
<p>Article 7: Design &amp; Construction</p>	<ul style="list-style-type: none"> <li>• Provide reasonable assistance to obtain permits and approvals, notwithstanding Project Company assumes the risk</li> <li>• Review and comment design submittals for compliance and consistency with the Design Requirements</li> <li>• At its discretion, Owner can monitor and observe progress of the work, including carrying out its own inspections</li> <li>• Identify and select any Owner-Furnished Equipment (OFE), Movable FF&amp;E is Project Company responsibility and</li> <li>• Manage payment issues from things such as: change orders (scope or design changes), relief events, and/or FF&amp;E / OFE items</li> </ul>	<ul style="list-style-type: none"> <li>• This core team should be supported on an as-needed basis by other City and Port staff, as well as external advisors</li> <li>• Design review by City staff should be for code compliance (ie, “plan check”) – review for compliance with the PA requirements should be by the IBE</li> <li>• The IBE has the primary role for independent QA, therefore Owner’s inspections would be sporadic and limited to specific instances where the Owner decides they are needed</li> </ul>
<p>Article 8: Occupancy Readiness</p>	<ul style="list-style-type: none"> <li>• Select and appoint, jointly w/ Project Company, the IBE</li> <li>• Cooperate with the IBE and attend, on an as needed basis, inspections and meetings involving the IBE</li> <li>• If needed seek the replacement of the IBE, jointly with Project Company (extraordinary circumstance)</li> </ul>	<ul style="list-style-type: none"> <li>• The IBE should be in place prior to Financial Close</li> <li>• City and Port’s main reliance for contract compliance to be on the IBE, hence important selection (qualifications, staffing, free of conflicts of interest, etc)</li> <li>• City and Port PM’s to establish day-to-day working relationship with the IBE to coordinate activities, avoid duplication wherever possible and advisable, and</li> </ul>

	<ul style="list-style-type: none"> <li>• If needed seek its own rectification of Punch List items (subject to holdback from Project Company to pay for any such work)</li> <li>• Coordinate with Project Company re.g.arding relocation to the new facilities on or soon after achievement of Occupancy Readiness</li> </ul>	<p>monitor progress of the work and performance of the IBE</p> <ul style="list-style-type: none"> <li>• Project Company will be responsible for costs, management, and implementation of the relocation – however, Owner will be extensively involved in its preparation and execution</li> </ul>
<p>Article 9: Operation, Maintenance and Management</p>	<ul style="list-style-type: none"> <li>• Focus of these comments is on City and Shared Facilities (pending definition of Port’s scope of FM services)</li> <li>• Owner is responsible to maintain FF&amp;E / OFE items</li> <li>• Issue orders and directives to Project Company for any emergency conditions</li> <li>• Pay for utility bills and make decisions on utility suppliers</li> <li>• Manage and review reporting from Project Company: FM Services plans, KPI reports, and Default reports</li> <li>• At its discretion, Owner can review state of repair and condition of the Facilities, including carrying out its own inspections</li> <li>• Select and appoint, jointly w/ Project Company, a third party to carry out Facility Condition Index (FCI) evaluations of the Facilities every five years (per Appendix 8)</li> </ul>	<ul style="list-style-type: none"> <li>• Staffing needs significantly reduced, overall, compared to construction period</li> <li>• Arup recommends maintaining construction period staffing level for one year post occupancy date, then stepping down thereafter</li> <li>• Port’s scope of services in this period is smaller than City’s (shared facilities and other enumerated items), therefore to achieve contract mgmt. economy of scale we recommend one core team to oversee City + Port FM</li> <li>• Reliance on outside consultants / advisors would be limited and on a more ad hoc basis</li> <li>• However, third party reviewer of facility condition for contract compliance is needed on a re.g.ular basis (analogous to IBE)</li> </ul>
<p>Article 10: Capital Modifications and FM Services Changes</p>	<ul style="list-style-type: none"> <li>• City/Port are responsible to review and approval of Capital Modifications and FM Services Changes</li> <li>• The cost (incl. any cost savings) of which can be either Project</li> </ul>	<ul style="list-style-type: none"> <li>• By their nature these are ad hoc instances; over the 40+ year life of the contract it is probable that a few will occur</li> <li>• From a contract management perspective it is important that the</li> </ul>

	<p>Company's or the City/Port's responsibility, depending on various conditions defined in this article; implementation is by Project Company</p>	<p>PD and the PM's have a clear understanding of the provisions of this article in order to appropriately manage potential costs (and cost savings)</p>
<p>Article 15: Relief Event Procedures</p>	<ul style="list-style-type: none"> <li>• Project Company is responsible to notify of and report to the City/Port of any Relief Events per the provisions of this article</li> <li>• City/Port are responsible to respond within 30 days of a formal Relief Request, either rejecting or accepting it and providing their reasons for doing so</li> <li>• If the parties do not reach agreement then either party may refer the matter to the PA's dispute resolution process</li> <li>• These procedures apply to Relief Events, Change in Law Events, Other Relief Events, and Force Majeure Events</li> </ul>	<ul style="list-style-type: none"> <li>• By their nature these are ad hoc instances; over the 40+ year life of the contract it is probable that a few will occur</li> <li>• It is important that the City/Port adhere to the time frames for response and to provide well-reasoned responses</li> <li>• Ultimately these requests are a matter of negotiation between the parties and in some cases may need to be resolved through a dispute resolution process</li> <li>• The City and Port should be aligned with each other prior to responding to such requests and any negotiations</li> </ul>
<p>Article 18: Payments</p>	<ul style="list-style-type: none"> <li>• Per Article 8 City/Port payments begin when Occupancy conditions are achieved as certified by the IBE</li> <li>• Project Company will invoice the Service Fee in monthly installments and provide the City an Annual Settlement Statement – City is responsible for reviewing these documents, raising any disputes, and making (undisputed) payments</li> <li>• The Service Fee is subject to application of (a) inflation indexation and the Operating Fee portion of it is subject to</li> <li>• (b) Deductions for unavailability and/or non-performance per Appendix 10 – Project Company will be subject to detailed reporting requirements for these items</li> <li>• The City needs to review Project Company's reporting of these</li> </ul>	<ul style="list-style-type: none"> <li>• One of the main responsibilities of the City's contract management team after Occupancy is achieved will be to conduct its own assessment of Project Company's compliance with technical requirements (e.g., unavailability and non-performance issues of the facilities) and to review Project Company's reporting; the objective is to ensure that Project Company is adequately self-reporting on these matters and that, ultimately, the intended technical objectives defined in the PA are being achieved</li> <li>• The PM's during the construction and operations periods will need to have the appropriate training, skills, and level of effort to carry out these responsibilities; where they deem it necessary they may choose to obtain, on an ad hoc basis, specialist support from</li> </ul>

	<p>items, and raise any disputes if and when they may apply</p> <ul style="list-style-type: none"> <li>For issues such as Relief Events, change orders, or Termination events, Project Company is required to provide Cost Substantiation, which the City/Port would need to review</li> </ul>	<p>external consultants on specific items (e.g., review of Cost Substantiation submittals by Project Company)</p>
<p>Article 20: Dispute Resolution (DR)</p>	<ul style="list-style-type: none"> <li>As currently set out in the draft PA, the DR process contemplates: (a) non-binding mediation, and (b) litigation</li> </ul>	<ul style="list-style-type: none"> <li>By their nature these are ad hoc instances; over the 40+ year life of the contract it is probable that a few will occur</li> <li>The City/Port will need PM's with a clear understanding of mediation processes generally and with access to skilled specialist support if/when needed</li> <li>The City and Port should be aligned with each other in relation to DR processes that involve both parties</li> </ul>
<p>Article 21: Remedies and Step- in Rights</p> <p>Article 22: Project Company Events of Default</p> <p>Article 23: City &amp; Port Events of Default</p>	<ul style="list-style-type: none"> <li>Provides for remedies for Events of Default by any of the parties (which may lead, if left uncured, to Termination) and in case of unavailability and/or non-performance</li> <li>City/Port need to regularly monitor the conditions potentially leading to these cases, assess remedies that may apply, and assess when they may need to exercise their step-in rights (either temporarily or permanently)</li> <li>City/Port have certain rectification rights that they can exercise under the conditions set forth in Article 21</li> <li>Project Company has an obligation to notify the City and Port of an events of default as soon as it is aware of it.</li> <li>City and Port need to be aware of the provisions that trigger a (1) Project Company default, such as not starting design build work within 90 days of financial close, material contract breaches, abandonment of the project for</li> </ul>	<ul style="list-style-type: none"> <li>Events of Default are rare due to the strong financial incentives of all parties in P3 contracts to cure</li> <li>Nevertheless, it is important that the City/Port regularly assess whether conditions are evolving towards an Event of Default (by either side of the contract), and to take action proactively to identify and implement cures</li> <li>With regards to emergency situations (e.g., flooding or earthquakes, civil unrest, etc) it will be important for the PD and PM's to be coordinated with the appropriate City/Port officials in order to assess and decide when and how temporary step-in rights may be exercised</li> <li>The City and Port should be aligned with each other in relation to exercise of remedies and step-in rights</li> </ul>



	<p>more than 30 days, and bankruptcy; and City/Port default, such as failure to pay after an appropriation and material breaches.</p>	
<p>Appendix 5: Design and Construction Standards</p>	<ul style="list-style-type: none"> <li>• Contains schematic design plans and specifications, as well as finalized Owner program data, as negotiated between the parties prior to closing</li> <li>• Contains comments logs from the negotiations with Owners comments and Project Company responses and action items for subsequent design efforts</li> <li>• Contains selective exterior and interior renderings</li> <li>• Contains material boards and exhibits</li> </ul>	<ul style="list-style-type: none"> <li>• City and Port PMs and the Design Coordinator will use Appendix 5 materials as a baseline for the design efforts undertaken following the protocols in Appendix 6</li> <li>• Design Coordinator needs to understand the design intent in a very detailed manner to guide decision-making as design evolved through design development</li> <li>• It is the IBE's job to ensure design development maintains consistency with App 5 design intent.</li> <li>• Notwithstanding the above bullet, PMs need to be wary of change orders stemming from owner directed changes that stray from the design intent in App 5</li> </ul>
<p>Appendix 6: Design-Build Work Review Procedures</p> <p>Attachment 6A: Project Schedule</p>	<ul style="list-style-type: none"> <li>• Addresses how the project schedule will be maintained and updated</li> <li>• Generally describes the design process and the Owner's rights for review, comment and approval</li> <li>• See Appendix 6, Section 3 for a detailed description of the design process. The Owners have approval rights over 100% DD, 50% CD, and 95% CD packages.</li> <li>• Sets forth mock-ups and material samples to be provided by the Project Company and reviewed, commented on and approved by the Owners</li> <li>• Stipulates time limits for review and comment period</li> <li>• Sets requirements for progress meetings, agendas, and progress reporting, and recordation of design progress</li> </ul>	<ul style="list-style-type: none"> <li>• The Initial Project Schedule included in Attachment 6A is the bare minimum. City and Port PMs and the Design Coordinator must insist on a full baseline project schedule no later than the end of design development</li> <li>• It's important the City not conflate regulatory design review and approval with propriety review and approval. Development Services should be kept informed of the design processes but should not be approving anything until plan check</li> <li>• The design-build process will inherently have various packages advancing at different speeds to optimize the permitting and construction schedules.</li> <li>• As discussed above under Article 7, the IBE has the primary role for independent QA, therefore Owner's inspections would be</li> </ul>

	<ul style="list-style-type: none"> <li>• IBE performs Independent quality assurance (QA)</li> </ul>	<p>sporadic and limited to specific instances where the Owner decides they are needed</p>
Appendix 7: Project Commissioning	<ul style="list-style-type: none"> <li>• Commissioning (Cx) is a systematic process for verification that all project systems are performing interactively as intended by the plans and specs developed and approved in accordance with Appendix 6.</li> <li>• Details requirements for the <ul style="list-style-type: none"> <li>• Cx Agent design review scope</li> <li>• Cx Plan scope and contents</li> </ul> </li> <li>• Addresses commission for LEED Certification</li> <li>• The IBE will also be the Cx Agent</li> </ul>	<ul style="list-style-type: none"> <li>• Requires coordination 3 to 6 months prior to the start of the Cx process</li> <li>• Owner should review and comment on Cx Plan prior to commencing Cx testing</li> <li>• Owner will receive monthly reports leading up to final Cx Plan</li> <li>• Owner will be notified at least 30 days prior to in writing of the expected initiation of the Cx tests</li> <li>•</li> </ul>
Appendix 8: FM Standards  Appendix 8A: FM Standards – Port FM Facilities  Exhibit A: Service standards  Exhibit B: Key Performance Indicators  Exhibit C: FM Reporting Requirements	<ul style="list-style-type: none"> <li>• Provides for all the required Facilities Management services to be provided as well as the standards to which they are performed</li> <li>• Lists all the maintenance and repair functions and requirements</li> <li>• Section 2.4 provides the Operating and Service Hours that dictate response times and completion times that drive how KPIs are measured</li> <li>• Provides important responsibility matrices indicating division of labor for the following services between the Project Company, City and Port: <ul style="list-style-type: none"> <li>• Lincoln Park and Library Grounds</li> <li>• IT Systems</li> <li>• Parking</li> <li>• Security</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• City and Port should prepare their respective Civic Center facilities management resourcing in conjunction with Appendix 8 / 8A</li> <li>• The O&amp;M manager will be responsible for the oversight and management of the Project Company's FM performance; however the City PM will need to manage this after occupancy as the O&amp;M Manager is brought up to speed</li> <li>• Tables 4 and 5 in Appendix 8A is an important delineation of FM responsibilities (routine and lifecycle) between the Port and the Project Company</li> </ul>
Appendix 10 and 10A: Deductions  Attachment 10A: Functional Units, Deduction	<ul style="list-style-type: none"> <li>• Provides instructions for how to apply the deduction regime for non-performance against the KPIs and events of unavailability</li> <li>• Attachment 10A provides the deduction amounts and completion periods for every room type and outdoor space type</li> </ul>	<ul style="list-style-type: none"> <li>• The O&amp;M manager will be responsible for the oversight and management of the Project Company's FM performance; however the City PM will need to manage this after occupancy as the O&amp;M Manager is brought up to speed</li> </ul>

<p>Amounts and Completion Periods</p>	<p>(functional units) in the various Project facilities</p>	<ul style="list-style-type: none"> <li>• Deductions are assessed (as applicable) every month</li> <li>• The Project Company is responsible for providing a monthly “invoice” (with supporting documentation required by Appendix 8 Exhibit C) showing the total fee owed and the monthly FM performance against the KPIs, stating deductions (if any).</li> <li>• The City will be paying the Project Company for the Port’s portion of the Service Fee, which are called the <i>Base Port Allocable FM Fee</i> (for the Port’s share of FM services provided to the Shared Facilities and Shared Rooms) and the <i>Port FM Fee</i> (for FM services rendered at the Port HQ building)</li> <li>• City will then need to invoice the Port for these amounts so it will be important the Port participate in the initial Service Fee calculations so that the Port understands the invoice prior to receiving it</li> </ul>
---------------------------------------	---	--

Exhibit C

HELLMUTH, OBATA + KASSABAUM, INC.



ARCHITECTURE, ENGINEERING,  
PLANNING,

April 7, 2016

Mr. Orion Fulton MBA, LEED AP  
Senior Manager | Transaction Advice  
Arup  
560 Mission Street Suite 700  
San Francisco CA 94105

RE: LBCC - Updated HOK billing Positions/Roles & Rates

Dear Orion:

Below are the updated HOK Billing Rates by Position/Role for the originally named team members on the Long Beach Civic Center Project:

<u>POSITION/ROLE</u>	<u>RATE</u>
Steven Morton, Principal in Charge	340
Ernest Cirangle, Design Director	305
Albert Kaneshiro, Project Manager	232
Lori Selcer, Senior Interior Designer	194

The attached Exhibit A, identify the current 2016 Billing Rates.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

ALBERT H. KANESHIRO AIA, LEED® AP BD+C  
Vice President | Project Manager

CC. File

- Atlanta
- Berlin
- Brisbane
- Chicago
- Dallas
- Hong Kong
- Houston
- Irvine, CA
- Kansas City
- London
- Los Angeles
- Mexico City
- New York
- Orlando
- Ottawa
- St. Louis
- San Francisco
- Seattle
- Tampa
- Tokyo
- Toronto
- Warsaw
- Washington, DC

# EXHIBIT A

## SCHEDULE OF STANDARD HOURLY RATES Hellmuth, Obata & Kassabaum, Inc.

Project Leadership	Principal	\$300	-	\$385
	Director	\$260	-	\$350
Architecture	Principal		-	\$361
	Director	\$273	-	\$309
	Sr. Project Manager	\$201	-	\$247
	Project Manager	\$185	-	\$227
	Sr. Project Designer	\$201	-	\$247
	Project Designer	\$185	-	\$227
	Construction Admin / Spec Writer	\$191	-	\$206
	Sr. Project Architect	\$196	-	\$227
	Project Architect	\$165	-	\$196
	Job Captain	\$144	-	\$165
	Designer	\$124	-	\$155
	Sr. Architectural Technician	\$124	-	\$144
Jr. Architectural Technician	\$77	-	\$103	
Planning	Principal / Director		-	\$309
	Sr. Project Designer / Project Manager	\$144	-	\$216
	Intermediate Planner / UD / Landscape Architect	\$124	-	\$155
	Jr. Planner / UD / Landscape Architect	\$93	-	\$124
Interiors	Principal		-	\$361
	Director		-	\$309
	Sr. Project Designer / Sr. Project Manager	\$165	-	\$201
	Project Manager	\$170	-	\$185
	Project Designer	\$155	-	\$180
	Project Architect	\$155	-	\$180
	Job Captain	\$134	-	\$155
	Interior Sr. Technician	\$113	-	\$134
Interior Technician	\$77	-	\$93	
Consulting	Director		-	\$309
	Specialist	\$206	-	\$258
	Sr. Consultant	\$144	-	\$180
	Consultant	\$93	-	\$144
	Analyst	\$72	-	\$93
Other	Clerical	\$72	-	\$93

NOTE: All billing rates are subject to annual adjustment on January 1, 2017