



# CITY OF CONCORD

## REPORT TO THE MAYOR AND CITY COUNCIL

**FROM:** Carlos P. Baía, Deputy City Manager – Development

**DATE:** January 29, 2016

**SUBJECT:** Request from Louis Karno & Company

### **Recommendation**

Accept this report to authorize an amendment to the communications contract with Louis Karno and Company for the Main Street Project in the amount of \$25,000.

### **Background**

The original agreement with Louis Karno and Company for the provision of communication services for the Main Street project had a contract term that was to have run from July 2013 to March 2015. This 20 month contract was approved by Council for \$190,400.

Soon after the contract was signed, Karno hit the ground running hiring staff for the project, creating a project work plan and began meeting regularly with City staff, stakeholders, sub-contractors, and advertising outlets.

Unfortunately, as the Council will recall, the City's bid process for the Main Street project was extremely challenging. Two rounds of standard bids were attempted unsuccessfully. This was followed by a lengthy CM/GC (*Construction Manager/General Contractor*) process that ultimately allowed us to retain the services of Severino Trucking. The effect of these many delays was that what was originally planned to be a 20 month commitment by Karno to accompany this project from start to finish, effectively became a nearly 40 month commitment.

In March 2014, Karno recognized the changing dynamic of the project and submitted a memo to the City indicating that they were still committed to the project to the end. To meet that commitment, the company curtailed some of its projected activities and stopped billing the City from March until September 2014. It had been agreed from the outset of the contract, that Karno would even-bill the City for its services (akin to a retainer). Upon re-starting its billing, the company reduced its monthly charge by approximately 50% to allow the contract payment amount to better meet the extended project timeframe. In this context of not being paid and then receiving half of what was anticipated as monthly revenue, the company still felt it was vital to

the project's continuity that it maintain the staff that had been hired for the project and who had already established valuable relationships with downtown merchants and property owners. Karno did this under the dramatically changed conditions noted above.

In City Administration's opinion, Louis Karno and Company has been instrumental in helping to make the Main Street project successful. The team of Brett St. Clair and Alex McIntire have tirelessly met with all the downtown merchants and property owners, attended dozens of project-related meetings and been on call to immediately address emergency situations such as the large water main break at the outset of North Main Street construction.

### **Discussion**

As the Main Street Project prepares for the South Main Street phase, it has become untenable for Karno to maintain its commitment to the City under the changed terms of its relationship without a significant loss in service level. As the Council will imagine, it is very challenging for a company to support staff and provide resources for a project that has effectively nearly doubled in terms of a time commitment but with pay significantly unreflective of that revised obligation.

Karno reluctantly brought this predicament to our attention recently. City Administration feels that making an accommodation to recognize the changed reality of the project in terms of the contract with Karno is warranted.

Attached you will find a letter from Karno seeking a \$25,000 contract extension. This amount represents approximately 13% of the original contract amount to, effectively, off-set the doubling of contract term. Both the City and Karno are confident that the Main Street Project will conclude this fall and, as such, Karno has made it clear that this is the only request of this kind they will make for this project.

If Council accepts this report, City Administration would fund this amended contract amount from the existing Main Street project appropriation. As the Council is aware, the project includes dollars for uplighting that have, to date, not been spent. City Administration would use a portion of those dollars for the expenditure related to Karno's contract amendment. Should Council wish to act upon the uplighting at a later date, our goal would be to fund that expenditure from the remaining funds. If that were not possible, then a supplemental appropriation may be necessary at that time.