

Memorandum

TO: Bay Area Headquarters Authority

DATE: November 21, 2012

FR: Executive Director

W. I. 9130

RE: 390 Main Street Renovation and Retrofit, Construction Manager at Risk: McCarthy Building Companies, Inc. (\$5,500,916 and \$550,000 contingency)

Staff recommends the Authority authorize the Executive Director or his designee to enter into a contract with McCarthy Building Companies, Inc. ("McCarthy") for construction services in the amount of \$5,500,916 for Soft Demolition work, and to maintain an Owner's Contingency of \$550,000 to be used at the Executive Director or his designee's determination.

Background

On March 28, 2012, BAHA authorized the Executive Director or his designee to enter into a contract with McCarthy for preconstruction services related to the renovation of the 390 Main Street building. These services include estimating, constructability reviews, and scheduling during design. The new contract with McCarthy will be a construction contract. Both contracts together comprise the Agreement for Construction Manager at Risk (CMAR) services.

This construction contract will be divided into multiple construction packages, designed by BAHA's consultant architect, Perkins + Will. The anticipated packages are:

1. Soft Demolition: includes hazardous materials abatement, removal of existing equipment, demolition of non-structural partitions, and relocation of utilities.
2. Structural: Includes the seismic retrofit and structural demolition of slabs for the atrium.
3. Mechanical / Electrical / Plumbing: Includes rehabilitation of the existing mechanical system, upgrades to the electrical distribution, and upgrades to the plumbing system
4. Interiors: Includes the build-out of the agency floors of the building.

Separating the work will accelerate the construction schedule; construction can begin on early packages as late packages are being developed. McCarthy will bid out the work and prepare a Guaranteed Maximum Price (GMP) for each construction package. The GMP is the price for which McCarthy guarantees it will complete the work. McCarthy is responsible for any cost overruns above their GMP except in certain cases such as BAHA-directed changes to the scope and differing site conditions. When each GMP is submitted, the Authority may elect to authorize the Executive Director or his designee to amend the base contract; however, BAHA is under no obligation to do so.

McCarthy has presented a Guaranteed Maximum Price (GMP) in the amount of \$5,500,916 for Construction Package 1, Soft Demolition as follows:

1. Demolition bid: \$1,895,944 and add-alternates totaling \$262,875

The demolition bid package was let out to prequalified subcontractors in accordance with the prequalification requirements from BAHA Resolution No. 9 and will be paid on a lump sum basis. The add-alternates include such things as expanded scope of demolition, demolition after normal business hours, and removal of roof-top equipment. BAHA may elect to have McCarthy complete the add-alternates or not.

2. Allowances, including for utility relocation, environmental monitoring, and fire/life safety for the existing tenant: \$2,059,734

Utility relocation will be performed on a time and materials basis; although several utility surveys have been performed, many conditions remain hidden, and extra care must be taken to selectively demolish utilities no longer in use and to maintain utilities serving the existing tenant on Level 8. BAHA will only be responsible for the actual amount expended, not to exceed the GMP.

3. Structural investigation: \$90,750

Excavate to the bottom of footings in four locations and perform other verifications of structural as-built condition. This work will be performed on a time and materials basis.

4. McCarthy bonds, fees, and general conditions: \$1,033,856

Bonds, fees, and general conditions are split between: certain costs reimbursed as a percentage of construction cost as determined from McCarthy's Proposal during the Construction Manager at Risk (CMAR) selection process; and certain costs reimbursed on a time and material basis for work excluded from the Proposal, such as temporary facilities.

5. Construction Contingency: \$157,757

The Construction Contingency is McCarthy's own contingency for preventable errors in their bid that do not entitle McCarthy to a change in the GMP. This cost is within the GMP of \$5,500,916, but requires BAHA staff's approval before it is expended.

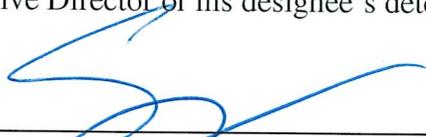
BAHA's Contract with McCarthy incents McCarthy to avoid such preventable errors by sharing savings from the Construction Contingency. McCarthy will receive thirty percent of the unused Construction Contingency, not to exceed 0.9 percent of the total construction contract.

The Owner's Contingency, \$550,000, is an amount held by BAHA for BAHA-directed or unforeseeable changes affecting the Work. This amount is held outside of the GMP; when used, the Owner's Contingency augments the GMP.

The Guaranteed Maximum Price of \$5,500,916 is consistent with the project budget that will be presented with Item 3, which includes \$4,000,000 for soft demolition services and \$1,500,000 to work around the existing tenant during this phase of construction. The work-around cost is required to keep building utilities in operation, maintain accessible ingress/egress, and perform some work adjacent to the existing tenant during non-business hours.

Recommendation

Staff recommends the Authority authorize the Executive Director or his designee to negotiate and enter into a contract with McCarthy for construction services for the Guaranteed Maximum Price of \$5,500,916 for construction package 1, Soft Demolition services, and to maintain an Owner's Contingency of \$550,000 to be used at the Executive Director or his designee's determination. Funds are available in the project budget.



Steve Heminger

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REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Consultant Contract

Consultant: McCarthy Building Companies, Inc. (San Francisco)

Work Project Title: 390 Main Street Renovation and Retrofit, Construction Manager at Risk

Purpose of Project: Provide Construction Manager at Risk (CMAR) services for the BAHA Facility renovation and retrofit

Brief Scope of Work: Perform the Soft Demolition at 390 Main Street in San Francisco, which will serve as the Regional Agency Facility Headquarters.

Project Cost Not to Exceed: \$5,500,916 with an additional owner's contingency of \$550,000 to be used at BAHA's sole discretion

Funding Source: BAHA Capital Funds

Fiscal Impact: Project costs for FY 2012-13 are consistent with funds budgeted for the program.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract with McCarthy Building Companies, Inc. for Soft Demolition at 390 Main Street, San Francisco, and the Treasurer and Auditor is directed to set aside funds up to \$5,500,916 for such contract with an additional owner's contingency of \$550,000.

BAHA Chair: _____
Adrienne J. Tissier

Approved: Date: November 28, 2012