BAHA
BAY AREA HEADQUARTERS AUTHORITY

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Memorandum

TO: Bay Area Headquarters Authority

DATE: November 22, 2012

FR: Executive Director

W.I. 9130

RE: Letter of Agreement – Western Laboratory Relocation Incentive, General Services Administration ($500,000)

Western Laboratory ("the Lab") currently occupies 33,006 square feet in 390 Main Street through a lease, executed by the General Services Administration (GSA), which expires in June 2015. The Lab is the sole tenant in the building, with the remaining 472,000 square feet vacant. The proposed retrofit scheme will result in work on all floors and must be completed prior to occupancy by BAHA. As is typical with seismic rehabilitation projects, this work involves significant structural enhancements that require extensive demolition work within the entire building and will generate significant amounts of noise, vibration and debris.

The Lab is operated by the U.S. Drug Enforcement Administration. Its mission is to provide accurate laboratory results to law enforcement and criminal justice organization throughout the Western region of the United States. A meeting with the GSA Region 9 Administrator, Ruth Cox confirmed that GSA plans to relocate the Lab from the building once a permanent replacement laboratory is leased, renovated and available for occupancy. Administrator Cox has also expressed a willingness to work cooperatively with BAHA to expedite the Lab's relocation, but believes the relocation will not occur until April 2014 based on their schedule in securing and building out new space to meet their stringent requirements. The Lab's current lease at 390 Main Street expires in June 2015.

Based on BAHA's renovation plans and proposed project budget, approximately $4.3 million is set aside for working around the Lab of which $2.5 million of the costs are unavoidable since the Lab will be in the building at least through the first half of the second construction phase – seismic retrofit. However, it is estimated that the work-around cost can be reduced by $200,000 per month should the Lab relocate at any point between December 2013 and April 2014. Therefore, staff proposes to work cooperatively with GSA to include an incentive package at 50% of the proposed monthly savings, to be paid directly to their construction contractor, to expedite this relocation. This would allow BAHA to proceed with the proposed renovation and minimize cost and delay resulting from further work around efforts.

Recommendation

Staff seeks BAHA approval to authorize the Executive Director, or his designee, to negotiate and execute a Letter of Agreement (LOA) with the GSA to utilize funding proposed for the Existing Tenant Workaround to provide a construction incentive to expedite the relocation of the Lab from 390 Main Street, in an amount not to exceed $500,000. The Letter of Agreement will be drafted and presented to BAHA for information at a subsequent meeting.

Steve Heminger

SH: abf

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REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Letter of Agreement

Work Item No.:	9130
Party:	General Services Administration (GSA)
Work Project Title:	Western Laboratory Relocation Incentive
Purpose of Project:	To facilitate the early relocation of Western Laboratory from 390 Main Street.
Brief Scope of Work:	Executive Director to negotiate and enter into an agreement with GSA to identify incentives, that will be paid directly to their construction contractor, to expedite the relocation of Western Lab from 390 Main Street.
Project Cost Not to Exceed:	$500,000
Funding Source:	Project Budget
Fiscal Impact:	Funds are included in the 390 Main Renovation Budget - $4.3 million line item for Existing Tenant Work-around
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into a Letter of Agreement with the GSA to utilize funding proposed for the Existing Tenant Workaround to provide a construction incentive to expedite the relocation of Western Laboratory from 390 Main Street, and the Treasurer and Auditor is directed to set aside funds up to $500,000 for such payments to be made pursuant to the letter of Agreement purpose.

BAHA: _____

Adrienne Tissier, Chair

Approved: November 28, 2012