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Memorandum

Agenda Item 4

TO: Bay Area Headquarters Authority

DATE: June 19, 2013

FR: Executive Director

W.I. 9130

RE: 390 Main Street Status Report – June 2013

1. Architectural and Engineering Services Update

Perkins + Will (P+W) completed the Design Development Phase, which is equal to approximately 65% of the final design, on April 19. In the final phase, the Construction Documents Phase, P+W will add the level of detail required to allow the design to be bid out.

2. Construction Cost Estimates

McCarthy Building Companies, Inc. (McCarthy), completed its estimate of construction costs on May 30. Attachment A shows the revised costs compared to and in the same format as the budget presented to BAHA in January 2013. Attachment A-1 of Agenda Item 7 shows the same costs redistributed by construction bid package. The plan also shows reduction by \$5 million in the contingency, from \$18 to \$13 million. It is expected the contingency requirement will be reduced over time as the project progresses further along with design and into construction. However, we expect to increase the contingency by \$1-2 million as we continue with the value engineering exercise to finalize the construction cost estimates. Additional discussion of the status of the construction contracts is included in Agenda Item #7.

3. Construction Update

BAHA authorized \$1,500,000 for early work related to Seismic Retrofit and Hard Demolition, including preparing shop drawings, procuring reinforcing bars and beginning installation, and constructing formwork. This work will begin in June and dovetail with the completion of Soft Demolition work. Production has been slowed down largely by the Western Laboratory's sensitivity to the construction impacts and the adjustment of the construction work to the hours between 3 p.m. to 8 p.m. Soft Demolition is now expected to be completed in early July. This delay will not affect the project schedule and the cost impact related to unanticipated overtime work is accounted for within the Soft Demolition contingency. Attachment B includes recent construction pictures.

The public entrance to the building has been relocated to Main Street; the former entrance that faced Folsom Street is closed as demolition work for the new condominium development at 201 Folsom Street is underway at that location. BAHA's parking lot north of the building is now closed to public access, and will be used as a staging area for construction. BAHA has reserved two spaces at 388 Beale for its use during construction. Staff, commissioners and visitors should

coordinate with BAHA staff if they would like to visit the project and require parking. Also, the building is a construction zone requiring personal protective gear.

Western Laboratory Update

Western Laboratory found the impact of the construction work to be disruptive to its operations. The project team is working with McCarthy to mitigate problems when they occur. For example, BAHA reached an agreement whereby the Western Laboratory would change its primary working hours from 6:30 a.m. to 3:00 p.m. and McCarthy will proceed with construction as follows:

Weekdays

- **7:00 a.m. – 3:00 p.m.:** work that does not cause a disruptive level of noise or vibration.
- **3:00 p.m. – 8:00 p.m.:** work that will likely be audible and physically perceptible from the lab's space.

Weekends:

- **7:00 a.m. – 8:00 p.m.:** work that will likely be audible and physically perceptible from the lab's space.

If a problem does arise, there is a communication protocol in place to investigate the disruption and determine an appropriate course of action. Staff continues to meet with Western Laboratory staff to review the construction schedule and to review any issues.

On May 20, 2013, BAHA was informed that the General Services Administration (GSA) awarded a new lease to Western Deycon, Inc. for space located at 6880 Koll Center Parkway in Pleasanton to relocate Western Laboratory. BAHA expects to receive a schedule for the proposed tenant improvements required to upgrade that facility. Staff now anticipates the tenant's move-out from 390 Main will not be before April 2014; therefore, the construction schedule is being adjusted and a draft revision is included as Attachment C. Staff is exploring ways to phase work to accelerate project completion.

4. Leasing Agent/Property Management Services

Cushman & Wakefield of California, Inc. (CW) will assume Property Management services as of July 1, 2013. The CW team continues to participate in discussions with P+W and McCarthy to provide design and operational input. Plans are underway on the development of an asset management plan including a recommended governance structure and guidelines for administering BAHA's responsibilities as the principal building owner, working with the other building owners and tenants, and administering the condominium association. The agreement for Leasing Agent services is under review for approval.

5. Regional Partners

The Bay Area Air Quality Management District (Air District) is working to finalize financing for its portion of 390 Main Street. Proceeds from the sale of the Air District's current office at 939 Ellis Street will cover a portion of the costs for acquisition of 390 Main Street. The Air District

has listed its current office and expects to consider offers for the building in the near future. The San Francisco Bay Conservation and Development Commission (BCDC) is still awaiting word from Governor Brown on the relocation. However, Senator DeSaulnier has introduced a revision to SB 792 which would require BCDC to relocate to 390 Main Street. The Executive Directors continue to meet and provide design direction including plans for the Board Room and public meeting areas. The next major efforts will be developing strategies to address agency vehicle parking, technology options and functional business operation collaboration.

6. Look Ahead Schedule

- September
 - Approval: Construction Contract: Mechanical/Electrical/Plumbing


for Steve Heminger

Attachments

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Attachment A: 390 Main Cost and Funding Plan
6/19/2013

| | | 35% Design Authorized 1/2013 | 65% Design Estimate 5/2013 | Change |
|----------|--|------------------------------------|----------------------------------|------------|
| 1 | Building Purchase | 93 | 93 | 0 |
| | Renovation | | | |
| a | Seismic | 11 | 11 | 0 |
| b | Shell and Core | 30 | 32 | 2 |
| c | Agency Tenant Improvements on L1-L2 and L6-L8 | 33 | 35 | 2 |
| d | Atrium | 3 | 3 | 0 |
| e | A/E and Consultant Support Fees | 8 | 9 | 1 |
| f | Contingency | 18 | 13 | (5) |
| g | Existing Tenant Work-around | 4 | 5 | 1 |
| 2 | Total Renovation | 107 | 108 | 1 |
| | Furniture, Fixtures, Equipment, Other | | | |
| a | Technology (Agency-installed) | 6 | 6 | 0 |
| b | Furniture | 5 | 5 | 0 |
| c | Fixtures and Other | 4 | 3 | (1) |
| 3 | Total Furniture, Fixtures, Equipment, Other | 15 | 14 | (1) |
| 4 | Building Development (2+3) | 122 | 122 | 0 |
| 5 | Total Cost (1+2+3) = Initial Toll Contribution | 215 | 215 | 0 |
| | Deductions from Initial Toll Contribution | | | |
| a | BAAQMD | 29 | 29 | 0 |
| b | MTC/SAFE | 19 | 19 | 0 |
| c | ABAG | 7 | 7 | 0 |
| d | Tenant Reimbursement | 15 | 15 | 0 |
| e | RAFC Reserve | 1 | 1 | 0 |
| f | FEMA | 3 | 3 | 0 |
| 6 | Total Deductions from Initial Toll Contribution | 74 | 74 | 0 |
| 7 | Net Toll Contribution (5-6) | 141 | 141 | 0 |

Figures expressed in \$1,000,000s

Attachment B: May-June 2013 Construction Pictures
6/19/2013



Former building lobby: Before



Former building lobby: Demolition in Progress



Demolition: After Hours Work



Opening at Removed Elevator Bank

Attachment C
 390 Main Street: Construction Schedule
 6/19/2013

| REVISED SCHEDULE | 2013 | | | | | | | | | | | | 2014 | | | | | | | | | | | | 2015 | | |
|--|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|
| | Ap | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | A |
| Soft Demolition / Early Seismic | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Seismic Retrofit GMP for BAHA Approval | | | | X | | | | | | | | | | | | | | | | | | | | | | | |
| Retrofit L1-L6 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenant Relocates 4/2014 (instead of 12/2013) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retrofit L7-L8 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mech/Elect/Plumb Design-Assist GMP for BAHA Approval | | | | | | X | | | | | | | | | | | | | | | | | | | | | |
| Core and Shell and Interiors GMP for BAHA Approval | | | | | | | | | | | X | | | | | | | | | | | | | | | | |
| MEP, Core and Shell and Interiors | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Move-in | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Close out | | | | | | | | | | | | | | | | | | | | | | | | | | | |