

Agenda Item 3

TO: Bay Area Headquarters Authority

DATE: September 18, 2013

FR: Executive Director

W.I. 9130

RE: 375 Beale Street Status Report – September 2013

1. New Address

The City and County of San Francisco approved 375 Beale Street as the new address for the building.

2. Architectural and Engineering Services Update

The drawings and specifications are at 95% design. Perkins + Will (P+W) submitted the permit set of drawings and specifications for regulatory review in late August. Staff expects to receive comments by November. The final construction documents will incorporate any comments and is expected to be advertised for bids in December.

3. Construction Cost Estimates

At the June 26, 2013 BAHA meeting, BAHA approved the Guaranteed Maximum Price (GMP) for Hard Demolition and Seismic Retrofit pending final negotiation with McCarthy Building Companies, Inc. (McCarthy). The negotiation was finalized and a contract amendment executed in September for a total price of \$17,385,641. This includes a Contractor Contingency of \$723,424 and does not include the Owner Contingency. As part of the negotiation, BAHA staff and McCarthy agreed to a revised cost for General Conditions totaling \$6,899,625, to be allocated as follows and paid according to a schedule of values approved by staff:

1. Soft Demolition: \$785,989
2. Hard Demolition and Seismic Retrofit: \$1,700,000
3. Mechanical/Electrical/Plumbing/Fire Protection: \$4,413,636
4. Core and Shell and Interiors: \$0.

This pricing is contingent on Western Laboratory's relocation date of April 2014, which the Western Laboratory recently stated it cannot meet. Staff elected to defer accounting for the associated cost of this potential delay in order to execute the agreement with McCarthy and begin work. Further cost negotiations may be required when the final relocation date is confirmed. The Seismic Retrofit and Hard Demolition contract amendment also incorporated a mutual waiver of consequential damages related to work impacting the existing tenant.

4. Construction Update

Work on the Seismic Retrofit and Hard Demolition began in June and includes concrete demolition and drilling for dowel placement. The atrium demolition and soil excavation for foundation strengthening will commence in October. Attachment A includes recent construction pictures.

Western Laboratory Update

The timing of noisy work for off hours, as introduced in June, has been successful in preventing interruption to Western Laboratory operations. As new activities are introduced, BAHA staff will continue to work with the tenant to develop work plans that avoid impacts.

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 has received GSA's preliminary schedule for the proposed tenant improvements required to upgrade that facility, with a September 2014 completion date. GSA also plans for a 2-month period to relocate Western Laboratory out of the building by November 2014. This schedule presents a seven-month delay from the April 2014 planned date in BAHA's construction schedule. The added time is from the following activities:

1. GSA's procurement realized a 2-month delay;
2. GSA's contractor assumes permitting will take 3 months;
3. Western Laboratory expects it will need 2 months to move out after its new facility is complete.

The construction schedule is being adjusted and a draft revision is included as Attachment B, which assumes GSA can accelerate its schedule to a July 2014 move-out. This assumes activities 2 and 3 above can be accelerated and taken off the critical path. We are working actively with GSA on ways to shorten their relocation schedule.

5. Leasing Agent/Property Management Services

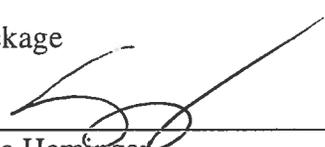
Cushman & Wakefield of California, Inc. (CW) assumed full responsibility for Property Management services as of July 1, 2013. The agreement for Leasing Agent services is being finalized. The CW team is developing plans to market the building to prospective tenants.

6. Regional Partners

The Board of Directors for the Bay Area Air Quality Management District (Air District) approved a financing plan to purchase its portion of 375 Beale Street. Staff expects to present the financing plan to BAHA for approval in October. The Air District listed its current office at 939 Ellis Street for sale and is considering offers. Proceeds from the sale of the Air District's building will cover a portion of the costs for acquisition of 375 Beale Street. The San Francisco Bay Conservation and Development Commission (BCDC) is scheduled to relocate into the state office building at 455 Golden Gate Avenue, San Francisco by December 2013. Although BCDC intends to continue to pursue eventual relocation to 375 Beale Street, we no longer regard it as likely in the near term.

7. Look Ahead Schedule

- October 2013 – Air District Financing Plan
- January 2014 – Core, Shell and Interior Bid Package



Steve Heminger

Attachments

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Agenda Item 3 - Attachment A

Construction pictures



Figure 1: Future Board Room. Column in the foreground will be removed.

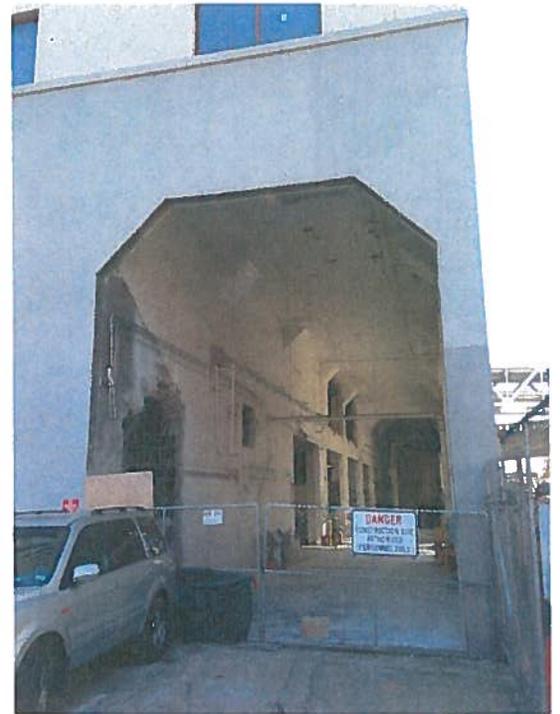


Figure 2: Corner of Rincon Place and Beale Street. This former railcar entry will be the future retail entry.



Figure 3: Beale Street entry. Current condition (left). Final design with the center column removed (right).

375 Beale Street Construction Schedule
 6/19/2013
 Revised 9/18/2013

	2013												2014					2015			
	Ap	M	J	J	A	S	O	N	D	J	F	M	A	M	A	M	J	F	M	A	
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Upcoming Milestones

- 1 MEP GMP to BAHA for approval
- 2 Core and Shell and Interiors ready for regulatory review
- 3 Receive Core and Shell and Interiors bids
- 4 Core and Shell and Interiors to BAHA approval

Completion

- 9/25/2013
- 8/21/2013
- mid-November 2013
- 1/22/2014

The June 2013 schedule showed DEA moving out in April 2014 and agencies moving into 375 Beale in March and April 2015. The above schedule changes the DEA move-out to July 2014 with no impact to the agency move-in date by rescheduling and phasing MEP, Core and Shell and Interiors work, which had not been considered previously.