

Memorandum

Agenda Item 3

TO: Bay Area Headquarters Authority

DATE: July 16, 2014

FR: Executive Director

W. I. 9130

RE: 375 Beale Street Status Report – July 2014

1. Architectural and Engineering Services Update

Perkins + Will is reviewing submittals and requests for information from the contractor, McCarthy Building Companies, Inc. (McCarthy) for building materials and equipment, including interior and exterior final finish materials and paint colors.

2. Construction Update

McCarthy prepared a revised schedule that accounts for the delayed relocation of the Drug Enforcement Agency (DEA) to Pleasanton, which was reported in June. With the DEA move-out expected March 1, 2015, BAHA expects the agency move-in to 375 Beale Street will be in December 2015. The first commercial tenants could begin their tenant improvements in August 2015 and move in as soon as March 2016.

McCarthy looked at an alternative that opened Levels 1-5 to commercial tenants in advance of the agency floors; however, this schedule delayed agency move-in until March 2016 and required considerable overtime. Staff concluded that the costs of delay would exceed any commercial tenant income earned over this time period.

A copy of recent construction photos is included as Attachment A.

3. DEA Update

As reported to BAHA in June, the General Services Administration's (GSA's) revised schedule shows DEA moving out of 375 Beale Street by February 1, 2015. BAHA expects that date will be March 1, 2015 based on its review of the schedule, which is nearly a year later than GSA's initial April 2014 relocation date.

DEA's occupancy of the south half of Level 8 prevents BAHA from performing structural work in that area and the area below on Level 7, because of the need to dowel through the slab between floors. Consequently, the work that would follow in those areas, including (Mechanical / Electrical / Plumbing) MEP and drywall installation for the agency fit-out must also wait. In addition, DEA's utilities are connected to all core MEP systems that run vertically through the building. Refurbishment and tie-ins to new equipment must be completed in a way that allows DEA to continue operation if the work is to occur concurrently with DEA's occupancy. The delayed DEA relocation requires the construction schedule be revised to complete system tie-ins with the DEA in operation because of the shortened window between when the DEA leaves and when new tenants move in.

Staff is working with McCarthy to determine the additional cost for the accelerated work, work-arounds, and extended cost of general conditions /overhead due to the extended schedule. Staff anticipates presenting the revised construction and financial impacts of the DEA delay at the September 2014 BAHA meeting.

4. 201 Folsom Construction

Staff did not meet with Tishman Speyer in June, but both parties remain interested in determining how Rincon Place – the strip of land situated between Tishman Speyer’s building and BAHA’s, building between Main and Beale Streets – might be developed with a unified design.

5. Inter-agency Collaboration

The vision for 375 Beale Street includes sharing business operations and technology functions among MTC, BAAQMD and ABAG at move-in. The Executive Directors are reviewing options for jointly shared functions along with the governance, legal, personnel and financial changes required to implement shared services. On July 10th, the IT managers commenced work with Accenture LLP to develop technical design and specifications to procure, configure and install technology for shared email, telephone, visitor management, scheduling and audio/video and webcasting systems.

BAHA will release a Request for Qualifications (RFQ) to solicit professional move coordinator services to orchestrate all aspects of the three partner agencies' move to 375 Beale Street. Staff expects to complete the procurement process and present a recommendation to BAHA in September.

7. Furniture Procurement

At the June 25th meeting, BAHA authorized award of a contract to Hogue and Associates to provide and install furniture, including office/workstations, public spaces and other ancillary furniture needs for 375 Beale Street. Staff is currently developing a contract for execution and anticipates starting the scope of work by August 1st.

8. Leasing Opportunities

There continues to be strong interest in 375 Beale Street by prospective tenants. However, due to delays in the pending DEA relocation, several prospective tenants dropped the building from further consideration until the ready for occupancy date is known. Cushman & Wakefield continues to market the non-agency space on Levels 2 through 5 and two retail spaces on Level 1 but needs a firm date to commence more aggressive marketing.

9. Look Ahead Schedule

- September 2014
 - Construction Update and Budget approval



Steve Heminger

Attachment

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Construction Pictures

July 14, 2014



Figure 1: Installation of new supply and exhaust fans in the rooftop air handling units



Figure 2: Installation of metal stud framing for the future Data Center and Assembly Room on the first floor



Figure 3: Construction of concrete walls to support the future skylight installation above the atrium



Figure 4: Demolition of the former USPS concrete loading docks to prepare for the new Beale Street lobby entrance way