



BAY AREA HEADQUARTERS AUTHORITY

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Agenda Item 6

TO: Bay Area Headquarters Authority (BAHA)

DATE: January 21, 2015

FR: Executive Director

W.I.

RE: Contract Amendment – Construction Services: McCarthy Building Companies, Inc. (\$8,500,000 plus additional contingency not to exceed \$1,500,000)

This memorandum seeks Authority approval of a contract amendment with McCarthy Building Companies, Inc. (McCarthy) to fund construction services for the retrofit and renovation of 375 Beale Street in an amount not to exceed \$8,500,000, and authorize an additional contingency not to exceed \$1,500,000 as follows:

	Scope	McCarthy Contract	Owner Construction Contingency
Previously Authorized Contract	Soft Demolition	\$5,550,916	\$4,330,000
	Hard Demolition and Seismic Retrofit	\$17,800,000	
	Mechanical/Electrical/Plumbing	\$38,000,000	
	Core and Shell and Finishes	\$38,240,000	
	Subtotal Construction Contract	\$99,590,916	\$4,330,000
Requested Amendment	DEA 11-Month Delay: McCarthy Staff and General Conditions	\$6,500,000	
	DEA 11-Month Delay: Workarounds	\$1,800,000	
	Revisions reimbursed by Air District	\$200,000	
	Project Contingency	\$0	\$1,500,000
	Subtotal Requested Amount	\$8,500,000	\$1,500,000
Revised Contract	Revised Construction Contract	\$108,090,916	\$5,830,000

Background

In February 2014, BAHA approved the Guaranteed Maximum Price of \$99,590,916 plus an Owner Contingency of \$4,330,000.

The Drug Enforcement Administration’s (DEA’s) occupancy of the southern half of Level 8 prevents BAHA from performing any work in that area or the area below on Level 7, and complicates the work related to refurbishing and replacing building mechanical, electrical, plumbing, and fire protection (MEPF) systems that serve the entire building.

In November 2014, BAHA authorized the revision of the project budget to account for costs attributed to the delay of the DEA's relocation from 375 Beale Street and for additional work beyond the base building scope.

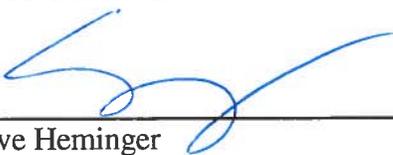
Included in this amendment are the following:

- The amount of \$6.5 million related to the extension of McCarthy and its subcontractors' staff costs, construction General Conditions, and material cost escalations resulting from the eleven-month delay of DEA's departure.
- The amount of \$1.8 million to complete specific activities with the tenant in place that otherwise would be done with the building empty of tenants. These include: rerouting electrical systems servicing Level 8 to allow the refurbishment of electrical equipment; installing hoists on the building exterior to allow demolition of the freight elevators and in-fill of slabs; modifying concrete details to accelerate structural work; and other such workarounds.
- The amount of \$200,000 for construction of design changes requested by the Air District after completion of the design and to be reimbursed by the Air District.
- This request also includes an additional Owner's contingency of \$1,500,000, which would cover any changes approved by the Executive Director.

Attachments B and C of Item 3, 375 Beale Status Report, include tables of the allocation of funds from the November 2014 budget revision and the use of project contingency.

Recommendation:

Staff recommends that the Authority authorize the Executive Director to negotiate and enter into a contract amendment with McCarthy to add an amount not to exceed \$8,500,000 for construction services and to add \$1,500,000 to the Owner contingency to be used at the Executive Director's discretion.



Steve Heminger

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REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Consultant Contract Amendment

Consultant: McCarthy Building Companies, Inc.
San Francisco, CA

Work Project Title: Contract Amendment - McCarthy Building Companies, Inc. for Construction Services

Purpose of Project: Renovation and retrofit of 375 Beale Street

Brief Scope of Work: Provide Construction Manager at Risk (CMAR) services for the BAHA Facility renovation and retrofit

Project Cost Not to Exceed: This amendment: \$8,500,000 and a contingency of \$1,500,000 to be used at the Executive Director or designee's sole discretion
Current contract before this amendment: \$99,590,916 and a contingency of \$4,330,000 to be used at the Executive Director or designee's sole discretion.
Maximum contract amount after this amendment: \$108,090,916 and a contingency of \$5,830,000 to be used at the Executive Director or designee's sole discretion

Funding Source: BAHA FY 2014-15 Budget

Fiscal Impact: Funding is included in BAHA's FY 2014/15 Budget.

Motion by Authority: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with McCarthy Building Companies, Inc. for construction services as described above and in the Executive Director's memorandum dated January 14, 2014 and the Treasurer and Auditor is directed to set aside funds in the amount of \$8,500,000 for such contract amendment and an additional amount of \$1,500,000 to be used at the Executive Director's discretion.

BAHA Chair: _____
Amy Rein Worth

Approved: Date: January 28, 2015