

Agenda Item 2

AMY REIN WORTH, CHAIR
Chair of MTC and BATA

DAVE CORTESE, VICE CHAIR
Vice Chair of MTC and BATA

TOM BATES
Vice Chair,
BATA Oversight Committee

BILL DODD
Chair,
BATA Oversight Committee

SCOTT WIENER
Vice Chair,
MTC Administration Committee

ADRIENNE TISSIER
Chair,
MTC Administration Committee

STEVE HEMINGER
Executive Director

ALIX BOCKELMAN
Deputy Executive Director, Policy

ANDREW B. FREMIER
Deputy Executive Director, Operations

BAY AREA HEADQUARTERS AUTHORITY (BAHA)
January 28, 2015
MINUTES

Attendance

Chair Amy Rein Worth convened the meeting at 10:20 a.m. In addition to Chair Rein Worth, the following Authority members were in attendance: Tom Bates, Dave Cortese, Adrienne Tissier and Scott Wiener.

Additional MTC Commissioners in attendance: Tom Azumbrado, Jason Baker, David Campos, Dorene Giacopini, Federal Glover, Ann Halsted, Scott Haggerty, Steve Kinsey, Mark Luce, Julie Pierce, Libby Schaaf, Bijan Sartipi and James Spering.

Quorum was confirmed

Consent Calendar

Upon the motion of Commissioner Tissier and the second from Commissioner Cortese, the Authority unanimously approved the minutes of the November 19, 2014 meeting.

375 Beale Street Status Report – January 2015

Stephen Wolf, BAHA staff, presented the January 2015 status report for the 375 Beale Street Project.

MTC Commissioner Steve Kinsey asked for the dollar value of the total project budget. Steve Heminger, BAHA Executive Director, responded that the building was purchased for \$93 million and the rehabilitation cost of the building is budgeted at \$140 million.

Commissioner Tom Azumbrado inquired about the price per square foot for the leased space. Mr. Wolf stated that the lease price for the first lease will be approximately \$40 per square foot with a yearly increase of \$1 per square foot. Mr. Azumbrado asked if the price is comparable to that of the local leasing market. Mr. Wolf stated that most buildings in the area such as the Transbay Tower are Class A type. 375 Beale Street, which is Class B, would not get Class A rates, but would get average rates for Class B. Mr. Azumbrado asked for an explanation of the difference between a Class A type facility and 375 Beale Street. Mr. Wolf stated that the difference is floor-to-floor ceiling heights and column spacing. Mr. Heminger added that the original purchase plan was for a Class B type building.

Contract Amendment - Legal Services: Farella Braun + Martel LLP (\$100,000)

Adrienne Weil, MTC General Counsel, presented the Contract Amendment – Legal Services with Farella Braun + Martel LLP as submitted.

Commissioner Campos asked what types of legal services are being performed by Farella Braun + Martel LLP, how much has been spent so far and if the work could have been completed in house. Ms. Weil stated that most legal work has been done in house and the cost so far for outside legal services has been \$100,000. Ms. Weil explained that Farella Braun + Martel LLP performed specialized legal services relating to analyzing the development of 375 Beale Street under the California Environmental Quality Act as well as applicable zoning and land use constraints. Services also included assistance with condominium leasing arrangements.

Upon the motion of Commissioner Tissier and the second from Commissioner Cortese, the Authority unanimously authorized the Executive Director, or his designee, to negotiate and enter into a contract amendment with Farella Braun + Martel LLP for continuing legal services and directed the Treasurer and Auditor to set aside funds in the amount of \$100,000 for such contract amendment.

Contract Amendment – Architectural and Engineering Services: Perkins + Will (\$1,650,000 plus a contingency not to exceed \$300,000)

Stephen Wolf presented the Contract Amendment for Architectural and Engineering Services with Perkins + Will.

Commissioner Azumbrado asked for the total dollar value of the total compensation for the architect and what percentage of the 375 Beale Street rehabilitation costs this represents. Mr. Wolf stated that the total revised contract cost is \$10 million, which is approximately 10% of the construction cost of \$100 million.

Upon the motion of Commissioner Cortese and the second from Commissioner Tissier, the Authority unanimously authorized the Executive Director, or his designee, to negotiate and enter into a contract amendment with Perkins + Will for completing architectural/engineering services through construction closeout at 375 Beale Street in an amount not to exceed \$1,650,000 and approved an owner's contingency of \$300,000 to be used at the Executive Director's discretion and the Treasurer and Auditor was directed to set aside funds in such amounts for such contract amendment and contingency.

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

Stephen Wolf, presented the Contract Amendment for Construction Services with McCarthy Building Companies, Inc.

Commissioner Cortese expressed his concern why the owner's contingency is 20% versus 7% to 10% used in average construction projects. Mr. Wolf stated that although the contingency is 20% of the contract amendment amount, the total contingency held by BAHA is 7% of the total contract amount. Mr. Cortese explained that he wanted the record to reflect his concerns about making efficient use of the remaining owner's contingency.

Chair Worth expressed the importance of being mindful of the 375 Beale Street project budget. Commissioner Campos asked if there will be additional contract amendments. Mr. Wolf answered in the affirmative and explained the additional work that will be needed and where in the budget the funds would come from, referring to the 375 Beale Street Status Report, Attachment B: Budget Revision Table. Mr. Heminger explained that the majority of project costs in the Budget Revision Table are due to the delay of the DEA's relocation from 375 Beale Street and additional work beyond the base building scope.

Upon the motion of Commissioner Tissier and the second from Commissioner Cortese, the Authority unanimously authorized the Executive Director, or his designee, to negotiate and enter into a contract amendment with McCarthy Building Companies, Inc. for construction services at 375 Beale Street in an amount not to exceed \$8,500,000 and approved an additional owner's contingency of \$1,500,000 to be used at the Executive Director's discretion and the Treasurer and Auditor was directed to set aside funds in such amounts for such contract amendment and contingency.

Public Comment / Other Business/Next Meeting/Adjournment

There being no further public comment or business, Chair Rein Worth adjourned the meeting at 10:48 a.m. The next BAHA meeting is scheduled for February 25, 2015 in Oakland, California at a time to be duly noted.