

## *Memorandum*

Agenda Item 5

TO: Bay Area Headquarters Authority

DATE: May 20, 2015

FR: Deputy Executive Director

W. I. 9130

RE: Contract Amendment – Property Management Services: Cushman & Wakefield of California, Inc. (\$3,366,000)

This item would authorize the Executive Director or designee to negotiate and enter into a contract amendment with Cushman & Wakefield of California, Inc. (“Cushman Wakefield”) to fund construction and construction management services within the scope of Cushman Wakefield’s property management services contract with BAHA in an amount not to exceed \$3,366,000.

### **Background**

On January 23, 2013, after a competitive procurement, BAHA authorized a contract with Cushman Wakefield to provide property management services at 375 Beale Street for a five-year term, with the option to renew for two additional five-year terms. Cushman Wakefield’s responsibilities as property manager for BAHA include overseeing and administering the design and construction of capital projects on behalf of both BAHA and its tenants.

In March 2014, Cushman Wakefield issued a Request for Proposals to contractors to be on a bench of contractors to perform Owner and tenant improvement work. Contractors were evaluated on criteria that included relevant experience and construction fee. Cushman Wakefield determined BCCI Builders (BCCI), NOVO Construction, and Skyline Construction provided the best value and have retained all three on its bench. Of these three, BCCI Builders provided the best overall value to BAHA and was selected to perform its cold-to-warm shell improvements.

In November 2014, BAHA authorized the addition of \$4,000,000 to the budget for cold-to-warm shell improvements. This work includes installing mechanical, electrical, plumbing, and fire protection in leased and for-lease spaces to accelerate the readiness of these spaces for tenants to install tenant improvements.

BATA has a contract with Xerox State and Local Solutions, Inc. (Xerox) for management and operation of the FasTrak® Regional Customer Service Center. Under the contract, Xerox is responsible for the design and construction of its office space at 375 Beale and provides the FasTrak® account management system, toll bridge and express lane transaction processing, call center operations, web services, payment processing, customer communications, and violation noticing. Xerox is under contract to operate the CSC until November 2019.

In April 2015, BAHA authorized a contract amendment for \$250,000 for Cushman Wakefield to begin early work related to cold-to-warm shell improvements and tenant improvements for Xerox (funded from BAHA’s contingency and expected to be reimbursed by Xerox once a lease agreement is final), and to provide construction management services to oversee both projects.

**Cold-to-Warm Shell Improvements on Levels 3-5**

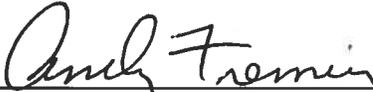
The cold-to-warm shell improvements on Levels 3-5 will be performed on a design-build basis. BCCI is currently performing preconstruction services including preparing schedules and estimates and developing bid packages for subcontracted work. BCCI will provide its construction pricing, which will include its fee and the cost of subcontracted work. If Cushman Wakefield and BAHA determine the pricing is acceptable, Cushman Wakefield will enter into a contract with BCCI as BAHA's agent. BAHA may also ask BCCI to revise pricing by rebidding work, or BAHA can direct Cushman Wakefield not to enter into a contract with BCCI.

BAHA estimates the value of the scope of work being bid to be approximately \$3,000,000 and recommends holding an additional amount of \$300,000 as a contingency. In addition, according to Cushman Wakefield's contract, its fee for construction management services is two percent of the construction cost, or \$66,000 for this project.

Attachment A includes a summary of Cushman Wakefield and its project team's small business and disadvantaged business enterprise status. Attachment B includes a summary of owner and tenant improvements being performed through Cushman Wakefield.

**Recommendation**

Staff recommends that the Authority authorize the Executive Director or his designee to negotiate and enter into a contract amendment with Cushman Wakefield to add an amount not to exceed \$3,366,000 for construction and construction management services at 375 Beale Street.

  
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Andrew B. Premier

ABF:tg

Attachments

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**Attachment A**

	Firm Name	Role on Project	DBE* Firm			SBE** Firm		
			Yes	If Yes, List #	No	Yes	If Yes, List #	No
Consultant	Cushman & Wakefield of California, Inc	Property Manager			X			X
Contractor	BCCI Construction Company	Contractor			X			X
Subcontractor	To be determined after bidding							

\*Denotes certification by the California Unified Certification Program (CUCP).

\*\*Denotes certification by the State of California.

Attachment B

May 20, 2015

Cushman Wakefield Property Management and Tenant Improvement Costs

	<b>Project</b>	<b>Cost</b>	<b>Fund Source</b>	<b>Contract Authorization</b>	<b>Notes</b>
1	<b>Property Management Services</b>	\$ 1,100,000	BAHA budget	BAHA 1/23/2013	Cost over 5 years
2					
3	<b>Cold-to-Warm Shell on L3-5</b>				
4	Preconstruction	\$ 100,000	BAHA budget	BAHA 4/22/2015	
5	Design and Construction	\$ 3,300,000	BAHA budget	Pending BAHA action 5/27/2015	Project to be design-build. Design cost included in construction
6	CM	\$ 66,000	BAHA budget	Pending BAHA action 5/27/2015	Cost based on Cushman Wakefield contract
7					
8	<b>Xerox Tenant Improvement &amp; L2 Cold-to-Warm</b>				
9	Construction	N/A	N/A	N/A	Xerox to contract directly with contractor
10	Design	\$ 100,000	BAHA Contingency	BAHA 4/22/2015	Expected to be reimbursed by Xerox.
11	CM	\$ 50,000	BAHA Contingency	BAHA 4/22/2015	Expected to be reimbursed by Xerox.
12					
13	<b>Total Tenant Improvement Costs</b>	<b>\$ 4,716,000</b>			\$150,000 expected to be reimbursed by Xerox

REQUEST FOR AUTHORITY APPROVAL  
Summary of Proposed Contract Amendment

Consultant: Cushman & Wakefield of California, Inc. (San Francisco)

Work Project Title: Property Management Services

Purpose of Project: Provide property management services for 375 Beale Street

Brief Scope of Work: Consultant shall provide property management services for 375 Beale Street. These services shall include construction management, including contracting with design consultants and construction contractors as BAHA's agent for capital improvement work.

Project Cost Not to Exceed: This amendment: \$3,366,000.  
Current contract authorization before this amendment: \$1,350,000  
Maximum contract authorization after this amendment: \$4,716,000

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 Cushman & Wakefield of California, Inc. for property management services as described above and in the Executive Director's Memorandum dated May 20, 2015, and the Treasurer and Auditor is directed to set aside funds in the amount of \$3,366,000 for such contract amendment.

BAHA Chair: \_\_\_\_\_  
Dave Cortese

Approved: Date: May 27, 2015