



Staff Analysis

STATE PUBLIC WORKS BOARD

Friday, February 8, 2019 at 10:00 a.m. in

Room 113, State Capitol, Sacramento, California

I.	Roll Call		
II.	Bond Items	Page	2
III.	Minutes	Page	4
IV.	Consent Items	Page	5
V.	Other Business	Page	9
VI.	Reportables	Page	9

Pursuant to section 11125 of the Government Code, notice of all Board meetings will be given at least ten days in advance and such notice must include a copy of the agenda. Members of the Public may address the Board prior to it taking action on any matter in the agenda.

This notice and the Board agenda for the current month are available on the Internet at: <http://www.spwb.ca.gov>.

Individuals who need disability-related accommodation, including auxiliary aids for effective participation at this public meeting are invited to make their requests and preferences known to Kathryn Lee at (916) 445-9694 or e-mail to Kathryn.lee@dof.ca.gov, five days prior to the meeting.

BOND ITEMS

BOND ITEM—1

DEPARTMENT OF GENERAL SERVICES (7760)
SACRAMENTO REGION: 10th and O STREET STATE OFFICE BUILDING
SACRAMENTO COUNTY

Authority: Government Code Sections 9125-9125.6

Consider adoption of a resolution to:

- 1) Authorize actions to be taken to provide for interim financing and declare the official intent of the Board to reimburse certain capital expenditures from the Public Buildings Construction Fund from the proceeds of the sale of bonds.
- 2) Authorize the sale of lease revenue bonds.
- 3) Approve the form of and authorize the execution and delivery of a Project Delivery Agreement between the Department of General Services and the Board.
- 4) Approve and take actions and execute documents as may be needed to carry out the purposes of the resolution.

Total Bond Appropriation	\$422,587,000
Pending Augmentation	\$36,636,000

STAFF ANALYSIS ITEM—1

Department of General Services
Sacramento Region: 10th and O Street State Office Building
Sacramento County

Action Requested

If approved, the requested action would adopt a resolution authorizing actions to be taken to provide for interim financing, authorize the sale of lease revenue bonds, and other related actions.

Scope Description

This project is not within scope. The project consists of the construction of a new state office building, located on O Street, between 10th and 11th Streets, in the City of Sacramento. The building shall be approximately 472,600 gross square feet and shall comply with the height limitation specified in Government Code Section 8162.7(c). The building will include 10 floors of office, public hearing, assembly, storage, building support, and limited food service spaces. The building will temporarily house approximately 1,250 legislative and executive elected officials and staff from the Capitol Annex until the new Annex project is completed. The building will then be jointly used as office space for approximately 2,200 legislative and executive employees.

During the time that the Legislature is occupying the facility (both as temporary space and as space to be permanently occupied by the Legislature), the 10th and O Street State Office Building will provide accommodations for the Legislature. The building will incorporate functional space for: Committee Hearings, caucus meetings, Conference Committee meetings, meeting rooms, Legislative offices, and general office functions, including, during the time the facility is used as temporary space, space for the Office of Legislative Counsel.

A minimum of 135 parking spaces will be constructed in a three level onsite podium parking structure. The project will be designed to achieve LEED Silver certification for new construction (at a minimum) and will target Zero Net Energy performance via a power purchase agreement. The building's exterior will minimize energy usage by maximizing the amount of natural daylight into the office spaces. The roof top will be designed to be ready to install photovoltaic panels at a later date.

The building's cooling system will utilize chilled water from the State's Central Plant. However, the heating system will utilize an onsite all-electric approach to deliver a carbon-free building solution. An enclosed roof structure will include mechanical air handling equipment, storage, and window-cleaning equipment.

The project will include mitigation measures as described in the Final Environmental Impact report and as may result through good faith tribal consultation. The project will also include off-site work to provide utilities to the new building including electrical, water, storm drainage, phone and data services, to relocate existing utilities to the adjacent Legislative Office Building, and to join the new building to the City's existing civil infrastructure. For security, the building will be hardened and will include electronic systems determined to address the protection of continuity of Government during the legislature and executive branch's use of the building.

A Memorandum of Understanding (MOU) was entered into on November 9, 2018 between the Joint Rules Committee, Finance and the Department of General Services that defined the terms, covenants and conditions of the development of State Capitol Annex projects and the 10th and O Street State Office Building project. In that MOU, a scope change was defined, in part, as a change in the scope that has an associated cost of more than \$10 million or schedule changes that delay beneficial occupancy of the building by the Legislature. Therefore, because an augmentation of \$36,636,000 is required for this project and project completion is anticipated in November 2021 rather than September 2021 as specified in the MOU, the project is currently not within scope as defined in the MOU. Additional information related to the augmentation request is detailed in the following section, Funding and Cost Verification. The Board will consider recognizing this scope change in Consent Calendar B of this agenda.

Funding and Cost Verification

The project is not within cost. Total authorized costs for this project are \$470,268,000 (\$4,857,000 project planning and studies, \$6,188,000 performance criteria, and \$422,587,000 for design-build).

Section 9125.5 of the Government Code appropriated \$422,587,000 lease-revenue bonds for this project, in addition to other funds that may be available for the project, including transfers from the State Project Infrastructure Fund (SPIF) as contemplated in 14692(a)(2)(D) of the Government Code. A total of \$11,045,000 from the SPIF was transferred for project planning and studies and development of performance criteria.

In November 2018, the Board recognized the project as described in the MOU, allowing the Department of General Services (DGS) to begin developing performance criteria for the 10th & O Street State Office Building. The cost estimate was based on a project scope that did not include providing furniture for the building. As originally conceived, furniture would have been purchased by the Capitol Annex project to be used first in the State Office Building during its use as swing space for the Annex, and then relocated to the Annex after that project's completion. However, during the development of the performance criteria phase, it was determined that the development schedules of the projects did not align enough to allow for the one-time purchase of furniture for both projects. To provide design and schedule control, furniture for the new facility, to be reutilized by the building's future tenants after its use as swing space, must be added to the project's scope of work. In addition, due to delays completing the Phase I submittal package to the State Fire Marshal, the scheduled occupancy date of the

project has shifted from September 2021 to November 2021. These issues have resulted in the need for an augmentation totaling \$36,636,000 lease revenue bond financing.

- \$433,632,000 Total authorized project costs
- \$470,268,000 Total estimated project costs.
- \$11,045,000 Costs previously allocated from SPIF: \$4,857,000 project planning and studies, \$6,188,000 performance criteria.
- \$422,587,000 Costs to be allocated: \$422,587,000 design-build (\$376,288,000 contract, \$11,289,000 contingency, \$7,655,000 A&E services, and \$27,355,000 other project costs).
- \$36,636,000 Pending augmentation: \$36,636,000 design-build (increase of \$47,312,000 contract, increase of \$1,395,000 contingency, decrease of \$1,048,600 A&E services, decrease of \$11,023,800 other project costs).

CEQA

A Notice of Determination was filed with the State Clearinghouse on December 27, 2018 and the 30-day statute of limitations period expired on January 26, 2019 without challenge.

Real Estate Due Diligence

A Summary of Conditions Letter for this project was completed on February 1, 2019. The letter identified that per State of California Government Code Section 9123(b), jurisdiction to the Project site is held by the Legislature. Jurisdiction of the site was transferred to DGS subsequent to the memo.

Project Schedule

Approve performance criteria	February 2019
Start design-build	February 2019
Complete design-build	November 2021

Staff Recommendation: Adopt resolution.

MINUTES

Consider approving the minutes from the January 11, 2019 meeting.

Staff have reviewed the minutes from the January 11, 2019 meeting and recommend approval of those meeting minutes.

Staff Recommendation: Approve minutes from the January 11, 2019 meeting.

CONSENT ITEMS – CALENDAR A

CONSENT ITEM—1

DEPARTMENT OF FORESTRY AND FIRE PROTECTION (3540)
VINA HELITACK BASE – REPLACE FACILITY
TEHAMA COUNTY

*Authority: Chapter 268 and 269, Statutes of 2008, Item 3540-301-0660 (3), as reappropriated by the Budget Acts of 2009, 2011, 2013 and 2016.
Chapter 10 and 11, Statutes of 2015, Item 3540-301-0660 (5)*

Consider:

a) Recognizing a scope change

b) Approving an augmentation \$686,300
(4.5 percent of appropriation)
(4.5 percent cumulative)

STAFF ANALYSIS ITEM—1

Department of Forestry and Fire Protection
Vina Helitack Base – Replace Facility
Tehama County

Action requested

If approved, the requested action will recognize a scope change and approve an augmentation.

Scope Description

This project is not within scope. The current project scope includes the construction of a 22-bed barracks/mess hall building, 2-bay apparatus building, rescue training tower, new hangar building, generator/pump storage building, and related site work. The project also includes the demolition of identified structures, including an existing hangar building, 2 lighted helipads, the fuel dispensing system, and a radio tower. The Department of Forestry and Fire Protection (CalFire) requests a scope change to enlarge one helipad, modify the hangar door, add adequate security fencing as this facility will now have a helicopter stationed there year-round, is currently only secured by barbed wire fencing, and is located directly adjacent to Highway 99, change the fire sprinkler system to a dry pipe system, obtain updated State Fire Marshal (SFM) approvals, and modify the exhaust system in the fuel vehicle parking bay.

As indicated in the fiscal year 2018-19 Helicopter Acquisition and Support budget change proposal, the new helicopters will necessitate capital improvements. In addition, subsequent to the approval of working drawings, which included a wet pipe fire sprinkler system, the SFM clarified that it currently prohibits the use of glycol (a type of antifreeze) in wet pipe fire sprinkler systems. Consequently, because water—the only SFM approved alternative to glycol—is not recommended for use at this facility due to the possibility of freezing temperatures, a dry pipe fire sprinkler system must be installed instead. Lastly, CalFire identified the need to modify the exhaust system, from a rail-mounted system to a reel-mounted system, in the fuel vehicle parking bay to accommodate vehicles of varying sizes.

Funding and Cost Verification

This project is not within cost. The Budget Act of 2008, Item 3540-301-0660 (3) and the Budget Act of 2015 Item 3540-301-0660 (5) appropriated a total of \$15,260,000 for this project. The Budget Acts of 2009, 2011, 2013, 2016 reappropriated preliminary plans, working drawings and construction appropriations.

CalFire also requests an augmentation of \$686,300 (4.5 percent) in lease revenue bond authority for construction phase costs to address the various expenditures associated with the scope change. The project is 48 percent complete and is estimated to be completed in October 2019.

On January 18, 2019, the Department of Finance notified the chairs of the Joint Legislative Budget and the fiscal committees of each house of its intent to approve the scope change and to recommend the Board recognize the scope change and approve the augmentation no sooner than 20 days from that date.

15,260,000	Total authorized project cost
\$15,946,000	Total estimated project cost
\$15,260,000	Project costs previously allocated: \$934,000 preliminary plans, \$1,044,900 working drawings, \$13,281,100 construction (\$10,600,100 contract, \$598,500 contingency, \$1,213,700 A&E, \$848,700 other project costs, and \$20,000 agency retained)
\$ 686,000	Augmentation (\$347,000 contract, \$100,000 contingency, \$33,000 project management, \$140,000 A&E, \$66,000 other project costs)

CEQA

A Notice of Determination was filed with the State Clearinghouse on October 14, 2014, and the 30-day statute of limitations expired without challenge.

Real Estate Due Diligence

A Summary of Conditions Letter for this project was completed on March 2, 2015, and no issues that would adversely affect the beneficial use and quiet enjoyment of the project were identified.

Project Schedule

Approve preliminary plans	April 2015
Approve working drawings	April 2018
Start construction	April 2018
Complete construction	October 2019

Staff Recommendation: Recognize a scope change and approve an augmentation.

CONSENT ITEMS – CALENDAR B

CONSENT ITEM—1

DEPARTMENT OF GENERAL SERVICES (7760)
SACRAMENTO REGION: 10th and O STREET STATE OFFICE BUILDING
SACRAMENTO COUNTY

Authority: Government Code Sections 9125-9125.6

Consider:

a) Approving performance criteria

c) Recognizing a scope change

b) Approving an augmentation

\$36,636,000

(8.45 percent of appropriation)

(8.45 percent cumulative)

STAFF ANALYSIS ITEM—1

Department of General Services
Sacramento Region: 10th and O Street State Office Building
Sacramento County

Action Requested

If approved, the requested action will approve performance criteria, recognize a scope change, and approve an augmentation.

Scope Description

This project is not within scope. The project consists of the construction of a new state office building, located on O Street, between 10th and 11th Streets, in the City of Sacramento. The building shall be approximately 472,600 gross square feet and shall comply with the height limitation specified in Government Code Section 8162.7(c). The building will include 10 floors of office, public hearing, assembly, storage, building support, and limited food service spaces. The building will temporarily house approximately 1,250 legislative and executive elected officials and staff from the Capitol Annex until the new Annex project is completed. The building will then be jointly used as office space for approximately 2,200 legislative and executive employees.

During the time that the Legislature is occupying the facility (both as temporary space and as space to be permanently occupied by the Legislature), the 10th and O Street State Office Building will provide accommodations for the Legislature. The building shall incorporate functional space for: Committee Hearings, caucus meetings, Conference Committee meetings, meeting rooms, Legislative offices, and general office functions, including, during the time the facility is used as temporary space, space for the Office of Legislative Counsel.

A minimum of 135 parking spaces will be constructed in a three level onsite podium parking structure. The project will be designed to achieve LEED Silver certification for new construction (at a minimum) and will target Zero Net Energy performance via a power purchase agreement. The building's exterior will minimize energy usage by maximizing the amount of natural daylight into the office spaces. The roof top will be designed to be ready to install photovoltaic panels at a later date.

The building's cooling system will utilize chilled water from the State's Central Plant. However, the heating system will utilize an onsite all-electric approach to deliver a carbon-free building solution. An enclosed roof structure will include mechanical air handling equipment, storage, and window-cleaning equipment.

The project will include mitigation measures as described in the Final Environmental Impact report and as may result through good faith tribal consultation. The project will also include off-site work to provide utilities to the new building including electrical, water, storm drainage, phone and data services, to relocate existing utilities to the adjacent Legislative Office Building, and to join the new building to the City's existing civil infrastructure. For security, the building will be hardened and include electronic systems to levels determined to address the protection of continuity of Government during the legislature and executive branch's use of the building.

A Memorandum of Understanding (MOU) was entered into on November 9, 2018 between the Joint Rules Committee, Finance and the Department of General Services that defined the terms, covenants and conditions of the development of State Capitol Annex projects and the 10th and O Street State Office Building project. In that MOU, a scope change was defined, in part, as a change in the scope that has an associated cost of more than \$10 million or schedule changes that delay beneficial occupancy of the building by the Legislature. Therefore, because an augmentation of \$36,636,000 is required for this project and project completion is anticipated in November 2021 rather than September 2021 as specified in the MOU, the project is currently not within scope as defined in the MOU. Additional information related to the augmentation request is detailed in the following section, Funding and Cost Verification.

On January 28, 2019, the Department of Finance notified the chair of the Joint Rules Committee of its intent to approve this augmentation and changes to the project scope, and recommend the Board approve this augmentation and recognize the revised scope no sooner than February 8, 2019.

Funding and Cost Verification

The project is not within cost. Total authorized costs for this project are \$470,268,000 (\$4,857,000 project planning and studies, \$6,188,000 performance criteria, and \$422,587,000 for design-build).

Section 9125.5 of the Government Code appropriated \$422,587,000 lease-revenue bonds for this project, in addition to other funds that may be available for the project, including transfers from the State Project Infrastructure Fund (SPIF) as contemplated in 14692(a)(2)(D) of the Government Code. A total of \$11,045,000 from the SPIF was transferred for project planning and studies and development of performance criteria.

In November 2018, the Board recognized the project as described in the MOU, allowing the Department of General Services (DGS) to begin developing performance criteria for the 10th & O Street State Office Building. The cost estimate was based on a project scope that did not include providing furniture for the building. As originally conceived, furniture would have been purchased by the Capitol Annex project to be used first in the State Office Building during its use as swing space for the Annex, and then relocated to the Annex after that project's completion. However, during the development of the performance criteria phase, it was determined that the development schedules of the projects did not align enough to allow for the one-time purchase of furniture for both projects. To provide design and schedule control, furniture for the new facility, to be reutilized by the building's future tenants after its use as swing space, must be added to the project's scope of work. In addition, due to delays completing the Phase I submittal package to the State Fire Marshal, the scheduled occupancy date of the project has shifted from September 2021 to November 2021. These issues have resulted in the need for an augmentation totaling \$36,636,000 lease revenue bond financing.

- \$433,632,000 Total authorized project costs
- \$470,268,000 Total estimated project costs.
- \$11,045,000 Costs previously allocated from SPIF: \$4,857,000 project planning and studies, \$6,188,000 performance criteria.
- \$422,587,000 Costs to be allocated: \$422,587,000 design-build (\$376,288,000 contract, \$11,289,000 contingency, \$7,655,000 A&E services, and \$27,355,000 other project costs).
- \$36,636,000 Pending augmentation: \$36,636,000 design-build (increase of \$47,312,000 contract, increase of \$1,395,000 contingency, decrease of \$1,048,600 A&E services, decrease of \$11,023,800 other project costs).

CEQA

A Notice of Determination was filed with the State Clearinghouse on December 27, 2018 and the 30-day statute of limitations period expired on January 26, 2019 without challenge.

Real Estate Due Diligence

A Summary of Conditions Letter for this project was completed on February 1, 2019. The letter identified that per State of California Government Code Section 9123(b), jurisdiction to the Project site is held by the Legislature. Jurisdiction of the site was transferred to DGS subsequent to the memo.

Project Schedule

Approve performance criteria	February 2019
Start design-build	February 2019
Complete design-build	November 2021

Staff Recommendation: Approve performance criteria, recognize a scope change, and approve an augmentation.

OTHER BUSINESS

NONE

REPORTABLES

TO BE PRESENTED AT MEETING