

- **Board of Directors**
Asset, Real Estate and Infrastructure Policy Committee

May 13, 2003 Board Meeting

8-12

Subject

Authorize an increase in Appropriation No. 15361 of \$120,000, for additional modifications to Metropolitan's Headquarters Building at Union Station

Description

In 2001, the Board authorized \$690,000 and delegated authority to the CEO to award a construction contract for modifications to Metropolitan's building at Union Station. Accordingly, Metropolitan entered into a contract in the amount of \$529,000 with Cal-City Construction, Inc., in November 2002 to construct the planned modifications including: construction of demising walls on floors three, four, and five; build-out of the eighth floor; reconfiguration of first floor tenant space; and construction of several rooms on other floors.

These building modifications are being made to:

- Separate existing California Department of Transportation leased space on the fourth floor, totaling 16,600 square feet, from Metropolitan occupied space.
- Prepare the building for other potential revenue-generating leasing opportunities on the second, third, and fifth floor wings, totaling approximately 60,000 square feet. A leasing prospect is awaiting completion of the project.
- Construct tenant offices on the first floor.

Currently, construction is underway and the project is 70 percent complete. Construction had been proceeding normally until permitting issues arose regarding the building's electrical system. During the original construction of the building, Metropolitan received variances from the state regarding energy conservation regulations. In late February, during routine permitting, the city informed the contractor it would no longer accept these variances and would require Metropolitan to fully conform to the regulations as part of the building modification project even though the city had previously approved the project through plan check. The city also required additional fire, life, and safety strobe lights. These recent city-required changes necessitated the submission of additional documentation and design and installation of energy saving room motion sensors and additional strobes, thus causing the projected cost increase.

The additional cost is expected to be offset by future leasing opportunities facilitated by this construction. See [Attachment 1](#) for the financial statement.

Policy

Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation
Metropolitan Water District Administrative Code § 8113: Construction Contract Award

California Environmental Quality Act (CEQA)

CEQA determination for Staff Recommendation:

The environmental effects from the construction of the original Metropolitan headquarters project were evaluated in the Headquarters Facility Project Final Environmental Impact Report (Final EIR), which was certified by the Board on November 14, 1995. The Board also approved the Findings of Fact, the Statement of Overriding Considerations, the Mitigation Monitoring and Reporting Program, and the project itself. The new building was constructed to meet Metropolitan's space planning needs for the foreseeable future with a maximum of 1,600 employees. Most Metropolitan employees were moved in by January of 1999. However, remaining empty floor space has not been built out. The original Final EIR analysis assumed total build-out of the headquarters facility. The present proposed board actions are solely based on funding and amending an existing contract for construction services and consequently not on any substantial changes to the approved project itself. In addition, the proposed actions do not pose new substantial information or new significant environmental impacts that have not already been fully addressed and publicly disclosed in the original Final EIR. As such, the previous environmental documentation as reviewed and considered by the Board in conjunction with the proposed actions fully complies with CEQA and the State CEQA Guidelines. Therefore, no further CEQA documentation is necessary for the Board to act upon in this matter.

The CEQA determination is: Determine that the proposed actions have been previously addressed in the 1995 certified Final EIR and that no further environmental analysis or documentation is required.

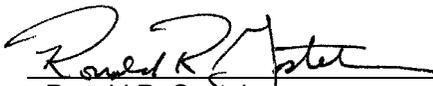
Staff Recommendation

Adopt the CEQA determination and authorize an increase in Appropriation No 15361 of \$120,000.

Fiscal Impact: \$120,000 in unbudgeted funds Capital Investment Plan (CIP) expenditures for fiscal year 2002/03 under Appropriation No. 15361. The CIP will be adjusted to reflect the increased amount. Expenditure is expected to be offset by an undetermined amount of future lease revenue.


 Roy L. Wolfe
 Manager, Corporate Resources

4/21/2003
Date


 Ronald R. Gastelum
 Chief Executive Officer

4/28/2003
Date

Attachment 1 – Modification of Metropolitan’s Headquarters Building at Union Station

BLA #2273

Modification of Metropolitan’s Headquarters Building at Union Station

A breakdown of Board Action No. 2 for Appropriation No. 15361 to finance revised design and additional construction to modify Metropolitan’s building at Union Station is as follows:

	Board Action No. 1 <u>(June 2001)</u>	Board Action No. 2 <u>(May 2003)</u>	New Total Appropriated <u>Amount</u>
Labor:			
Owner Costs (Project Management, Facilities Management)	27,000	3,000	30,000
Design and Specifications	65,000		65,000
Construction Support and Inspection	49,000		49,000
Professional/Technical Services		30,000	30,000
Incidental Expenses	5,000		5,000
Contracts	529,000	77,000	606,000
Remaining Budget	15,000	10,000	25,000
Total	\$ 690,000	\$ 120,000	\$ 810,000

Funding Request

Program Name:	Modification of Metropolitan’s Headquarters Building at Union Station		
Source of Funds:	Construction Funds (General Obligation, Revenue Bonds, Pay-As-You-Go Fund)		
Appropriation No.:	15361	Board Action No.:	2
Requested Amount:	\$ 120,000	Capital Program No.:	15361-E
Total Appropriated Amount:	\$ 810,000	Capital Program Page No.:	E-71
Total Program Estimate:	\$ 810,000	Program Goal:	N/A