



● **Board of Directors**
Engineering and Operations Committee

5/10/2016 Board Meeting

8-2

Subject

Appropriate \$6.7 million; and authorize: (1) preconstruction activities for seismic upgrades and preliminary design of building improvements for Metropolitan's Headquarters Building; and (2) increase of \$3.5 million to an agreement with ABSG Consulting, Inc. for a new not-to-exceed total of \$5.3 million (Approp. 15473)

Executive Summary

This action authorizes preconstruction activities for the upcoming seismic upgrades to Metropolitan's Headquarters Building in Los Angeles. These activities include space planning and preparation of relocation plans to mitigate impacts to Metropolitan's day-to-day business operations. This action also authorizes preliminary design of improvements that will modernize the building and enhance security, improve efficiency, and promote sustainability.

Timing and Urgency

Final design of the planned seismic upgrades to Metropolitan's Headquarters Building in Los Angeles is currently underway. These upgrades will increase the level of seismic performance of the Headquarters Building in accordance with current earthquake projections and updated building codes. Construction of the seismic upgrades will pose logistical challenges associated with the major retrofit of a high-rise building while the facility remains operational. During the anticipated three-year duration of construction, two to three floors of the high-rise tower will be vacated sequentially to allow a contractor to execute the repairs. Metropolitan staff will be relocated in stages to the five-story wing of the building. Several preconstruction activities are recommended to proceed at this time that will minimize impacts on Metropolitan's ongoing business functions during the construction.

While the seismic upgrades of the Headquarters Building are underway, the construction will present an opportunity to modernize the building since the floors will be unoccupied and the building finishes will be removed. The Headquarters Building is almost 20 years old and many of the interior finishes, equipment items, and building systems are approaching the end of their service life. Staff has assessed the condition of the building and identified several improvements that would enhance security, improve operational efficiency, promote sustainability practices, and improve office space efficiency.

This project has been reviewed with Metropolitan's Capital Investment Plan (CIP) prioritization criteria and is included in the System Reliability Program. Funds for this action are available within Metropolitan's capital expenditure plan for fiscal year 2015/16.

Details

Metropolitan's Headquarters Building in Los Angeles is a 522,682-square-foot, concrete-frame structure consisting of a 12-story high-rise tower attached to a five-story wing. The business functions located in this building are critical for maintaining the continuity of Metropolitan's day-to-day operations. The occupants of the Headquarters Building include approximately 840 Metropolitan staff, 200 tenants, and frequent visitors such as the Board of Directors and the public. Metropolitan began occupying the Headquarters Building in 1998, while leasing commenced shortly thereafter. The five-story wing is currently fully occupied by tenants.

In 2008, staff detected cracks in several of the Headquarters Building's structural beams. In response, a number of repairs were performed and a preliminary seismic assessment of the building was conducted which confirmed that the building remains safe to occupy. However, the assessment also identified several areas of vulnerability that could result in significant damage to the building in the event of a major earthquake.

In May 2014, Metropolitan's Board authorized final design of voluntary seismic upgrades to increase the level of seismic performance of the Headquarters Building, and to reduce the risk of significant damage and resulting business disruption due to a major earthquake. Final design of the seismic upgrades is underway.

In order to minimize impacts from the planned upgrades on Metropolitan's operations and business functions, several preconstruction activities are recommended to move forward in parallel with the design effort. These activities include logistical planning and development of relocation plans for Metropolitan staff. All Metropolitan employees at the Headquarters Building will be relocated sequentially to allow the contractor to remove the building finishes and efficiently complete the seismic upgrades on each floor. The relocations are planned to take place between the high-rise and low-rise portions of the building. In order to follow this approach, the entire five-story low-rise wing must be available for Metropolitan use. As a result, the rental of office space in the building will be temporarily suspended after the expiration of the current lease agreements.

Notices of non-renewal of existing tenancies and/or termination of month-to-month holdover tenancies are planned to be issued by Metropolitan staff. By September 2017, all multi-year tenant leases within the five-story wing will have expired, and tenant possession would be subject to termination by the landlord after notice. The termination of tenant leases and return of the rented office space to Metropolitan would create a temporary workspace for sequential use by staff relocated from the high-rise portion of the building. After construction is complete, Metropolitan will seek new tenants to lease available space within the Headquarters Building.

While the seismic upgrades are underway, the construction will present an opportunity to modernize the Headquarters Building since the floors will be unoccupied and the building finishes will be removed. Several building improvements are recommended that will provide significant benefits:

- Enhanced security and infrastructure – Planned work includes: installation of new security equipment to control employee and visitor access, improve perimeter security, and increase security monitoring; and replacement of the existing fire control system to meet updated fire codes.
- Improved operational and functional efficiency – Planned work includes: installation of a new chiller and electrical panel to improve energy efficiency of the heating, ventilating, and air conditioning (HVAC) system; upgrades to the communication infrastructure to increase wireless and cellular signal strength throughout the building; upgrades to the audio/visual system at the board and committee rooms; upgrades to the board voting system; and replacement of the existing cafeteria kitchen equipment, which has reached the end of its service life, with more energy-efficient equipment.
- Enhanced sustainability – Planned work includes: installation of a new electrical transformer and equipment to provide increased support for electric vehicles. The existing electrical system is unable to accommodate any additional charging stations.
- Improved space utilization – Planned work includes: evaluation of work space throughout the building, with reconfiguration of walls and cubicles to create additional conference rooms and team work areas to promote collaboration; and consolidation of work space with the aim of increasing the marketability of leasable office space.
- Replacement of worn finishes – Planned work includes: replacement of carpet at board and committee rooms, office spaces, and corridors throughout the building, and application of new paint on all interior walls.

Upon completion of preliminary design of the building improvements, staff will return to the Board for authorization of final design.

Seismic Upgrades for the Headquarters Building – Preconstruction Activities (\$1.63 million)

Planned preconstruction activities include relocation planning with Metropolitan's business groups; preparation of comprehensive relocation plans that identify space, furniture, and technology requirements for the temporary

work space during each stage of relocation; identification of temporary security improvements and procedures needed during construction; development of a detailed construction schedule for the building upgrades that coordinates expected construction activities with relocation constraints, to mitigate potential impacts to Metropolitan's day-to-day business operations; and selection of a relocation firm.

The space and relocation planning is recommended to be performed by ABSG Consulting, Inc. (ABSG), as described below. Metropolitan staff will provide recommendations for security and information technology measures, provide technical oversight, and perform permitting and project management activities.

This action appropriates \$1.63 million and authorizes preconstruction activities for seismic upgrades to the Headquarters Building. The requested funds include \$920,000 for detailed move planning and communications, preparation of relocation plans, assessment of temporary security needs, and development of a construction milestone schedule with Metropolitan's relocation constraints; \$545,000 for permitting, outreach, project management, and selection of a relocation firm; and \$165,000 for remaining budget.

Building Improvements for the Headquarters Building – Preliminary Design Phase (\$5.07 million)

Planned activities include development of permanent measures to enhance building security; detailed evaluation of chillers, the fire control system, board audio/visual infrastructure, wireless infrastructure, electric vehicle charging infrastructure, and office space utilization options; development of final design criteria and preparation of conceptual layouts; value engineering; initiation of permitting; and development of a construction cost estimate.

This action appropriates \$5.07 million and authorizes preliminary design of building improvements for the Headquarters Building. Requested funds include \$3.94 million for preliminary design activities; \$650,000 for project management and permitting; and \$500,000 for remaining budget. Preliminary design of the building improvements is recommended to be performed primarily by ABSG, as discussed below. Development of design recommendations in the fields of audio/visual systems and wireless infrastructure will be performed by specialized consultants that will be competitively selected. The agreements for these firms are planned to be awarded by the General Manager under his Administrative Code authority to award contracts up to \$250,000. Metropolitan staff will perform field investigations, confirm record drawings, provide technical oversight, and perform project management.

ABSG Consulting, Inc. – Amendment to Agreement

ABSG is recommended to perform both the preconstruction planning for the seismic upgrades and the preliminary design of the building improvements. ABSG was prequalified to perform design activities for seismic retrofit projects through a competitive process via Request for Qualifications No. 1012. Due to its extensive experience in the design and retrofit of high-rise buildings, ABSG was selected to perform the preliminary and final design of the Headquarters Building's seismic upgrades and is currently completing final design pursuant to a board-authorized agreement. Staff recommends that ABSG also perform the preconstruction planning work due to its familiarity with the project and its experience with space and relocation planning. In addition, ABSG is recommended to perform preliminary design of the building improvements since it will be best suited to efficiently incorporate the building improvements into the seismic upgrade construction package currently being developed. The estimated cost for the increased scope of work is \$700,000 for preconstruction activities and \$2.8 million for preliminary design of building improvements, for a total of \$3.5 million.

This action authorizes an increase of \$3.5 million to the existing agreement with ABSG to perform the additional work discussed above, for a new not-to-exceed total of \$5.3 million. For this additional scope of work, Metropolitan has established a Small Business Enterprise (SBE) participation level of 25 percent. ABSG has agreed to meet this level of participation. The planned subconsultants for this agreement are listed in [Attachment 2](#).

Summary

This action appropriates \$6.7 million, authorizes preconstruction activities and preliminary design of building improvements for seismic upgrades to Metropolitan's Headquarters Building, and authorizes an amendment to an

existing professional services agreement. This project has been evaluated and recommended by Metropolitan's CIP Evaluation Team, and funds have been included in the fiscal year 2015/16 capital expenditure plan.

See [Attachment 1](#) for the Financial Statement, [Attachment 2](#) for the listing of Subconsultants for the Agreement with ABSG Consulting, Inc., and [Attachment 3](#) for the Location Map.

This work is included within capital Appropriation No. 15473, the Union Station Headquarters Improvements Appropriation, which was initiated in 2011. With the present action, the total funding for Appropriation No. 15473 will increase from \$5.32 million to \$12.02 million.

The total estimated cost to complete the seismic upgrades and improvements to the Headquarters Building, including the amount authorized to date, current funds requested, and future design and construction costs, is anticipated to range from \$80 million to \$85 million.

Project Milestone

October 2018 – Award of construction contract for seismic upgrades and building improvements for Metropolitan's Headquarters Building

Policy

Metropolitan Water District Administrative Code Section 5108: Appropriations

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

California Environmental Quality Act (CEQA)

CEQA determination for Option #1 and Option #2:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action consists of basic data collection and resource evaluation activities, which do not result in a serious or major disturbance to an environmental resource. This may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. Accordingly, the proposed action qualifies as a Class 6 Categorical Exemption (Section 15306 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under a Categorical Exemption (Class 6, Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #3:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is categorically exempt, and

- a. Appropriate \$6.7 million;
- b. Authorize preconstruction activities for seismic upgrades and preliminary design of building improvements for Metropolitan's Headquarters Building; and
- c. Authorize increase of \$3.5 million to an agreement with ABSG Consulting, Inc. for a new not-to-exceed total of \$5.3 million.

Fiscal Impact: \$6.7 million in capital funds under Approp. 15473

Business Analysis: This option would modernize the Headquarters Building in conjunction with the planned seismic upgrades. It would minimize potential impacts on Metropolitan's operations during the upgrades, and would reduce the risk of costly change orders during construction.

Option #2

Adopt the CEQA determination that the proposed action is categorically exempt, and

- a. Appropriate \$1.63 million;
- b. Authorize preconstruction activities for seismic upgrades to Metropolitan’s Headquarters Building;
- c. Authorize increase of \$700,000 to an agreement with ABSG Consulting, Inc. for a new not-to-exceed total of \$2.5 million; and
- d. Do not authorize building improvements for the Headquarters Building.

Fiscal Impact: \$1.63 million in capital funds under Approp. 15473

Business Analysis: This option would minimize potential impacts on Metropolitan’s operations during seismic upgrade of the Headquarters Building, and would reduce the risk of costly change orders during construction. Under this option, needed building improvements would be deferred until the seismic upgrades are complete, which would likely result in higher construction costs, extended relocation of building occupants, and increased business disruption.

Option #3

Do not proceed with the seismic upgrades or building improvements for Metropolitan’s Headquarters Building at this time.

Fiscal Impact: This option would result in higher repair costs and greater business disruption in the event of a major earthquake.

Business Analysis: This option would forgo an opportunity to coordinate construction of the seismic upgrades and building improvements, reduce business disruption, and reduce the risk of costly change orders during construction.

Staff Recommendation

Option #1


 _____ 4/20/2016
 Gordon Johnson Date
 Manager/Chief Engineer
 Engineering Services


 _____ 4/26/2016
 Jeffrey Nightlinger Date
 General Manager

Attachment 1 – Financial Statement

Attachment 2 – Subconsultants for Agreement with ABSG Consulting, Inc.

Attachment 3 – Location Map

Financial Statement for the Headquarters Building Seismic Upgrades Appropriation

A breakdown of Board Action No. 4 for Appropriation No. 15473 for seismic upgrades to Metropolitan’s Headquarters Building¹ is as follows:

	Previous Total Appropriated Amount (May 2014)	Current B Action No. 4 (May 2016)	New Total Appropriated Amount
Labor			
Studies & Investigations	\$ 150,000	\$ 740,000	\$ 890,000
Final Design	85,000	-	85,000
Owner Costs (Program mgmt., planning, permitting)	898,900	1,195,000	2,093,900
Submittals Review & Record Drawings	6,000	-	6,000
Construction Inspection & Support	33,000	-	33,000
Metropolitan Force Construction	3,100	-	3,100
Materials & Supplies	30,000	-	30,000
Incidental Expenses	170,000	20,000	190,000
Professional/Technical Services	1,695,100	-	1,695,100
ABSG Consulting, Inc.	1,800,000	3,500,000	5,300,000
Audio/Visual Firm	-	240,000	240,000
IT/Wireless Firm	-	240,000	240,000
Value Engineering Firm	-	100,000	100,000
Contracts	314,900	-	314,900
Remaining Budget	134,000 ²	665,000	799,002
Total	\$ 5,320,000	\$ 6,700,000	\$ 12,020,000

Funding Request

Appropriation Name:	Headquarters Building Seismic Upgrades		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15473	Board Action No.:	4
Requested Amount:	\$ 6,700,000	Budget Page No.:	320
Total Appropriated Amount:	\$ 12,020,000	Total Appropriation Estimate:	\$ 14,100,000

¹ The total amount expended to date on seismic upgrades to the Headquarters Building is approximately \$4.9 million. The total estimated cost to complete the seismic upgrades and building improvements, including the amount authorized to date, current funds requested, and future design and construction costs, is anticipated to range from \$80 million to \$85 million.

² Includes reallocation of \$396,000 for construction of architectural test panels by Metropolitan forces, to perform a feasibility study of relocation alternatives, and to perform investigations to identify needed building improvements.

The Metropolitan Water District of Southern California**Subconsultants for Agreement with ABSG Consulting, Inc.
Agreement No. 125738****Seismic Upgrades to Metropolitan's Headquarters Building in Los Angeles**

Subconsultant and Location
GTS Architecture, Inc., Newport Beach, CA
GeoPentech, Inc., Santa Ana, CA
PBS Engineers, Inc., Glendora, CA
MTGL, Inc., Anaheim, CA
FDG, Inc., Arvada, CO
MARRS Services, Fullerton, CA
O'Connor Construction Management, Inc., Irvine, CA
Blackman & Holberton Move Planning Services, Santa Monica, CA
Ware Malcomb, Irvine, CA

Distribution System

