

Bay Area Headquarters Authority (BAHA)

July 24, 2024

Agenda Item 4a.iii. - 24-0717

Contract Amendment – Property Management Services: Cushman & Wakefield of California, Inc. (\$5,874,075)

Subject:

Authorization to enter into a contract amendment in an amount not to exceed \$5,874,075 with Cushman & Wakefield of California, Inc. (“Cushman Wakefield”) to implement and administer building improvement projects at 375 Beale Street, San Francisco (Bay Area Metro Center).

Background:

On January 23, 2013, following a competitive procurement process, BAHA awarded Cushman Wakefield a contract for property management services at 375 Beale Street. The contract covered a five-year term, with options to renew for two additional five-year periods. BAHA approved the first renewal on December 29, 2017, and the second on December 21, 2022.

As BAHA's property manager, Cushman Wakefield's duties include implementing and managing the design and construction of capital projects for both BAHA and its tenants. With written approval from BAHA, Cushman Wakefield acts as BAHA's agent for specific projects, agreeing to:

1. Solicit bids from contractors for tenant improvements and capital improvement work needed for leasing space or renovations at the Bay Area Metro Center.
2. Coordinate with BAHA, tenants, architects, engineers, contractors, and other consultants to prepare and finalize construction drawings.
3. Oversee the administration of construction contracts, including managing the construction schedule, disbursement process, lien-waiver collection, and financial reporting.
4. Conduct final walk-throughs and help prepare a punch list detailing any remaining work or repairs needed.

5. Assist contractors in obtaining notices of completion, certificates of occupancy, or equivalent documents.
6. Ensure compliance with all applicable laws, codes, and regulations, including building, fire, and safety codes.
7. Perform additional tasks as mutually agreed upon in advance.

The proposed contract amendment would fund various building improvement projects from funds included in the FY 24-25 Capital Improvement Building Budget including, but not limited to:

- As-Needed Beale Garage & Main Switch Room Waterproofing: \$169,398
- Variable Frequency Drive (VFD) Partial Replacement: \$42,467
- Electric Fire Pump Controller Replacement: \$98,765
- Beale Garage Epoxy Floor Coat Project: \$301,571
- Building Façade Repair and Inspection: \$5,130,823
- Additional miscellaneous building improvements to enhance and maintain the building's functionality: \$131,051

The Building Façade Repair and Inspection is required to comply with SF Ordinance. Due to the building's age and exposure to environmental conditions, the number and extent of cracks and loose areas of concrete that were found exceeded what was estimated when the project began in early 2024. The proposed budgetary costs for FY 24/25 will allow for corrective actions to restore the durability and weather-tightness of the building structure and extend the building's lifespan.

The proposed \$5,874,075 requested for this amendment includes Cushman Wakefield's project management fee, which ranges from 3% for projects with a value greater than \$1,000,000 to 5% for smaller projects.

Cushman Wakefield is neither a small business enterprise nor a disadvantaged business enterprise.

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Issues:

None

Recommendation:

Staff recommends that the Authority authorize the Executive Director or designee to negotiate and enter into a contract amendment with Cushman Wakefield in an amount not to exceed \$5,874,075 for a new contract not to exceed amount of \$23,666,960.30, for implementation and administration of building improvement projects at the Bay Area Metro Center.

Attachments:

Request for Committee Approval – Summary of Proposed Contract Amendment

DocuSigned by:

Nick Roethel

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Nick Roethel

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Amendment

Work Item No.: 9161, 9180, 9181

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

Work Project Title: Property Management Services

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

Brief Scope of Work: Implement and administer building improvement projects consistent with the FY 24-25 Budget

Project Cost Not to Exceed: This amendment: \$5,874,075
Current contract authorization before this amendment: \$17,792,885.30
New contract not to exceed amount: \$23,666,960.30

Funding Source: BAHA FY 24-25 Capital Building Improvement Project Budget

Fiscal Impact: Funding is subject to the approval of the BAHA FY 24-25 Budget

Motion by Authority: That the Executive Director is authorized to negotiate and enter into a contract amendment not to exceed \$5,874,075 with Cushman Wakefield to implement and administer building improvement projects at 375 Beale Street, San Francisco (Bay Area Metro Center) as described above and in the Bay Area Headquarters Authority Summary Sheet dated July 24, 2024, and the Chief Fiscal Officer (CFO) is directed to set aside funds in the amount of \$5,874,075 for such contract amendment, subject to the approval of the BAHA FY 24-25 budget.

BAHA Chair:

Alfredo Pedroza

Approved: Date: July 24, 2024