



Regular Meeting

Item Number 10 – Open Session

Subject: HQE Update & Extension of CEO Delegation

Presenter(s): Lisa Blatnick

Item Type: Action

Date & Time: January 10, 2024 – 5 minutes

Attachment(s): None

PowerPoint(s): None

Item Purpose

The purpose of this item is to update the board on the status of the Headquarters Expansion (HQE) Project and to request an extension of the previously approved board delegation to the Chief Executive Officer (CEO) to revise the HQE Project budget by an additional not-to-exceed \$1 million for any further unanticipated project expenditures beyond the approved \$321.4M, in order to complete the project.

Recommendation

Approval to extend the board delegation for staff to revise the HQE Project budget by an additional not-to-exceed \$1 million, upon CEO approval, to complete the HQE Project, for any further unanticipated expenditures above the HQE Project budget of \$321.4 million, which would otherwise delay construction completion if not approved prior to the next board meeting in March 2024.

Background/Summary

In November 2023, the board approved staff's recommendation for a \$2.9 million budget augmentation, bringing the revised HQE Project budget to \$321.4 million. The budget augmentation is to pay for projected overages of non-discretionary expenditures, such as inspection fees, insurance and temporary power and any other unforeseen expenses required by a continually delayed schedule. The board also approved for staff to revise the HQE Project budget by an additional not-to-exceed \$1 million, upon CEO approval, for unanticipated expenses above the approved \$2.9 million budget augmentation, that could have delayed construction completion if not approved prior to the January 2024 meeting. At the time, the projected Substantial

Completion Date (SCD) was December 13, 2023. To date, the schedule remains unstable and has slipped to January 24, 2024. If the schedule continues to slip, the CEO may need to approve additional expenditures (limited to delegation amount of up to \$1 million) to ensure enough budget is available to pay for further non-discretionary expenditures through project completion. In the event the HQE Project budget is revised per this authority, staff will inform the board outlining the revisions at the next meeting.

Project Schedule Status

Since the November HQE update, the project schedule continued to slip week to week and is presently reflecting a SCD of January 24, 2024. DPR Construction continues to attribute slippage to the inspection process. Although the project is nearing completion, staff deem it necessary to request an extension of the board’s delegation to the CEO to approve unanticipated expenses up to a not-to-exceed \$1 million, to cover the costs of delays to construction completion.

As of December 18, 2023, construction is approximately 99% complete, with only a few outstanding interior completion items including the completion of the GPS7 glass in the lobby as well as completing the glass/handrail installations at the mezzanine and Atrium. There are other miscellaneous interior areas that need to be closed as the added fire alarm device installation is completed. On the exterior, the metal trim at the exterior ground area adjacent to sidewalks is being installed as well as some smaller areas of garage and front entry panels. The site work is nearly complete with the K-rail removed and street paving done. Punch list activities continue at full speed in December. Fire alarm and smoke control inspections are scheduled to commence toward the end of December.

Project Milestones:

The Milestones Chart tracks the approved contract dates, as well as the current schedule update with a SCD of January 24, 2024. The furniture and fitness center equipment installation are complete with final clean-up and punch list activities occurring in December.

| Project Milestones | Start Date | Approved Schedule (dtd 08/29/22) Completion Date | Schedule Update dtd 11.14.23 |
|--|------------|--|--------------------------------------|
| Exterior Envelope/inc. Garage All Complete | | 03/21/23 | 01/13/24 |
| Lobby -Mezz punch list – inc. back check | 04/21/21 | 12/30/22 | 01/10/24 |
| Childcare punch list -inc. back check | | | 01/10/24 |
| Lobby Level Furniture Installation (café) | 02/15/23 | 03/16/23 | <u>12/7/23</u> <u>12/13-14/23</u> |

| | | | |
|---|----------|----------|--------------------------|
| <u>(mezz/training room chairs)</u> | | | |
| Café punch list – inc. back check | | | 01/10/24 |
| Kitchen Equipment – Cooler/Freezer start-up | 01/04/23 | 01/18/23 | 12/08/23 |
| Bridge Construction including interiors | 03/26/21 | 02/27/23 | 12/15/23 |
| Office Level 03 – punch list inc. back check | 08/16/21 | 01/26/23 | 01/05/24 |
| Fitness Center Equipment Installation | 01/12/23 | 01/26/23 | <u>12/5-6/23</u> |
| Office Level 04/Atrium – punch list inc. back check | 06/17/21 | 12/28/22 | 01/04/24 |
| Office Level 05 – punch list inc. back check | 06/17/21 | 01/12/23 | 12/15/23 |
| Office Level 06 – punch list inc. back check | 06/17/21 | 01/24/23 | 12/19/23 |
| Office Levels 04-07 Finish Installations/ Final Clean (<u>per MTA</u>) | 01/25/23 | 02/21/23 | <u>11/30/23-12/15/23</u> |
| Office Level 07 – punch list inc. back check | 06/17/21 | 02/15/23 | 12/21/23 |
| Start-Up and Commissioning (<u>Final Report</u>) | 11/08/22 | 03/24/23 | 02/21/24 |
| FINAL AHJ Inspections | 03/01/23 | 03/28/23 | 01/19/24 |
| Certificate of Occupancy | | | 01/19/24 |
| Substantial Completion Date | | 03/28/23 | 01/24/24 |
| Project Close-Out/Final Completion | | | 03/07/24 |

Budget Status

This budget status for this month is as summarized below:

| Summary Period: 11/30/2023 | | | | |
|-----------------------------------|-----------------------------|-----------------------|-------------------|----------------------------|
| Budget Categories | Total Project Budget | Costs to Date | % Complete | Balance to Complete |
| Hard Costs (*including retention) | \$ 264,116,926 | \$ 260,114,173 | 98.48% | \$ 4,002,753 |
| Hard Cost Contingency | \$ 1,235,687 | \$ - | 0.00% | \$ 1,235,687 |
| Soft Costs | \$ 36,948,806 | \$ 35,655,737 | 96.50% | \$ 1,293,069 |
| Owner Costs | \$ 18,375,224 | \$ 15,992,785 | 87.03% | \$ 2,382,439 |
| Project Contingency | \$ 723,357 | \$ - | 0.00% | \$ 723,357 |
| Totals | \$ 321,400,000 | \$ 311,762,694 | 97.00% | \$ 9,637,306 |

CHANGE IN HARD COST CONTINGENCY SINCE LAST REPORT:

- Site Christy box replacements – materials only.....\$ 5,533
- Polished concrete in café and mezzanine.....\$ 33,235
- Water damage from March 14, 2023.....\$ 12,031
- Punch list trade damage.....\$119,221
- Masking rubber base.....\$ 7,442
- W-3 base scope gap.....\$ 21,877
- Atrium carpet underlayment credit.....(\$ 12,504)

Total Hard Cost Contingency Use from last report is: \$186,835

CHANGE IN PROJECT CONTINGENCY COST SINCE LAST REPORT:

- Architectural add service for playground equipment plans.....\$ 33,200
- 3rd Party Special Inspections for depletion of budget line item.....\$ 25,585
- IOR funding for depletion of budget line item.....\$ 158,548
- OSFM inspection funding due to depletion of budget line item.....\$ 29,400
- Defibrillators.....\$ 9,959
- Temp construction power.....\$ 66,376
- Extension of Owner General Liability & Builders’ Risk Insurance...\$ 5
- Architectural add service for SRS – fall protection.....\$ 8,000

Total Project Contingency Use from last report is: \$331,073

Strategic Plan Linkage: Goal 1: Trusted Stewards

Goal 3: Sustainable Organization: Complete Headquarters Expansion
Project
