

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On October 14, 2014 State Office Building, Hartford, Connecticut

The State Properties Review Board held its regularly scheduled meeting on October 14, 2014 in the State Office Building.

Members Present: Edwin S. Greenberg, Chairman
Bennett Millstein, Vice Chairman
Bruce Josephy, Secretary
Mark A. Norman
Pasquale A. Pepe

Members Absent: John P. Valengavich

Staff Present: Brian A. Dillon, Director
Mary Goodhouse, Real Estate Examiner

Chairman Greenberg called the meeting to order.

Mr. Josephy moved and Mr. Norman seconded a motion to enter into Open Session. The motion passed unanimously.

OPEN SESSION

ACCEPTANCE OF MINUTES OF OCTOBER 6, 2014 and OCTOBER 7, 2014. Mr. Norman moved and Mr. Millstein seconded a motion to approve the minutes of October 6, 2014 and October 7, 2014. The motion passed unanimously.

REAL ESTATE- UNFINISHED BUSINESS

Mr. Josephy moved and Mr. Norman seconded a motion to go out of Open Session into Executive Session. The motion passed unanimously.

EXECUTIVE SESSION

PRB # 14-226-A **Transaction/Contract Type:** AG / Purchase of Develop. Rights
Origin/Client: DOA / DOA
Statutory Disclosure Exemptions: 1-200(6)(D) & 1-210(b)(7)

The Board commenced discussion of the proposed purchase at 9:31 a.m. and concluded at 9:44 a.m.

Mr. Josephy moved and Mr. Norman seconded a motion to go out of Executive Session into Open Session. The motion passed unanimously.

REAL ESTATE- NEW BUSINESS

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PRB # 14-253 **Transaction/Contract Type:** RE / Lease Amendment
Origin/Client: DOL/DOL
Property: 645 South Main Street, Middletown, CT
Lessor: 635-651 South Main Street, LLC
Project Purpose: Lease Amendment for the Department of Labor
Item Purpose: Lease Amendment to increase the lease area from approximately 16,200 GSF to 24,435 GSF as well as additional costs associated with tenant improvements for the additional space.

DOL has been at this Middletown location with this Lessor since 1998, at which time the building exterior walls, windows, roof, HVAC were replaced and the parking lot was resurfaced. DOL amortized approximately \$300,000 in tenant improvements over the first five year term of the 1998 lease. In 2012 a new 10-year lease expanded the premises from 15,000 nuf to 16,200 nuf (PRB #12-210).

In PRB File #14-026 (February 2014), SPRB approved the First Amendment to the 2012 lease agreement permitting DOL to prepay the tenant improvements, which under the lease are amortized for 10 years at 6%. The total amount of the tenant improvements to be paid by DOL was \$599,137.58 (\$20,256.42 less than the amount estimated in the lease agreement). The Amendment allowed DOL to prepay the outstanding balance, or make a partial payment to be applied against the outstanding principle. Prepayment in full or in part reduces the interest obligation over the term of the lease. If a partial payment is made, the amortization schedule will be recalculated to reflect the reduction in principle and the months remaining in the lease term at the time of the payment.

The proposed Second Amendment increases the demised premises to 100% of the building's useable square footage = 24,435 SF for the purpose of relocating DOL's existing call center from Hartford to Middletown.

Staff recommended approval of the item. DOL has authority to enter into leases under CGS Section 31-250(c), which says that the Board's approval or disapproval shall be based solely upon whether the proposed location and rent are reasonable when compared to available space and prevailing rents in the same geographic area. The base rental rate remains at \$9.87/SF (10 year average) which was approved by the Board in PRB #12-210. Current asking prices in Middletown indicate at range from \$6.00/SF, NNN to \$18.50/SF full service gross. The DOL cost of tenant improvements for the 9,762 SF Call Center is budgeted at \$71.28/SF, of which DOL's share through the rental rate SPRB Staff estimates to be \$35.89/SF. This cost is reasonably supported by Marshall Valuation Service estimates of \$71.84/SF for build out of Class C "Good" interior office space in the Middletown, CT locale. The Lessor has provided a certification regarding adherence to nondiscrimination practices as defined by §4a-60(a)(1) and §4a-60a(a)(1); a consulting agreement affidavit under §4a-81(b)(1); and certification showing no unlawful campaign contributions.

ARCHITECT-ENGINEER - UNFINISHED BUSINESS

ARCHITECT-ENGINEER – NEW BUSINESS

PRB# 14-251 **Transaction/Contract Type:** AE / Contract Amendment
Project Number: BI-P-86 **Origin/Client:** DCS/CAES
Contract: BI-P-86-CA Contract Amendment #2

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Consultant: A/Z Corporation
Property: Connecticut Agricultural Experiment Station, New Haven
Project Purpose: Renovations and Additions to Jenkins-Waggoner Laboratory
Item Purpose: Contract Amendment #2 to compensate the consultant for expanded construction phase services as well as extended contract duration.

Staff reported that this project consists of the planned expansion and renovation to the historically significant CT Agricultural Experiment Station (CAES). In general the project encompasses building and site modifications to accommodate program developments and enhancements at the historic Jenkins Laboratory which was constructed in the 1930's. The facility receives thousands of residents annually for diagnostic and testing services. The CAES facility also contains numerous labs, offices, a library and insect collections. The existing building area to be renovated is approximately 16,200 SF and it will be enhanced with a planned 11,000 SF addition. The project will be subject to review and approval by the State Historic Preservation Office (SHPO) due to the historic significance of the site. The overall project budget and construction budget were originally established at \$14,990,000 and \$10,500,000 respectively. Since that the overall budget and construction budget have been revised to 12,607,701 and \$9,100,000 respectively which reflects a decrease in overall project funding.

In January 2012 the Department of Construction Services ("DCS") issued a Request for Qualifications (RFQ) for Construction Administration Consultant Teams related to the CAES Jenkins-Waggoner Laboratory Additions and Renovations Project. After completion of the internal review and interview process DCS identified A/Z Corporation ("AZC") as the most qualified firm. SPRB approved the award of the contract in the amount of \$310,390 to AZC under PRB #12-204. The approved contract included a compensation rate \$231,530 for basic services plus an additional \$79,400 for special service and/or sub-consultants.

In April 2014, the Board approved Contract Amendment #1 under PRB #14-077 which increased the consultant's fee by \$115,391 for expanded and extended CA services from May 6, 2014 until October 6, 2014.

Contract Amendment #2 is generally an extension of Contract Amendment #1. Based on the current status of the construction project, DCS has requested that AZC submit a revised proposal to provide additional expanded construction phase support services as well as additional 5-months of oversight based on the current project schedule. The fee proposal by AZC to provide these additional services can be broken down as follows:

• Expanded Construction Phase Services	\$ 27,500
• Project Scheduling & Safety Audit Support	\$ 10,188
• Extended Contract Duration	<u>\$ 80,464</u>
TOTAL	\$118,152

Staff recommended that the Board suspend Contract Amendment #2. While SPRB is recommending approval of the scope and fee under this contract amendment, SPRB Staff has questioned why the contract submittal contains an overlap in the contract period between Contract Amendment #1 & Contract Amendment #2. The basic service fee of \$407,573 amounts to 4.48% of the construction budget which is within the maximum guideline rate of 5% established by the agency for Construction Administration services.

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OTHER BUSINESS

The Board took the following votes in Open Session:

PRB FILE #14-226-A – Mr. Norman moved and Mr. Millstein seconded a motion to approve PRB File #14-226-A. The motion passed unanimously.

PRB FILE #14-251 – Mr. Norman moved and Mr. Millstein seconded a motion to suspend PRB File #14-251, pending receipt of additional information regarding the contract amendment. The motion passed unanimously.

PRB FILE #14-253 – Mr. Pepe moved and Mr. Norman seconded a motion to approve PRB File #14-253. The motion passed unanimously.

The meeting adjourned.

APPROVED: _____ **Date:** _____

Bruce Josephy, Secretary