



City of Palo Alto

City Council Staff Report

(ID # 12247)

Report Type: Consent Calendar

Meeting Date: 6/21/2021

Summary Title: Elwell Court Lease Renewal

Title: Approve and Authorize the City Manager or Designee to Execute Amendment Number 9 With McCandless Limited LLC. for a Three-Year Lease Renewal at 1005 and 1007 Elwell Court Ending August 2024

From: City Manager

Lead Department: Utilities

RECOMMENDATION

Staff recommends that the City Council approve and authorize the City Manager or their designee to execute the lease amendment #9 with McCandless Limited, LLC. (Attachment A, [Linked Document](#)) to renew the lease for 1005 and 1007 Elwell Court providing office space for the City of Palo Alto Utilities Engineering Division for an additional three (3) year term ending August 2024.

EXECUTIVE SUMMARY

City of Palo Alto currently leases from McCANDLESS LIMITED, LLC, a California limited liability company ("Landlord") approximately nine thousand two hundred two (9,202) square feet of space located at 1007 Elwell Court, Palo Alto, California (the "1007 Premises") and approximately six thousand nine hundred fifty-five (6,955) square feet located at 1005 Elwell Court, Palo Alto, California (the "1005 Premises"), for a total area of 16,157 square feet of office space pursuant to that certain lease dated as of July 31, 1998. In the past ten years, the Lease agreement has been amended several times to add more years to the term of the lease and to modify the square footage of the Premises.

The current lease will expire on August 31, 2021 therefore the lease term needs to be extended to accommodate the continuation of use by the Utilities Engineering staff. Utilities had a space planning meeting with Public Works and at this time, there is no feasible City-owned facility that can accommodate an additional 45 engineering employees. For Utilities operations continuity and emergency response, it is important that the Operations and Engineering staff are located in close proximity of one another. Currently, the two divisions are less than one mile apart between the Municipal Service Center (MSC) and Elwell Court. This amendment will extend the current lease agreement for an additional three (3) years, through August 31, 2024.

BACKGROUND

On July 31, 1998, the City entered into a 10-year lease with McCandless Limited for 9,202 square feet of office space at 1007 Elwell Court. The purpose of the lease was to provide space for the relocation of the Utilities Engineering staff to address the over-crowded conditions in the Civic Center as described in CMR: 204:98. Since that time, the Council has approved several amendments to add additional space and to modify the lease to accommodate additional staff including a citywide training conference room for computer-based training. The Utilities Department has been using the office space at the premises for its engineering and operation projects.

DISCUSSION

The 1007 Premises and the 1005 Premises are located in a building commonly known as 1001-1007 Elwell Court, Palo Alto, California (the "Project"). The existing square footage of the premises used by the Utilities Department is 16,157 square feet. Specifically, it provides office space for approximately 45 Utilities Engineering employees and their equipment, a library for utilities system documentation and plan review, engineering training stations, and conference rooms. The new lease rate will begin at \$3.48 per square foot triple net (not including real estate taxes, building insurance, and maintenance). The calendar year 2021 common area maintenance (CAM) charges for Elwell Court is approximately \$0.55 per square foot, totaling \$4.03 per square foot for base rent and CAM charges. There is currently space for sublease in the property with an asking rental rate of \$3.50 per square foot triple net, as well as direct listings in a couple of buildings along the same block for \$3.75 per square foot full service. The sublease is only through August 31, 2022 and the spaces in the other buildings are much smaller and in inferior condition. Basic rent for the first two years of the new lease amendment (September 1, 2021 – August 31, 2023) will be at a fixed monthly rate at \$56,210.46. The third year (September 1, 2023 – August 31, 2024) shall increase by 2.5% to \$57,615.72 representing average CPI, which is the same escalation factor as prior lease amendments. The cost will be included in the Utilities budget, shared between Electric, Fiber, Water, Gas and Wastewater Collection funds.

The previous lease amendments did not include any tenant improvement allowance. In the new lease amendment, the landlord has agreed to contribute up to \$250,000 for improvements. The Utilities Engineering office at Elwell Court has not had any significant interior updates since the City entered into the lease agreement in 1998. Interior finishes improvements will include flooring, paint, ceiling tiles, cabinetry, countertop, HVAC reconfiguration, water heater and ADA compliance upgrades. Based on the preliminary cost estimate, the City will be responsible for approximately \$70,000 of the tenant improvements.

In addition, the workspaces will be reconfigured and modernized for current business trends that use less paper, less storage, less compartmentalization, more openness and more collaboration. The additional funding of \$370,000 for the workspace improvement is included in the Facility Interior Finishes Replacement (PF-02022) capital improvement program.

Elwell Court also provides a computer training room which has 22 individual work stations. This training room is utilized by Human Resources, Information Technology, Utilities and other departments for internal software training, computer system enhancement projects, online training, and other computer-based needs under a team setting.

Staff is requesting a three-year lease extension at this time because it provides flexibility in case of changing work environment. Relocating Utilities Engineering staff to a City owned property may be feasible in the future, subject to space planning for City facilities with the new Public Safety Building. Staff led by the Public Works Department expect to begin more in-depth space planning during FY 2022.

Basic Rent

The City is to pay monthly basic rent for the ninth extended term starting at \$3.48 per square foot with a 2.5% increase on September 1, 2023 as set forth below:

Period	Sq. Ft Rate	Rent Monthly	Rent Annual
Sept. 1, 2021 – Aug. 31, 2023	\$3.48/SQF	\$56,210.46	\$674,526
Sept. 1, 2023 – Aug. 31, 2024	\$3.57/SQF	\$57,615.72	\$691,389

STAKEHOLDER ENGAGEMENT

Utilities and Public Works reviewed and determined no appropriate alternative space available in City-owned facilities to accommodate 45 engineering employees. Utilities and Administrative Services Real Estate also evaluated other commercial buildings and found no suitable alternatives.

RESOURCE IMPACT

Funding for the first year of the lease amendment of \$674,526 is available in the FY 2022 operating budgets for the Electric Fund (41%), Fiber Fund (3%), Gas Fund (21%), Water Fund (21%), and Wastewater Collection Fund (14%). The lease cost is allocated by percentage of total engineering FTEs by utility.

Funding for the workspace improvement of \$370,000 is available in the FY 2022 capital improvement program Facility Interior Finishes Replacement (PF-02022).

The Landlord has agreed to contribute up to \$250,000 for tenant improvements. Staff estimates an additional \$70,000 will be required to fund the entire list of mutually agreed upon improvements. Funding of \$70,000 is also available in the FY 2022 Utilities Administration operating budget.

POLICY IMPLICATIONS

This recommendation is consistent with existing City policies and supports the Utilities Strategic Plan.

Priority 1: Workforce – We must create a vibrant and competitive environment that attracts, retains, and invests in a skilled and engaged workforce.

- Strategy 2 – Create a workplace that attracts and retains skilled employees.

ENVIRONMENTAL REVIEW

Extending the lease for office space is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline 15301, Existing Facilities.

Attachments:

- Attachment A: Lease Amendment

NINTH AMENDMENT TO STANDARD INDUSTRIAL LEASE

THIS NINTH AMENDMENT TO STANDARD INDUSTRIAL LEASE (hereinafter "Ninth Amendment") is made this _____ (the "Effective Date"), by and between McCANDLESS LIMITED, LLC, a California limited liability company ("Landlord") and THE CITY OF PALO ALTO, a California municipal corporation ("Tenant").

RECITALS

This Ninth Amendment is made with reference to the following facts:

A. Tenant currently leases from Landlord approximately sixteen thousand one hundred and fifty-seven (16,157) square feet of space located at 1005 and 1007 Elwell Court, Palo Alto, California (the "Premises") pursuant to that certain lease dated as of July 31, 1998, that certain Amendment to Standard Industrial Lease dated as of April 1, 2003, that certain Second Amendment to Standard Industrial Lease dated as of March 16, 2005, that certain Third Amendment to Standard Industrial Lease dated as of September 20, 2005, that certain Fourth Amendment to Standard Industrial Lease dated as of June 6, 2006, that certain Fifth Amendment to Standard Industrial Lease dated as of May 16, 2007, that certain Sixth Amendment to Standard Industrial Lease dated as of August 30, 2013, that certain Seventh Amendment to Standard Industrial Lease dated as of March 23, 2015 and that certain Eighth Amendment to Standard Industrial Lease dated as of January 12, 2018 (the "Lease"). The 1005 Premises and the 1007 Premises are located in a building commonly known as 1001-1007 Elwell Court, Palo Alto, California (the "Project").

B. The term expires on August 31, 2021 and Tenant wishes to extend the term of the Lease by three (3) years.

C. Tenant desires to have Landlord improve the Premises with new paint, flooring, lunchroom cabinets and other improvements as described in Exhibit A. Landlord and Tenant desire that the cost of such tenant improvements shall not exceed Three Hundred and Twenty Thousand and 00/100 Dollars (\$320,000.00).

D. Landlord shall pay, at its own cost and expense, the first Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000.00) of such improvements.

E. Landlord is willing to so amend the Lease subject to the terms and conditions set forth in this Ninth Amendment.

ACCORDINGLY, in consideration of the above Recitals and the mutual covenants and agreements contained herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Incorporation of Recitals and Exhibits. The above Recitals are true and accurate and the Recitals are incorporated herein by reference.

2. Term. Commencing September 1, 2021, the term of the Lease respecting the Premises shall be extended for three (3) additional years until August 31, 2024. The period commencing on the September 1, 2021 and ending on August 31, 2024 shall be referred to herein as the "Ninth Extended Term".

3. Security Deposit. Landlord currently holds a cash security deposit provided by Tenant in the amount of Seven Thousand One Hundred Fifteen Dollars and 00/100 (\$7,115.00) and no further deposit shall be required.

4. Basic Rent. Commencing on September 1, 2021, Landlord and Tenant agree that the monthly basic rent shall be adjusted to Fifty-Six Thousand Two Hundred and Ten Dollars and 46/100 (\$56,210.46) per month for two (2) years and shall increase by two and one-half percent (2-1/2%) to Fifty Seven Thousand Six Hundred and Fifteen and 72/100 Dollars (\$57,615.72) per month for the third year commencing September 1, 2023.

5. Tenant Improvements and Allowance. Landlord shall construct the Tenant Improvements specified in this paragraph 5 and such changes as may subsequently be agreed upon by Landlord and Tenant, all in accordance with the Plans and Specifications and the conditions of any applicable governmental approval. Tenant Improvements must satisfy the Palo Alto Fire Marshall, State Building Code, Federal Americans with Disabilities Act, and all other applicable federal, state, and local laws. The general contractor shall be Pacific Ridge Builders, Inc. or, if Landlord and Tenant are unsatisfied in any way with the performance of Pacific Ridge Builders, Inc., such other general contractor that Landlord and Tenant shall mutually agree upon ("General Contractor").

A. Scope of Tenant Improvements. As used herein, "Tenant Improvements" to the Premises shall mean those items, specifications and scope of work for improving the Premises (whether or not a building permit or other governmental permit is required for such work) as described in the September 4, 2019 letter from Pacific Ridge Builders, Inc., attached hereto as Exhibit A. Such tenant improvement work shall include without limitation (i) replacement of the existing flooring with new standard office grade carpet or vinyl acrylic tile, (ii) new paint throughout the Premises, (iii) replacement of existing water heater, (iv) separation of HVAC between conference rooms 1 and 2, (v) removal and disposal of existing furniture and installed office cubicles, (vi) replacement of lunch room counters and cabinets, (vii) the cost of all permits (if any) and design, architectural, engineering or other design, permitting or construction related fees, (viii) the cost of procuring, constructing and installing all construction materials, testing and inspection costs, hoisting and trash removal costs, contractors' fees and general conditions, and sales and use taxes, (ix) management fees for an unaffiliated project manager and the cost of other ancillary work necessary to timely complete the Tenant Improvements as described and specified in Exhibit A. Unless otherwise specifically agreed to by Landlord in writing, the storage and replacement of any furniture, fixtures and equipment and other work not described in Exhibit A shall not be required of the Landlord. Landlord shall construct such Tenant Improvements in accordance with the terms of this paragraph 5.

B. Materials and Permits. Landlord, for mutual approval by Landlord and Tenant, shall provide in writing within 30 days of the Effective Date, all color, style and material specifications for the Tenant Improvements (“Plans and Specifications”) and the budget for completion of the Tenant Improvements. All materials and equipment installed in the Tenant Improvements shall be new unless agreed to in writing by Tenant. In the sole judgement of Landlord and General Contractor, the Tenant Improvements as currently proposed in Paragraph 5 (A) should not require a building permit, except for any plumbing or electrical work as part of the millwork, the installation of a new water heater or any lighting, HVAC, wall placement or electrical work to the conference room. To the extent a building permit may be required, Landlord shall, within 30 days of discovering that a building permit is required, prepare preliminary drawings or provide equivalent and sufficient information for mutual approval by Landlord and Tenant. Once preliminary drawings or equivalent and sufficient information are so approved by Landlord and Tenant, Landlord shall promptly complete construction drawings or equivalent information sufficiently detailed and complete to submit to the City of Palo Alto for a building permit and Landlord shall so submit such drawings or information as required by the City of Palo Alto if a building permit is required. Once all such color, style and material specifications and budget are mutually approved and all such building and all other necessary permits, if any, are obtained, Landlord shall complete construction of such Tenant Improvements in a diligent, timely, good and workmanlike manner, free from faults and defects.

C. Changes By Tenant. Tenant may request changes, deletions or additions to the Tenant Improvements (“Change By Tenant”); provided, however, that the effectiveness of any such requested change, deletion or addition shall be subject to written approval by an authorized representative of Landlord, which approval shall not be unreasonably withheld, and to obtaining any required governmental permits or other approvals. Landlord shall approve or deny each Change By Tenant within five (5) business days of receipt by Landlord and Landlord’s contractor of Tenant’s written request for a change, deletion or addition, and Landlord shall also provide to Tenant an estimate of the maximum cost and any impact to the work schedule, of each Change By Tenant within ten (10) business days after the delivery of the Change By Tenant to Landlord. No Tenant Improvement based upon a Change By Tenant shall be undertaken unless and until Tenant shall have approved (by notice to Landlord) Landlord’s cost estimate and impact to the work schedule of any such Change By Tenant. At any time during the construction of the Tenant Improvements, Tenant may reject any work that does not conform to the Plans and Specifications. If any such changes increase the cost of constructing or installing the Tenant Improvements, such amount shall be added to the Turnkey Allowance, provided, however if the Turnkey Allowance has been exhausted, Tenant shall immediately pay to Landlord, within thirty (30) days of receipt from Landlord an invoice with reasonably detailed information including receipts proving payment has been made, the full amount of such increase in the cost of constructing or installing the Tenant Improvements. No change in the Tenant Improvements, as described in Exhibit A, shall delay the commencement of the Ninth Extended Term.

D. Changes By Authority. Except as set forth in the Lease, Tenant agrees that if any change, deletion or addition to any of the improvements proposed to be constructed or installed is required by any governmental authority in connection with obtaining any governmental permit or approval, or otherwise, then the cost of such change, deletion or addition shall be included in the Turnkey Allowance. If such allowance has been spent, then

Tenant shall immediately pay to Landlord, within thirty (30) days of demand, the full amount of such increase in the cost of constructing or installing the Tenant Improvements. Failure to obtain any required governmental approval or permit for the Tenant Improvements desired by Tenant shall in no way be cause for Tenant to terminate the Lease and shall not delay commencement of the Ninth Extended Term.

E. Tenant Improvement Allowances and Overruns. The cost of construction of the Tenant Improvements shall be paid by Landlord subject to the Turnkey Allowance described herein. The first Two Hundred and Fifty Thousand and 00/100 Dollar (\$250,000.00) of Tenant Improvement cost shall be considered an allowance provided by Landlord at Landlord's sole cost and expense ("Turnkey Allowance"). In no event shall Landlord be obligated to make disbursements pursuant to this paragraph 5 in an amount that exceeds the Turnkey Allowance. Tenant Improvement costs that exceed the Turnkey Allowance shall require approval in writing by Tenant, if such costs occur, and shall be deemed "Cost Overruns". Any Cost Overruns that are caused solely by Landlord, shall be paid for at Landlord's sole cost and expense. Any Cost Overruns that are caused by Tenant or sources beyond Landlord's control shall be included in the Turnkey Allowance or, if the Turnkey Allowance is exhausted, then shall be paid by Tenant directly to Landlord within thirty (30) days written notice from Landlord or Landlord's contractor detailing the nature and amount of the Cost Overrun exceeding the Turnkey Allowance including receipts proving payment has been made. All costs associated with the construction of the Tenant Improvements shall be shared with Tenant on an "open-book" basis promptly upon request. Tenant shall not be entitled to a credit for any unused portion of the Turnkey Allowance in the form of rent credit, rent abatement or otherwise.

a. Turnkey Allowance. The Turnkey Allowance amounting to Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000.00) shall be disbursed by Landlord, at Landlord's sole cost and expense, only for the payment or reimbursement of the costs of Tenant Improvements as described in paragraph 5(A) above, (collectively "Permitted Allowance Items"). If the cost of the Tenant Improvements exceeds the Turnkey Allowance, Landlord shall provide Tenant with reasonably detailed confirmation thereof including receipts proving payment has been made and, thereafter, Landlord or Tenant shall, within thirty (30) days of invoice, pay the additional costs incurred in the construction or installation of the Tenant Improvements as provided in this Paragraph 5. Tenant shall pay any Cost Overruns not solely caused by Landlord within thirty (30) days of receipt of invoices therefor from Landlord. In the event Tenant shall fail to pay such Cost Overruns within thirty (30) days of billing, Tenant shall be in material default under the Lease. In no event shall Landlord be required to undertake any installation of construction work other than the Tenant Improvements

b. Payment of Allowances. Landlord shall pay the Turnkey Allowance by means of a check made payable to the General Contractor with copies to Tenant, following the completion of construction of the Tenant Improvements, provided that (a) the General Contractor delivers to Landlord invoices from all the General Contractor's agents for labor rendered and materials delivered to the Premises, (b) the General Contractor delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and Section 3262(d)(4) and (c) the General Contractor delivers to Landlord copies of all permits, licenses, certificates and other governmental authorizations and approvals (to the extent actually required by law) in connection with, and indicating final

approval of, the Tenant Improvements. Landlord shall only be obligated to make disbursements from the Turnkey Allowance to the extent costs are incurred for Permitted Allowance Items.

F. Punch List. Landlord shall make best efforts to Substantially Complete construction of the Tenant Improvements within sixty (60) days after the Plans and Specifications have been approved by Landlord and Tenant and any required building permit or other governmental permit has been obtained. Landlord shall, immediately upon Substantial Completion of the Tenant Improvements, give written notice to Tenant of such completion. Within ten (10) business days after Landlord gives written notice to Tenant that the Tenant Improvements are substantially complete, Tenant shall deliver to Landlord a list of punch list items that Tenant reasonably believes Landlord should complete or correct in order for the Premises to be acceptable. Landlord shall immediately commence to complete or correct the items as soon as possible. Tenant shall not be required to accept delivery of the Premises until such items have been completed or corrected, as applicable. For all purposes under this Lease, "Substantial Completion," "Substantially Complete" and words of similar import shall mean when the Tenant Improvements have been substantially completed in accordance with the Plans and Specification; if required, applicable governmental authorities have issued a final permit sign-off, approval to occupy, or its equivalent for the Premises; and there is no incomplete or defective work that interferes with Tenant's use of the Premises. For one (1) year after the date of substantial completion of Tenant Improvements, Landlord shall, following written notice from Tenant, unconditionally make any repair, replacement, correction or other alteration of any nature necessary by virtue of any defective construction of the Tenant Improvements or defective materials used therein. Thereafter, Landlord shall promptly make or cause to be made all repairs, replacements, corrections or alterations, at no expense to Tenant, to correct latent defects in the Tenant Improvements caused by a nonconformance with the Plans and Specifications. Nothing in this paragraph 5 shall delay the commencement of the Ninth Extended Term or Tenant's obligation to pay basic rent, common area charges or to make other payments due Landlord under the Lease.

G. Landlord's Right to Retainage and Offset. Landlord at its sole option hereby retains the right either (a) to withhold from the Turnkey Allowance an amount equal to the total monies due to any contractor, supplier or materialmen, who provided or supplied labor, services, goods, work or materials to the Premises but whose performance was unsatisfactory in Landlord's sole discretion and (b) to offset from and against the Turnkey Allowance any monies due Landlord under the terms of the Lease.

H. Exclusions. No amount of the Turnkey Allowance shall be allowed as a setoff against Rent. In no event shall Landlord be required to pay any portion of either the Turnkey Allowance for any cost incurred by Tenant after February 28, 2022, except for delays caused solely by Landlord that are reasonably within Landlord's control.

I. Third Persons. Under no circumstances shall this paragraph 5 be construed to confer upon any third person or entity any right or cause of action against the Landlord or Tenant, including but not limited to, all contractors, subcontractors, suppliers, laborers or materialmen.

J. Ownership of Tenant Improvements. Restoration of the Tenant Improvements will not be required and all Tenant Improvements shall become a part of the Premises, shall be the property of Landlord and shall be surrendered by Tenant with the Premises, without any compensation to Tenant, at the expiration or termination of the Lease.

6. Brokers. Each party represents that it has not had any dealings with any real estate broker, finder or other person with respect to this Ninth Amendment, and that there are no leasing commissions to be paid by Landlord or Tenant in connection with this transaction. Each party hereto shall hold harmless the other party from all damages, loss or liability resulting from any claims that may be asserted against the other party by any broker, finder or other person with whom such party has dealt, or purportedly has dealt, in connection with this transaction.

7. Warranty of Authority: Each signatory to this Ninth Amendment represents that he or she possesses full authority to exercise this Ninth Amendment and to bind the entity on whose behalf such signatory is signing.

8. Restatement of Other Lease Terms. Except as specifically modified herein, all other terms, covenants and conditions of the Lease, including Tenant's obligation to pay common area charges, shall remain in full force and effect.

9. Capitalized Terms. Except as expressly provided in this Ninth Amendment, all capitalized terms used in this Ninth Amendment shall possess the same meaning ascribed to that term in the Lease.

10. Conflicts. In the event of any conflict between the Lease on the one hand and this Ninth Amendment on the other, the terms of this Ninth Amendment shall govern and control.

11. Counterparts. This Ninth Amendment may be executed in identical facsimile or e-mailed .pdf counterparts, each of which shall be deemed an original and all of which shall constitute one and the same legally binding instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Ninth Amendment as of the Effective Date.

LANDLORD:

McCANDLESS LIMITED, LLC
a California limited liability company

DocuSigned by:
Jett A. McCandless
By: _____
Sandra M. Simons or
Jett A. McCandless, Managers

TENANT:

THE CITY OF PALO ALTO,
a California municipal corporation

By: _____
City Manager

Approved as to form:

By: _____
City Attorney

By: _____
Director of Utilities

By: _____
Director of Administrative Services



JML - 18 - 091

September 4, 2019

Hamid Ghaemmaghani
 Manager of Real Property
 City of Palo Alto
 250 Hamilton Avenue
 Palo Alto, CA 94301

X	ROM
	Budget
	Proposal

Office Improvements - Est. 01R2

1005-1007 Elwell Court
 Palo Alto, CA

Dear Hamid Ghaemmaghani

Pacific Ridge Builders is pleased to submit our Proposal for the modifications and improvements at 1005-1007 Elwell Court. We have based the scope of work and cost described below from:

Below scope of work and basic marked up layout.

Scope of Work:**General Requirements**

- Provide adequate protection around area of work for finishes to remain.
- Provide protection in the path of travel out of the building.
- Provide dumpsters for all demolition and material scraping as required from scope of work; recycle where possible.
- Provide onsite labor, material and equipment as needed for the

Final Cleaning

- Provide a general cleaning of the existing space.
- Vacuum all carpet areas, mop all VCT/laminate flooring, dust blinds, etc.
- Provide a general cleaning through the path of travel of construction.
- Price does NOT include wax or sealers.*

Demolition

- Demo and remove all flooring throughout the space as noted; carpet, VCT & base. Ceramic tile / restrooms are NIC.
- Cost includes an allowance of \$5,000 to remove all adhesives / glue after flooring is removed.
- Extent of work is TBD until the flooring is removed.
- Demo and remove cabinets in the Break room; other cabinets to remain as is.
- Demo and remove 15% of the ceiling tiles in the space; see Acoustical Ceilings below for additional information.
- Cubes to be removed prior to carpet install.

Site Work

NIC; No scope of work figured.

Concrete

NIC; No scope of work figured.

Carpentry

NIC; No scope of work figured.

Architectural Casework

- Provide 10' linear feet of upper/lower cabinets with countertop and backsplash as shown on the plans.
- Cabinets to be Plastic laminate to be from standard stocking materials.
- Countertop to be solid surface; corian or equal.
- Hardware to be standard material with standard pulls.

E EXCLUDED: *light rail under the upper cabinets.*

Material to be brought into the building per building standards.

Doors/Frames/Hardware

NIC; No scope of work figured.

Glazing

NIC; No scope of work figured.

Metal Stud Framing

Cost includes an allowance of \$2,500 for misc. patching as needed throughout the space.

Provide all wall finish to match the existing.

Material to be brought into the building per building standards.

Ceramic Tile

NIC; No scope of work figured.

Acoustical Ceiling

Remove and stack the existing ceiling tiles throughout the area of work as needed.

Cost includes an allowance of 15% new ceiling tiles; replace damaged tiles as directed.

Full scope to be determined prior to patching to better efficiency.

E Excludes: seismic compression posts.

Flooring

Provide new standard sheet vinyl in the four [4] rooms; plan view right; coved integral base.

Provide new Armstrong Standard Excelon VCT in the, Bream Room, Plotter Room and Small Break room.

Provide new carpet tiles throughout the space; includes a material cost of \$15/sy.

Provide transition strips at flooring material changes as noted.

Painting

Mask and protect the existing finishes as required for the new paint.

Paint throughout the tenant improvement space in one [1] general color.

Assume one [1] general color with 5% to be accent paint.

Provide necessary coats as needed for new and existing walls.

Cost includes an allowance of thirteen [13] doors to be painted. Assumes minimal prep. work needed.

E EXCLUDED: *No deep tone colors have been figured.*

Specialties

Provide all necessary code compliant signage as needed for fire/building final inspections.

Provide fire extinguishers to match the existing as required by code.

E EXCLUDED: *All the existing blinds are to remain as is, no scope of work figured.*

Restrooms Partitions / Accessories

NIC; No scope of work figured.

Appliances

E EXCLUDED: *Appliances are NIC; no scope has been figured.*

Assumes connections to appliances only, actual fixtures are to be furnished and installed by owner.

Fire/Life and Safety

NIC; No scope of work figured.

Fire Protection

NIC; No scope of work figured.

Plumbing

Replace the existing water heater that is over 10y old.; 50 gallon electrical.

Cost includes WH, pipe replacement in area, cut sheets on unit, etc.

Provide one [1] new ADA compliant sink on existing rough plumbing.

HVAC

Separate the HVAC system in Conf. 1 & 2 on plan view N/E location.

Cost includes an 1.5T ductless split system to serve this room; to be wall mount.

Reuse existing material where applicable; provide new if required.

Provide and/or relocate supply and return registers for the layout.

Thermostats to be left in current locations.

D Provide engineering, drawing, T24 calculations and stamped drawings for permit.

Electrical

Safe-off all electrical as needed for demolition.

Provide connection to the new mechanical unit.

Cost includes an allowance of 8 hours for an electrical vendor to work on misc. items around the space.

Includes 8 hours and \$250 of material.

D Provide engineering, drawing, T24 calculations and stamped drawings for permit.

Security & Data Communication

Data to be completed by the owner - NIC; only cuts in boxes with ring/string.

Total Project Budget:

Two Hundred Thirty-One Thousand, Eight Hundred and Forty-Nine Dollars -- **\$231,849.00**

Pacific Ridge Builders is grateful for the opportunity to present this detailed scope and cost break down for your review. We are eager to work with you and your personnel to complete this project and to meet the desired and noted schedule, budget and quality expectations. If you have any questions or need additional information on this budget please do not hesitate to call. I can be reached on my cell phone at (408) 761-8949.

Sincerely,



Jason Livingstone
Vice President | Estimating
Pacific Ridge Builders
JasonL@PacificRidgeBuilders.com

(Approval Signature) (Date)

(Print Name) (Title)



September 4, 2019

Office Improvements - Est. 01R2

	Total	15,873 SF
01000 - General Requirements	\$ 5,040	\$ 0.32 /sf
01742 - Final Cleaning	\$ 6,756	\$ 0.43 /sf
02220 - Demolition	\$ 18,400	\$ 1.16 /sf
06000 - Woods and Plastics	\$ 7,230	\$ 0.46 /sf
Architectural Woodwork	\$7,230	
09000 - Finishes	\$ 137,244	\$ 9 /sf
Metal Stud Framing & Drywall	\$2,500	\$ 0.16 /sf
Acoustical Ceilings	\$23,400	\$ 1.47 /sf
Floor Coverings	\$84,889	\$ 5.35 /sf
Paint & Wall Covering	\$26,455	\$ 1.67 /sf
10000 - Specialties	\$ 1,070	\$ 0 /sf
Interior & Exterior Signage	\$820	
Fire Extinguishers	\$250	
12000 - Furnishings	\$ -	\$ - /sf
15000 - Mechanical - HVAC & Plumbing	\$ 14,754	
Plumbing Fixtures & Equipment	\$7,954	\$ 0.50 /sf
Air Distribution, Testing & Air Balancing	\$6,800	\$ 0.43 /sf
16000 - Electrical	\$ 2,995	
Electrical Power &/or Lighting	\$2,995	\$ 0.19 /sf
Subtotal Construction Cost	\$ 193,488.55	\$ 12.19 /sf
01-307 Field Supervision	\$ 18,240.00	\$ 1.15 /sf
18-750 General Liability Insurance 1.00%	\$ 2,117.29	\$ 0.13 /sf
01-130 Building Permit (Allowance) 0.00%	\$ -	\$ - /sf
19-900 Contingency (Direct Costs Only) 0.00%	\$ -	\$ - /sf
20-110 Contractor Overhead 4.50%	\$ 9,623.06	\$ 0.61 /sf
20-120 Contractor Fee 3.75%	\$ 8,380.10	\$ 0.53 /sf
Total Project Cost with GC/Fee	\$ 231,849.00	\$ 14.61 /sf
** See Alternates Page For Additional Costs **		



September 4, 2019

Office Improvements - Est. 01R2

1005-1007 Elwell Court
Palo Alto, CA

-- ALTERNATES NOT INCLUDED IN THE BASE BID --

1	<p><u>Replace Upper / Lower Cabinets - Small Break Room</u></p> <p>Provide 10' linear feet of upper/lower cabinets with countertop and backsplash as shown on the plans. Cabinets to be Plastic laminate to be from standard stocking materials. Countertop to be solid surface; corian or equal. Hardware to be standard material with standard pulls. Cost includes removing the existing sink and replacing with new ADA compliant s.s. sink. Cost includes new sink and faucet fixture. Includes new insta-hot. Reuse the existing rough plumbing.</p>	ADD	\$11,330.00
2	<p><u>New LVT Flooring in Lieu of VCT in Break Room</u></p> <p>Provide new LVT flooring in lieu of VCT. Assumes a furnish/install cost of \$12/sf for the LVT flooring.</p>	ADD	\$2,484.00
3	<p><u>New LVT Flooring in Lieu of VCT in Plotter Room</u></p> <p>Provide new LVT flooring in lieu of VCT. Assumes a furnish/install cost of \$12/sf for the LVT flooring.</p>	ADD	\$4,188.00
4	<p><u>LVT in lieu of Carpet</u></p> <p>Provide new LVT flooring in lieu of carpet. Assumes 35% new LVT flooring. Assumes a furnish/install cost of \$9/sf for the LVT flooring.</p>	ADD	\$80,625.00
5	<p><u>Lift System</u></p> <p>Provide a lift system for the carpet install in lieu of owner removal of the cubes (cube removal by owner). Assumes the existing flooring can be removed without moving the lift system devices; carpet tile, etc.</p>	ADD	\$36,792.00
6	<p><u>Demolition on Off Hours</u></p> <p>Provide all demolition to be completed on off hours. Assumes full time supervision during this part of construction.</p>	ADD	\$10,000.50
7	<p><u>ACM Testing</u></p> <p>Provide testing with an allowance for carpet and other items being demolished.</p>	ADD	\$2,000.00
8	<p><u>ADA Compliance Issues - Allowance</u></p> <p>Cost includes an allowance of 20% of the direct costs for this project to be put to ADA upgrades; exterior walkways, restrooms, etc. Actual scope of work is TBD.</p>	ADD	\$38,697.71



September 4, 2019

CLARIFICATIONS AND EXCLUSIONS

RE: **Office Improvements - Est. 01R2**

Clarifications

- 1 ***Project is based on standard labor hours.***
- 2 We have accounted for two [2] hours to obtain project Permit.
- 3 Invoicing: Projects less than \$50,000, invoicing will be net fourteen [14] days, no retention.
- 4 Reimbursable invoices, including permits, are to be net seven [7].
- 5 All change orders will be priced with same fee percentages as proposal and necessary OH. OH&P will not be credited back on deductive change orders.
- 6 Owner to provide a non-obstructed access to work areas during construction.
- 7 We assume that the building meets all ADA current code requirements.
- 8 Project area to be free and clear of owner equipment and furniture prior to start of work.
- 9 We assume there is adequate electrical circuits available to meet the project design, new panels are not figured.
- 10 We assume the existing HVAC system is adequate to meet the project design intent.
- 11 Price includes minimal floor preparations for new finishes unless otherwise noted.
- 12 If lead times affect the critical path of the schedule, project will be delayed to work concurrently schedule.
- 13 Any demolition is figured for G.C. and associated recycling costs to keep demolition budget down.
- 14 Proposal is valid for 30 calendar days only due to labor and material increases.

Exclusions

- 1 Permit or plan check fees; to be a direct reimbursable expense.
- 2 Contingency.
- 3 Unknown or unforeseen conditions.
- 4 Furniture / cubicles / power poles.
- 5 Security or data communication.
- 6 Evacuation signage.
- 7 Hazardous testing and/or hazmat material testing or air clearances.
- 8 Special inspections and/or inspections.
- 9 Storm Water Pollution Protection Plan (SWPPP) or any containment.
- 10 Re-routing of utilities and/or electrical systems.
- 11 Dismantling and/or removal of the existing equipment and/or furniture to perform the work.
- 12 Seismic bracing unless noted in the base scope.
- 13 Draft stops, fire dampers, fire ratings, etc. not noted in the base price.
- 14 Master keying or keying of any doors.
- 15 Any provisions including liquidated damages.
LD's will only be discussed with the intent of an early completion bonus.
- 16 X-raying or scanning of the existing slab.
- 17 Refrigerators, dishwashers, microwaves, and/or other appliances.
- 18 ADA corrections to the existing conditions.
- 19 Any 2016 Green Building Codes.
- 20 EV Charging Stations and any infrastructure for this scope of work.

Certificate Of Completion

Envelope Id: BA8314AB51714FF3A9A8965C6C749C5F	Status: Sent
Subject: Please DocuSign: 9th Amendment 1005-1007 Elwell Court.docx, Elwell Court (City of Palo Alto) - ...	
Source Envelope:	
Document Pages: 13	Signatures: 1
Certificate Pages: 2	Initials: 0
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	Sunny Tong
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	250 Hamilton Ave
	Palo Alto , CA 94301
	Sunny.Tong@CityofPaloAlto.org
	IP Address: 73.223.135.207

Record Tracking

Status: Original	Holder: Sunny Tong	Location: DocuSign
5/5/2021 4:34:18 PM	Sunny.Tong@CityofPaloAlto.org	
Security Appliance Status: Connected	Pool: StateLocal	
Storage Appliance Status: Connected	Pool: City of Palo Alto	Location: DocuSign

Signer Events

Jett A. McCandless
jettmccandless@mac.com
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:
Jett A. McCandless
DE8B02B067CF4CE...

Signature Adoption: Pre-selected Style
Using IP Address: 72.201.44.214

Timestamp

Sent: 5/5/2021 4:50:42 PM
Viewed: 5/6/2021 2:52:18 PM
Signed: 5/8/2021 5:41:00 PM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Joan Borger
Joan.Borger@CityofPaloAlto.org
Special Counsel
Security Level: Email, Account Authentication (None)

Sent: 5/8/2021 6:51:07 PM
Viewed: 5/10/2021 9:26:23 AM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Dean Batchelor
Dean.Batchelor@CityofPaloAlto.org
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Kiely Nose
kiely.nose@cityofpaloalto.org
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Ed Shikada
ed.shikada@cityofpaloalto.org
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign**In Person Signer Events****Signature****Timestamp**

Editor Delivery Events	Status	Timestamp
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Agent Delivery Events	Status	Timestamp
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Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Sunny Tong sunny.tong@cityofpaloalto.org Real Property Manager City of Palo Alto Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign	<div style="border: 2px solid blue; padding: 5px; display: inline-block;">VIEWED</div> Using IP Address: 73.223.135.207	Sent: 5/8/2021 5:41:02 PM Viewed: 5/8/2021 6:51:07 PM
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Carbon Copy Events	Status	Timestamp
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Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps
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