

SBCERS

Santa Barbara County Employees' Retirement System

DATE: June 26, 2024

TO: SBCERS Board of Retirement

FROM: Brian Richard, SBCERS ACEO

RE: **130 Robin Hill Rd Construction Contract**

Recommendation

Authorize SBCERS CEO, under the direction of the Real Property Management Committee, to negotiate and execute a written contract with Frank Schipper Construction Co. (a local company) for the buildout of the first and second floors at 130 Robin Hill Rd., which includes tenant improvements for the leased tenant space, not to exceed \$2.7 million.

Summary

In December 2023, Paul Poirier + Associates Architects was engaged to provide architectural services for the first and second-floor office tenant improvements at 130 Robin Hill Road. The first-floor spans 5,241 sq. ft., and the second floor covering 10,028 sq. ft. for a total of 15,269 sq. ft. Plans were submitted to the City of Goleta for review in early March 2024, and feedback was received on May 15, 2024. Revised responses to plan comments were resubmitted to the city in mid-June 2024, and we are currently awaiting additional comments or final permits.

Throughout the plan submission process, Construction Project Consultant Dan Underwood, who was engaged to oversee the project management of Phase II, collaborated with Frank Schipper Construction to solicit and assess bids across various trades to finalize project costing. Dan played a pivotal role in vetting bids for scope, cost, and availability, ensuring multiple bids were obtained for each trade.

The Real Property Committee has been actively guiding the progress of this Phase II buildout. We expect to complete the second plan check by mid-July 2024, followed by permit issuance, allowing construction to commence.

Scope of Work

The project entails completing 15,269 sq. ft. of space to finished office standards. The work to be performed includes HVAC, electrical and lighting, plumbing as well as finishes. The completed spaces will comprise of 3 separate office suites. One suite is being built pursuant to an existing lease and will be finished to a life sciences office standard including a small laboratory space. The remaining two suites that are not leased will be primarily built for open office space (cubicles) but

also have a reception area, break room, meeting rooms, and a small number of management offices. The larger unleased suite upstairs is being designed to accommodate division into two separate suites if necessary. The floor plans are illustrated in the attached documents. There is an alternate plan for the second floor which shows various options for how the suite could be subdivided through the addition of a second breakroom.

Financial Analysis

The project was bid to several sub-contractors by the General Contractor, Schipper construction. Multiple bids were solicited for every line item and for all major line items multiple bids were received. In all cases, the lowest responsive subcontractor bid was selected. Certain bids are still subject to allowances and will continue to be negotiated pending Board authorization. Additionally, the project has not completed final plan check and as a result it is anticipated that minor additional changes to the scope of work may need to be negotiated in order to complete the project. Detailed information on various line-item costs is listed in the attached schedule of values.

The currently anticipated total cost of the project is estimated below:

Item	Estimated cost
Design and engineering	\$ 200,000
Construction	2,700,000
Other costs	50,000
Total	\$ 2,950,000

The projected return on investment of the project is estimated below:

Item	Amount
Estimated Cost of Tenant Improvement	\$ 2,950,000
Estimated Annual Rent	\$ 320,649
Return of Capital (Years)	9.2
Return on Capital	10.8%

The above analysis does not account for the time value of money. However, the opportunity cost of not completing the improvements is that the space will likely remain unrentable in the current market and not accrete value to the overall building.

Attachments:

- Schedule of Values
- First Floor Plan
- Second Floor Plan
- Second Floor Plan – Alternate