

## COMMISSION AGENDA ITEM

### 8(d) – Ratification of Amendment to Add Funds to LPAS, Inc. Agreement to Support Architectural and Engineering Services



**Date:** January 23, 2025

**To:** California State Lottery Commission

**From:** Harjinder K. Shergill Chima *HKC*  
Director

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**Subject:** **8(d) – Ratification of Amendment to Add Funds to LPAS, Inc. Agreement to Support Architectural and Engineering Services**

### **ISSUE**

The California State Lottery (Lottery) requests a ratification of an amendment to add funds to Agreement 100597 with LPAS, Inc. (LPAS), to support architectural and engineering services for the Northern Distribution Center (NDC) Remodel Project.

### **BACKGROUND**

On March 16, 2023, the Lottery entered into Agreement 100597 with LPAS for architectural and engineering services, for the term of March 21, 2023, to November 14, 2024, with options to extend for two (2) additional one (1) year periods. The Agreement was a Non-Competitive solicitation, because LPAS was the Lottery's Architect of Record (AOR) for three (3) pending high-profile facilities projects under a former Agreement (50008), which expired on March 20, 2023. Keeping the same AOR was necessary to ensure the integrity of the permitted drawings, to protect the Lottery's financial investment in the design work, and to maintain professional liability insurance protection through the completion of these projects.

The scope of Agreement 100597 included construction administration and observation services for the Lottery Headquarters Perimeter Security Fence, the NDC Remodel Project, and the Richmond District Office (RDO) Remodel Project. The maximum amount of the Agreement was \$242,053.15.

On December 15, 2023, the Lottery executed Amendment 1 to the Agreement. This amendment added services to address fire sprinkler work required by the State Fire Marshal (SFM) at the RDO. It included \$5,402 for completion of the work, bringing the maximum amount payable to \$247,455.15. On October 29, 2024, the Lottery executed Amendment 2, which exercised the first one-year option, extending the contract term through November 14, 2025. The purpose of this extension was to address unexpected issues identified by the SFM during its October 2024 inspection of the NDC.

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#### **DISCUSSION**

As noted above, the SFM inspected the NDC in October of 2024, in connection with the NDC Remodel Project, and identified multiple fire life safety issues that will need to be addressed.

These include items such as additional interior and exterior exit lighting and signage; a commodities report to ensure the proper fire suppression systems are in place; reinstallation of the drop ceiling; and installation of additional lighting in the old pick and pack area. None of these issues were previously identified by the Project's Inspector of Record or the SFM in its prior visits.

The NDC Remodel project, which was projected to be completed by the end of October 2024, will not be signed off by the SFM until the fire life safety issues are resolved. If these issues are not resolved, the SFM could shut down the building and its operations, which would severely impact the Lottery's ability to distribute products and provide supplemental funding to education.

Additional architectural and engineering work is required to address these issues. LPAS proposed an amended Task Order to complete this additional design and reporting work, at a not-to-exceed cost of \$38,556. Since this amount exceeds the current funding allocated to the contract, the Operations Division initiated Amendment 3 to add \$42,411.60, bringing the maximum contract amount to \$289,866.75. This amendment includes \$38,556 for performance of the amended Task Order, plus a 10% contingency in the amount of \$3,855.60 for any unforeseen circumstances related to this work. A scope revision is also included to allow for the performance of this work.

Commission approval was not originally needed for Agreement 100597, based on the dollar value. However, because Amendment 3 brings the cumulative value of the contract to over \$250,000, Commission approval is now required, pursuant to Lottery Regulation 8.6.3.A.

To minimize cost and delay in connection with the NDC Remodel Project, it was necessary to begin work under the amended Contract and Task Order prior to the January Commission meeting. Therefore, the Director executed Amendment 3 in December 2024, as permitted under Lottery Regulation 8.6.6.A. The Operations Division is now requesting that the Commission ratify the Amendment, pursuant to Lottery Regulations.

It is currently anticipated that a future amendment to add funds will be needed to support additional work related to the NDC's fire suppression system. The specifics of this work are yet to be determined, as the necessity and type of fire suppression system required will be determined by a commodities classification study. This study is required for fulfillment of the SFM's commodities report requirement referenced above and is included in the amended Task Order.

#### **RECOMMENDATION**

The Operations Division recommends ratification of Amendment 3 to Agreement 100597, adding funds in the amount of \$42,411.60, and bringing the total maximum agreement amount to \$289,866.75.