

COMMISSION AGENDA ITEM

Item 8(a) – Amendment to Add Funds and Extend Time to LPAS, Inc. Agreement to Support Architectural and Engineering Services



Date: May 13, 2025

To: California State Lottery Commission

From: Harjinder K. Shergill Chima *HKC*
Director

Prepared By: Jean Cooper, Deputy Director, Operations Division

Subject: **Item 8(a) – Amendment to Add Funds and Extend Time to LPAS, Inc. Agreement to Support Architectural and Engineering Services**

ISSUE

The California State Lottery (Lottery) requests approval of an amendment to increase the expenditure authority and extend the time of Agreement 100597 with LPAS, Inc. (LPAS), to support additional 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 additional one-year periods. The maximum expenditure authority of the Agreement was \$242,053.15. The Agreement was a non-competitive solicitation because LPAS was the Lottery's Architect of Record (AOR) 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.

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 Richmond District Office. It included \$5,402.00 for completion of the work, bringing the maximum expenditure authority to \$247,455.15. On October 29, 2024, the Lottery executed Amendment 2, which exercised the first one-year option, extending the Agreement 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. The items identified by the SFM launched Phase 2 of the project.

On January 9, 2025, Amendment 3 was executed adding an additional \$42,411.60. The additional funds were needed so LPAS could provide the plans for reinstalling the drop ceiling in the old Pick and Pack area. The SFM required the reinstallation of the drop ceiling to

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complete the warehouse updates to the NDC project. Amendment 3 increased the maximum expenditure authority to \$289,866.75.

DISCUSSION

A new item was identified when the SFM and the architect from LPAS conducted a follow up inspection of the NDC in connection with the NDC Remodel Project. During this inspection, the SFM and LPAS realized that the NDC used a single fire pump that it shared with three other buildings on the property. Both the SFM and LPAS agreed that the shared fire pump was insufficient for the NDC, and the NDC would need a dedicated fire pump to be installed. After further conversations with the SFM and LPAS, the parties determined that the NDC would need its own independent fire pump, backup generator, and secure enclosure to prevent tampering. The requirement of a dedicated fire pump and its necessary components launched Phase 3 of the project.

LPAS submitted an amended Task Order to complete the additional architectural and engineering work required to address the identified issues, at a not-to-exceed cost of \$171,686.00. Since this amount exceeds the current expenditure authority, the Operations Division initiated Amendment 4 to add \$188,855.00, which includes a 10 percent contingency of \$17,169.00 to cover any unforeseen expenses that may arise in connection with the required work, bringing the maximum expenditure authority to \$478,721.75.

This additional work also means the project will not be completed prior to the Agreement's current expiration on November 14, 2025. Therefore, the Operations Division determined that it is in the Lottery's best interest to exercise the final extension allowed under the terms and conditions of the Agreement, extending the Agreement term through November 14, 2026. A scope revision is also included to allow for the performance of this work.

While the fire pump issue had been identified prior to the execution of Amendment 3, a cost estimate and resulting change to the schedule and scope were unknown until mid-March 2025.

RECOMMENDATION

The Operations Division recommends approval of Amendment 4 to Agreement 100597, increasing the expenditure authority by \$188,855.00, thereby bringing the maximum expenditure authority to \$478,721.75 and exercising the final one-year extension to extend the Agreement term through November 14, 2026.