

MEMORANDUM

Date: March 22, 2012

To: California State Lottery Commission

From: Robert T. O'Neill

Director

Prepared By: Terry Murphy

Deputy Director, Operations

Subject: Item 9(a) –Otto Construction Contract Amendment

ISSUE

Should the California State Lottery Commission (Commission) approve the amendment of the Otto Construction (Otto) contract to extend the expiration date from June 15, 2012 to December 31, 2012?

RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission approve Amendment 5 of Otto Contract 14379 that extends the term of the current contract.

BACKGROUND

Otto is the building construction contractor of the new Lottery headquarters project. Otto's current contract term is from August 3, 2009 through June 15, 2012. Amendment 1 established a preliminary Guaranteed Maximum Price (GMP) and modified terms and conditions related to contingencies and payment. Amendment 2 established the GMP, revised terms and conditions, and modified the bonding requirements. Amendment 3 extended the term from December 31, 2011 to June 15, 2012. None of the amendments added funds to the contract.

DISCUSSION

The purpose for this term extension is to allow for demolition of the 600 North 10th Street building and associated site work, the visitor parking area and associated offsite work, creation of pedestrian access to Signature Street and the new light-rail station, and tenant improvement construction of the balance of the retail space.

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Otto's original contract for \$63,800,000 contains adequate funds to cover the additional term.