

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet

DF-46 (REV 05/11)

Fiscal Year FY 2013-14	BCP No. 5	Org. Code 0860	Department State Board of Equalization	Priority No. 5
Program All Programs			Element	Component

Proposal Title
 REPAIR OF 450 N STREET BUILDING DEFICIENCIES - PLACEHOLDER

Proposal Summary

This proposal serves as a Budget Change Proposal placeholder in anticipation of receiving the estimate from the Department of General Services (DGS) for the repair/replacement of the damaged drainage, waste and vent (DWV) plumbing system and the repair/replacement of the spandrel glass portion of the window wall system for the DGS owned and managed 450 N Street building. In addition to the above, the Board of Equalization (BOE) is requesting the funds to complete the Priority One items listed in the building infrastructure study (Stantec Report, May19, 2009) commissioned by the DGS.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the California Technology Agency, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Budget Officer	Date	Chief, Financial Officer	Date
Deputy Director, Administration	Date	Executive Director	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Technology Agency

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Date submitted to the Legislature
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STATE BOARD OF EQUALIZATION

FISCAL YEAR 2013-14

450 N STREET BUILDING DEFICIENCIES - PLACEHOLDER

A. Proposal Summary

The Board of Equalization (BOE) is requesting this proposal as a Budget Change Proposal (BCP) placeholder in anticipation of receiving the estimate from the Department of General Services (DGS) for the repair/replacement of the damaged drainage, waste and vent (DWV) plumbing system and the repair/replacement of the spandrel glass portion of the window wall system for the DGS owned and managed 450 N Street building. In addition to the above, the BOE is requesting the funds to complete the Priority One items listed in the building infrastructure study (Stantec Report, May 19, 2009) commissioned by the DGS.

B. Background/History

The BOE Headquarters building located at 450 N Street is owned by the State of California and, as such, is managed by DGS. The BOE is the single tenant and pays monthly rent to DGS for occupancy of the building, which is inclusive of all costs to maintain and provide building operation services to the building. This rent, however, does not include extraordinary expenses incurred repairing major defects within the building structure.

SPANDREL PANEL WINDOW SYSTEM

In 2005, McGinnis Chen Associates, Inc. was retained by DGS to investigate and report on glass breakage that began in 1999 and continued through 2005. Four of the seven breakages occurred in 2005, three of them in the month of September and all four of them on the south façade. Although the McGinnis Chen Associates, Inc. report is not explicit, it is the BOE's understanding that the breakage was limited to spandrel panels.

The repair by McGinnis Chen Associates, Inc. focused on removing and examining the defected spandrel glass edges and replacing them. A small number of panels were damaged and replaced as part of the repair. Foam baffles were placed between the thermal insulation and the back side of spandrels at the space between the ceilings and the floors to eliminate the insulation contact. The firesafing and the portion of the batt insulation above the floor line remained in contact with the spandrel lites. All of the glass was wet sealed to address water intrusion issues unrelated to the spandrel glass failures.

On Wednesday, January 11, 2012, at 10:30 a.m., a spandrel glass window pane between the 8th and 9th floors of the BOE Headquarters building located at 450 N Street broke and fell onto the sidewalk below.

McGinnis Chen Associates, Inc. sent Simpson Gumpertz & Heger (SGH) photos and samples of the broken glass panel. SGH concluded that the most likely cause was a Nickel Sulfide (NiS) impurity. SGH analyzed the projectile impact but with no information to suggest that, the likelihood was not assessed. SGH also concluded the result was not due to thermal stress and excessive bending.

McGinnis Chen Associates, Inc. agreed with SGH that a NiS impurity was the most likely cause of the breakage, therefore concluded no feasible procedure is necessary for determining if such conditions exist in other panels. However, statistical proportion of NiS failures is slightly less than

2% and that the failure rate significantly falls after twelve years. The only possible action suggested is the application of a safety film that would cost an estimated \$400,000 in hard costs for the entire building.

Under contract with DGS, Interactive Resources was tasked to review previous history, conduct independent investigations, and provide an opinion on the cause of glass breakage.

Wiss, Janney, Elstner, Associates, Inc., a sub consultant to Interactive Resources, determined that the previously described potential causes of breakage, including mechanical damage, thermal stress, NiS inclusion and wind could very well be the cause of the January 11, 2012 breakage. None can be confirmed based on the evidence, and none appears to be more likely than another.

The report from Interactive Resources stated that they did not believe there was a systemic breakage problem with the spandrel glass at this point in time. However, the only way to prevent glass from fallout risk in the future is to either 1) apply a safety film or 2) replace the spandrel panels altogether. The safety film option is an interim solution and the product would need to be replaced on a periodic basis depending on the physical life and warranty of the product selected. It is estimated that there would need to be a replacement cycle of this protective film every 5-10 years. The best option is to replace the glass spandrel panels with aluminum panels which will completely resolve concerns with future spontaneous fractures of the glass spandrel panels.

After much discussion, DGS and the BOE agree that it is recommended to replace the existing spandrel glass panels at the BOE Headquarters building with an aluminum product as a permanent fix.

DRAINAGE WASTE VENT SYSTEM

On May 4, 2012, during the clearing of a clogged drain for the 6th floor break room sink, the pipe was inadvertently broken on the 5th floor, and extensive corrosion was discovered inside. Subsequently, in an attempt to determine the extent of the damage to the drainage, the piping on Floors 7, 14, and 21 was disassembled and found to have the same extensive corrosion inside the pipes.

On July 13, 2012, DGS received the results of a chemical analysis of the corroded waste water pipe that was removed from the BOE. The pipe had been submitted to Martin Testing Laboratories for analysis. The chemical analysis of the corrosion listed the likely cause as graphite corrosion. This is a chemical reaction that allows the iron in cast iron pipes to leach out leaving a graphite sleeve. While the tests indicated the type of corrosion there is no definitive determination of the cause of the corrosion. DGS in conjunction with the BOE has met with subject matter experts in an effort to understand the cause of the corrosion and to develop a plan to address the identified corrosion. Once an action plan has been determined more information will be forthcoming.

STANTEC STUDY

In May 2009, Stantec Architecture issued its *“BOE Building Infrastructure Study”*, commissioned by DGS. The report identified \$10.6 million in hard construction costs for repairs which were organized into three levels of priorities:

- Priority one-Items to be completed immediately to meet safety regulations.
- Priority two-Items that are fairly urgent but can be performed in the next two to five years.
- Priority three-“Wish list” or deferred maintenance items.

The proposed DGS repairs include \$2.48 million in construction costs and DGS soft costs to address just the priority one repairs. Excluding DGS soft costs to oversee design and construction, the priority two and three repairs are estimated at \$2.2 million and \$6.5 million, respectively.

C. State Level Considerations

The BOE is charged by both the State Constitution and statutes to: oversee the property tax assessment practices of 58 county assessors; assess and allocate the property values of railroads and specified utilities; administer the state's sales and use tax, fuel, alcohol, and tobacco taxes; and collect fees to fund numerous specific state programs. Successful administration of these tax and fee programs has resulted in the collection of approximately 35.6 percent of the state's annual revenue. Any continuing disruption of staff working conditions arising from remediation and lack-of-capacity headquarters building issues will materially impact the BOE staff's ability to carry out the Board's mission.

D. Justification

E. Outcomes and Accountability

DGS has standard policies, procedures, and programmatic controls in place to ensure both the protection of the state's assets, such as state buildings, and the safety of the occupants of state-owned buildings. For state buildings, DGS has a preventive maintenance program in place that provides for the inspection and evaluation of building equipment and fixtures that minimizes work interruptions to tenants and their employees.

F. Analysis of All Feasible Alternatives

G. Implementation Plan

H. Supplemental Information

None Facility/Capital Costs Equipment Contracts Other

I. Recommendation