



Facilities Committee Item #:	II D- Action Item (10/10/18)
Board Agenda Item #:	II E – Consent Item (10/11/18)
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“ MPS ”) Board of Directors Facilities Committee (the “ Facilities Committee ”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Project Change Order Request from PrimeSource Project Management LLC (Construction Manager) for MSA – 1

I. Proposed Committee Recommendation(s)

Staff recommends that the Facilities Committee approve and recommend that the full Board of Directors of MPS (the “**MPS Board**”) approve the change order request from PrimeSource Project Management LLC (“**PrimeSource**”) for \$150,000 to continue providing construction management services for both MSA-1’s new construction project at 18220 Sherman Way and its tenant improvement project for the existing building at 18238 Sherman Way (collectively, the “**Project**”).

II. Background

A. Project Background

There are two projects currently underway at MSA-1: (i) a new construction project that will eventually house MSA-1’s high school population (the “**New Construction Project**”) and (ii) a tenant improvement project of the existing building that will eventually house MSA-1’s middle school population (the “**TI Project**”). The contract for the New Construction Project was awarded to Oltmans Construction Co. The New Construction Project is approximately 30% complete. The TI Project entails various investigations into the state of the structural integrity of the existing building, seismic renovation design, and HVAC renovation design.

PrimeSource has been acting as a project manager and construction manager for both the New Construction Project and the TI Project. While they are separate projects—one is ground up construction and the other is renovation, tenant improvement—both are for the benefit of MSA-1. In that vein, PrimeSource has been involved in managing the rezoning of the MSA-1 parking lot parcels and exploring a collaborative partnership with the City of LA to create a skating rink that would benefit MSA-1.



B. Policy

MPS Board policy requires that all project change orders be brought to the Board for review and approval.

PrimeSource Project Management, construction manager for MPS's MSA-1 project – new construction and tenant improvement of (the “**Project**”), has submitted a change order request for additional fees in the amount of \$150,000. See attached Exhibit A.

C. The PrimeSource Agreement

MPS entered into a Construction Management Consulting Agreement with PrimeSource as of August 21, 2017 (the “**PrimeSource Agreement**”). The PrimeSource Agreement provides that “[PrimeSource] shall receive compensation, including reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit ‘B’ attached hereto...”. The PrimeSource Agreement is a time and materials contract.

D. PrimeSource Fee Discussion

MPS Staff believes that the change order request is fair and reasonable in light of the increased scope of work undertaken by PrimeSource and the extension of the project schedule from 12 months to 20 months.

As a percentage of the total budget for the New Construction Project, the total PrimeSource fee, inclusive of the change order request, will be 4% of the total New Construction Project budget previously approved by the MPS Board ($\$458,000 \div \$11,369,252$). This percentage is comparable to the construction management fee paid to Gafcon which equaled 4.25% of the total project cost for that project ($\$191,439 \div \$4,501,128$). Typically CM fees range from 5% to 10% of overall project costs. PrimeSource's scope of work is much more expansive than Gafcon's, including both the New Construction Project and the TI Project, and including pre-development as well as construction management scopes. Moreover, a portion of the PrimeSource fee will be paid from the Tenant Improvement Project budget sources (2014 bond proceeds and Charter School Facility Incentive Grant for renovations). As a result, as a percent of overall project costs for the New Construction Project, it should be less than 5%.



III. Budget Impacts

The MSA-1 New Construction Project budget has sufficient contingency to absorb the added change order cost. The previously approved New Construction Project budget remains unchanged. The current Project budget, as of October 3, 2018, is as follows:

			Invoice Summary	
			Invoices received to Date	Left-to-Pay
Budget Summary	Approved Budget	Tracking Budget	30.0%	70.0%
Acquisition Cost Subtotal	\$1,000,000	\$1,000,000	\$1,000,000	\$0
Hard Costs Subtotal	\$8,478,979	\$8,527,158	\$1,583,246	\$6,943,912
Soft Costs Subtotal	\$958,208	\$950,078	\$571,593	\$378,485
Financing Costs Subtotal	\$55,000	\$55,000	\$20,000	\$35,000
Management Costs Subtotal	\$250,000	\$400,000	\$243,012	\$156,988
Subtotal Project Costs	\$10,742,187	\$10,932,236	\$3,417,851	\$7,514,385
Budget Contingencies	\$627,066	\$423,762	\$0	\$423,762
Total Project Budget	\$11,369,252	\$11,355,997	\$3,417,851	\$7,938,146

The table reflects impact of PrimeSource change order and approved Oltmans Change Order #1.

Note that under its contract, Oltmans carries a contingency of \$215,315 of which none has been spent to date. At the end of the project, any remaining contingency is split 25% to Oltmans and 75% to MPS.

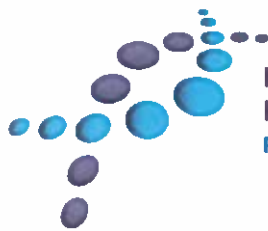
Exhibits (attachments):

- A. Change Order Request
- B. Professional Services Agreement is entered into on August 21, 2017 by and between Magnolia Educational & Research Foundation and PrimeSource Project Management LLC.



Exhibit A

Change Order Request



**PRIMESOURCE
PROJECT MANAGEMENT**
Project Leadership | Project Success

**Board Action:
MSA-1 New Classroom Building
PrimeSource Change Order #1**

Date: August 30, 2018

Action Requested: Staff requests approval to issue Change Order #1 to PrimeSource Project Management in the amount of \$150,000.00. This change order is intended to extend services closer to the planned completion date of the new high school classroom project.

Background – MPS contracted with PrimeSource Project Management to provide construction management services for the MSA-1 New High School classroom building with an anticipated completion for the 2018-19 school year. The project schedule has since been extended considerably primarily due to delays and extra effort in obtaining building permits for the project. The PrimeSource Project Management scope of work has also expanded to include work to rezone the MSA-1 campus, conduct building investigations, seismic renovation design, and HVAC renovation design for the existing MS classroom building, and to explore joint use potential with the adjacent City of LA Ice Rink project.

The original contract was structured as a reimbursable cost agreement with a not to exceed amount of \$308,000.00. There have been no other changes to the contract. The originally authorized amount has been largely used. This augmentation is intended to cover the bulk of services required to complete the new high school classroom building. Additional authorizations may be required depending on actual progress of the new high school classroom building and Board decisions on proceeding with seismic renovation, and HVAC renovation, and general renovation work at the existing MS building and site development. It is premature to estimate the requirements for those services at this time.

PrimeSource base contract -	\$308,000.00
Change Order #1 -	<u>\$150,000.00</u>
Total Not to Exceed amount -	\$458,000.00

The revised project budget adopted by the Board in May 2018 anticipated this added cost and included a budget of \$381,680.00 for additional soft costs, primarily for professional services including construction management.



Exhibit B

PrimeSource Contract

**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION AND
PRIMESOURCE PM, LLC**

1. Parties and Date.

1.1. This Agreement ("Agreement") is made and entered into this 21st day of August, 2017, by and between the MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION ("Client") and PRIMESOURCE PM, LLC ("Consultant") (collectively referred to as the "Parties" and each individually as "Party").

2. Recitals.

2.1. Consultant. Consultant is a professional consultant, experienced and properly certified/licensed to provide the professional services described herein.

2.2. Project. Client desires to engage Consultant to render its services in connection with Client's Facilities Program at Magnolia Science Academy/Santa Ana and Magnolia Science Academy/Reseda ("Project").

3. Terms.

3.1. Scope of Services. Consultant promises and agrees to furnish all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply professional services, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (collectively "Services"). All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.2. Responsibilities of Consultant.

3.2.1. Control and Payment of Consultant and its Subordinates. Client retains Consultant on an independent contractor basis and Consultant is not an employee of Client. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by Law. Consultant shall be responsible for all reports and obligations respecting such employees, including, but not limited to, social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance. If Client is using State funds for the Project and is required to enforce a Labor Compliance Program ("LCP"), then Consultant shall be required to enforce Client's LCP as applicable.

3.2.2. Conformance to Applicable Requirements. All work prepared by Consultant is subject to the approval of Client and any and all applicable regulatory State agencies.

3.2.3. Reports. Consultant shall provide copies of all reports required to be submitted to applicable regulatory State agencies to Client, whether or not such reports must be submitted to the Client.

3.2.4. Work Authorization. Consultant shall obtain from Client a work authorization for the Project prior to commencing work. Such work authorization shall reiterate Consultant's duties outlined herein.

- 3.2.5. Coordination of Services. Consultant agrees to work closely with Client staff in the performance of Services and shall be available to Client's staff, consultants and other staff at all reasonable times.
- 3.2.6. Standard of Care. Consultant shall perform all Services under this Agreement in a skillful, competent and timely manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all of Consultant's employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Consultant further represents that it, its employees and subcontractors or subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.
- 3.2.7. Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services provided by Consultant.
- 3.3. Insurance. Consultant shall comply with the following insurance provisions, unless one or more paragraphs are specifically waived by the Client in writing:
- 3.3.1. Time for Compliance. Consultant shall not commence Services under this Agreement until it has provided evidence satisfactory to Client that it has secured all insurance required under this Section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to Client that the subcontractor has secured all insurance required under this Section.
- 3.3.2. Minimum Requirements and Limits. Consultant shall, at its expense, procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:
- 3.3.2.1. *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); \$2,000,000 per occurrence for bodily injury, personal injury and property damage;
- 3.3.2.2. *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); \$1,000,000 per accident for bodily injury and property damage;
- 3.3.2.3. *Workers' Compensation and Employers' Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance; and

- 3.3.2.4. *Professional Liability*: Coverage which is appropriate to the Consultant's profession, or that of its consultants or subcontractors, but not less than \$1,000,000 per claim/ \$1,000,000 aggregate.
- 3.3.3. Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the Client to add the following provisions to the insurance policies:
- 3.3.3.1. *General Liability*. The general liability policy shall be endorsed to state that: (1) the Client, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the Client, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Client, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.
- 3.3.3.2. *Automobile Liability*. The automobile liability policy shall be endorsed to state that: (1) the Client, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects the Client, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Client, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.
- 3.3.3.3. *Professional Liability*. Consultant and its sub-consultants and subcontractors shall procure and maintain liability insurance with limits discussed in this Section.
- 3.3.3.4. *All Coverages*. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to Client; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to Client, its directors, officials, officers, employees, agents and volunteers.
- 3.3.4. Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Client, its directors, officials, officers, employees, agents and volunteers.

- 3.3.5. Verification of Coverage. Consultant shall furnish Client with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to Client. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by Client if requested. Client reserves the right to require complete, certified copies of all required insurance policies, at any time.
- 3.4. Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of its employees and subcontractors appropriate to the nature of the Services and the conditions under which the Services are to be performed.
- 3.5. Fees and Payments.
- 3.5.1. Compensation. Consultant shall receive compensation, including reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.
- 3.5.2. Payment of Compensation. All fees shall be reimbursed monthly. Consultant shall submit to Client on a monthly basis an itemized statement which indicates work completed and hours of Services rendered by Consultant. Client shall pay Consultant within thirty days and in accordance with this Agreement.
- 3.5.3. Extra Work. At any time during the term of this Agreement, Client may request that Consultant perform Extra Work. As used herein, "Extra Work" means any Services which are determined by Client to be necessary, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written supplemental work authorization from Client.
- 3.5.4. Maintenance of Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Client during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of two years from the date of final payment under this Agreement.
4. **General Provisions.**
- 4.1. Termination of Agreement.
- 4.1.1. Grounds for Termination. Either Client or Consultant may, by written notice to the other party, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. Upon termination, Consultant shall be compensated for those services which have been adequately rendered to Client and Consultant shall be entitled to no further compensation.

- 4.1.2. Effect of Termination. If this Agreement is terminated as provided in this Section, Client may require Consultant to provide all finished or unfinished documents, data, programming source code, reports or any other items prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within thirty (30) days of the request.
- 4.1.3. Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Client may procure, upon such terms and in such manner as it may determine appropriate, services similar or identical to those terminated.

4.2. Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

CONSULTANT:

PrimeSource PM, LLC
Attn: Karen McLaurin Buresh
655 Deep Valley Drive, Suite 335
Rolling Hills Estates, CA 90274
424/903-0980
karen.buresh@primesourcepm.com

CLIENT:

Magnolia Educational & Research Foundation
Attn: Frank Gonzalez
250 East 1st Street, Suite 1500
Los Angeles, CA 90012
213/628-7419
fgonzalez@magnoliapublicschools.org

Such notice shall be deemed made when personally delivered to the address set forth above; forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed as set forth above; forty-eight (48) hours after deposit in the U.S. Mail, registered or certified mail, postage prepaid, return-receipt requested and addressed as set forth above; upon confirmation of delivery to the address set forth above, fees prepaid, by a nationally recognized overnight courier; or upon when delivered via email to the address set forth above. Notice shall be deemed adequate on the date actual notice occurred, regardless of the method of service.

5. Mediation. Disputes arising from this Agreement may be submitted to mediation if mutually agreeable to the Parties hereto. The type and process of mediation to be utilized shall be subject to the mutual agreement of the Parties.

6. Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.
7. Indemnification. To the fullest extent permitted by law, Consultant shall defend (with counsel of Client's choosing), indemnify and hold the Client, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent such claims, damages, losses, etc., arise out of, pertain to, or are incident to the alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all direct damages, expert witness fees and attorneys' fees and other related costs and expenses.
8. Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.
9. Governing Law. This Agreement shall be governed by the laws of the State of California. Any action brought to enforce the terms of this Agreement shall be brought in a state or federal court located in the County of Los Angeles, State of California.
10. Time of Essence. Time is of the essence for each and every provision of this Agreement.
11. Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties, and shall not be assigned by Consultant without the prior written consent of Client.
12. Amendments/Waiver. This Agreement may not be amended except by a writing signed by the Client and Consultant. No waiver, alternation or modification of the provisions of this Agreement shall be effective unless signed by both Parties.
13. Severability. If any section, subsection, sentence, clause or phrases of this Agreement, or the application thereof to any of the Parties, is for any reason held invalid or unenforceable, the validity of the remainder of the Agreement shall not be affected thereby and may be enforced by the Parties to this Agreement.
14. Interpretation. In interpreting this Agreement, it shall be deemed that it was prepared jointly by the Parties with full access to legal counsel of their own. No ambiguity shall be resolved against any party on the premise that it or its attorneys were solely responsible for drafting this Agreement or any provision thereof.
15. Fingerprinting Requirements. Consultant hereby acknowledges that, if applicable, it is required to comply with the requirements of Education Code Section 45125.1 with respect to fingerprinting of employees who may have contact with the Client's pupils. The Consultant shall also ensure that its consultants on the Project also comply with the requirements of Section 45125 .1. If required by Education Code Section 45125 .1, the Consultant must provide for the completion of a Fingerprint Certification form, in the Client's required format, prior to any of the Consultant's employees, or those of any other consultants, coming into contact with the Client's pupils. Consultant further acknowledges that other fingerprinting requirements may apply, as set forth in Education Code Section 45125 et seq., and will comply with any such requirements.

AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION AND
PRIMESOURCE PM, LLC

16. TB Testing. Consultant shall require that all regular and substitute employees provide verification of having been tested for tuberculosis and cleared to work with minors as evidenced by a state licensed medical doctor's signature prior to any of the Consultant's employees, or those of any other consultants, coming into contact with the Client's pupils. Consultant shall keep a copy of said information in the employee file.
17. Confidentiality. Consultant hereby acknowledges that certain records and information maintained by the Client, or by Consultant on behalf of the Client, are protected by law and shall not be released to third parties without express authorization from the Client. Such records include, but are not limited to, student records (i.e., any item of information relating to an identifiable student) and personnel records. In addition, all ideas, memoranda, plans, strategies, and documents shared with Consultant by Client in connection with the performance of this Agreement, not generally known to the public, shall be held confidential by Consultant. Consultant agrees that information acquired by Consultant during meetings with the Client's administrative team, or during closed session Board discussions are deemed confidential and, except to the extent required by law, shall not be shared with third parties without express authorization from the Client.
18. Drug/Tobacco-Free Facilities. All of Client's facilities are drug and tobacco-free facilities. Any drug and/or tobacco use (smoked or smokeless) is prohibited at all times on all areas of Client facilities.
19. Board Approval Required. This Agreement shall not be binding nor take effect unless approved or ratified by the Client Governing Board. Any amendments to this Agreement shall require Board approval or ratification.
20. Exhibits and Recitals. All Exhibits and Recitals contained herein are hereby incorporated into this Agreement by this reference.
21. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their authorized officers as of the day and year first written above.

CLIENT
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

Caprice Young

By: Caprice Young, Ed.D. _____ Dated: August 21, 2017

Title: CEO & Superintendent

PRIMESOURCE PM, LLC, a California Limited Liability Company

By: *Karen McLaurin Buresh* Dated: August 21, 2017
Karen McLaurin Buresh

Title: CEO/Managing Member

Federal Tax I.D. Number: 46-3940017

EXHIBIT "A"
SCOPE OF SERVICES

Consultant shall provide facilities program support and assistance to the Client as follows:

1. Provide construction management services at the following school:

Magnolia Science Academy 1 - Reseda
18238 Sherman Way, Reseda, CA 91335

This is the flagship school for Magnolia. Campus is occupied with approximately 540 students. Magnolia has obtained additional land, already in possession, for expansion and modernization projects including:

- Alterations to existing main classroom building including elevator installation - design complete and in DSA submission - building is occupied, modifications must work around school operations, improvements to be completed in SY17-18.
- Abatement and demolition of existing commercial building - Magnolia soliciting bids at this time, abatement and demolition to take place as soon as possible
- Construction of new classroom building - design complete, now in DSA - construction to begin as soon as possible, completion for start of SY18-19, by August 2018.
- Interim modifications to existing parking lot to accommodate school athletics and outdoor activities - interim until construction of new cafegymnasium planned for construction starting in 2018 - design not done - improvements to be made during SY17-18.
- All projects will be DSA approved and Field Act compliant, or approved by appropriate City departments as required.
- Magnolia has retained a designer for all projects. Designer is Franco Architects.
- Projects are privately funded, total project cost estimated at \$6,900,000 excluding \$3.8 million in site acquisition.

Services shall not include:

- Project design
- Testing and inspection
- Permits and fees
- Demolition and abatement
- Construction
- Utilities
- FF&E
- Temporary field office space, if required, will be provided by Magnolia either within existing space or within contractor provided facilities.
- Magnolia will be the point of contact with the City of Los Angeles and the State Department of Education for all approvals, expediting, and final certifications.

EXHIBIT "B"
COMPENSATION FOR SERVICES

The Magnolia Science Academy - 1 Reseda Classroom Project and services described in Exhibit A hereto shall be performed by Consultant on a reimbursable fee basis at the hourly rates shown below and shall be invoiced by Consultant to Client on a monthly basis.

Additional services requested by Client ("Extra Work" as defined in the within Agreement) shall be billed at the following hourly rate schedule and shall be invoiced by Consultant to Client on a monthly basis:

Principal	\$ 250.00
Project Manager	\$ 165.00
Field Engineer	\$ 125.00
Scheduler	\$ 150.00
Estimator	\$ 150.00
Admin Assistant	\$ 55.00

Consultant rates are fully loaded. Consultant will not charge for mileage or office reimbursables or personal equipment. Consultant will not markup project reimbursable costs that are passed through Consultant. Consultant will not markup subconsultant fees.

Total estimated fees are \$308,000 based on attached spreadsheet of presumed project schedule and level of resources required.