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Lottery selects contractor for new HQ building

Project will be led by John F. Otto, work is expected to begin in spring

Sacramento Business Journal - by [Michael Shaw](#) Staff writer

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The California Lottery, one of the few state operations that appears recession-proof, is moving ahead with plans for a six-story headquarters and has selected Sacramento's John F. Otto Inc. as contractor.

The 155,000-square-foot headquarters, to be constructed at the Lottery campus north of Richards Boulevard, is expected to cost between \$54 million and \$64 million. It will be financed with the lottery's administrative funds, which aren't connected to the state's general fund or affected by the budget crisis.

"It's a significant project," Otto president Mike Feuz said. "The private work is pretty much comatose, so everybody is looking at the public work. It's nice to be a local contractor and to get a Sacramento project like this."

Feuz estimates the project will create between 350 and 400 construction jobs when work begins in spring 2010.

The three-member California Lottery Commission last week selected Otto from the 14 companies that had been vying for the contract.

The project won't be constructed under the traditional design-bid-build model the state uses, but rather one where the designer and builder collaborate. LPAS, formerly LPA Sacramento Inc., is the architect on the project. A firm price is expected once designs are finalized.

Lottery staff said some have questioned the timing of the project, but the agency said it will be taking advantage of the down market.

"The construction industry is slowing down and prices are leveling off," Terry Murphy, deputy director of special projects, told the commission.

Lottery sales are down by 3.7 percent over the past year but the lottery will increase the amount of its contribution to educational programs this fiscal year to \$1.04 billion, staff said.

The new building is expected to meet gold or platinum level under the U.S. Green Building Council's Leadership in Energy and Environmental Design program through use of solar panels, daylight harvesting systems and window coverings that automatically adjust to reduce sun glare and heat.

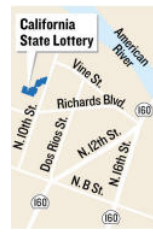
Construction could begin by April, Feuz said.

The new headquarters building will replace the aging building that's leaky and too large for current operations. It's the first phase of a plan to use excess land to build additional office space that can be leased to other state agencies or private companies.

Otto has been concentrating on public projects, building space for the Solano County Health and Social Services Department, and is wrapping up the Wildcat Recreational Center at California State University Chico. It has also started work on K Street improvements and rebuilding St. Rose of Lima Park in Sacramento.

Otto works with Sacramento-area contractors Intech Mechanical, CMSH Electrical and

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"We've assembled a truly local construction team," Feuz said. "Subcontractors are an integral part of the team that often get overlooked; these are a great bunch of companies we're proud to be working with."

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