



PUBLIC WORKS DEPARTMENT
CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3354 www.cupertino.org

CITY COUNCIL STAFF REPORT
Meeting: April 30, 2019

Subject

Update regarding City Hall Design/Delivery/Funding Strategy and Library Expansion/Funding Strategy

Recommended Action

Receive update and provide comments regarding a.) City Hall Design/Delivery Strategy including potential funding, and; b.) Library Expansion Strategy including potential funding.

Civic Center Master Plan Background

On October 16, 2018, Council adopted Resolution No. 18-102 amending FY 18/19 Operating Budget to appropriate \$4,087,000 to Public Works as follows:

Description	Appropriation
Architectural design services for a New City Hall	\$3,500,000
Architectural design and other services as needed for an Interim City Hall	\$500,000
Addition of one 3-year Limited Term Project Manager in the Department of Public Works	\$87,000
Total Appropriations	\$4,087,000

A summary of events preceding these most recent authorizations is included in Attachment A.

On September 19, 2018, the Cupertino City Council adopted the Vallco Town Center Specific Plan including resolutions to certify the Environmental Impact Report and associated General Plan Amendments. In addition, the City Council introduced and conducted the first reading to adopt a Development Agreement (DA) between the City and Vallco Property Owner LLC (Developer), as well as introduced and conducted the first reading for ordinances to amend the Municipal Code and the Zoning Map. On October 2, 2018, the Cupertino City Council conducted the second readings, adopted the DA and amended the Municipal Code and the Zoning Map.

The DA included a number of community benefits for the City had the Developer chosen to construct a project on the site that conformed to the Tier 2 option established in the Specific Plan. One of the community benefits included in the Development Agreement

was a one-time payment of \$30M from the Developer to the City (In-Lieu Payment), or for the Developer to construct a core and warm shell building for a New City Hall, conforming to the preferred alternative from the Civic Center Master Plan.

The lowest total, all-inclusive estimate with contingencies and a \$300,000 allowance to facilitate a competitive design process is \$70.5M. Attachment B shows how these numbers are determined as well as other cost options that may be considered depending on which location is desired for an interim City Hall. If Developer funds of up to \$31M warm shell construction were to be realized and \$7M-\$12M of other savings made possible by working with the Developer, costs to the City had the potential to be lowered to \$27.5M from \$32.5M.

With the referendum Certification of Sufficiency received on December 18, 2018 for the Vallco Specific Plan DA, the potential to proceed and receive those community benefits are currently undetermined. The Developers commitment and the City's responsibilities to the New City Hall schedule and construction prior to the recent referendum is included as Attachment C.

Status of New City Hall Design

The design of a New City Hall has not started. Staff completed an evaluation of various options for an interim City Hall and is now ready to begin the design process of a New City Hall as authorized in October 2018.

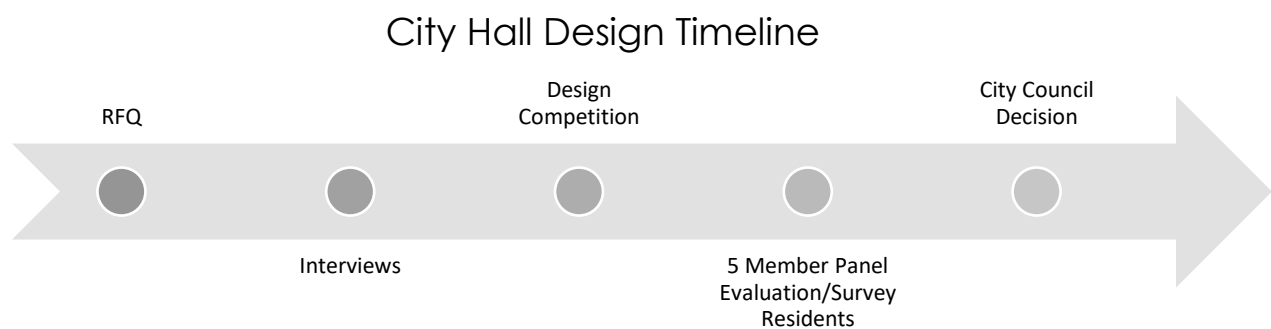
As a goal of a New City Hall is to be a focal point of the community, staff will be proceeding with an architectural design professional selection process with two main goals. These goals include a process that generates a wide range of new ideas in the approach to a design and secondly to broaden public discussion about the design as well as about the New City Hall project. The proposed process will be a multi-stage selection process that will include a design competition and will follow the Handbook of Architectural Design Competitions published by The American Institute of Architects (Attachment D). The architect selected at the end of the competition will be recommended for award of the New City Hall architectural design contract after a contract is successfully negotiated.

The first stage of this proposed process will be a Request for Qualifications (RFQ) from interested firms. In this stage, interested architectural firms will provide background and relevant experience of their firm as well as introduce the project team and their qualifications. A selection committee comprised of the City Manager, Director of Public Works, Director of Administrative Services, Director of Information Technology and the Building Official will evaluate the proposals and select up to the top six firms for interviews. From the six firms interviewed, the top three firms will be selected to participate in a design competition with New City Hall requirements provided. Each

firm will receive a \$50,000 stipend to develop a conceptual design that meets the predefined requirements.

A five-member panel will then evaluate the three concepts. The City Council may select panel members from a cross section of the community. Panel representation may include:

- City Representative – Director of Community Development
- Neighborhood Representative
- Planning Commission Representative
- Chamber of Commerce Representative



Also to be included on the panel will be a Professional Advisor (PA). The PA will be a licensed architect selected by the City. The PA will be responsible for planning, organizing and running the design competition. To ensure an unbiased evaluation, the PA selected will be objective facilitator of the panel, have no other interest in the project, as either a designer, an investor or an employee of the City. The PA does not necessarily need to be selected the Public Works Department.

Concurrent to the panel receiving presentations and reviewing the conceptual designs provided by the three selected architectural firms, the City may elect to survey Cupertino residents on their preferred concept. The panel recommendation and survey results (if applicable) will be presented to the City Council for a final decision. The selection process will take approximately four months.

Logistics of Maintaining City Hall Operations

During the construction of a New City Hall, the existing City Hall will need to be vacated and relocating staff to a temporary facility will be required. Staff explored the following four options for an interim City Hall:

1. Relocate to Monta Vista Recreation Center
2. Relocate to a New Service Center Administration Building
3. Relocate to leased space in Cupertino
4. Relocate to modular buildings on Library Field

The existing square footage of City Hall is approximately 20,770 sf, and houses up to 115 employees. It was assumed that the same number of employees and departments would need to be accommodated in an interim facility or facilities.

Four potential interim City Hall alternatives are summarized with pros and cons in Attachment E and costs associated with the alternatives are in Attachment B, both are summarized in the table below:

Interim City Hall Alternatives	Costs	Pros	Cons
Monta Vista Community Center	\$2.49M	Location and cost to improve may enhance City owned property.	Inadequate parking Relocation of existing programs and lowest cost option.
New Service Center Admin Building	\$13.74M	Minimize sunk costs, use of City owned property and valuable City asset upon completion of City Hall.	Desire to improve the Service Center and highest cost option.
Portables in Library Field	\$3.82M	Proximity to City Hall.	Loss of field use for up to 3 years, loss of sunk costs and no improvements to City owned space and congestion.
Leased Space	\$3.77M	No impact to programming at Monta Vista Community Center or Library Field.	Loss of sunk costs and no improvements to City owned space and lease space availability.

In all four alternatives, due to extensive infrastructure requirements necessary to support their operation, it is proposed to relocate City Channel operations to modular buildings located adjacent to Community Hall. Accompanying these buildings would be another building that would accommodate City Council and staff preparation for ongoing meetings that would continue to occur in Community Hall.

For the 5-year CIP study session that follows this presentation, the construction of a New City Hall and providing for an interim City Hall is included as Option "A".

Condition of Existing City Hall

The replacement of the existing City Hall is due to the current condition of the existing City Hall and the need for more community meeting space. There are currently \$6.1M of

high priority health and safety improvement needs at the existing City Hall. This includes \$4.1M in improvements and \$2M¹ in additional funding for an interim City Hall to relocate staff while the work is being completed. Work includes a seismic retrofit to current building code, an emergency generator replacement, a new heating, ventilation and air conditioning system upgrade, roof replacement, installation of a new electrical switchboard and electrical system replacement, lighting and lighting system upgrades, a new larger elevator, and accessible improvements. Completion of this work would not increase the usable area of the building and no new community meetings spaces would be created. For the 5-year CIP study session that follows this presentation, this work is included in Option "B".

While this work is being completed, other less serious health and safety improvements and efficiency changes are also needed and should be completed when the building is vacant. This work includes office renovation/interior improvements, relocation of the permit center to the main floor, additional mechanical-electrical-plumbing system upgrades, ceiling and window replacements and site/civil/landscaping improvements. Overall usable area of the building would increase approximately 10% due to more efficient use of existing space. The additional dollars to complete this work is \$16.9M plus \$4.1M in high priority work and \$2M for an interim City Hall for a total of \$23M. Attachment B provides the cost breakdown. For the 5-year CIP study session that follows this presentation, this work is included in Option "C".

Library Expansion Strategy

On July 15, 2015, the City Council approved the Civic Center Master Plan and adopted the Mitigated Negative Declaration. The plan approved a preferred alternative for the Library, which included a 130-seat addition to the Program Room with direct access from the exterior of the library. The Library expansion requires 33 additional parking stalls which would be included in the 118 underground stalls at the New City Hall. If the New City Hall is not constructed or if the Library Expansion precedes the New City Hall, additional parking would be required. The least expensive option for additional parking would be to construct a surface parking lot on the east side of Library Field at a cost of \$1,500,000. The total cost of the preferred "Perch" library addition and required parking is estimated at \$10.05M and is detailed in Attachment B.

If both the New City Hall and the Library Expansion were to proceed to construction, the ideal construction phasing would be to start the Library Expansion project immediately following the construction of the New City Hall. This sequencing may avoid the additional \$1.5M temporary parking area as the New City Hall underground parking would be available to offset the contractor staging area needed for the Library Expansion

¹ Total costs for Interim City Hall are \$2.5M, \$0.5M in existing budget appropriations and \$2M in new appropriations

construction. If simultaneous construction is desired, the temporary parking area would be required. For the 5-year CIP study session that follows this presentation, a Library Expansion is included in all Options "A, B & C".

Schedule for New City Hall

The design for the New City Hall, as outlined in the above selection process, is anticipated to be complete by February 3, 2021. Anticipating future Council authorizations and no other issues, construction could begin by August 9, 2021 and be complete by October 31, 2023. The Library Expansion, if phased to begin immediately after the New City Hall is constructed, would begin design December 13, 2021 with construction complete by November 29, 2024. A detailed schedule of both the New City Hall and the Library Expansion is provided in Attachment F.

Sustainability

The existing City Hall has several systems that are not energy efficient. Most notable are the heating & cooling systems and the building envelope. Consequently, much more energy is expended per square foot for the existing City Hall as compared to a newer building. The New City Hall, per the Civic Center Master Plan, will be LEED Silver rated. Silver rated buildings are more efficient than non LEED rated buildings and considerably more efficient than buildings built under the 1964 building code that applied when City Hall was first constructed.

Fiscal Impact

Currently \$3.5M has been authorized for the design of a New City Hall. In proceeding with this design, it is estimated that an additional \$67M of funding authorization will need to be made in the future. Current capital reserves total \$30M. If all capital reserves were to be allocated to the New City Hall project and the majority of all other capital projects are not funded, an estimated \$37M of outside revenue will be needed for a New City Hall. Debt financing utilizing certificates of participation (COP) are likely the most advantageous for this needed funding, however other options as presented in the April 2, 2019 study session may be utilized. A \$37M COP would cost approximately \$455,000 to originate and would incur an estimated annual debt service amount of \$2M assuming a 4% annual borrowing cost. To support this annual debt cost, a .25% increase in the transactional use tax and/or a 2% increase in the transient occupancy tax should be considered.

The Library Expansion amount of up to \$10.05M would be in addition to the funds needed for a New City Hall and will also require an outside source of revenue. A general obligation bond (G.O.) that would need to be affirmed by a 2/3 community vote may be the most appropriate. A G.O. issuance of this amount would cost approximately \$276,000 to originate. G.O. payments would be supported by a parcel tax and not the general fund.

Other revenue opportunities, include but are not necessarily limited to, an increase in utility user tax and/or a new parcel tax or other options as presented in the April 2, 2019 study session may also be investigated.

Prepared by: Roger Lee, Acting Director of Public Works

Michael Zimmermann, Capital Improvement Program Manager

Approved for Submission by: Timm Borden, Interim City Manager

Attachments:

Attachment A - Civic Center Master Plan Background

Attachment B – City Hall Project Cost Summary

Attachment C – Vallco Town Center Development Agreement

Attachment D – Handbook of Architectural Design Competitions (AIA)

Attachment E - Interim City Hall Options

Attachment F – Construction Schedule for New City Hall & Library Expansion