



## PUBLIC WORKS DEPARTMENT

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### CITY COUNCIL STAFF REPORT

Meeting: October 18, 2022

#### Subject

Consider program and funding revisions on the Fiscal Year (FY) 2021-22 Capital Improvement Programs (CIP) project, City Hall Annex (10455 Torre Avenue Improvements.)

#### Recommended Action

Receive an update and direct staff on the FY 2021-22 CIP project City Hall Annex (10455 Torre Avenue Improvements) to:

- 1) Proceed with programming, design, and construction of the building as the City's Permit Center and Emergency Operations Center (EOC.)
- 2) Authorize the Director of Public Works to execute any necessary services or change orders, up to an amended contingency amount of \$166,722 for a total contract amount of \$610,202 on the design professional services agreement between the City and DIALOG Design LP (DIALOG) for the City Hall Annex Project (Project 2022-06) for the abovementioned scope.
- 3) Authorize the City Manager to (a) execute a Design Professional Services Agreement between the City and Cumming Management Group, Inc. (Cumming) to provide construction management and related services for the City Hall Annex Project (Project 2022-06) in the amount of \$359,805; and (b) authorize the Director of Public Works to execute any necessary services or change orders, up to a contingency amount of \$71,961 (20% of base services,) for a total appropriation of \$431,766.

#### Background

In April 2021, the City finalized the purchase of 10455 Torre Avenue, an approximately 5,000 square foot building. The Council felt that the adjacency to the Civic Center could potentially allow this building to serve as an interim facility, also known as the "City Hall Annex." This use could fill the need for additional space at City Hall and potentially provide for continuity of operations in the event of a renovation to City Hall. On June 7, 2022, the Council conducted a study session to review the property and direct staff on the future use as flexible space, with an open floor plan layout for use as a customer-facing facility for services currently provided from City Hall. The result of the study session was the following motion:

1. Authorize the City Manager to execute a Design Professional Services Agreement between the City and DIALOG Design LP to provide design services for the City Hall Annex in the amount of \$443,480; and
2. Authorize the Director of Public Works to execute any necessary services or change orders, up to a contingency amount of \$65,022 (15% of base services), for a total appropriation of \$508,502.

The motion carried unanimously (Moore moved and Willey second.) With that direction, the current programming plan is to renovate the building to serve as the City's Permit Center.

### Current Status

Following the Council's direction, staff executed a contract with DIALOG on June 13, 2022. DIALOG has initiated the programming and code analysis of the existing facility within the context of using the renovated site as an interim facility for City Hall for relevant public-facing business functions. Attachment A is the draft programming report and code research and analysis by DIALOG dated September 22, 2022.

To complete the report, the project team interviewed city staff to ascertain the spatial, technical, and qualitative requirements of each department as they operate within the context of the existing City Hall building. Taking into consideration the number of team members necessary to staff the Permit Center daily operations, approximately 25 workplace seats are needed, in addition to additional public spaces such as conference rooms. This evaluation found that the amount of space at the Annex building could provide a viable solution as city's public-facing Permit Center. In the event the Council decides to renovate City Hall, a few unassigned workspaces could be made available at the City Hall Annex to support dislocated staff. It is possible that additional space would still be necessary to meet the business needs of City Hall staff and community during a renovation of City Hall. In Attachment B, Chart B provides a preliminary estimate of workstations required during a City Hall renovation in addition to those proposed for the City Hall Annex.

### Discussion

#### **Interim use as the City's Permit Center and EOC, and long-term use as the City's EOC**

While considering the potential future program requirements of City Hall, both for the purposes of evaluating the City Hall Annex building and evaluating the future program and costs of a new or improved City Hall building, staff explored the potential to use the City Hall Annex as an EOC. The City Hall Project Subcommittee (Council Members Kitty Moore and Jon Willey) asked staff to consider the possibility of using the annex building as the permanent EOC since that scope change may reduce the cost and complication of a City Hall project. Furthermore, the deletion of the EOC from the City

Hall program could allow for better uses of the City Hall building and could potentially allow the renovated City Hall to exist within the present footprint.

The City Hall Project Subcommittee considered the following criteria and determined that the City Hall Annex should be renovated for City's EOC uses. The consideration criteria are summarized in Table 1 (below) that include:

- Current EOC location and potential alternate EOC locations within the City's current facilities;
- EOC's operational requirements and the importance of this public safety resource to the City;
- Available space, adjacency to staff and other services;
- Infrastructure, current building status,
- Cost and other logistical factors.

The City Hall Project Subcommittee reached the conclusion that relocating the EOC to the City Hall Annex building would be a superior choice for cost, functional efficiency, and long-term viability. This conclusion would also benefit the City Hall Renovation project by reducing costs and simplifying the program through a reduction in scope and complexity that comes with an EOC. Other sites considered to incorporate a permanent or long-term EOC facility such as Quinlan Community Center, the Service Center, and/or the Senior Center, required compromise in terms of space, operations, costs, or all these items. Most notably, accommodating the EOC within the City Hall Annex building is approximately \$500,000 less expensive than the next most affordable option where the EOC remains within City Hall.

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Table 1 – Potential EOC Locations

*Options are listed from least expensive to most expensive*

Location	EOC SQ FT	BLDG SQ FT	COST	COST without EOC	Notes
CURRENT City Hall location	1,400	24,000			Previously - City Council Chambers
City Hall Annex	1,300	5,700	\$4,265,000	*\$3,900,000	\$465K differential
City Hall - Renovation	1,200	24,000	\$28,000,000	\$27,000,000	\$1M differential
Service Center	675	2,900	\$1,450,000		Using \$500/SF
Senior Center	2,950	3,500	\$1,750,000		Using \$500/SF
Library	2,800	5,600	\$2,800,000		Using \$500/SF
Community Hall	2,100	6,200	\$3,100,000		Using \$500/SF
Civic Center - New building	2,400	2,400	\$3,240,000		Using \$1350/SF
City Hall - New	1,200	36,000	\$48,000,000	\$44,400,000	\$3.6M differential
Quinlan Community Center	4,200	8,100	\$4,050,000		Using \$500/SF

*\*The projected costs of the renovation project are currently higher than the approved City funding. More information in the body of the discussion below.*

In developing the program for the City Hall Annex building as City's Permit Center and EOC, staff identified additional cost impacts, including:

- Increase of construction costs due to the addition of the EOC program and infrastructure. The costs derived above are a result of rough order-of-magnitude pricing exercises commensurate with the early concept phase. The project team will continue to refine cost estimations as the project progresses, but the early estimate is that the addition of the EOC will add approximately \$500,000 in construction costs. Staff will return to Council prior to bidding with a more precise project cost estimate. The current schedule anticipates this to occur in the summer of 2023.
- Increase of soft costs due to the addition of the EOC program (architect, engineers, management consultants, etc.) The design team (DIALOG and their

consultants) will require additional services and fees to add the EOC scope to the current program as it requires revisions to the architectural and engineering services previously contracted. Additional consultants will be required during the construction phase for this project, such as testing and inspection services, a technology systems integrator, cost management, commissioning, and construction management. The contracts for these services will be slightly greater with the addition of the EOC.

- An overall increase in the original construction estimate excluding the addition of an EOC. Staff has learned that the original construction cost estimate for the overall project was too low. Current budgeted funding is \$3 million for the project. Current contracts and encumbrances to date total approximately \$600,000, and the recommended actions associated with this report propose to increase those encumbrances (Architect/Engineering and Construction Management contracts) by approximately \$535,000. Allowing for other consultants needed for the project brings the soft costs budget to \$1.5 million, leaving \$1.5 million for construction. This is approximately \$1.5 million short of the total estimated project cost.

**Increase the contingency amount of the current DIALOG design professional services contract and authorize the execution and management of a new contract for Construction Management Professional Services with Cumming.**

The design team (DIALOG and their subconsultants) require additional services and fees to add the EOC scope. While their additional services proposal for this scope is \$65,000, staff requests Council to consider increasing the funding allowable for this agreement by \$101,700 to allow for the added scope and updated contingency, thereby increasing the total DIALOG contract authority to \$610,202.

In addition to design services, several other project delivery services are necessary, including construction management, cost management, sustainability reviews, and commissioning services. Cumming is particularly well-suited to meet the needs of this project and staff recommends that the Council consider award of a new professional services contract in the amount of \$359,805 with a contingency amount of \$71,961 (20% of base services,) for a total contract authority of \$431,766 to Cumming for these services.

Sustainability Impact

Construction will require meeting current CalGreen and Title 24 codes for energy and sustainability. The building will be converted to all electric and other systems optimized for conservation of energy resources. Building materials and finishes will be evaluated for durability and sustainability. Landscaping will be evaluated for aesthetics and improved water conservation.

California Environmental Quality Act (CEQA)

City Council's action to receive the report and provide further directions to staff is exempt from CEQA pursuant to CEQA Guidelines.

Fiscal Impact

The FY 2021-22 CIP budget for the City Hall Annex Improvements (10455 Torre) Project is included in budget unit 420-99-248. City Council approved a fund of \$3,000,000 for the design and construction of this project in the CIP. Current encumbered funds total approximately \$600,000, leaving approximately \$2.4 million unencumbered. The recommended action would increase the design and construction management elements of the project by \$533,466. These funds are available in the project budget.

Construction costs are expected to increase by \$1.5 million. Staff will return to City Council with more precise construction costs after the project design is complete and a refined estimate is in place. This is anticipated to occur in the summer of 2023 and no action on this additional funding is necessary at this time. Funding for the additional costs could come from either the Capital Reserve that is estimated at \$9.8 million or the unassigned fund balance in the general fund estimated at \$46 million.

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Prepared by: Susan Michael, Capital Improvement Programs Manager

Reviewed by: Matt Morley, Director of Public Works

Approved for Submission by: Pamela Wu, City Manager

Attachments:

A – Draft City Hall Annex Program and Code Report

B – City Hall Staff Headcounts programming

C – Draft Contract Amendment-DIALOG

D – Draft Agreement-Cumming