



PUBLIC WORKS DEPARTMENT

CITY HALL

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CITY COUNCIL STAFF REPORT

Meeting: November 19, 2019

Subject

Update on Library Expansion Project, selection of Conceptual Design, approval of project delivery method, and direction on project funding.

Recommended Actions

1. **Conceptual Design:** Select either the One-Story or the Two-Story Conceptual Design. Additional actions listed below as determined by Conceptual Design selection.
2. **One-Story Conceptual Design**
 - a. Approve use of a traditional Design-Bid-Build project delivery method.
 - b. Authorize the City Manager or her designee to negotiate and enter into all agreements as necessary with a qualified architectural firm and construction/project management firm for an amount not-to-exceed \$808,200.
3. **Two-Story Conceptual Design**
 - a. Authorize use of a Design-Build project delivery method, using best value selection, assuming Design-Build is determined to be feasible.
 - b. Approve Resolution 19-XXX executing a loan agreement of up to \$3,000,000 from the General Fund to Capital Fund for the Library Room Expansion.
 - c. Approve Budget Amendment 1920-070 increasing appropriation by \$3,000,000 for the Library Expansion Project.
 - d. Authorize the City Manager or her designee to negotiate and enter into all agreements as necessary with a qualified architectural firm and construction/project management firm for an amount not-to-exceed \$1,870,500.

4. **Staffing:** Authorize transfer of a 3-year Limited Term Project Manager in the Department of Public Works from the new City Hall project to the Library Expansion Project.

Background

On July 7, 2015, City Council received and accepted the Civic Center Master Plan (CCMP). Several library expansion options were considered in the CCMP and a preferred “Perch” option was selected. The 2015 estimated total cost of this option was \$6.9M.

On February 19, 2019 Council directed that excess funds from Santa Clara County Library District (SCCLD) be designated for the purpose of a library expansion. The amount of the SCCLD funds are \$352,719 for FY19/20 and the same amount again for FY20/21.

On June 18, 2019 staff advised that the cost of the Library Expansion had escalated to \$8.5M due to inflation and current construction market conditions. At this meeting, the City Council:

1. Allocated \$5M in the FY19/20 capital improvement budget to the Library Expansion Project.
2. Delegated authority to the City Manager to enter into and manage any necessary agreements to proceed with the design of the Library Expansion Project.
3. Approved an appropriation for transfers out of the General Fund to the Capital Reserve in the amount of \$352,719 to fund the Library Expansion Project.
4. Allocated \$1,000,000 to support: 1) Parking needs and traffic mitigation assessments supplemental to the prior Civic Center Master Plan pertaining to Library expansion space as needed; and 2) Traffic mitigations and parking modifications as needed.

Progress to Date

Since June the following has been completed:

- Nine Library Stakeholder Group meetings conducted. Stakeholders include representatives from:
 - Councilmember Darcy Paul
 - Santa Clara County Library District
 - Cupertino Library Foundation
 - Friends of the Library
 - Interested community members
- Retention of the KPA Group for architectural and cost estimating services.
- Existing building assessment completed.

- Council action taken on September 17th enabling the City to utilize a Design-Build Project delivery method.
- Project Program defined. Attachment B is the Project Program including prioritization of program elements. Essential program requirements include:
 - 130-seat minimum audience capacity with presentation space
 - Spillover Seating
 - Flexible Space (room can be divided used for multiple programs simultaneously)
 - Kitchenette
 - Supplemental Storage
 - Janitorial Closet
- One-Story (Attachment C) and Two-Story (Attachment D) Conceptual Designs developed based on input from the Stakeholder Group.
- Cost estimates completed for both Conceptual Designs.

Conceptual Design

Following completion of the Project Program, a series of designs were developed leading to two final Conceptual Designs.

One-Story Conceptual Design

- Meets primary program elements consisting of a larger Story Room and a new Program Room.
- Program Room also functioning as over-flow seating.
- Approximately half the program space as the Two-Story Conceptual Design.

Two-Story Conceptual Design

- Most closely represents the original “Perch” option.
- Meets the primary program elements and many of the desired program elements.
- Maximizes building addition area.
- Positions the Library to accommodate current and future programming needs.

Cost Estimates

Cost estimates for both Conceptual Designs were prepared by cost estimator (Marcene Taylor, Inc) as a sub-contract under The KPA Group. A summary of the cost estimates follows:

	One-Story Conceptual Design	Two-Story Conceptual Design
Construction Cost	\$4,041,000	\$7,482,000
Soft Costs: Design, project management costs	\$1,049,000	\$770,000
Contingency	\$548,000	\$853,000
Total Costs:	\$5,638,000	\$9,105,000

Factors influencing project costs for the two designs include:

- Constrained site, impacted parking and small staging area
- Demolition of the existing Children's book area and temporary relocation of the Story Room.
- Continued operation of Library during construction, as feasible.
- Infill project connecting to existing building on two sides and two stories. Seismic bracing of existing building required after demolition for duration of project.
- Steel structural system with piers or piles required.
- HVAC system must tie-in with existing building system
- Extensive electrical distribution, greater than code minimum
- (8) unisex restrooms (required for Two-Story Design), (4) unisex restrooms (required for One-Story Design).
- Masonry exterior to match existing
- High quality windows and doors to match existing

Design-Build and Design-Bid-Build Project Delivery

The traditional project delivery method for Public Works projects is described as Design-Bid-Build. With this delivery method, drawings and other contract documents are developed to 100%, the project is competitively bid, and the project is then built by the contractor bidding the lowest responsible price.

Design-Build is an alternative project delivery method recently authorized by City Council. With Design-Build, an architect is initially hired to develop preliminary design requirements known as the Bridging Documents. As required by law, Bridging Documents specify the project scope, which may include size, type, design character, and performance requirements for the project, and any other information deemed necessary to describe the City's needs. Bridging Documents are used as a basis for soliciting proposals from pre-qualified Design-Build entities who will then complete the design and build the project.

Benefits of the Design-Build method include: potentially reduced project costs and timing due to efficiencies/innovation, and the ability for the City to select the Design-Build team based on best value rather than lowest cost. However, the opportunity for potential cost/timing benefits of Design-Build are reduced with smaller projects. Therefore, the One-Story Design is estimated to be less expensive with a traditional delivery method as compared with the Design-Build method.

Project Delivery Method for the Library Expansion Project

If the One-Story Design is selected, the traditional Design-Bid-Build delivery method is recommended for cost savings.

If the Two-Story Conceptual Design is selected, a Design-Build project delivery method is recommended, assuming a sufficient pool of interested and qualified Design-Build firms. In order to make this determination, the following actions are recommended:

1. A "Statement of Interest" will be issued to inform potential Design-Build firms of the project.
2. Upon receiving adequate response to the "Statement of Interest," issue a Request for Qualifications (RFQ) to potential Design-Build firms. Following evaluation of the responses, a short list of qualified firms will be produced.
3. Concurrently with the "Statement of Interest," negotiate and enter into:
 - a. Design Master Agreement with a qualified architectural firm to provide Bridging Documents and facilitate the Design-Build process.
 - b. Execute an agreement with a qualified construction/project management firm with Design-Build experience to get input early in the design process.
4. Request for Proposal (RFP) will be sent to the firms on the short list of qualified Design-Build firms. Proposals will be evaluated on a best value basis, which involves evaluation based on the criteria specified in the RFP, including but not limited to price. Negotiations can then take place between the City and responsive proposers as specified in the RFP.
5. A report on the process will be presented to the City Council with a recommendation for contract award to a selected Design-Build firm.
6. Following contract award, the Design-Build firm will begin the design and construction process.

If the City receives an insufficient response at any point in the process outlined above, staff will proceed with the traditional Design-Bid-Build method.

Schedule

A chart illustrating the estimated Library Expansion Project schedule with both Design-Build and Design-Bid-Build methods is provided in Attachment E.

Sustainability Impact

The Library Expansion project will achieve at minimum a Leadership in Energy and Environmental Design (LEED) Silver equivalent rating. Energy consumption from Cupertino's municipal buildings is on an upward trend. According to the most recent study completed on Cupertino buildings, energy used by municipal facilities increased by 5% between 2010-2018. This represents an added utility cost to the taxpayer and is indicative of an efficiency "drift" which commonly occurs as equipment ages. The proposed Library Expansion Project offers an opportunity to improve comfort and energy efficiency of the facility, make progress towards Cupertino's Climate Action Plan goals, and apply for utility incentive dollars, while reducing the cost of operating the facilities.

Fiscal Impact

There are currently \$5M dollars budgeted in FY19/20 Capital Improvement Plan (CIP) for the Library Expansion Project. This amount is funded by \$5M from the City's Capital Reserve Fund and \$705,438 (\$352,719/year) from the SCCLD for Library Extra Hours (normally funded by the City but were funded by the SCCLD in FY20 and expected in FY21).

Subject to the approval of their Joint Powers Authority, SCCLD has, indicated that funding may be available. These funds are roughly estimated to be between \$300K - \$1M depending on design chosen and items approved for funding.

	One-Story Design	Two-Story Design
EXPENDITURES		
Total cost to construct	(\$5,638,000)	(\$9,105,000)
REVENUE		
City dollars allocated from Capital Reserve	\$5,000,000	\$5,000,000
City dollars allocated from Library Extra Hours	\$705,438	\$705,438
Savings (\$352,719 x 2 years)		
County provided dollars, subject to JPA approval, by County	\$317,520	\$607,554
Balance Needed:	\$384,958	(\$2,792,008)

The current capital reserve balance is in a deficit of \$0.2M but a transfer of \$16M is expected at Mid-Year, as outlined in the first quarter financial report.

Capital Reserve (CR) Reconciliation

FY18 Beginning Fund Balance (Fund 420 & 429) \$28.9M

FY19 Actual Expenditures	(\$20.0M)
<u>FY19 Actual Revenue</u>	<u>\$23.9M</u>

FY18 Ending and FY19 Beginning Fund Balance \$32.8M

FY20 Amended Budget Expenditures	(\$55.4M)
<u>FY20 Amended Budget Revenue</u>	<u>\$22.4M</u>

FY20 YTD Fund Balance (\$0.2M)

FY20 General Fund Transfer to CR	\$16.0M
<u>FY20 Capital Reserve Deficit</u>	<u>(\$0.2M)</u>

FY20 Estimated Year-End Fund Balance **\$15.8M**

If additional funding is approved, funding for this increase is expected from one or more future development projects. The City has the option to execute an Inter-Fund Loan Agreement from the General Fund to the Capital Improvement Program Capital Projects Fund to provide the additional funding necessary to expedite the progress and completion of the Library Expansion Project. The agreement will be in an amount of \$3,000,000 and shall be fully repaid in a period not to exceed three (3) years. After anticipated revenues from future development projects are received, the revenues received and recognized in the Capital Improvement Program Capital Projects Fund will be used to repay the inter-fund loan.

At the April 30, 2019 Study Session on the FY 2019-2024 Proposed Capital Improvement Program (CIP), three 5-year CIP project scenarios were presented ranging in cost from \$118.46M to \$31.5M. The projects included in these scenarios included on the high end: the completion of several significant projects (including a new City Hall and Library Expansion), and on the low end: completion of high priority safety projects only. Additional dollars allocated to the Library Expansion Project will reduce the current capital reserve balance and will reduce the City's ability to complete other needed projects.

At the October 16, 2018 meeting, City Council authorized \$87,500 for six months of funding and annual costs of \$175,000 to add one 3-year Limited Term Project Manager in the Department of Public Works, funded by the General Fund, for the New City

Hall/Interim City Hall project. If the Library Expansion project moves forward, it is recommended that this position moves accordingly. There is no additional fiscal impact to moving these personnel costs.

No grant funding opportunities are known at this time, but staff will continue to research.

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Reviewed by: Dianne Thompson, Assistant City Manager

Approved for Submission by: Deborah Feng, City Manager

Attachments:

A –Draft Resolution

B – Program List

C – One-Story Conceptual Design

D – Two-Story Conceptual Design

E – Preliminary Project Schedule