



## COMMUNITY DEVELOPMENT DEPARTMENT

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### CITY COUNCIL STAFF REPORT

Meeting: February 18, 2020

#### Subject

Award of Construction Inspection Services, Plan Review Services, and Public Works Inspection Services contracts for the Vallco SB35 project.

#### Recommended Action:

1. Authorize the City Manager to award a 3-year contract to 4LEAF, Inc. (4LEAF) to provide Construction Inspection Services and Public Works Inspection Services for a not to exceed contract price of \$7,407,710 for the Vallco SB35 project.
2. Authorize the City Manager to award a 3-year contract to CSG Consultants, Inc. (CSG), for a not to exceed contract price of \$1,149,983 for plan review services for the Vallco SB35 project.
3. Authorize the City Manager to award a 3-year contract to Independent Code Consulting, Inc. (ICCI) for a not to exceed contract price of \$13,500,000 for plan review services for the Vallco SB35 project.

#### Discussion:

On February 4, 2020, City Council reviewed the recommendation to award contracts for three consulting firms to provide Professional Plan Review and Inspection Services for the Vallco S35 project. The February 4th staff report is included as attachment A.

Councilmembers made several recommendations to amend specific language in the contracts to ensure transparency in the construction and inspection phase of the project. Councilmembers also requested changes to the contract attachments, including the project description, to provide consistency.

As a result of the comments made by Councilmembers at the public hearing, staff revised contract provisions for Time of Performance, Invoices and Payments, Property Rights, and Records. Staff also worked with each of the consultants to provide a consistent Project Description and Scope of Services terms, attached as

Exhibit A to each of the contracts, as well as consistent Compensation terms, included as Exhibit B to each of the contracts. The updated contracts are included as Attachments B, C, and D to this report.

## GREEN ROOF DESIGN

A discussion related to the design, review and approval of the Vallco SB35 project green roof was brought up at the meeting.

The green roof is being designed as a seismically isolated structure by the integrated architecture, civil, geotechnical, and engineering firms to ensure that the green roof systems maintain structural stability, are structurally isolated in an earthquake, have a reinforced soil stabilization design to prohibit sliding of landscaping, proper drainage, recycled water irrigation with good soil percolation, and robust waterproofing.

Along with Rafael Vinoly Architects, the developer's design team is comprised of two structural engineers, Nabih Yousef Associates and DCI Engineers, Olin Landscape, Sandis Civil Engineering, ME Engineers, Allana Buick & Bers Engineering, Langan Geotechnical Engineering, and a third-party seismic peer review panel.

A selected list of large-scale projects that feature landscape over structure in the portfolio of the design team include:

- Apple Park, Cupertino
- New Stanford Hospital, Palo Alto
- UCSF Ray and Dagmar Dolby Regeneration Medicine Building, San Francisco
- Pershing Square, Los Angeles
- Rockefeller University, New York
- Howard Hughes Medical Institute, Virginia
- The Getty Center, Los Angeles
- Battery Park City, New York
- Canary Wharf, London
- Bryant Park, New York
- The Church of Jesus Christ of Latter-Day Saints Conference Center, Salt Lake City
- Columbus Circle, New York
- Philadelphia Museum of Art Sculpture Garden, Philadelphia
- Dilworth Park, Philadelphia
- Carnegie Hall Roof Terrace, New York

The City's proposed building plan review firm, CSG Consultants Inc., has extensive experience in plan review of projects with systems and components similar to those on the Vallco SB35 project. For example, CSG has performed structural plan review on the elevated landscape system successfully implemented at Apple Park in Cupertino. In addition to the plan review of green roofs and elevated landscape systems, their licensed engineers have experience designing these types of systems and are well qualified to perform careful and detailed review of the design.

The City's proposed building and public works plan review firm, Independent Code Consultants, Inc., also has the expertise to ensure rainwater does not pond by verifying there is an inlet within each drainage shed, landscape areas are designed with the acceptable slope and flow toward inlets, and that there is an appropriate overland release for large storm events. Inlets depicted on the roof plans are represented on the mechanical, electrical and plumbing plans. Walking pathways on the green roof are designed and reviewed to meet ADA and T24 California accessibility requirements.

## FEE REVENUES

At the February 4th meeting, Councilmembers also asked for information about City costs that the pass through fees pay for. Each year the City adopts a Fee Schedule that lists fees for numerous services and permits provided by City departments. The Engineering and Building fee schedules for building and public works permits is available here: <https://www.cupertino.org/our-city/departments/community-development/building/building-forms-fees>. These fees apply to all projects seeking these permits, including the Vallco SB35 project.

A user fee study was completed by the Matrix Consulting group in April 2016 to determine the full cost of various permitting services provided by the City. The fee study is attached to the April 5, 2016 City Council agenda packet. Based upon this study, Engineering, Building, and Planning fees were approved by Council to fully recover costs, thus fees charged are estimated to cover costs to provide the services and no more. Costs included in the fee study's calculation include:

Cost Component	Description
Direct	Salaries, benefits and allowable departmental expenditures for staff processing the permits.

Departmental Overhead	Division or Departmental administration / management and clerical support.
Citywide Overhead	City costs associated with central service costs such as payroll, human resources, budgeting, City management, etc.
Cross-Departmental Support	Costs associated with review or assistance by other departments in permit review.

In subsequent years these fee rates have been increased by the Consumer Price Index (CPI), Construction Cost Index (CCI), or by actual increases in salary and benefit changes as appropriate. The next user fee study is scheduled to occur in 2023 per the April 5, 2016 staff report.

Of the fees collected for the Vallco SB35 building and public work permit applications, the Plan Review consultants will receive 65% of the calculated plan review fee while the City will collect the remaining 35%. The Inspection firm will receive 75% of the calculated building permit fees while the City will collect the remaining 25%. Public Works inspections will be performed on a time and materials basis and the developer will provide a deposit account for the City to draw from to pay for these services.

As indicated in the fee study, the City's portion of the plan review and inspection fees will be used to fund associated City staff time and overhead. This includes building and public works staff time (including salaries and benefits) and expenses to administer review of the permit applications, coordinate with consultants and the applicant, and perform the final review of all reviews and checks performed by the City's consultants. Collected fees will also fund additional permit review by staff from other departments, such as planning, and support services provided by the Department of Administrative Services, City Manager's office, and City Attorney's office. Finally, fees will fund a portion of the City's departmental and citywide overhead.

## PROCESSING VALLCO SB35 PROJECT PERMIT APPLICATIONS

At the February 4th Council meeting, there were also questions about the timing of the City's processing of permits for the Vallco SB 35 Project. Since October 2018, the developer has submitted applications for 8 separate demolition permits and 5 separate construction permits for the Project. The City has prioritized its review of these permit applications to accommodate the developer's planned demolition and construction sequencing. Accordingly, the City's work in 2019 focused on the

demolition phase of the project. To date, the City has issued 7 out of the 8 demolition permit applications it has received. The last remaining demolition permit is for the demolition of the Wolfe Road Bridge Structure, which is in the review process and is currently with the applicant to respond to comments.

For the construction permit applications, the City has been prioritizing review of permits for other site ready work. The City is currently prepared to issue permits for Make-Ready Utility work pending final submittals by Vallco. This work includes the relocation and demolition of existing utilities to prepare the site for the proposed development.

At the same time, the City has been preparing for the third-party building and public works plan review and inspection services that will be necessary to process other pending and anticipated construction permits as the project moves into the construction phase. Thus, last year the City conducted a competitive procurement process for these services through a Request for Proposals and subsequent interviews. Once the preferred vendors were selected, the City began negotiations with the consultants over payment structures. The City also worked with the consultants to establish in advance processes and procedures to ensure the review process will be as efficient and effective as possible utilizing methods learned from the Apple Park project. The consultants are now ready to immediately begin plan review of other pending applications after City Council approval of the contracts for this item.

Sustainability Impact:

No sustainability impact.

Fiscal Impact:

The City will not incur a net fiscal impact. The City will be receiving permit, plan check, and inspection fees and deposits from the developer. These fees and deposits will be recorded in specific liability and revenue accounts. From the deposits and revenues received, a portion (65%-75%) will be used for permit, plan check, and building inspections performed by Consultants and expensed accordingly in specific accounts. Deposits for Public Works inspections will be used for consultant inspections expensed on a time and materials basis.

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Prepared by: Albert Salvador, Assistant Director of Community Development  
Reviewed by: Benjamin Fu, Director of Community Development  
Approved for Submission by: Deborah L. Feng, City Manager

Attachments:

A – February 4, 2020 Staff Report for Plan Review and Inspection Services

B – Services Agreement – CSG Consultants, Inc.

C – Services Agreement – Independent Code Consultants, Inc.

D – Services Agreement – 4LEAF, Inc.