



# City Council Report

Item:  
Category: **New Business**  
Meeting Date: **October 15, 2019**

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**TITLE: MEASURE O PROGRAM - CIVIC CENTER IMPROVEMENTS UPDATE**

## **RECOMMENDATION**

That the City Council receive an update on the Measure O Program - Civic Center Improvements and consider project related questions posed herein with the intent to provide feedback and direction at the November 19 City Council Meeting.

## **BACKGROUND**

Since 2014, City staff, the project Core Team, and consultants developed and evaluated various improvement options for the Civic Center Master Plan ("CCMP") to incorporate the program and space needs for the City Hall, Police Department, Campbell Library, Veterans Memorial, Historical Museum, Civic Center complex, and parking. The phased improvement options in the CCMP to address the comprehensive program needs were estimated to cost anywhere from \$151 million to \$164 million. Due to high costs of the overall CCMP, the Civic Center Improvements project scope was established to focus more on police emergency operations, 911 dispatch center, and the City of Campbell Library operated by the Santa Clara County Library District ("SCCLD"). On July 17, 2018, the City Council passed Resolution No. 12345 authorizing a \$50,000,000 general obligation ("GO") bond measure, referred to as Measure O, to be placed on the November 6, 2018 general elections ballot to fund the Civic Center Improvements. Requiring a two-thirds support vote (66.7%) for approval, Campbell voters approved the bond measure by 69.5%.

The Measure O ballot statement reads as follows:

"To provide a police emergency operations center that is fully operational during a disaster and an innovative library in seismically safe, accessible, and energy-efficient facilities meeting current safety codes, shall the City of Campbell's measure to issue \$50,000,000 in general obligation bonds with projected levies of \$0.019 per \$100 (\$19 per \$100,000) of assessed value, generating an estimated average of \$3,025,000 annually to repay bonds through maturity, with citizen oversight and all funds spent locally, be adopted"

The Council Resolution No. 12345 further elaborates that objectives of the Measure O Program include a new police operations building and seismic retrofit of the existing police facility for other City purposes if feasible.

## DISCUSSION

With the passing of Measure O, the City Council approved a new limited-duration Senior Project Manager position for the Civic Center Improvements in the Fiscal Year (FY) 2019-20 Operating Budget to be funded through bond sale proceeds. Through the City's competitive recruitment process, a well-qualified candidate with extensive experience in managing and delivering civic, library, and essential services facility projects was selected for the position and onboarded by August 14, 2019.

Staff has since started discussions with the Campbell Police Department ("CPD") to update the program and space needs; reviewed the feasibility of keeping the SCCLD programming at the current library site; conducted comparative studies of similar municipal library facility projects in California; and developed general timelines, budget plan, and options for project delivery. From the information gathered and with directions from the City Council, staff will further develop the project approach and refine the project scope to hire a qualified design consultant to start on concept designs for the Civic Center Improvements.

### Program and Space Needs:

A program and space needs assessment for CPD and Emergency Operations Center ("EOC") was conducted in 2014 as part of the CCMP effort. The needs assessment discovered that a total gross floor area of 23,692 square feet was needed for CPD and EOC (without any space reduction due to costs). Since the assessment data is five years old, staff will explore updating the data with current information and any projected future space needs next month.

Per the Essential Services Buildings Seismic Safety Act of 1986 and the California Health and Safety Code, police and EOC operations are to be housed in essential services buildings capable of withstanding a major seismic event and remain functional for public safety operations. Essential services facilities are subject to higher seismic design load factors per the California Building Code, which equates to higher construction costs compared to non-essential services buildings designed to conventional Fire and Life Safety Standards.

For the Campbell Library, SCCLD commissioned a feasibility study in 2019 to investigate how the library programming needs can be accommodated at the existing library facility (**Attachment 1**). The study determined that the programming needs can be accommodated by slightly increasing the total footprint of the existing library from 25,045 square feet to 26,420 square feet. Working with SCCLD and library stakeholders, staff will further evaluate the renovation proposed in the feasibility study and also investigate other optimal library improvement options for the Measure O Program. SCCLD's feasibility study is a confirmation that their programming can remain in the current Campbell Library facility, but ultimately the City Council shall decide the appropriate site location for the library.

As a related project consideration, the Campbell Library lease agreement between the City and SCCLD executed in 1972 has a maximum lease term of 55 years. Staff will work with SCCLD to negotiate extended lease terms and confirm SCCLD's funding commitment to the library project for the FF&E.

Comparative Study - Library Projects:

Staff researched recent library facility improvement projects at other municipalities to gather benchmark cost information. The cost data summarized in the table below accounts for design and other project management and administrative costs:

Jurisdiction	Scope	Floor Area	Total Cost	Unit Cost	Phase
City of San Diego	New Mission Hills Branch Library, LEED Gold, Design-Build Project	15,000 SF	\$21.2M	\$1,413/SF	Construction completed January 2019
City of Brisbane	New Brisbane Library	7,629 SF	\$9M	\$1,180/SF	Anticipate completion by fall 2019
Town of Atherton	New library	10,235 SF	\$12.7M	\$1,241/SF	Construction started in March 2019
San Francisco	New North Beach Library, two-story, no parking	8,500 SF	\$14.5M	\$1,706/SF	Construction completed May 2014
San Francisco	Ocean View Branch Library Renovation	6,450 SF	\$10.5M (in 2021\$)	\$1,628/SF (in 2021\$)	In Design Phase
San Francisco	Mission Branch Library Renovation	16,000 SF	\$29.8M (in 2021\$)	\$1,863/SF (in 2021\$)	In Design Phase
City of Campbell	Campbell Library Renovation	26,420 SF	\$23,509,583 (in 2021\$)	\$890/SF (In 2021\$)	2019 Feasibility Study
City of Campbell	New Campbell Library	26,420 SF	\$29,062,000 (in 2021\$)	\$1,100/SF (In 2021\$)	2019 Feasibility Study

From the comparative study, it is apparent that new library constructions are costing over \$1,100 per square foot. Renovation costs for Ocean View Branch and Mission Branch libraries in San Francisco may not be good benchmark data due to exceptionally high constraints and cost of construction in the metropolitan city. Also, staff was not able to obtain relevant cost data for police facilities at the time of the comparative study but acknowledges that essential services buildings will be higher in costs relative to library buildings due to increased structural and resilience code standards.

Project Delivery Methods:

Design-Bid-Build (“DBB”) project delivery method is the traditional process that capital improvement projects are delivered. With DBB, the owner of the capital asset and improvements contracts with a designer to complete 100% design documents before

soliciting bids from contractors to award a construction contract based on low-bid. The owner has consistent oversight and control during the design process and the final product is defined and set before committing to a construction contract. Key challenges for DBB projects include cost control and managing conflicts. Designers for DBB may not have access to real-time construction market cost information making cost estimation a challenge during the design phase. Furthermore, DBB construction contracts are awarded to low bidders who often seek retribution through costly and time-consuming change orders and claims, which impact both the budget and schedule. Since the designer and the contractor are independent entities with separate contracts, project conflicts often result in adversary situations to shift blames and liabilities. The owner acts as the mediator to resolve conflicts between design and construction entities and is often the most impacted party from increased costs and schedule delays.

The alternate project delivery method is Design-Build (“DB”). Under DB, the owner hires a consultant to prepare “bridging documents” or “performance specifications” which may include concept design plans and parameters defining/reflecting requirements for programming, space needs, building materials, size, quantity, quality, costs, schedule, and other provisions required to solicit bids from pre-qualified DB entities. The owner then contracts with a single DB entity to finalize the design and construct under one contract bearing a single point of responsibilities. The DB entity is often a joint venture between a general contractor and a designer. Per the Public Contract Code, awarding DB contracts can either be based on low-bid or best value.

Contrary to the DBB method, a single DB entity is held accountable for both design and construction; hence, there is a high-level of collaboration between disciplines and trades during all project phases. The DB entity provides unified and constructible project design and recommendations based on owner’s needs, expectations, budget, and schedule as specified in bridging documents. What was considered a conflict between the designer and contractor under DBB is now a joint effort to seek solutions to minimize additional costs and time. Therefore, DB can be an effective solution to control costs.

Certain owners are cautious of DB method since the responsibility of the design shifts to the builder who can at times cut corners and compromise quality. This is a valid concern; however, the owner can still retain control over the design process by clearly specifying the owner’s involvement in review and approval process in the bridging documents in addition to specifying expectations of quality, design guidelines, materials, and details for key components.

For the Civic Center Improvements, a construction management firm (“CM”) will be required for either project delivery method due to the magnitude and complexity of projects and additional resources need to administer and inspect daily construction activities. With the DB approach, the CM will have a larger role to assist the City with reviewing design proposals from the builder and will be brought in earlier during the design phase.

Below is a list of benefits of applying DB project delivery method to the Civic Center Improvements:

- Better cost controls to keep projects within funding limits.
- Single point of responsibility and liabilities for the City to manage.

- DBB traditionally follows the sequence of completion of design, bid, award, and construct. DB process is more flexibility where design and construction phases can potentially overlap since controlled by a single entity.
- A single entity for design and construction services eliminates conflicts that often arise between designer and the builder. Design and construction disciplines are obligated to work together to address project needs.
- A single contract for both design and construction transfers most of the responsibility for the completeness, accuracy, and integration of the design and construction process to the DB entity.
- Attract contractors of different caliber that may not normally bid on low-bid public projects.

According to Design-Build Institute of America (“DBIA”), more than half of nation’s construction projects are now delivered through DB method. In April 2019, the City of Newark awarded a DB contract for \$72,321,027 to construct all new library, police, and city administration buildings. Other neighboring cities are considering DB process for their larger civic facility projects to better control costs.

*Grouping of Police and Library Projects:*

Another consideration for the Civic Center Improvements is whether to group the CPD and Campbell Library facilities as one project or to bifurcate them into two separate projects. By grouping them into one project, the City will allow one designer and one contractor (for DBB method) or one bridging document consultant and single DB entity to work on both projects. The benefits of grouping include better collaboration and coordination between police and library projects, especially if facilities are to be in close proximity to each other; fewer conflicting parties to manage; and the designer team having to provide overall design options for both CPD and Campbell Library that meets Measure O Program goals. Also, combined police and library project will attract more DB entities who tend to seek larger scale projects. One negative aspect of grouped police and library project is that the pool of local designer consultants with expertise in both facilities may be limited.

CPD and Campbell Library projects bifurcated can run parallel but coordination between two project teams may be challenging. The City must establish scope, priorities, and budget limits early for each police and library design consultants to understand their design boundaries. Any site layout changes and cost overruns for one project will likely impact the other requiring design and contractual amendments to both. Therefore, staff recommends the approach of grouping the police and library facilities as one project.

*Project Timeline:*

Staff recommends hiring a qualified design consultant as one of the first steps to confirm program and space needs and develop conceptual plans and options per the Project Timeline identified herein. Staff will seek authorization from the City Council on November 19, 2019 to issue a Request for Qualification/Proposal (“RFQ/P”) to solicit Statement of Qualifications and proposals from design consultants. Below are anticipated project timelines for the Civic Center Improvements for the DBB and DB project delivery methods:

## **Design-Bid-Build (DBB) Project Delivery Method Option**

<u>Milestones</u>	<u>Anticipated Completion</u>
Hire Design Consultant	February 2020
Concept Design	August 2020
Design Development (60% Design)	February 2021
Construction Documents	October 2021
Bid and Award	March 2022
Construction Completion	December 2025*

## **Design-Build (DB) Project Delivery Method Option**

<u>Milestones</u>	<u>Anticipated Completion</u>
Hire Bridging Document Consultant	February 2020
Concept Design & Bridging Documents	December 2020
Pre-qualification and bid process for DB Entity	May 2021
Design Development (60% Design)	October 2021
Construction Documents	March 2022
Construction Completion	October 2025*

\*Note: Assumes that construction for police and library buildings will be staggered.

Time savings with DB method may not be significant since the same number of contracts and similar design approval process shall be implemented. If possible, construction of both buildings simultaneously will be an option to reduce completion time. If CPD and Campbell Library projects are bifurcated, simultaneous construction option may prove to be more challenging due to logistics, especially if the buildings are in close proximity.

As part of design services, geotechnical studies and Phase 1 environmental site assessment are to be conducted to determine issues surrounding soil conditions and profile at project sites.

### Measure O General Obligation Bond Policies:

Staff shall coordinate closely with the financial consultant and the bond counsel regarding the applicable debt management policies, compliance with state and federal laws, reporting requirements, timing of debt issuance (bond sales), and Citizens' Oversight Committee to monitor expenditures of bond proceeds on an annual basis. The Citizens' Oversight Committee shall consist of at least five (5) members appointed by the City Council. Staff shall return to the City Council with recommended committee bylaws and the selection process to appoint committee members, but also seeks general feedback from the Council on the formation of the committee at the November 19 Council meeting.

## **PROJECT RELATED QUESTIONS**

The following is a list of project related questions/issues that staff will seek Council feedback and direction at the November 19 Council Meeting:

1. Should the Campbell Library programming be kept at the current facility or should staff investigate alternate sites to permanently relocate the library away from the Civic Center complex? Investigating alternate sites for the library can drastically alter and extend the design scope and project schedule.
2. Any feedback regarding the location of the future CPD building within the Civic Center Complex?
3. Should the CPD and Campbell Library building projects be grouped as one project or two separate projects? If projects are bifurcated, decisions will need to be made early in the design phase for the project scope, priorities, budget, and timing to be assign to each project.
4. Can staff further consider the Design-Build project delivery method for the Civic Center Improvements to better control costs or proceed with traditional Design-Bid-Build project delivery method?
5. Provide general feedback on the formation of the Citizens' Oversight Committee.

## **FISCAL IMPACT**

There are costs associated with each issuance of debt. Issuance of debt for the Measure O GO Bond will occur in two series to fund design and construction phases. At the time of debt issuance, the City must have reasonable expectations to spend at least 85% of bond proceeds timely within three years. Staff is targeting February 2020 for the first GO bond sales to fund the initial design phase. Staff proposes to use reserve funds from various sources such as the Civic Center Master Plan, City Council Priorities, General Fund, and/or Economic Fluctuation Fund for the Measure O Program until bond proceeds are available.

Below are general breakdowns of project tasks and anticipated costs for the Civic Center Improvements:

### **Measure O Program Budget Based on Design-Bid-Build (DBB) Process**

<u>Use of Funds</u>	<u>Anticipated Costs</u>
Design	\$ 5,000,000
Project Management	\$ 1,400,000
Construction Management/Inspection	\$ 2,000,000
Environmental	\$ 100,000
Geotechnical	\$ 60,000
Design Contingency (~10% of soft costs)	\$ 860,000
Construction	\$ 36,500,000
Construction Contingency (10%)	\$ 3,650,000
Bond Issuance Fees	\$ 430,000
	<b>\$ 50,000,000**</b>

### **Measure O Program Budget Based on Design-Build (DB) Process**

<u>Use of Funds</u>	<u>Anticipated Costs</u>
Bridging Documents Design	\$ 2,000,000

Project Management	\$ 1,400,000
Construction Management/Inspection	\$ 3,000,000
Environmental	\$ 100,000
Geotechnical	\$ 60,000
Design-Build Contract	\$ 39,100,000
Contingency (10%)	\$ 3,910,000
Bond Issuance Fees	\$ 430,000
	<b>\$ 50,000,000**</b>

**\*\*Note:** Remaining Measure O funds after the completion of police and library buildings may be applied to improvements of the existing police building.

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Attachment: 1. Campbell Library Feasibility Study prepared by SCCLD and Steinberg Hart dated July 23, 2019.