

CITY OF NAPA CITY COUNCIL
AGENDA REPORT

SPECIAL SESSION CALENDAR
AGENDA ITEM 4.A.
Date: May 10, 2016

To: Honorable Mayor and Members of City Council

From: Jacques R. LaRochelle, Public Works Director

Prepared by: Marlene F. Demery, P.E. Project Manager, Demery & Associates

Subject: Public Safety & City Services Building Project (JL FC15PW02) status report and approve Issuance of the Request for Proposals

ISSUE STATEMENT:

Review of Status of the City Buildings Consolidation Project along with staff's recommendation for firms to move to the next phase of the selection process, provide input and direction to staff for incorporation into the final RFP document, and approve the issuance of RFP, and determine that the project will be the subject of future CEQA analysis.

DISCUSSION:

The Council last discussed this project on August 15, 2015 when staff was authorized to issue a Request for Qualifications for the Project to gauge the interest of private development teams to construct an Essential Services Building project through a creative private/public approach using existing city properties which could be put to a higher and best use.

Project Needs

As the Council is aware from previous discussions of the project, the City of Napa recognizes that many of the downtown buildings used to provide essential services to the public are old and need of extensive maintenance. In an effort to replace these failing buildings, reduce the City's footprint, better utilize existing real estate, and make City departments more efficient, a project is being pursued to develop a practical plan to consolidate buildings and meet the City's operational requirements into the future.

The Public Safety & City Services Project has two significant components. The first is construction of a new civic building of approximately 100,000 square feet to consolidate the City's administrative, executive and public safety essential services functions. The second is the development of a private mixed-use project on city-owned property that will, over time, offset costs of the new civic building through generated sale proceeds and an on-going revenue stream through new Property Tax, Sales Tax, and Transient Occupancy Tax (TOT) revenue. The development of the properties would include the construction of a shared parking structure.

The City-owned buildings are all over 50 years old. Significant repairs, renovations, and maintenance would be required to keep the existing buildings functional into the future and leases would need to be extended at a current cost of approximately \$300,000 per year. Previous evaluations have analyzed other alternatives to address the deficiencies with the City's buildings and the current plan was selected as the most practical option.

The City issued the RFQ in October 2015 in order to create a pool of interested development teams and to test the market as to the viability of the project. The RFQ was designed to evaluate submitted concepts by companies for either the private or civic portions of the project and to evaluate the strength of the interested teams. The desired outcome was to shortlist firms that were experienced in projects of this nature and highly likely to succeed in moving them to the Request for Proposal (RFP) phase of the process. The RFP process includes team submittal of detailed proposals including hard construction costs and financing scenarios to develop contract documents. Statement of Qualifications submittals from six firms were received, with five firms being found to submit responsive Qualification Statements. Three of the five firms were interested in the private side of the project and all five firms were interested in the civic component. The Qualification packages were reviewed by 6 City of Napa evaluators plus the city's financial consultant on the project, Robert Gamble of PFM.

The firms were rated based upon extensive criteria which are listed on the attached summary rating sheets for both civic and private elements. The evaluation team was impressed by the quality of the submittals and recommends that the Sonnenblick, Plenary and Strada & Scannell move onto the RFP process. The team was also encouraged to see that firms are interested in both sides of the development proposed, which if coupled, would ease project delivery and reduce costs to the City.

The City's staff led team is in the process of preparing the RFP and, in order to finalize the RFP, staff seeks direction from the City Council on several important policy aspects, which we hope to secure during this discussion. The previous presentation to City Council contemplated a new public Essential Services building to be constructed on the current Community Services Building (CSB) site, with the private development and public parking structure to occur on the current City Hall site along with the existing Fire Station One. During the discussions with the firms during the RFQ response phase, some interesting options were presented for the City to consider. Additional information will be presented by staff during the meeting to describe how the RFP may be configured in order to include a housing component as a part of the project.

The RFP will articulate the City's overall project goals while allowing some flexibility to foster creativity from the teams in order to give the City options from which to select. Two public meetings are part of the work plan during the RFP phase. The proposals will be required to include plan concepts based upon Council direction and will also include final costs and financing plans. The proposals will be evaluated on team qualifications, designs, costs, and financing plans to identify the best value for the City. The final project selection is scheduled for late 2016.

Project performance specifications will be developed as part of the RFP to clearly communicate required standards, quality, and performance of the civic building and

detail the requirements for the redevelopment of the existing City Hall and Police and Fire Administration property.

Issues for which the City Council direction is needed are:

- Since the current Fire Station #1 requires approximately 1.4 million dollars in repairs and upgrades, should it also be incorporated into the project? Including the Fire Station in the Development Plan would allow an evaluation of the relative impact and cost efficiency on the overall project goals, as leaving the station in its current configuration impacts the use of the site.
- Team Prequalification- including local business preference, prevailing wage, construction safety record, & apprenticeship programs.
- LEED construction requirements (Gold required, Platinum/Net Zero Incentives)
- Whether to include the Community Services Building Site as an option in the development proposal
- City Initiation of the Land Use Zoning Change to modify the City Hall site consistent with surrounding land uses
- Providing a stipend to unselected firms to allow some recovery of the extensive costs which will be incurred by the submitting teams and resulting in a more competitive process.

The proposed schedule for the RFP process is as follows:

July 2016:	Release of the RFP
Oct 2016:	Responses due
Nov 2016:	Public Meetings to Present Proposals
Nov 2016:	Evaluations
Dec 2016:	City Council Selection

FINANCIAL IMPACTS:

Moving forward to the next phase of the process does not commit the City of Napa to selecting any proposal. As previously discussed, the financial projections provided are only estimates by the city's consultant team of the potential cost of the project. The RFP will establish actual cost and the City will then be in a position to evaluate financial impacts and financing options.

Expenditures to complete the RFP process are budgeted within the City Hall Consolidation Project (JL FC15PW02). A preliminary project financing model for the City Buildings Consolidation Project was provided during the August 18, 2015 presentation. Based upon the earlier project options, the civic building preliminary cost estimate used for budget development is \$54,500,000. The City's cost share of structured parking is estimated to be \$6,250,000. The market value of the City Hall and Police and Fire Administration property was estimated to be \$15,750,000. Adding in the sale of the CSB site and reconstruction of Fire Station 1 will affect these estimates. Transient Occupancy Tax, property tax, and retail sales tax for the private development are expected to generate more than \$2,100,000 per year with annual growth. The project costs are expected be offset with these new revenues and with efficiencies to be gained through eliminating leases and deferred maintenance costs, and reducing future

maintenance costs through more efficient systems. Final costs and financing plans will be submitted by development teams so that the final costs will be known before moving ahead.

CEQA:

The Public Works Director has determined that the Recommended Action described in this Agenda Report is not in-and-of-itself a “project” (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change in the environment. However, the Recommended Action is a part of a larger “project” that will be subject to environmental review in accordance with CEQA at the “earliest feasible time” prior to “approval” consistent with CEQA Guidelines Sections 15004 and 15352. The larger “project” is the Public Safety & City Services Building Project and staff plans to bring back a CEQA analysis of that project to Council prior to Council approval of the project.

DOCUMENTS ATTACHED:

1. Attachment 1: RFQ Evaluation Summaries

NOTIFICATION:

None.

RECOMMENDED ACTION:

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Receive the presentation of the summary of the RFQ Evaluation process, provide direction to staff on policy items to be incorporated into the final RFP document, and approve issuance of the RFP.