



Staff Reports

File #: 1728-2019, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Steve Potter, City Manager

Prepared By: Nancy Weiss, Executive Project Manager

TITLE:

Civic Center Project to Develop Buildings for City Offices, Meeting Spaces, and Related Facilities for Public Safety, General Government Administration, Fire Station No. 1, and Public Parking

RECOMMENDED ACTION:

(1) Provide direction regarding the process for evaluating project alternatives for the Civic Center Project; (2) Authorize the City Manager to approve Amendment No. 1 to Agreement No. C2018-331 with Jones Lang LaSalle in the increased amount of \$625,000 for a total Agreement amount of \$749,500; and (3) Authorize the City Manager to approve Amendment No. 1 to Agreement No. C2018-044 with Laura Blake Architect in the increased amount of \$125,000 for a total Agreement amount of \$250,000.

DISCUSSION:

Background

The fundamental goal of the proposed Civic Center Project is to replace undersized City offices, meeting spaces, and related facilities that are currently located in buildings that are beyond their useful life, experiencing significant deferred maintenance, and inefficiently spread throughout the City. The proposed Project includes facilities to serve public safety functions (Police Department, and Fire Department administration), general government administration (all other non-safety City departments, as well as the City Council Chambers), Fire Station No. 1, and public parking.

In September 2017, City Council approved an Exclusive Negotiation Agreement (“ENA”) with Plenary Property Napa LLC (“PPN” or “Developer”) which defines the terms by which PPN and the City will negotiate the design, financing, and construction of the proposed Civic Center Project. The ENA initially contemplated that the public safety and general government administration functions would be located on the current site of the Community Services Building (“CSB Site”), Fire Station No. 1 would be relocated to the current site of the offices of the Housing Authority of the City of Napa (“HACN Site”), and public parking would be provided in a new parking structure to be constructed on the current surface parking lot at 1511 Clay Street combined with a proposed acquisition of private property at 1042 Seminary Street (“Parking Site”).

At the December 11, 2018 City Council meeting, Staff summarized changes and concerns since the ENA’s initial approval. The update identified challenges for the viability of the Project as initially defined in the ENA, and summarized several alternative approaches for achieving the Civic Center

Project goals. At that meeting, PPN representatives expressed a willingness to negotiate an amendment to the ENA that would address the concerns that were raised, and Council directed staff to further evaluate alternatives with PPN. Additionally, Council appointed an Ad Hoc Advisory committee consisting of Vice Mayor Sedgley and Councilmember Luros to work with staff during the alternatives analysis process and provide advisement regarding communications and outreach to City employees and community stakeholders.

To address the concerns raised at the December 11, 2018 Council meeting an Alternatives Analysis process is proposed. The alternatives analysis phase will be completed in two steps: 1. Space needs, project affordability ranges and site options will be analyzed in order to provide the information needed to guide the development of alternative project option(s); 2. Alternative Project(s) options will be developed based on the baseline needs and financial analysis conducted in step one.

Project Goals:

In 2016, Council authorized issuance of a Request for Proposals (“RFP”) for consolidating City functions and addressing operational deficiencies of existing City facilities as well as preparing for future needs. The RFP included the following list of Project goals:

Civic Center Project Goals (Per RFP November 2016)

- 1) Develop efficient and modern public facilities for Public Safety and City Administration that:
 - a. Provide modern and efficient Public Safety facilities;
 - b. Co-locate City functions for operational, energy and cost efficiencies;
 - c. Provide spaces designed for collaboration and engagement with the public;
 - d. Provide customer-oriented service counters and space;
 - e. Provide a modern City Council Chamber and new public meeting and reception space;
 - f. Achieve workflow efficiencies and allow flexible design layouts;
 - g. Fully integrate technology in work areas; and
 - h. Avoid expensive maintenance and renewal work required to maintain current facilities.

- 2) Maximize public value from City property that will no longer be needed for City facilities after construction of the Public Facilities by selling the excess property at no less than fair market value, and requiring the development of the excess property without using any public funding, in order to:
 - a. Contribute to the revitalization of downtown and create jobs;
 - b. Provide offsetting revenues to pay for some of the cost associated with the new City facilities; and
 - c. Enhance the gateway to downtown on First Street

In addition to the RFP goals summarized above, the RFP also required the proposed Project to be located within specified geographical boundaries (bordered by Lincoln and Imola and Soscol and Jefferson. (See Attachment 1.)

City staff recommends that Council direct staff to use the Project goals from the RFP and the geographical boundaries (summarized above) as the Project goals for establishing filters and criteria for the site analysis and Project alternatives, with one clarification. Staff will recommend that we do

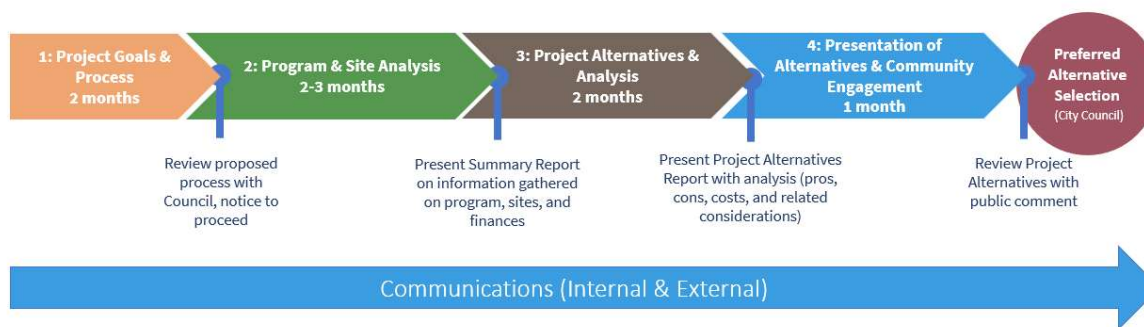
not include a “requirement” for any surplus property to be developed as a part of this Project. While it is important for the City to consider the estimated value that results from the sale of any excess property that may be generated as a result of the Project, it is equally important for the City to not overestimate or over-rely on the potential for future revenue that is not an essential component of the Project. In other words, the analysis of Project alternatives will focus on the estimated costs of the public Civic Center Project, and evaluate the potential offsetting revenue from sale of surplus property at fair market value, but the analysis will not rely on the potential for future tax revenue that may be generated from a future private development of the surplus property (which is anticipated to be a part of a project separate from the Civic Center Project).

Civic Center Alternatives Analysis Process

Prior to a project selection, it is important to verify how much and what type of spaces are needed for the new facility(s), if there are other sites that could better meet our needs, and what we can afford. This information is necessary to identify the project option(s) that will best fit the City’s needs.

The alternatives analysis phase will be completed in two steps: 1. Space needs, project affordability ranges and site options will be analyzed in order to provide the information needed to guide the development of alternative project(s) options; 2. Alternative Project(s) options will be developed based on the baseline needs and financial analysis conducted in step one.

Alternative Analysis Phase: Process Overview



Step 1: Space needs, project affordability and site options analysis will include:

Program Update. In addition to identifying how much space we will need, a number of key programmatic considerations have been identified that will be critical to effective project implementation (e.g., parking, security, storage, etc.). Technical working groups, made up of City staff with a technical knowledge of each area, will meet regularly with the proposed consultant team (Laura Blake and JLL) to develop and provide recommendations in their respective areas. The City Manager and the representative advisory group will provide feedback on policy issues (e.g., staffing projections, etc.) as related to guide the program updates. After regular consultation with the above groups, an updated program (based upon the input gathered from these groups and direction from the City Manager) will be developed. The updated program will not include design drawings, rather the program will be used as a

key document to guide a future design. The program functions as a scope of work articulating the various number, types, sizes, and functionality needs of spaces that must be accommodated into a future project.

Alternative Site Analysis. Concurrent with the process described above, JLL will work with the City to prepare an understanding of various alternative sites. A list of publicly and privately held alternative sites will be prepared and subjected to an initial screening process, utilizing objective criteria around general suitability and the project goals. After refining the list of alternative sites, JLL will prepare a more detailed analysis of those remaining such that the sites may be effectively reviewed in light of an updated program.

Financial Analysis. JLL will work with the City staff and financial advisor to identify the current capacity to pay for a new Civic Center in terms of: 1. revenue available for annual debt service payments, and 2. available capital to reduce the overall debt obligation amount. Based on this information, a recommended project budget and options for modifying the budget as needed will be developed along with a summary of the financial implications for each of the alternatives analyzed.

Following Step 1, a draft Summary Report will be prepared incorporating program updates, summary of the site options analysis, financial analysis and a summary of employee communications and engagement efforts. The report will include a recommendation for analyzing 3 or more potential Project Alternatives in greater detail and will be presented at a future City Council meeting.

Step 2: Project Alternatives Analysis.

After clear definition has been reached on the program, alternative site options, and financial constraints, potential project alternatives (approx. 3 to 7 alternatives) will be drafted. The project alternative will take into consideration factors such as the ability to accommodate the updated program, project goals, costs, phasing options, and swing requirements, etc. Each potential project alternative will utilize the same updated program; however, based on the short-list of sites identified in step 1, a variety of options for utilizing those sites may be identified. Each alternative's estimated financial impact will also be identified.

Once the detailed analysis of the Project Alternatives is completed, a final recommendation of up to 3 Preferred Project Alternatives will be presented to the City Council for soliciting further community input.

Following community input and engagement on the Project Alternatives, it is anticipated that Council will select a Preferred Project Alternative by the end of Summer 2019. This timeline is a tentative goal; however, the proposed schedule may vary according to site alternatives selected and the complexity of analysis required, as well as the time required to have effective internal and external engagement.

Project Team

To implement the Council's direction from their December 11, 2018 meeting, staff has been working to re-structure the project team - this has included consultants as well as staff assigned to the project team as outlined below.

A team based approach has been established involving key department staff from the City Manager's Office, City Attorney's Office, Finance, Public Works, and Community Development. Reporting to the City Manager, overall project coordination and oversight is provided by Executive Project Manager (Nancy Weiss).

The City's consultant team will be led by the project management firm of Jones Lang LaSalle ("JLL"), including JLL's Project Executive Bob Hunt and Project Lead James Birkey. JLL will provide project management services, the supporting technical analysis for the alternatives analysis steps discussed above, workplace design strategies and communications. JLL is highly familiar with the project and the City's goals, having previously worked with the City since 2013 and helped to develop the Request for Qualifications and Request for Proposals and evaluated the proposals submitted for the currently proposed Civic Center project.

Laura Blake Architect provided architectural advisory services in the previous phase of the Civic Center project and will continue to assist the City with the facility program updates process. Specific services will include establishing and facilitating a revised process for facility program updates, program review and decision making; review of functional needs and potential supporting technology, updating the program as needed; and assistance analyzing alternatives.

City Council Ad-Hoc Advisory Committee

The Council Ad Hoc Advisory Committee has met 3 times since formation at the December 11, 2018 City Council meeting. Vice Mayor Sedgley and Councilmember Luros met with staff to discuss process, timing and communications and outreach.

Communications and Outreach:

Per Council direction, staff has been working (with advisement from the consultant team) to design a communication process for this phase of work that effectively addresses the concerns of all key stakeholders. This includes internal and external stakeholders.

Internal Communications:

The internal communications process envisions establishing an advisory group made up of employee representatives from all City Departments. The City Manager's Office will work with leadership from each of the employee bargaining groups in order to ensure that the members of the advisory group include employees from each bargaining group. This advisory group will be responsible for overall knowledge of program development, communicating project updates, employee questions and feedback to and from staff and advising City management on communication and outreach strategies.

Additionally, Technical Working Groups will be established to provide technical expertise and feedback on specific program issues such as technology, security, parking operations, etc.

An important part of the process will involve visualization tools and touring of similar facilities that will help to represent the kind of work environment envisioned for the City's new building. Various communication tools will be utilized to ensure transparency, consistency and timely feedback and decision-making regarding programming issues.

External Communications:

External communications and outreach processes and techniques will also be developed and implemented, primarily involving updates to Council and the public as the project alternatives analysis moves forward. More outreach is anticipated as the list of project alternatives is narrowed, and financial information updated - prior to any final considerations by Council.

FINANCIAL IMPACTS:

To assist with the Alternatives Analysis Process, communications and outreach discussed above, Staff recommends Amendment No. 1 to Agreement No. C2018-331 with Jones Lang LaSalle in the increased amount of \$625,000, and Amendment No. 1 to Agreement No. C2018-044 with Laura Blake Architect in the increased amount of \$125,000.

The current Capital Project budget (FC15PW02) covers project management, legal and technical advisory services related to the Project. The current project balance of approximately \$5.3M (\$2.9M available balance) provides sufficient funding to fund the proposed agreements with Jones Lang La Salle and Laura Blake Architect.

CEQA:

The Public Works Director has determined that the Recommended Action described in this Staff 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 to enter into Project Agreements that will define the terms of construction for the proposed Civic Center Project, and staff will bring back a CEQA analysis of that project to Council prior to approval of the Project Agreements that commit the City to construction of the Project.

DOCUMENTS ATTACHED:

- ATCH 1 - RFP Graphic for Potential City Buildings Sites
- ATCH 2 - Amendment to Agreement with Jones Lang LaSalle
- ATCH 3 - Amendment to Agreement with Laura Blake Architect

NOTIFICATION:

Stuart Marks, Plenary Properties Napa, LLC (PPN) development team