



## Staff Reports

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**File #:** 2140-2019, **Version:** 1

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**To:** Honorable Mayor and Members of City Council

**From:** Steve Potter, City Manager

**Prepared By:** Nancy Weiss, Executive Project Manager

**TITLE:**

Public Safety and City Hall Facilities Project, Including 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. Direct staff to a) proceed with Project Option #1; b) return to Council in late spring with recommendations on potential financing plan, proposed project delivery structure, and updated delivery schedule.
2. Authorize the City Manager to execute the Second Amendment to the Exclusive Negotiation Agreement (“ENA”) for the Civic Center and Downtown West End Gateway Project with Plenary Properties Napa, LLC; to suspend deadlines for performance under the ENA, during the evaluation of proposed project delivery structure, through July 31, 2020, with an option for further extensions by the City through December 31, 2020.
3. Authorize the City Manager to execute Amendment No. 3 to Agreement No. C2018-331 with Jones Lang LaSalle in the increased amount of \$320,000 for a total Agreement amount of \$1,255,500.
4. Authorize the City Manager to execute Amendment No. 3 to Agreement No. C2018-044 with Laura Blake Architect for project design services in the increased amount of \$39,000 for a total agreement of \$304,000.

**DISCUSSION:**

***Summary of Project & Alternatives Analysis***

The fundamental goal of the proposed Public Safety and City Hall Facilities Project (“Project”, previously called the “Civic Center Project”) is to replace inadequate City facilities that are undersized, at end of their useful lives, and inefficiently spread throughout the City. The proposed Project includes facilities to serve public safety (Police Department, Fire Department command, and Emergency Operations Center), general government administration (all other non-safety City departments and City Council Chambers), Fire Station No. 1, and project-related (fleet, staff, and public) parking.

In the last year, the City of Napa has undertaken a significant effort to investigate, assess, and analyze how to address this critical infrastructure Project. The City expanded and deepened its

outreach to the public and staff, carefully updating the Project's space program. The City also analyzed over two dozen sites in the downtown area to identify the best location for the Project. Once the location was selected, the City developed, analyzed, and compared the costs of various Project Alternatives ranging from baseline of maintaining existing facilities, to some new facilities, to all new facilities. The Project Alternatives' costs and outcomes were compared in order to determine the most effective use of the City's finances. The City narrowed alternatives to those that include a new City Hall and Public Safety facilities and new or renovated Fire Station No. 1. Over the last two months, the City has undertaken a period of outreach and public input on the Project Alternatives ahead of the City's decision to move forward with any of them.

In selecting the Project site, the City analyzed sites based on location, size, ownership, current use, and flood potential, among other factors. The selected site includes the current City Hall, Public Safety, and Fire Station No. 1 block; the current Community Services Building block, and the City of Napa Housing Authority Building parcel. The selected site benefits from:

- Central location in Downtown core with good access for public, staff and emergency response
- Large parcels that allow collocation of city functions
- City-owned property with existing underground fiberoptic telecommunications infrastructure required for emergency response
- Located out of the flood zone

In developing the Project Alternatives, based on goals and criteria previously approved by Council, staff identified key project considerations including:

- Programmatic considerations including consolidated modern city facilities that are resilient, secure, and have adequate space & parking
- Downtown impacts such as how a project could enhance downtown in the near and long term.
- Implementation considerations including minimizing temporary relocation and cost
- More efficient use of City-owned property that allows for future downtown development opportunities through the potential disposition of City-owned property

The Project Alternatives are conceptual diagrams intended to illustrate alternative Project scope, site use, and phasing. The Project Alternatives are based on the Updated Program and include one or two phases to mitigate temporary relocations and estimated costs. The alternatives include near-term surface parking to mitigate costs and identify future opportunities for the addition of a parking structure and additional development for City or other uses.

A brief summary of the process over the last year resulting in these Project Alternatives is as follows:

On December 11, 2018, the City Council requested that staff perform a deeper analysis on project options for some version of a Public Safety and City Hall Facilities project and return with these options for review. Council formed an Ad Hoc Committee consisting of Vice Mayor Scott Sedgley and Councilmember Mary Luros to work directly with staff, and also directed staff to prioritize communication with the community and City employees.

On March 5, 2019, staff returned to City Council to review & confirm project goals set forth by the City Council when the original project request for proposals was issued in 2017. Council carefully reviewed and affirmed each goal, added two additional goals - which were to

increase communication and community involvement, and develop a project that is within the City's financial ability to support. Council also unanimously committed to moving forward with implementing a process for evaluating various project alternatives for updating public safety and City Hall facilities.

On July 23, 2019, Staff presented a Summary Report providing information and analysis related to the direction provided at the March 5, 2019 Council meeting. In addition to an Updated Project Program, information on communications and financial frameworks, this report included a detailed analysis of 26 sites within Downtown Napa to be considered for the potential Project. Sites were grouped into four "Consolidated Campus Areas" (also "Site Areas") which represented sites that when combined formed areas which were large enough to locate the Project.

In lieu of proceeding directly to the development of Project Alternatives, City Council directed staff to further analyze two site areas: Site Area "A" and Site Area "C" on a comparative basis, such that Council could provide direction on one site area based on additional information. Staff and the project team presented the results of this analysis to City Council on September 17, 2019. Council voted unanimously with the staff recommendation to focus development of project alternatives on Site Area "A", which roughly corresponds to the properties previously under consideration for the Project (the current City Hall, Public Safety, & Fire Station No. 1 site; current Community Services Building site, and the City of Napa Housing Authority building site).

Following the September 17<sup>th</sup> City Council meeting, staff developed potential project alternatives for Site Area "A" in coordination with architects, cost estimators, and real estate development professionals. A broad set of alternatives was created in order to represent the array of options for the Project: from no functional improvements to renovation to all new structures and combinations between. Ultimately, in selecting a Project Alternative, the City is not committing to a design, but rather a functional planning framework to proceed into design.

On November 19<sup>th</sup>, staff and consulting professionals presented five representative Project Alternatives to Council and the public. City Council were given the option to narrow the set of Project Alternatives from which to solicit further public input. Council directed staff to proceed with Alternatives "D" and "E" which prioritized construction of new City Hall and Public Safety facilities with varying alternatives for Fire Station No. 1. The time between meetings on November 19<sup>th</sup> and January 21<sup>st</sup> was intentionally designated as a period for additional public and city staff input ahead of selection of a Project Alternative.

### ***Summary of Nov 19 Presentation & Council Direction Regarding Project Alternatives***

City Staff presented to Council five Project Alternatives with options varying from baseline, renovation, combination of renovation and new, and all new facilities. The analysis and presentation included to-scale potential site organization, order-of-magnitude project costs (upfront and ongoing costs), potential phasing and swing space considerations, as well as information related to each Project Alternative's effectiveness in achieving the Project Goals.

Council directed staff to proceed with Alternatives "D" and "E" which prioritized construction of new

City Hall and Public Safety facilities with varying alternatives for Fire Station No. 1. Council requested staff to work with the Ad-Hoc Committee to further evaluate options related to Fire Station No. 1 and to explore potential phasing of the Project components; and, after the options were refined, seek additional input from the public and City staff. The Council requested that as many as three (3) Project Alternatives be issued for public feedback for January 21<sup>st</sup>.

On December 3, 2019, as requested, staff presented to the Ad-Hoc Committee a number of variations on Alternatives “D” and “E” designed to address ideas and queries raised in the November 19<sup>th</sup> Council Meeting. The variations on Project Alternatives shared with the Ad-Hoc Committee included:

- Alternative D: New City Hall and Public Safety and renovated Fire Station.
  - *Phase 1: temporarily relocated City Hall operations; build new City Hall and Public Safety and renovate Fire Station*
- Alternative E: New City Hall and Public Safety, and Fire Station.
  - *Phase 1: Phase 1 -Temporarily relocate FS operations; build new Public Safety & Fire Station*
  - *Phase 2: build New City Hall*
- Alternative E.2: New City Hall and Public Safety and renovated Fire Station
  - *Phase 1: Build new Public Safety*
  - *Phase 2: Build new City Hall*
- Alternative E.2 Phased - New City Hall and Public Safety and renovated Fire Station.
  - *The same iteration as the above however there is a 10-year gap between phases 1 and 2, which would require some repairs, improvements, and added space*
- Alternative E.3: New City Hall, Public Safety& one-story Fire Station
  - *Phase 1: Temporarily relocate FS operations and build new Public Safety & Fire Station*
  - *Phase 2: build New City Hall*

After reviewing these project alternatives with the Ad Hoc Committee, the public and employees were invited to engage on and provide comments related to Alternatives E, E.2, and D-which are defined and analyzed below.

### **Fire Station No. 1 Investment Alternatives**

City Council requested further cost information and options related to future investment in Fire Station No. 1. Working with cost engineers and the Facilities Conditions Assessment, staff identified a spectrum of investment levels appropriate for Fire Station No. 1, dependent on the length of time the current fire station will be kept. The chart below summarizes the level of investment required depending on the long-term strategy for the station. Note that the investment alternatives other than the ‘Long Term’ assume a replacement station will still be necessary at the end of the period.

The investment alternatives other than construction of a replacement station do not accommodate the functional improvements outlined in the Updated Program, do not meet modern building codes

(e.g., energy efficiency, communications, etc.), and do not include costs for any potential seismic upgrades. (which will require additional assessment).

## Fire Station No. 1 Investment Alternatives

If you plan to keep FS No. 1 for:	Appropriate Investment strategy:	Includes:	Estimated Cost:
0 - 5 years	Minimize expenditure (e.g., because of pending demolition)	Very limited repairs; no improvements to layout, issues with building systems, leaks, etc.	\$300K
5 - 10 years	FCA and ADA needs	Replacement of approximately 20% of the roofing, repair of plumbing, mechanical and electrical issues, and minor interior replacements (e.g. kitchen equipment), and ADA improvements. (Rework dorm area: +\$1m)	\$1.6 - 2.6M
10 -15 years	FCA and ADA needs, plus other deteriorating components	All FCA improvements listed above plus exterior renewal (full re-roof), IT, interior refresh, replace aging HVAC equipment, and resurface parking area. (Rework dorm area: +\$1M)	\$3.1 - 4.1M
Long Term	New Fire Station	New facilities per Updated Program (\$13M if one story & share gym with PS)	\$13 - 15M

Note: The costs are estimates. The renovation costs do not include seismic upgrade. If renovation selected further analysis will be needed to determine if additional seismic strengthening is required.

Note: The costs are estimates. The renovation costs do not include a seismic upgrade, which requires a separate assessment, which would be undertaken in the event of a renovation.

**Staff Recommendation:** Staff recommend that the City rebuild Fire Station No. 1 within the next 5 years (in alignment with Option 1). This would:

- 1) Avoid additional expenditure on temporarily improving the existing facility that does not meet the City's current programmatic needs
- 2) Provide a facility that meets modern building codes including seismic and communications requirements
- 3) Allow the City to improve its use of property along First Street.
- 4) Reduce overall cost over next 15 years (versus repair and build new within several years)

### Refined Project Alternatives: Options 1, 2, & 3

Given the feedback provided by the Ad-Hoc Committee, City Staff and the project team refined Project Alternatives "D" and "E" into three Options, which are renumbered for clarity.

The options diagrammed below are conceptual land use layouts that consolidate the City's three primary downtown facilities - the City Hall, Public Safety and Fire Station No. 1 on the selected Downtown site. The diagrams are intended to illustrate alternative project scope, site use, and phasing. The alternatives are based on the updated program and include one or two phases to

mitigate temporary relocations and costs.

The alternatives include near term surface parking to mitigate costs and identify future opportunities for the addition of a parking structure and additional development for City or other uses. The diagrams are not designs, but rather a functional planning framework for design. The design including streetscape, plaza, parking, and building design will be developed in next phases of project. (A larger version of the image below is included in Attachment 1).

## Diagrams of Project Alternatives, including Future Development Opportunities

### City Council Direction

Motion to move forward with options that prioritize new City Hall and Public Safety facilities and alternatives for Fire Station No. 1, and exploring phasing.



#### Option 1

*New City Hall on First Street  
New Police & Fire Administration  
and Fire Station on Seminary Street*



#### Option 2

*New City Hall on First Street  
New Police & Fire Administration  
on Second Street  
Renovated Fire Station on  
Seminary Street*



#### Option 3

*New City Hall on School Street  
New Police and Fire Administration on  
Second Street  
Renovated Fire Station on Seminary  
Street*

**CITY OF NAPA PUBLIC SAFETY AND  
CITY HALL FACILITIES PROJECT**

**OPTION 2**

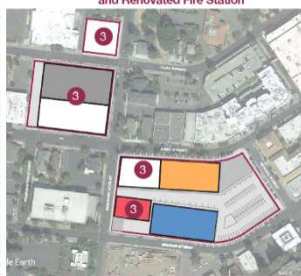
New City Hall on First Street,  
New Police & Fire Administration on Second Street  
and Renovated Fire Station



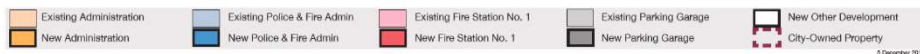
**Phase 1**  
Build new Police & Fire Administration Building.



**Phase 2**  
Build new City Hall and expand parking.



**Future Opportunity**  
Build new Fire Station. Build a new Parking Garage to free up land for other development.



**CITY OF NAPA PUBLIC SAFETY AND  
CITY HALL FACILITIES PROJECT**

**OPTION 1**

New City Hall on First Street and  
New Police & Fire Administration and  
Fire Station on Seminary Street



**Phase 1**  
Temporarily relocate Fire Station operations,  
and build new Police & Fire Administration and  
Fire Station Building.



**Phase 2**  
Build new City Hall and expand parking.



**Future Opportunity**  
Build new Parking Garage to free up land for  
other development.



**CITY OF NAPA PUBLIC SAFETY AND  
CITY HALL FACILITIES PROJECT**

**OPTION 3**

New City Hall on School St,  
New Police & Fire Administration on Second St  
and Renovated Fire Station



**Phase 1**  
Temporarily relocate City Hall and build new  
City Hall and Police & Fire Admin, renovate Fire  
Station, and expand parking.



**Future Opportunity**  
Build new Fire Station and Parking Garage to free up land for other development. Fire Station  
could be located on large block and Parking Garage on other block or Fire Station could be  
located on an alternate site and Parking Garage on large block.



**Option 1:** New City Hall on First Street and New Public Safety on Second Street: This option (Alternative E in the November 19th City Council presentation) consolidates Administration and Public Safety facilities, and wholly address Administration, Police Department, Fire Administration, and Fire Station space needs per the Updated Program.

**Phase 1:** Fire Station No. 1 operations are temporarily relocated while the new Fire Station and Public Safety Building is constructed on Seminary Street.

**Phase 2:** The new City Hall building is constructed on First Street. Once the new City Hall is completed, the old Community Services and Housing Buildings are removed to provide on-grade parking (the City currently anticipates a potential parking structure at a later date in order to facilitate additional development along First Street and at the City Hall plaza).

**Analysis:** Option 1 meets all space needs per the Updated Program, mitigates disruption of City operations, and provides meaningful opportunity for future development. This option requires significant public investment, and allows for the City to meet all its specified objectives at a cost substantively similar to Options 2 & 3. This Option also offers the most opportunity for the improvement of Downtown Napa as a result of this Project.

In replacing rather than reinvesting in Fire Station No. 1, this Option avoids potential risks related to additional unexpected costs commonly encountered with renovation projects. Option 1 most comprehensively enables the City to limit spending on inadequate facilities, directly enhancing the quality of life in Napa through improved police, fire, and civic assets downtown.

**Option 2:** New City Hall on First Street, New Police and Fire Administration on Second Street, and Renovated Fire Station: This option consolidates Administration facilities, meets Administration, Police Department, and Fire Administration space needs, and improves Fire Station No. 1. Option 2 requires two phases to implement, but no temporary relocation.

**Phase 1:** The new Police and Fire Administration building is constructed on Second Street, south of the current facility while it is in operation. Once complete, the current Public Safety Building is vacated and removed. Fire Station No. 1 is 'refreshed' to address deferred maintenance, privacy issues, and building systems.

**Phase 2:** The new City Hall building is built on the northern portion of the block on First

Street, where the current Public Safety Building currently sits. Once the new City Hall is complete, the old Community Services and Housing buildings are removed to provide on-grade parking (the City currently anticipates a potential parking structure at a later date in order to facilitate additional development along First Street and at the City Hall plaza).

**Analysis:** Option 2 meets Administration, Police, and Fire Administration space needs, addresses some issues with Fire Station No. 1, is less disruptive to Fire operations, and provides opportunities for future development including a new fire station at a later date. The cost for this option, which includes fire station improvements (but not replacing the fire station in the future) is substantively similar to the others.

**Option 3:** New City Hall on School Street, New Police and Fire Administration on Second Street, and Renovated Fire Station: This option (Alternative D in the November 19th Council presentation) consolidates Administration facilities, meets Administration, Police Department and Fire Administration space needs, and improves Fire Station No. 1. Option 3 requires the temporary relocation of City Hall operations but requires only one phase of construction.

**Single Phase:** Operations within the current City Hall building are temporarily relocated while the new City Hall is constructed on School Street and the New Police and Fire Administration building is constructed facing Second Street, south of the current Public Safety Building, which remains in operation during construction. Once complete, the current Public Safety Building is removed to provide on-grade parking (the City currently anticipates financing a parking structure at a later date in order to facilitate additional development along First Street). Fire Station No. 1 is 'refreshed' to address deferred maintenance, privacy issues, and building systems.

**Analysis:** Option 3 meets Administration, Police, and Fire Administration space needs, addresses some issues with Fire Station No. 1, and provides opportunities for future development including a new fire station at a later date. The cost for this option, which includes fire station improvements (but not replacing the fire station in the future) is substantively similar to the others.

### ***Financial Comparison of Project Alternatives***

The professional cost estimates below are based on the best available information ahead of the development of specific building designs or procurement process.

Option 1 (Project Alternative "E" presented to Council on November 19) has an estimated capital cost of approximately \$124 million. This capital cost represents approximately \$7.1 million in annual debt service obligation.

From a cost perspective, Options 2 and 3 compare to Option 1 in the following ways:

- a. Reconstruction of Fire Station No. 1 (\$13-15 million) is deferred to a later date, and \$3 to \$4 million is invested to address deferred maintenance and ADA issues the current facility (note: any seismic issues are not included in the \$3 to \$4 million estimate).
- b. Compared to Option 2, Option 3 incurs some additional savings due to the single

phasing of the Project (there is some swing space; however, swinging the current City Hall is the least expensive to swing since it currently houses only a small number of City employees).

Options 1, 2, and 3 represent approximately \$7.1 million, \$6.8 million, and \$6.5 million dollars of annual debt service. These amounts do not reflect any future investment in fire safety facilities other than those described in each of the options above.

### Cost Comparison Matrix - Options 1, 2, & 3

Option #	Estimated Capital Cost*	Annual Debt Service Estimate	Sample Year Total Expenditure (Year 8)	Total Cumulative Expenditure ** Years 1-35	Analysis - Key Pros and Cons
Option 1	\$123.7M	<b>\$7.1M</b>	\$8.9M	\$267M	<b>Pros • Meets Project Goals</b> • Discontinues expenditure on inadequate civic facilities • Most opportunity for downtown enhancement <b>Cons • Largest capital commitment</b> (near term) • Requires Fire Station to swing
Option 2	\$117.7M	<b>\$6.8M</b>	\$8.4M	\$249M	<b>Pros • No swing space required</b> • Near term savings in delaying Fire Station replacement <b>Cons • Large project capital commitment</b> • Less efficient land use / Land available for future development • Awkward parking and pedestrian circulation • Fire station would still need to be replaced in future
Option 3	\$113.8M	<b>\$6.5M</b>	\$8.3M	\$244M	<b>Pros • Single Phase</b> • Near term savings in delaying Fire Station replacement <b>Cons • Large project capital commitment</b> • Requires current City Hall employees to swing • Large amount of surface parking along First Street • Fire station would still need to be replaced in future

\*Note: Capital Cost - Project costs including construction, FF&E and temporary relocation. This estimate is a professional estimation of cost, based on program, ahead of the development of actual building designs, etc.

\*\*Note: Total cumulative expenditure includes debt service, lease costs, and operations and maintenance costs over years 1-35.

### Public Engagement

Following the direction from City Council at the November 19<sup>th</sup> Council meeting, staff implemented a communications strategy to get input from City staff and the public on the three Public Safety & City Hall Facilities Project alternatives.

### Communications Plan Elements:

**Project Information and Display in the City Hall Lobby.** A graphic display of the project alternatives and key points from the November 19, 2019 City Council presentation was mounted in the lobby of City Hall adjacent to the Council Chambers. The display was available from December 2<sup>nd</sup> to January 9<sup>th</sup>. The goal of the display was to inform the community and City staff about the alternatives and encourage them to go to the City website to find out more

and participate in the survey. There was also a media effort to encourage people to visit the display and attend the public presentations.

**Internal Communications** two all-Staff update meetings were held in City Council Chambers:

- December 11th at 2:00 p.m.
- January 9th at 1:30 p.m.

Internal Project Website Updates were posted following the November 19<sup>th</sup> City Council meeting. The survey was posted on the website.

**External Communications.** Four public open houses with brief public presentations on the project were held at City Hall:

- Wednesday, December 11 at 4:00 p.m. and 5:30 p.m.
- Thursday, January 9, at 4:00 p.m. and 5:30 p.m.

External Project Website Updates were posted after the November 19<sup>th</sup> City Council meeting. The community survey was posted on the website.

**Online Survey.** There was an online survey in English and Spanish. The survey had a picture of each project alternative followed by a short questionnaire. Respondents were asked how well they believed the alternative supported the project goals.

The Community Survey was available from December 9, 2019 through January 9, 2020. It was publicized through the Napa Valley Register and other media outlets, through social media, to stakeholder groups and the City website.

### **Input from Staff and Public Forums**

Total Number of Forums: 6

Total Number of Participants: 101

#### **Key findings from the Staff Update Forums**

##### **Staff Participants: 67**

City of Napa staff expressed interest in the following key points for consideration as planning for the project moves forward:

- **Parking.** Ensure safety, security, availability.
- **Capacity for Growth.** Consider future space needs.
- **Costs and Financing.** Need a good plan for financing and staying within the City's means, as well as for changes in costs from delays, construction cost escalations, economic downturn, etc.
- **Fire Station.** Consider cost of renovation versus rebuilding, resiliency, size adequacy for current use and future growth.
- **Staff Engagement & Involvement.** Design process and financing options.

#### **Key findings from the Public Forums**

##### **Community Participants: 44**

The community expressed interest in the following key points for consideration as planning for the project moves forward:

- **Land Use Planning.** Consider higher density for Gateway to match First Street. Consider structured parking rather than surface parking. Ensure adherence to Downtown Specific Plan.
- **Co-Location/Consolidation of Public Safety.** Ensure this is the best situation/location for both Police and Fire.
- **Cost Considerations.** Take into consideration delays, cost escalations and unknowns, etc.
- **Staff Engagement and Involvement.** Ensure staff is involved and engaged throughout the process.

## Survey Results

### Background

There were 279 responses as of January 10, 2020. 44% are from City employees.

- Option 1 -First and Seminary Streets
- Option 2 - First and Second Streets
- Option 3 - School and Second Streets

Survey respondents were asked to vote whether each option was *Very Supportive, Somewhat Supports, Does Not Support, No Impact or No Response* for each of the following project features:

- new open space and a public plaza
- compatible with the surrounding uses
- safe and pleasant pedestrian experience

### Summary of Key Findings from the Survey

Option 1, 1st and Seminary Streets, was seen as best supporting all three project features listed above. Option 3, School and Second Streets was seen as the least supportive of the project features. This finding was consistent for both City Employees and non-employees.

### Importance of Qualities of City Facilities

*The choices were Very Important, Important, Not Important, No Opinion*

Qualities	Very Important	Very Important + Important
Functional during and after an emergency	78%	88%
Energy efficient and sustainable	50	81
Welcoming and easy to navigate	44	79
Cutting-edge technology	49	75
Attractive building design	25	70
Provide public meeting and community gathering spaces	35	69
Generates pride in the community	29	65

The chart above shows the total for all responses. Responses from employees very closely mirrored the total responses except for Cutting Edge Technology. 63% of employees ranked this as *Very Important*, and the total for *Very Important* and *Important* for employees was 85%.

### **Themes from the Optional General Comments on the Project**

Respondents had many thoughtful concerns and comments on aspects of the project that could be helpful as the project proceeds to the next stages of design and implementation. The themes are summarized below:

Urban/Building Design/Site Design/Design Process. The greatest volume of comments, 41, were comments on design topics. Almost all these comments were from community members. The largest number of comments were on the need for excellent design quality, fit with Napa history and aesthetic and consistency with the goals of prior plans. A number of comments also discussed concerns about the downtown location for cost and accessibility. Several comments expressed support for the prior designs, and there were questions and suggestions about building functions. A half a dozen comments addressed the need to plan to accommodate future growth and development.

Parking/Pedestrian Safety. The second largest volume of comments (22) was on the issue of parking and pedestrian safety. Slightly less than half of the comments came from employees. Employees mentioned concerns about adequate parking, safety for pedestrians and night workers, secure parking for police and fire, temporary parking during construction. Non-employees were concerned about the environmental and aesthetic issues with surface parking lots and asked that parking garages be considered.

Fire Station. There were (16) comments on the future of the fire station. Only one supported renovating. Most of the comments came from City employees. Concerns cited included the 24 hour a day use of the building, preparedness for emergency response, a growing population and “wasting” money in a building that will ultimately need to be replaced.

Cost. There were (12) comments about project cost. Most of the cost concern responses came from non-employees. The concerns are financial prudence, other priorities for use of scarce funds and managing cost overruns.

Plaza. There were a few comments about a plaza space. Respondents encouraged a thoughtful design with programming, so that the space is activated.

Sustainability. Sustainability continues to be a priority. The four commenters asked that the buildings incorporate best practices in energy, stormwater, and green building standards.

Community Spaces. There were a few comments about community spaces. Commenters supported a community gathering space for large group meetings and asked for amenities like public restrooms and comfortable seating in Council Chambers.

Overall, both the Staff and the Public comments were understanding and supportive of the project need; expressed appreciation for the process and level of engagement thus far, and showed an

interest in being involved in future engagement opportunities - especially related to the project design and project costs/financing. Additional data from the survey and forums is located in the appendices.

**Staff Recommendation on Project Alternative:** Direct staff to proceed with Option #1; staff to return to Council in late Spring of 2020 with recommendations on potential financing plan, proposed project structure, and updated delivery schedule.

**Rationale:** Option 1 is Staff's recommended alternative due to its ability to enable the City to:

- 1) Fully address the functional needs outlined for the Project,
- 2) Address significant financial liabilities in a cost-effective manner through investment in resilient and efficient modern facilities
- 3) Comparatively limit ongoing expenditure on inadequate facilities
- 4) Enhance Napa's downtown urban core
- 5) Enhance the quality of life in Napa through improved police, fire, and civic assets in a single location for easy access, collaboration, and service; and enhances city's ability to respond to and recover from emergencies.

### ***Project Next Steps & Timeline***

If the City Council adopts any of the above Options as direction for the Project, the next steps for the City include:

- Financing:
  - Finance staff to outline various funding proposals for Council consideration
  - Confirmation of project financing structure
- Delivery structure confirmation
- Proposed Project Schedule based on selected Project Alternative, recommended financing plan, and delivery structure.
- Develop, with community input, urban and building design criteria including plaza, parking, and building character.

These items will be reviewed and analyzed over the following weeks, the results of which will then be documented and summarized for Council consideration in late Spring of 2020.

To provide technical services to assist with the next steps listed above, Staff recommends the proposed amendments agreements with Laura Blake Architect and Jones Lang LaSalle (JLL). The proposed scope and not to exceed amounts are included in Attachments 4 and 5 to this report.

### ***Second Amendment to the ENA***

In September 2017, City Council approved an Exclusive Negotiation Agreement ("ENA") with Plenary Property Napa LLC ("Plenary") which defines the terms by which Plenary and the City will negotiate

the design, financing, and construction of the proposed r 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, Fire Station No. 1 would be relocated to the current site of the offices of the Housing Authority of the City of Napa, 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.

The ENA between the City and Plenary provided an initial two-year “Negotiating Period” (through September 5, 2019), with authority for the City Manager to extend the Negotiating Period for 180 days (through March 3, 2020). At the Council meeting on July 23, 2019, the City Council approved the First Amendment to the ENA by which the Negotiating Period was extended through October 27, 2020. During the Negotiating Period, the ENA requires both parties to perform specified obligations that are identified as “Performance Milestones,” which include completion of the detailed design for the Project, executing contracts for all required financing for the Project, and executing contracts to construct and maintain the Project.

As noted above, following presentations by City staff and Plenary at the City Council meeting of December 11, 2018, the City Council directed City staff to negotiate with Plenary regarding potential amendments to the Project design. In order to implement this direction, the City Manager executed a Tolling Agreement with Plenary by which the Negotiating Period was extended until March 3, 2020, and the parties agreed to a “Tolling Period” beginning on December 11, 2018 and ending on August 1, 2019. Under the terms of the Second Amendment to the ENA, the Tolling Period was extended through January 31, 2020. During the Tolling Period, the parties agreed to suspend activity under the ENA related to the previous design approach (which included General Government Administration, Public Safety, and Council Chambers all on the Community Services Building site), and to consider alternative configurations for the design of the Project.

Staff is recommending that Council approve a Second Amendment to the ENA which will extend the Tolling Period until July 31, 2020, with an option for the City to further extend the Tolling Period through December 31, 2020, along with a corresponding extension of the Negotiating Period for 270 days after the end of the Tolling Period. (April 27, 2021; or, if further extended by the City, September 27, 2021). The extension of the Tolling Period will provide time for City staff to continue to pursue the steps summarized in this staff report, including the discussions with Plenary regarding potential modifications to the previous approach for design, financing, construction, and maintenance of the Project. As summarized above, City staff plans to return to City Council prior to the end of the Tolling Period in order to present a proposed Third Amendment to the ENA which will more particularly identify the timing and parameters for finalizing negotiations with Plenary regarding the amended terms for implementing the design, financing, construction, and maintenance of the alternative Project. If, prior to the end of the Tolling Period, the City is not able to establish with Plenary mutually agreeable terms for a Third Amendment to the ENA, then the Tolling Period will expire, and the rights of the City and Plenary will revert back to the terms of the underlying ENA, with 270 days remaining in the Negotiating Period (this would be substantially equivalent to the position of the parties on December 11, 2018, at which time there were 268 days remaining in the Negotiating Period, which ended on September 5, 2019).

#### **FINANCIAL IMPACTS:**

Recommendation #1 provides the City the best overall financial position to achieve the objective of a

new public safety building and consolidating aspects of the general governmental functions. The City's current Long-Term Financial Forecast (LTFF) identifies \$3.5 million in annual surplus before applying identified unfunded long-term expenses and the debt service required for Option #1 for the Project. It is imperative to the financial stability of the City and to maintain structural balance of the General Fund that the Civic Center project annual debt service maintains a level between \$6.5 and \$7 million. At current interest rates, this assumes a total project cost between \$120 to \$130 million. In order to maintain long term structural balance within the General Fund, expense reductions will need to be considered by Council through mid-cycle and new budget cycles. With the identified annual surplus and certain non-personal related expense reductions the General Fund will be finely balanced (inclusive of the estimated debt service and long-term cost needs). The next phase of the project will require additional design detail, further debt analysis, education, and overall financial structure review.

There is sufficient budget within the City Hall Consolidation CIP project # FC15PW02 to accommodate the costs associated with this next phase of analysis and the proposed contract amendments with JLL and Laura Blake Architect. The recommended action #2 in this item suspends certain deadlines contained in the ENA but does not have a financial impact.

**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 Design and Build a New Public Safety and City Administration Building as well as to Develop Excess City Land with Private Uses," and staff plans to 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 - Conceptual Diagrams of Options 1, 2, & 3
- ATCH 2 - Fire Station No. 1 Draft FCA
- ATCH 3 - Additional Survey and Forums Data
- ATCH 4 - Amendment No. 3 to Agreement with Jones Lang LaSalle
- ATCH 5 - Amendment No. 3 to Agreement with Laura Blake Architect

**NOTIFICATION:**

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