



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve Budget Modification No. 21 to Appropriate \$400,000 to Fund Consultant Services Related to the Civic Center Modernization Project

REPORT IN BRIEF

The public buildings comprising the City's Civic Center campus are several decades old and in serious need of renovation or replacement. On September 2, 2014, during a Strategic Workshop conducted at the Heritage Museum, Council reviewed related issues, adopted a path forward, and provided direction to staff. That direction, reviewed in more detail under the "Discussion" section of this report, calls for a comprehensive community engagement effort to precede any Council decision regarding the future of the Civic Center campus. This report responds to Council's request for a proposed community engagement timeline, and requests a budget modification to support that and other efforts related to this project.

BACKGROUND

Civic Center Defined

The Civic Center campus is a collection of facilities located between Mathilda Avenue and Pastoria Avenue just north of El Camino Real whose sole purpose is to provide service to the City of Sunnyvale (see Attachment 1). Anchored by City Hall--which includes the Council Chambers, Office of the City Manager, City Attorney, and numerous other administrative offices and service centers--the campus is also home to the City's main library, Public Safety building, and several satellite office buildings.

The main library first opened in 1960. City Hall was built in 1958. The building just to the west of City Hall was built in 1970, and originally served as the City's Public Safety building. The current, much larger, Public Safety building was not constructed until 1985. The Sunnyvale Office Center (just north of Olive Avenue and east of the City's main library) was originally a private office complex, and not considered a part of the Civic Center campus until it was purchased by the City in the year 2001 in recognition of the need for future expansion of office space. The South Annex building, south of City Hall, is really a series of seven modular buildings joined together. These units were three years old when they were purchased and installed by the City as "temporary" office space in 2001.

The Challenge

The existing Civic Center buildings pose four challenges:

1) The need for additional space

Several of the campus buildings were intended to house a much smaller workforce than exists today, and to serve a much smaller community. In 1960, when several of the buildings were

built, Sunnyvale had approximately 53,000 residents served by approximately 400 City employees (there were 386 City employees in 1963--the earliest record staff can find). Today, the City employs close to 900 employees and serves a population of 147,055. A lack of adequate space was, in fact, the first and primary motivation for seeking improvements to the Civic Center facilities.

2) Improved Service to the Public

Several spaces warrant redesign to improve service to the public, including City Hall's main entrance, where there is no central welcoming desk or information center; the One-Stop permitting center, which requires expansion and modernization. Improved community meeting spaces are needed to host larger meetings and community engagement events. Human Resources lacks adequate space for job seekers to search and fill out job applications for open City positions. Public Safety has inadequate space to interview crime victims and to process and store evidence. None of the Civic Center buildings are built to current seismic design standards which creates the risk of significant disruption of City services in the event of a major earthquake.

Expansion of the City's main library has been a long-time goal. Despite the popularity of the Internet as a source for news and media, library materials are more popular than ever. Total circulation has grown by 14% over the last five years and the main library welcomed more than 700,000 visitors in 2013. When comparing Sunnyvale's library space per capita to other cities in the County, Sunnyvale ranks poorly with only 0.43 square feet per capita. This is about one-half of the space per capita when compared to other nearby cities including: Los Gatos 0.98, San Jose 0.85, Palo Alto 0.83, Mountain View 0.80, and Santa Clara 0.74. Library program attendance has grown by over 55% in the last five years with more than 46,000 people attending a library program in 2013. Children's story time and other events are frequently filled to capacity. Residents now line up outside of the library to make sure they can get in to popular library programs.

3) The need for efficient, functional, and sustainable design

To maximize employee effectiveness and efficiency, work spaces must be functional, yet many work spaces throughout the Civic Center campus were not designed to support the work performed in those spaces today. The "City Hall Annex", just west of City Hall, was built in the early 1960s to serve as the City's Public Safety building. Decades later, it has been "re-purposed" to house both the Finance Department and the Information Technology Department, with staff occupying wings that used to serve as jail cells. Because the "South Annex" modular building was intended to be "temporary", it was never properly designed to serve the City's purposes. Yet over 10 years later, staff in this building continue to make do. The Sunnyvale Office Center (just north of Olive Avenue) was also purchased by the City in 2001. The City Manager's 2003/2004 budget transmittal to Council projected that it would be "operated and leased through 2005/2006, when a long-term solution to the City's office space problem could be in place." Nearly 10 years after that writing, there is no long-term solution in sight. Yet the condition of the building continues to decline, with several major components long overdue for replacement. None of the buildings described above were designed to efficiently or effectively support the staff that work in them.

Furthermore, because the expansion of the City Hall campus over the last five decades has

been a rather haphazard patchwork as opposed to a master-planned effort, the location of various work units has been more a factor of “where they will fit” as opposed to “where they can do their best work.” As a result, a major objective of professional space planners--the sensible co-location of work units that benefit from proximity to each other--remains largely unaddressed. The Office of the City Clerk, for example, should be in close proximity to the City Manager’s Office, as should the Communications unit, yet all these staff are currently located in an entirely separate building. Ideally, all staff employed by the Office of the City Attorney would be located in the same physical work space, yet today that is not the case.

Lastly, while the design of the campus was state-of-the-art in 1960, it is now well behind the times with regard to technology and sustainability.

4) A need to maintain and improve the existing infrastructure

Many of the campus’ facilities are more than 50 years old, and some have been in need of attention for over a decade. This is not because the City lost sight of those needs. Sunnyvale has, in fact, long prided itself on maintaining its infrastructure, be that roads or buildings, and it’s kept a close watch on the condition of its buildings. The reason infrastructure needs have gone unattended is two-fold. First, uncertainty regarding how to address challenges 1 and 2 above have repeatedly caused the City to consciously postpone some infrastructure repairs (why upgrade an old heating and ventilation system if you might relocate or rebuild a few years out?). Several of these projects have been listed in the City’s Capital Improvement Plan for years, but have been “unfunded” for that reason. Second, concerns over the short and long term impacts of economic recessions have influenced the City’s appetite for spending. In 2003/2004, for example, all but the most critical infrastructure projects were suspended or eliminated due to budgetary concerns.

Repeated Efforts

The challenges identified above are not new, nor are the City’s efforts to meet them. Over the past decade, several studies have been undertaken with hundreds of thousands of dollars expended in an effort to produce a path forward that would resolve these Civic Center challenges. During the 1990s, efforts aimed at developing “long-range infrastructure plans” for all City facilities (not just those at the Civic Center) culminated in a late 1990’s study by the firm IA, resulting in seven possible scenarios for dealing with City Hall, including one titled “New City Hall on Same Site with Public Safety Headquarters and Retail” (the notion of a commercial partnership is not new). Yet, Council decided at that time not to move forward with any scenario.

In 2001/2002, the City studied various alternatives for meeting the long-range space needs of the Civic Center campus, including two options to rebuild City Hall and lease the excess land for private development. On August 27, 2002, staff and its consultants, Keyser-Marston Associates and Heller Manus, presented the findings to the City Council. The Council requested additional analysis, and on February 4, 2003, acted to defer further work on the Civic Center Master Plan and instead maintain the integrity of existing Civic Center facilities for the indefinite future. A number of capital projects were created to address the infrastructure needs of the campus, but most (with the exception of those dealing with life and safety issues) were identified as “unfunded” during the 2003/2004 budget crisis. Other infrastructure projects on the books since 1996/1997 were defunded for the same reason.

In 2008, the firm Carter, Goble Lee was hired to take stock of City facilities city-wide, their condition, and their ability to meet the future needs of the City. The findings of that study were later used as a foundation for the work presented to Council in response to a 2010 study issue titled “Civic Center Buildings--Renovate, Replace, or Relocate?” An update regarding staff’s work on that study was presented during Council’s January 14, 2011 Strategic Planning Workshop, and on June 14, 2011, the City Council determined that further exploration should focus only on the following options, listed in priority order: 1) Relocate City Hall downtown; 2) Rebuild the existing Civic Center campus via a public/private partnership; or 3) Rebuild the existing campus via debt financing.

On July 31, 2012, City Council held a special joint study session with the Board of Library Trustees. Council directed staff to further explore redevelopment of the Civic Center campus buildings via a public/private partnership model, with the main library relocated to the Community Center campus. Until this fall, and for reasons related to staff workload, transition to a new City Manager, and the election of new Councilmembers, staff had done little to advance this project other than be receptive to presentations from developers who learned of Council’s interest in a public/private partnership.

Council’s Strategic Planning Workshop

On August 21 and September 2, 2014, Council and staff held a Strategic Planning Workshop open to the public. While day one focused on operational issues and challenges faced by City staff, Council was also asked to identify the strategic policy issues they wished to focus on during day two of the workshop, and among the items on that short list was the Civic Center campus.

Community Engagement a Key Starting Point

On September 2, 2014, following public comments, a staff presentation, and lengthy discussion, Council endorsed a new path forward relative to the Civic Center campus project. Deciding that exploration of a public/private partnership to fund redevelopment of the campus was premature, Council adopted a “decision tree” with an emphasis on community engagement not just as a starting point, but as an ongoing process comprised of two phases (see Attachment 2). Staff was also directed to return to Council with a proposed timeline for Phase I of that community engagement effort.

EXISTING POLICY

The Council Fiscal Policy contains several policies related to infrastructure in section 7.1C, Capital Improvement Policies:

C.1.3 High priority should be given to replacing capital improvements prior to the time that they have deteriorated to the point where they are hazardous, incur high maintenance costs, negatively affect property values, or no longer serve their intended purposes.

C.1.5 Priority will be given to the repair and replacement of existing infrastructure as compared to the provision of new or expanded facilities

C. 1.The decision on whether to repair or to replace an existing capital asset will be based on which alternative is most cost-effective or provides the best value to the City.

ENVIRONMENTAL REVIEW

This action is not a project within the meaning of CEQA because it involves funding for outreach, organizational, and administrative activities that will not result in direct physical changes in the

environment. (CEQA Guideline 15378(b)(5).

DISCUSSION

Attachment 2 depicts the “decision tree” and two-phase community engagement process for the Civic Center campus project endorsed by Council on September 2, 2014. Phase I proposes to “define the problem and identify criteria for a solution”, whereas Phase 2 would solicit input on an actual campus design.

As part of ongoing efforts to streamline processes and create efficiencies, staff has prepared a Request for Qualifications to which consultants interested in providing services related to the City’s need for a community engagement process, market analysis, or space planning can respond in competitive fashion. Qualifications can be submitted on one or all three categories of services needed. Consultants found highly qualified will be asked to develop a scope of services, timeline, and cost for services with the understanding that engaging the community is key to determining a successful path forward for this project. Additional information about services needed in each category is provided below:

Community Engagement

At the Council’s recent Strategic Planning Workshop staff presented a decision tree for the Civic Center Project that showed community engagement in two phases. In the first phase outreach efforts would focus on defining current issues and problems. What are some of the current challenges with service delivery and how might these be solved with a modernized Civic Center? This phase would help define a vision for a future Civic Center campus. Criteria or guiding principles for a successful project would be developed in this phase and would be used to help evaluate alternatives as decisions are made in the future.

In the second phase of community engagement more input will be sought on site design, facility footprints, and community space. As space needs become better defined preliminary costs estimates will be prepared that will help Council consider alternatives such as whether to build new facilities or renovate existing ones. Information from the market analysis should also be made available to the public in this phase to better inform land use alternatives. By the end of the second phase of community engagement Council should be ready to take the next steps to pursue either a public/private partnership or City/Community funding approach.

Staff anticipates being able to begin community engagement efforts in early 2015. Phase 1 of the engagement plan, to create a vision for the Civic Center and develop criteria for success, can be completed in the spring of 2015. Phase 2 will begin as supporting studies for space planning and market analysis are completed. Phase 2 of the community engagement effort should be completed in fall of 2015.

Space Planning

Part of planning for a modernized Civic Center is quantifying the space needs for current and future operations. This needs to be done regardless of which project delivery method is selected. Current City services are provided in six different buildings on the campus. Space planning efforts will re-evaluate space needs considering opportunities to better co-locate services and share space such as community meeting rooms, conference rooms, service counters and restrooms. Trends in modern office space design suggest efficiencies can be gained by creating more flexible space. This can be done by increasing modular furniture and using fewer hard walls for enclosed offices. Fewer

consolidated buildings can also create opportunities to reduce energy consumption on heating and air conditioning systems.

The space planning effort will also evaluate site utilization. Much of the Civic Center campus land area today is taken up by roadways and parking (41%) or landscaping around buildings (40%). A modernized Civic Center campus could take advantage of shared parking and consider ways to better organize landscape areas so they become more usable as open space areas available for community use. Multi-story buildings will also be investigated as a way to reduce building footprints and utilize site space more efficiently.

Space planning will be done concurrently with Phase 1 of community engagement efforts. This will allow the results to inform discussions in the second phase of community engagement that will begin in spring and be completed in the fall of 2015.

Market Analysis

A market analysis will be prepared to help the City understand the value of land at the Civic Center if a portion of the site were sold or leased to a private partner for redevelopment. This study serves to ensure that the City's interests are reflected in any negotiations regarding land use and that the City clearly understands the market value of the Civic Center area/boundaries-this is a very common study to acquire information whenever the use of land is contemplated.

A range of alternatives would be analyzed to better identify how density and land use type (e.g. commercial and/or residential) would affect property values. This study will also explore how new land uses could generate increased revenues to the City, such as hotel taxes, ground leases, or increased sales and property taxes. Current market conditions will be looked at to better gauge demand for various commercial uses such as hotels, retail, and office.

The market analysis report would be completed in spring of 2015 so it is available during the second phase of community engagement. This will allow community members to provide feedback on the analysis and be better informed about alternatives before decisions are made.

In conjunction with this effort, staff recommends that Council delegate authority to the City Manager to procure and execute individual service agreements and associated amendments in amounts that may exceed \$100,000 (the standard City Manager approval threshold), so long as the total of all issued contracts does not exceed the appropriation limit of \$400,000. This authority will allow the most time sensitive piece of the project, community engagement, to move ahead quickly once the scope and fees for services are negotiated by staff.

FISCAL IMPACT

With this report, staff is recommending appropriation of funds into a currently unfunded project. Knowing that the renovation of the Civic Center campus would eventually require funding, Council years ago adopted a Capital Improvement Plan that included an unfunded project for the City Hall renovation, awaiting specific Council direction. Staff is now recommending that \$400,000 be appropriated to the Civic Center Modernization Capital Improvement Project, which has been revised as depicted by Attachment 3 to reflect Council's September 2, 2014 direction. Monies would fund consultant services related to the Civic Center campus renovation, including a market analysis, space planning and community engagement efforts. Since 2012/2013, the City's General Fund reflects an annual transfer of \$1.5 million for investment in the City's administrative infrastructure.

Budget Modification No. 21 has been prepared to appropriate \$400,000 from the \$6 million that has been set aside to date.

Budget Modification No. 21

FY 2014/15

| | Current | Increase/ (Decrease) | Revised |
|--|----------------|---------------------------------|----------------|
| Infrastructure Fund Expenditures | | | |
| City Hall Renovation Capital Improvement Project | \$0 | \$400,000 | \$400,000 |
| FY 2015/16 - Future Infrastructure Projects | \$6,000,000 | (\$400,000) | \$5,600,000 |

Depending on the eventual path chosen in accordance with the adopted “Civic Center and Main Library Decision Tree”, additional consultant assistance will be required in future years. While the specific nature of that assistance will depend greatly on Council’s chosen path, related tasks could include such activities as conceptual and/or detailed design efforts, ballot measure opinion polling, and project management. Once Council has determined with more certainty the next steps in this process, staff will identify related project costs and seek further Council direction.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

This report will also be distributed to all Neighborhood Associations and posted online as an update to the City's Home Webpage (under “Featured Topics” listed as Future Library and Civic Center Facility Options).

ALTERNATIVES

1. Approve Budget Modification No. 21 to appropriate \$400,000 to the Civic Center Modernization Capital Improvement Project (Attachment 3), to fund consultant services associated with implementation of the Civic Center and Main Library Decision Tree.
2. Delegate authority to the City Manager to procure and execute individual service agreements and associated amendments in amounts that may exceed \$100,000, so long as the total of all issued contracts does not exceed the appropriation limit of \$400,000.
3. Other action as determined by City Council.

RECOMMENDATION

Alternatives 1 and 2: 1) Approve Budget Modification No. 21 to appropriate \$400,000 to the Civic Center Modernization Capital Improvement Project (Attachment 3), to fund consultant services associated with implementation of the Civic Center and Main Library Decision Tree, and 2) Delegate authority to the City Manager to procure and execute individual service agreements and associated amendments in amounts that may exceed \$100,000, so long as the total of all issued contracts does not exceed the appropriation limit of \$400,000.

This action will allow the City to expediently move forward with community engagement on the Civic Center project in accordance with the City Council direction taken at the Strategic Planning Workshop conducted on September 2, 2014.

Reviewed by: Grace K. Leung, Director, Department of Finance

Prepared by: Robert A. Walker and Kent Steffens, Assistant City Managers

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Map of Civic Center Campus
2. Decision Tree and Community Engagement Process
3. Civic Center Modernization Capital Improvement Project