



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve the Schematic Design, the Highly Recommended and Recommended Cost Saving Strategies, and Direct Staff to Proceed with the Design and Construction Procurement for Civic Center Phase 1

REPORT IN BRIEF

Council approved the Civic Center Modernization Master Plan in September 2018. A design contract for Phase 1 of the Civic Center Project was awarded to SmithGroup in December 2018.

Since award, City Staff and SmithGroup have been working diligently to further develop the design of the new City Hall, Public Safety Addition, and approximately six acres of civic campus open space. To be a leader in sustainability, both the new City Hall and the Emergency Operations Center will be all electric; in addition, City Hall will also be Certified LEED Platinum and Net Zero Energy. During the schematic design effort, it was identified that City staffing levels have already utilized much of the growth anticipated for the building; the square footage estimated in the Master Plan for City Hall was not sufficient to support the current City staffing levels and account for future growth.

As part of the schematic design phase an updated cost estimate was prepared. The cost estimate showed that project cost had increased. A majority of the cost growth can be attributed to an increase in building square footage as well as an increase in cost for sustainable building features. City staff has identified several design options to help reduce the project construction cost.

An updated Financing Plan has been prepared. By combining multiple funding sources (one-time funding, lease revenue bonds, and rent from enterprise funds), the City is able to finance the project without negatively impacting the General Fund Budget Stabilization Fund Reserves in the 20-year financial plan.

Staff recommends that Council approve the schematic design and direct staff to proceed with the design and construction procurement for Civic Center Phase 1.

BACKGROUND

The Sunnyvale Civic Center, located at the corner of El Camino Real and Mathilda Avenue, is home to the City's primary administrative facilities; City Hall, Library, and Department of Public Safety Headquarters. Civic Center buildings range in age between 30 and 60 years old.

In early 2015, the City began an extensive community engagement process to evaluate how facilities at the Civic Center could be renovated or replaced. Through this process, the City developed a Needs Assessment, Vision Statement, and Success Criteria for the project that were intended to guide further planning efforts.

On October 25, 2016, Council approved a scope of services for the Civic Center Modernization Project Master Plan (RTC No. 16-0072). The scope outlined specific consulting services needed to complete a long-term Master Plan for the Civic Center and further defined what elements of the project would be implemented as part of the first phase of construction.

A multi-step public procurement process was used to solicit interest and select a consultant to complete the Civic Center Master Plan. On May 23, 2017, Council awarded a contract to SmithGroup JJR (now SmithGroup Inc.) for master planning services (RTC No. 17-0136). SmithGroup Inc. (SmithGroup) is an architecture firm with extensive experience preparing campus master plans and designing modern, sustainable and attractive buildings.

On July 25, 2017 Council reviewed options for expanding the existing Public Safety Building and considered whether the City Hall Annex Building could be renovated and used for NOVA Workforce Services (RTC No. 17-0617). After considering the options, Council gave direction to pursue an addition to the existing Public Safety Building of approximately 11,000 square feet as part of Phase 1 of the Civic Center Project. Also, that the City Hall Annex Building be replaced and space for NOVA Workforce Services be included in City Hall.

In 2017, two Master Plan options for the Civic Center were developed for building placement, site circulation, parking facilities, and open space features. In November 2017, the City Council selected Option 1 - Plaza as the alternative for further environmental analysis (RTC No. 17-0835).

On September 25, 2018 Council adopted a resolution to Certify the EIR, Adopt the Civic Center Master Plan and directed City Staff to proceed with design for a Net Zero City Hall Building (RTC No. 18-0799).

On December 4, 2018, Council voted to award the Phase 1 design contract to SmithGroup (RTC No. 18-1008).

Phase I comprises the following building and site components:

- A new City Hall building which locates staff currently in the Main City Hall, South Annex, Annex, and Sunnyvale Office Center in one building;
- An addition to the Department of Public Safety Building, housing an emergency operations center (EOC) and detectives' bureau;
- Renovation of portions of the Public Safety Building supporting the current needs and technical functions of the Public Safety Officers; and
- Demolition of the existing City Hall, South Annex, Annex, and Sunnyvale Office Center and creation of approximately six acres of plazas and open space.

EXISTING POLICY

The City's General Plan Community Character and Land Use and Transportation chapters, and Council Policies include the following policies applicable to the Civic Center Modernization Project:

GENERAL PLAN

Community Character

Policy CC-4.1 - Ensure that Sunnyvale's Public Facilities are easily identified, accessible, attractive and representative of the community's values and aspirations.

Policy CC-4.1b - Consider ways to increase the visibility of the Civic Center on Mathilda Avenue and El Camino Real and consider better identification for the Community Center along Remington.

Land Use and Transportation

Action LT-14.17a - Maintain and plan for appropriate land areas to support public facilities, such as the civic center, library, corporation yard, and water pollution control plant.

Action LT-14.17b - Promote co-locating government (federal, state, county, city) activities when appropriate to improve access to services for the community at large.

Council Policy

Policy 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.

Policy 3.5.1, Energy Policies:

Minimize energy consumption in City operations. Promote the development of alternative energy resources and support the enhancement of existing technologies. Support installation of cost-effective energy efficiency measures in municipally owned buildings and facilities. Support efforts to provide affordable, reliable, diverse, safe and environmentally acceptable power to the citizens and businesses of Sunnyvale.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR) is a required informational document under the California Environmental Quality Act (CEQA) that describes the environmental effects of the project, identifies ways to minimize the significance of the adverse impacts, responds to comments made during the public comment period, and discusses reasonable alternatives to the project that modify the environmental impacts. Certification means that the EIR was completed in compliance with CEQA, that the agency has reviewed and considered the EIR, and the EIR reflects the agency's independent judgment and analysis.

On September 25, 2018, City Council adopted a resolution to:

- a. Certify the EIR;
- b. Make the Findings Required by the California Environmental Quality Act;
- c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program.

Findings and Mitigations required by the EIR will continue to be incorporated into the design documents. Certification of an EIR Addendum will be required prior to the time of the project's construction award. This addendum will incorporate any mitigations necessary that are identified through the project's design, which were not covered in the Program EIR.

DISCUSSION

The Schematic Design Phase began in January 2019 and extended into mid-May 2019. With sustainability as a core theme, creation of a LEED Platinum and Net Zero Energy (NZE) City Hall

was present in virtually every conversation, decision, and design consideration.

Multiple parallel processes were underway during the Phase, and while there was coordination and convergence, discrete teams tackled the following:

- Sustainability including Net Zero Energy and LEED Platinum compliance
- Long-term planning for future operation and program growth
- Campus site design
- Roadway and utility design
- City Hall building design
- Public Safety Building design
- Wayfinding design
- Code and accessibility compliance
- Structural design
- Mechanical, electrical, and plumbing systems design
- Low-voltage systems
- Acoustical considerations
- Financial considerations

During Schematic Design, three rounds of User Group meetings were held. User Groups were comprised of members from each department and the project team. These meetings were required to understand the organization of the various departments, functional needs, and interrelationships in order to establish program requirements and adjacencies that would best meet the City's service delivery needs.

The first round of User Group meetings was focused on departmental goals and needs, workflow considerations and support space requirements. The knowledge gained by the planning team helped inform space planning efforts and became the foundation for the subsequent meetings to further develop the initial planning diagrams.

During the second round of meetings, initial planning diagrams were presented, and User Groups were able to respond to the functional and spatial aspects of the plans. During this round, it was discovered that several departments had growth in staffing levels since the initial spatial allocations had been established and the building would need to be expanded accordingly to maintain space for 15 percent growth in staffing for the future. A program was developed, documenting the quantity and size of each space, adjusted to reflect the departmental needs as they had evolved.

The third round of meetings refined the planning diagrams and adjusted spaces for code compliance. Concurrently, mechanical, electrical, plumbing and other building support spaces were integrated into the planning.

City Hall

Carrying the vision of the Master Plan, a four-story, 119,000 square foot City Hall will be located near the corner of West Olive Avenue and South Mathilda Avenue. The building will be zero net energy as well as being a LEED Platinum-certified building with sustainable features such as low flow fixtures, LED lighting, and all electric (except for back-up generators). The new City Hall will replace the existing City Hall and several single-story buildings on site consolidating numerous City services into

a central, easy-to-access location and to free up room on the campus for more usable open space.

The Master Plan as approved by Council envisioned a partially wood clad building which maximizes natural light with walls of windows and a transparent canopy to accentuate the front entrance. The schematic design fulfills this vision, and seeks to mimic the theme of nature within the building and throughout the campus. Since any exterior wood cladding would require continuous maintenance, it would not be an ideal material for a civic building. Colored aluminum panels will be utilized instead to reduce long-term maintenance requirements and manage solar heat gain. Wood accents and exterior fin elements have been added to the exterior and interior so that the warmth of the wood can be read from both inside and outside the building.

As part of the Master Plan, two new plazas will be created. The new City Hall will be situated in the middle of the two plaza areas and will serve as the key connection point. (See Attachment 3). The middle section of the City Hall building was configured to provide transparency and connection between the north and south plaza areas. The ground floor lobby space will become an extension of the outdoor space, blurring the boundary between interior and exterior. A skylight above the central staircase will allow filtered light to penetrate the lobby space.

Two types of photovoltaic solar panels will be utilized on the building. Solar panels overhanging the building are transparent, allowing views of the sky from below. Over the roofing areas, panels are opaque, providing high efficiency solar gain. Solar panels also help shade the south side of the building reducing the solar radiation and therefore reducing the energy requirements of the building.

Department of Public Safety Building

A two-story, 12,946 square foot addition will be constructed adjacent to the existing Department of Public Safety (DPS) Headquarters building. The planned addition will provide dedicated space for an Emergency Operations Center and detectives' bureau, creating additional space in the existing building for the crime lab, briefing room, evidence storage and locker rooms. The building will be designed for LEED Gold with sustainable features such as low flow fixtures, LED lighting, and all electric (with the exception of back-up generators).

The design of the new DPS addition (Attachment 4) is contemporary with simple form. The material palette relates to the existing public safety building and provides the security necessary for the work being performed inside.

The shape of the building is rectangular in nature and is connected to the existing building with a glass corridor. Terracotta rainscreen system is used for the exterior cladding material to work in harmony with the brick façade of the exiting Public Safety Building.

A concrete planter is used as a barrier on the north and east façade to prevent cars from accidentally hitting the building. A new equipment area housing the emergency generators will be located along South Pastoria Avenue and will be disguised by green screens mounted on block walls to create a pleasant backdrop for pedestrians and the adjacent residential uses.

Project Site

The landscape architecture for Phase 1 of the Civic Center Master Plan, is composed of roughly six acres of open space around the new City Hall and the new DPS addition. A portion of these six acres

is comprised of outdoor rooms and gardens atop the underground parking garage. The planting for this new open space will primarily be native species, with irrigation by zone for water efficiency.

FISCAL IMPACT

As City staff and the design team progressed through the schematic design process it became evident that the project costs were escalating. The approved Master Plan and Financing Plan from 2018 show a total cost for Phase I of \$212,500,000. The latest cost estimate received from the design team for Phase I is \$288,837,000.

The major project cost growth can be attributed to various factors and divided into several different categories:

• City Hall Building Growth	\$ 23,400,000
• Sustainability including Net Zero Energy and LEED Platinum compliance (City Hall)	\$ 16,900,000
• City Hall Structural Design (Seismic Resilience Enhancement)	\$ 6,300,000
• Public Safety Building Redundant System	\$ 2,520,000
• DPS Renovation (Operational Complexity)	\$ 5,920,000
• Campus site design	\$ 7,485,000
• Phasing Complexity	\$ 1,621,000
• Furniture Fixtures & Equipment and Audio Visual/Information Technology	\$ 7,480,000
• Financial considerations (Escalation 8% to 10%)	\$ 2,800,000
• Three Month Schedule Delay (Possible to reduce with addition of an early construction package)	\$ 2,000,000

In an effort to realign the project costs towards the previously approved budget, staff has compiled a list of cost saving strategies. Staff has evaluated these options and has identified several to proceed with.

- Highly Recommended: Options that do not affect Master Plan intent or the function of the Buildings (Attachment 5). These options total a savings of \$4,278,000.
 - Reduce City Hall Roof Parapets from 8' to 4'. This change decreases the height of the screening around the mechanical equipment on the roof. No mechanical equipment will be visible from the ground level.
 - Reduce first floor building area by 1,187 square feet and reduce garage by 2,810 square feet This would change the total number of underground parking stalls from 100 to 89. Reduction in first floor area was achieved through reconfiguration of programmed space to eliminate an extraneous hallway. No programmed space for NOVA has been lost. The reduction of 11 parking spaces can be absorbed by excess surface parking.
 - Eliminate 50 percent of the exterior vertical fins. These fins or vertical louvers have been added to the exterior of the building in order to bring articulation to the building face and wood elements to the building façade. The vertical fins were not included in the original masterplan renderings of the building but they do add architectural interest and provide the wood elements envisioned by the Master Plan.

- Recommended: Options that differ from the Master Plan, but do not compromise the overall design and functionality (Attachment 6). This option totals \$4,701,000.
 - As part of site development, eliminate the portion of the plaza north of Olive Ave. This allows for future flexibility if the remainder of site for future phases. The plaza will extend just past the northern most sidewalk of Olive Ave. Pathways from the northern end of site will continue to connect to the plaza. Development of the plaza north of Olive Avenue would be constructed with a future phase.

Other options were evaluated, but were determined to have a negative effect on the design, outweighing the potential cost savings. (Attachment 7). These options total \$7,246,000.

- Reduce the underground garage by 16,178 square feet This option would leave underground storage currently programmed but would include no underground parking. This means that additional surface parking would need to be created, negating some of the potential cost savings. This option would also require a more robust foundation plan to mitigate building settlement. Finally, this eliminates the possibility of the future expansion of the underground garage as currently shown in the Master Plan as a future phase.
- Eliminate the remaining 50 percent of the exterior vertical fins. This would remove all wood elements from the exterior of the City Hall building.
- Aluminum in lieu of wood mullion glazing for the interior cladding. Wood mullions (slender vertical member that forms a division between units of a window) help add warmth to the interior of the building.
- Use of concrete pavers instead of granite for the plaza. Granite is a natural material with a 100+ year lifespan. Concrete pavers are man-made and have a 25-30-year life span. Concrete pavers will likely fade and require sealant; over the long term, the pavers have more maintenance requirements and cost.

Staff has compiled a combination of funding sources. A total of \$126 million one-time funding is available from a combination of \$63 million in revenue from the sale of multiple properties, \$21 million from the use of reserves already accumulated for infrastructure, plus \$42 million from various funding sources, including Park Dedication Fee revenue, Transportation Impact Fee revenue, and Public Benefit Contributions.

The remaining balance of project costs will most likely come from issuing lease revenue bonds (financing backed by the asset being constructed), which will be paid for through ongoing contributions from the General Fund, as well as from rent paid by other funds (e.g., Enterprise Funds and Internal Service Funds).

If the Council chooses to approve Staff 's recommendation of the Highly Recommended and Recommended value engineering options, the estimated project cost would be approximately \$280 million, requiring the City to finance approximately \$151 million. The remaining \$3 million will come as a one-time contribution for the fixtures, furnishings and equipment from the City's various non-General Fund operating funds.

Based on current market interest rates, the annual debt service payment would be approximately \$10 million. Staff has developed an allocation methodology to distribute the square footage of each department and then calculate a market based rental charge for each user of the facility. The estimated rental payment from non-General Fund sources is approximately \$6.4 million per year

starting the first full year of when the Civic Center is being occupied and increasing by 3 percent annually. Staff has also identified ongoing funding in the General Fund of \$2.5 million per year from annual infrastructure investment contributions made by the General Fund and the Facilities Management Internal Service Fund, and the anticipated utility savings from the new Civic Center which can be used for the debt payment. Through optimally structuring the debt required for the project, the rent and other funding sources will exceed the initial debt service, providing revenue in the General Fund that can be used to absorb the remaining difference until annual rent increases yield sufficient funding to cover the entire debt service.

It is important to note that construction costs are on the rise. Staff will continue to monitor the construction cost estimates as well as the financing plan and will bring the appropriate actions to Council when required.

PUBLIC CONTACT

City Staff presented the schematic design to both the Sustainability Commission (July 15) and the Planning Commission (July 22) for information and comment. Meeting minutes from both meetings can be found in Attachments 1 and 2 respectively.

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.

ALTERNATIVES

1. Approve the Schematic Design, the Highly Recommended and Recommended Cost Saving Strategies, and Direct Staff to Proceed with the Design and Construction Procurement for Civic Center Phase 1.
2. Approve the Schematic Design, the Highly Recommended, Recommended, and Not-Recommended Cost Saving Strategies, and Direct Staff to Proceed with the Design and Construction Procurement for Civic Center Phase 1.
3. Do not approve the Schematic Design and provide other direction to staff.

STAFF RECOMMENDATION

Staff recommends Alternative 1 - Approve the Schematic Design, the Highly Recommended and Recommended Cost Saving Strategies, and Direct Staff to Proceed with the Design and Construction Procurement for Civic Center Phase 1.

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Reviewed by: Jennifer Ng, Assistant Director of Public Works
Reviewed by: Timothy J. Kirby, Director of Finance
Reviewed by: Chip Taylor, Director of Public Works
Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Excerpt of Draft Sustainability Commission Meeting Minutes of July 15, 2019
2. Planning Commission Study Session Summary of July 22, 2019
3. City Hall Renderings
4. Public Safety Building Addition Renderings
5. "Highly Recommended" Option Renderings
6. "Recommended" Option Renderings
7. "Available, but not Recommended" Option Renderings