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# Downtown City Offices

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Feasibility Study and Options/Recommendations

May 10, 2011

# City Offices Agenda



- Feasibility Study of City Offices in Civic Center
  - Review purpose
  - Review study and outline results
- City Offices Options
  - Consider options and recommendations
- Council selects option and determines next steps

# Interests for City Offices



- A quality building that will last
  - 50+ years
- No interest in buying or building a “Taj Mahal”
- A flexible space to accommodate changes in staffing over time
- A financially prudent decision
  - Get out of ongoing lease payments
- Centrally located



# Feasibility Study

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City Offices in Downtown Civic Center

# Feasibility Study Objectives



- Could a building of suitable size and general design be accommodated on the Civic Center site?
- What budget is needed to construct such a building?
- Could such a building be completed prior to existing lease termination?
  - What process should be utilized to develop the building within the budget and the schedule?

# Feasibility Study Elements



- Geotechnical Analysis
- Space Planning Analysis
- Structural Analysis
- Architectural Analysis
- Parking Impacts Analysis
- Understand project delivery methods
- Understand planning process

# Time is of the Essence



- City lease expires in September 2013
  - City needs to be ready to occupy the new building at that date or pay additional ~\$60,000 per month
- Construction costs expected to increase
- 2011 Bond Funds have time limit for expenditure

# Project Delivery



- Option I – Traditional Design-Bid-Build
- Option II – Multi-Prime
- Option III – Construction Management At-Risk
- Option IV – Design-Build



# Architectural & Engineering Services



- Experienced architectural firm needed for City office building development
  - Charged with schematic design refinement, design development, interior design and construction documents
- Additional services required include:
  - Landscape architecture
  - Structural engineering
  - Civil engineering
  - Interior design
- Lead architect is usually response for the other consultants
  - City could choose to enter into separate contracts

# Construction Management



- Factors which could affect the delivery method include:
- Staff capabilities
- Schedule considerations
- Size and complexity of project
- Budget constraints
- Openness to alternative methods
- Acceptance of legal and financial risk
- City control over design details

# Delivery Method - III



- Construction Management At-Risk
- Construction Manager hired first under an agreement on a fee basis
- Agreement provides management in design and bidding stages.
- Before construction, Manager changes to a general contractor by affixing a fixed price and a performance and payment bond on the project.
- Manager retains risk to construct the project at that fixed price
- Similar to Multi-Prime except Manager on more risks in project implementation

# Advantages and Disadvantages



- Advantages
  - Manager selected based on qualifications and personnel
  - City has more flexibility in bidding and scheduling multiple phases
  - Fixed price based on complete design documents
  - Potential to re-bid over-budget trade package
- Disadvantages
  - Increased fees for assumption of risk
  - Construction manager relationship to agency changes during process
  - Insurance and bonding responsibilities less certain
  - Price is not known until all bids are in
  - Potential decrease in competition for trade contractors

# Potential Budget for City Offices



- Based on conversations with several contractors
- Construction estimate ranges from \$9.62 million to \$11.56 million.
- Project manager believes costs are likely to be closer to lower or middle of the range
- Includes following components:
  - CEQA mitigation costs = \$450,000 to \$850,000
  - Additional range of “soft costs” (design services) = \$2.26 million to \$2.93 million
- RANGE OF TOTAL COSTS = \$12.3 to \$15.3 million

# Detailed Budget (1 of 2)



	Low	High	Average
<b>HARD COSTS</b>			
Sitework	\$ 650,000	\$ 900,000	\$ 775,000
Shell & Core	\$ 4,100,000	\$ 4,750,000	\$ 4,425,000
Tenant Improvements	\$ 2,300,000	\$ 2,750,000	\$ 2,525,000
Parking	\$ 1,200,000	\$ 1,500,000	\$ 1,350,000
Subtotal	\$ 8,250,000	\$ 9,900,000	\$ 9,075,000
10% contingency	\$ 825,000	\$ 990,000	\$ 907,500
IT (cabling, hardware, etc.)	\$ 135,000	\$ 175,000	\$ 155,000
LEED components (5%)	\$ 412,500	\$ 495,000	\$ 453,750
<b>Sub TOTAL</b>	<b>\$ 9,622,500</b>	<b>\$11,560,000</b>	<b>\$10,591,250</b>
CEQA mitigations	\$ 450,000	\$ 850,000	\$ 650,000

# Detailed Budget (2 of 2)



Soft Costs (7% of hard costs)	\$ 673,575	\$ 809,200	\$ 741,388
Architect, Landscape Arch, Civil/Structural, Engineers, Geotech, Acoustical, Parking			
MEP design & LEED Certification	\$ 75,000	\$ 105,000	\$ 90,000
Testing Engineer	\$ 60,000	\$ 90,000	\$ 75,000
Precon/CM	\$ 65,000	\$ 80,000	\$ 72,500
Project Manager	\$ 285,000	\$ 325,000	\$ 305,000
Legal	\$ 70,000	\$ 150,000	\$ 110,000
City Design Review, Lot Line, Gen'l Plan	\$ 18,000	\$ 18,000	\$ 18,000
City Planning staff time	\$ 7,000	\$ 10,000	\$ 8,500
CEQA analysis	\$ 120,000	\$ 150,000	\$ 135,000
City permits	\$ 48,113	\$ 57,800	\$ 52,956
City Public Art	\$ 31,754	\$ 38,148	\$ 34,951
City Development Impact Fee	\$ 264,619	\$ 317,900	\$ 291,259
Fire District Fee	\$ 19,500	\$ 19,500	\$ 19,500
PG&E, Sanitary and Water Districts	\$ 111,000	\$ 175,000	\$ 143,000
Moving Company and Furniture	\$ 205,000	\$ 325,000	\$ 265,000
10% Contingency	\$ 205,356	\$ 267,055	\$ 236,205
Sub TOTAL	\$ 2,258,917	\$ 2,937,603	\$ 2,598,260
<b>TOTAL</b>	<b>\$12,331,417</b>	<b>\$15,347,603</b>	<b>\$13,839,510</b>

# Potential Schedule



- Process achievable to complete building without extension of lease at 75 Rowland
- Schedule is tight and based on certain assumptions
  - CEQA review in the form of a negative declaration (not an EIR)
  - Selection of design team not subject to RFQ/RFP process
  - Limited/Agreed Upon Council involvement in implementation
  - No significant weather delays
  - No significant unknown site conditions
  - Design review/project approval process stays on schedule
  - Acquisition of property for mitigation
  - Additional work/scope





# City Offices Options

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Options Consideration and Decision  
*30 Years in the Making*

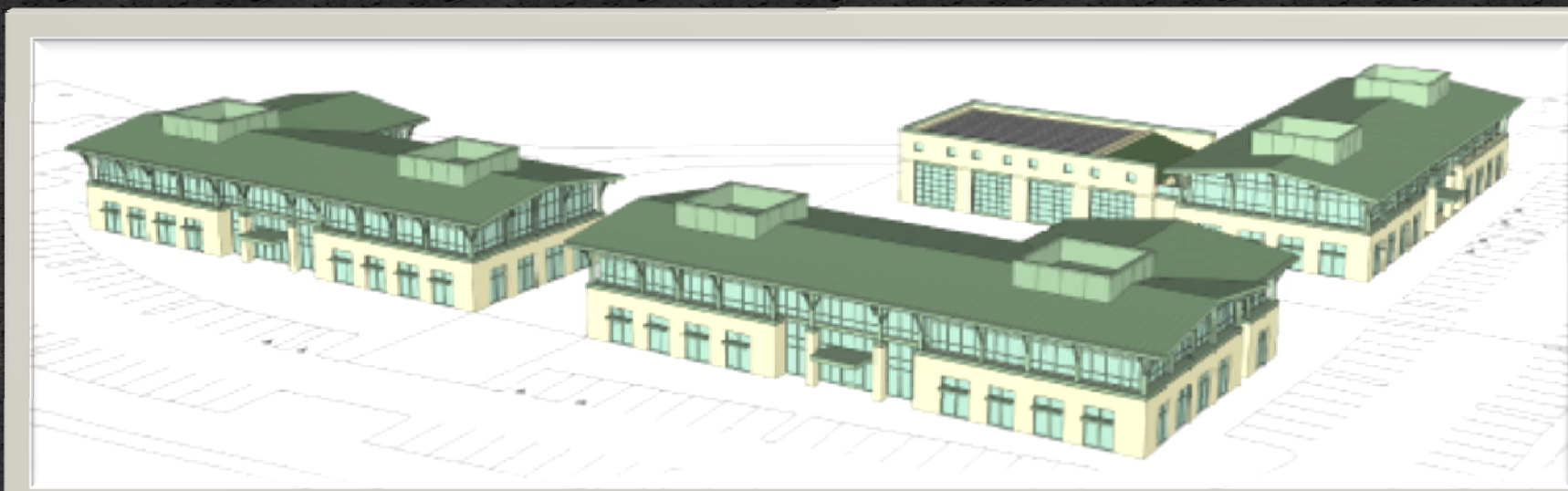
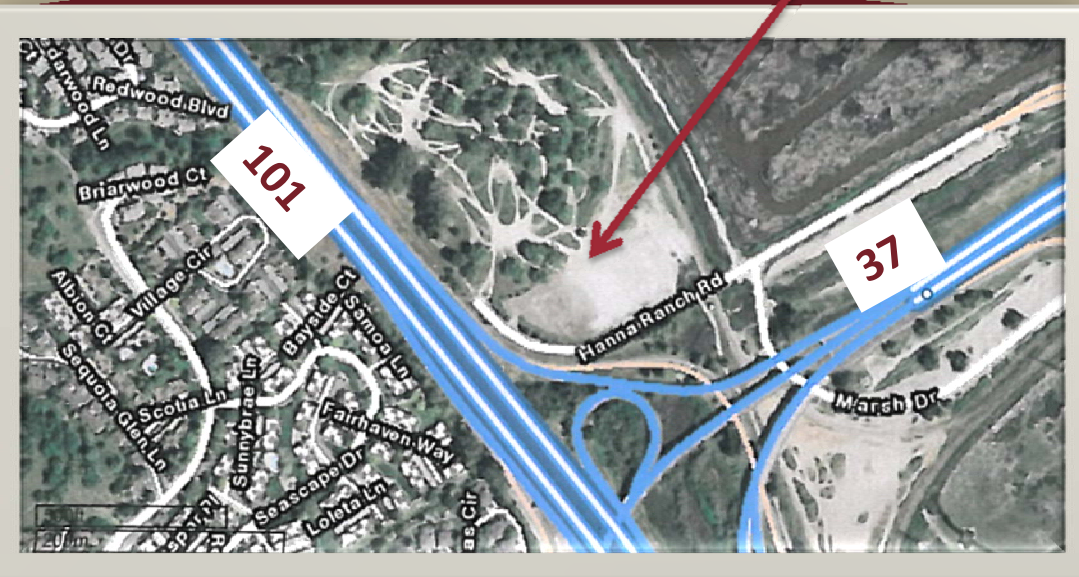
# 75 Rowland



# Downtown



# McPhail's Site



# City Offices Options' Costs



Location	75 Rowland	Downtown Site	McPhail's
Land	\$17,000,000-\$17,500,000	\$0	\$6,000,000
Building Shell		\$4,100,000-\$4,750,000	\$0
Tenant Improve.		\$2,300,000-\$2,750,000	\$0
Renovation	\$100,000-\$200,000	\$0	\$0
Site work	\$0	\$650,000-\$900,000	\$0
Parking for building	\$0	\$1,200,000-\$1,500,000	\$0
IT	\$30,000-\$60,000	\$135,000-\$175,000	\$135,000-\$175,000
LEED components	\$0	\$412,500-\$495,000	\$375,000-\$450,000
CEQA Mitigations	\$0	\$450,000-\$850,000	-
Soft costs	\$150,000-\$200,000	\$2,053,000-\$2,670,000	\$700,000-\$900,000
Contingency	\$50,000-\$100,000	\$1,030,356-\$1,257,055	\$275,000-\$375,000
<b>TOTAL</b>	<b>\$17,330,000-\$18,060,000</b>	<b>\$12,330,856-\$15,347,055</b>	<b>\$7,485,000-\$7,900,000</b>
Annual Maint.	\$0	(\$165,000-\$210,000)	(\$160,000-\$200,000)
Annual Revenue	\$350,000-\$500,000	\$0	\$0
Lease payments	\$0	\$1,260,000	\$1,260,000

# City Offices Options' Pros and Con



	75 Rowland (81,000 sf)	Civic Center Site (21,200 sf)	McPhail's (20,250 sf)
<b>PROS</b>	a. No relocation/closures worries	a. Established location	a. New building
	b. Familiarity with site established	b. Close to other departments	b. Less than Rowland or Downtown
	c. Potential for additional income	c. Could tie infrastructure needs to other downtown needs	c. Entitled site
	d. Costs are lower on per square foot basis	d. Site control in place	
		e. New building	
<b>CONS</b>	a. Costs will be much higher	a. Costs per square foot will be high	a. Risk associated with developer financing/completion
	b. Risks/costs associated with leasing	b. Site is very constrained	b. Site is not in downtown core
	c. No sales price, unmotivated owner	c. Unentitled site	c. Surrounding land uses may not be aesthetically pleasing
	d. Utilizes all available funds	d. Additional City process & time for design, etc.	d. Building at lower end of size need
		e. Additional parking could be required	e. No pedestrian access
			f. No transit access
			g. Access only from Highway 37

# Recommendations



- Build City Offices downtown with podium parking
  - Utilize a "Construction Manager at Risk" process
  - Pursue enhancing parking options and management in the downtown
- If approved, direct staff to solicit a short list of architectural firm proposals (5 – 10) and bring back 3 for Council interview and selection
- If approved, delegate to the City Manager the authority to immediately negotiate and approve a contract with a Project Manager

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