


TO: HONORABLE CITY COUNCIL 

FROM: CITY MANAGER DEPARTMENT: CITY MANAGER'S OFFICE
PUBLIC WORKS

DATE: FEBRUARY 4, 2008 CMR: 135:08

**SUBJECT: REVIEW OF PROJECT COST ESTIMATES FOR THE MITCHELL
PARK LIBRARY AND COMMUNITY CENTER, MAIN LIBRARY,
AND DOWNTOWN LIBRARY PROJECTS (CAPITAL
IMPROVEMENT PROGRAM PROJECT PE-04012) AND
DIRECTION ON SCOPE, FINANCING AND SCHEDULE FOR THE
LIBRARY/COMMUNITY CENTER AND PUBLIC SAFETY
BUILDING PROJECTS**

RECOMMENDATION

Staff recommends that Council:

- 1) Confirm the October 1, 2007 Council action which directed the design of a new combined 51,000 square foot Mitchell Park Library and Community Center, expansion and renovation of the Main Library by 4,000 square feet and renovation of the Downtown Library;
- 2) Eliminate consideration of a June 2008 bond election for financing of the library/community center and public safety building projects to ensure sufficient time to conduct public outreach on community facility needs and priorities; and
- 3) Provide preliminary direction on whether to bring a design contract amendment and Budget Amendment Ordinance for continued design of the public safety building back to the Council as soon as possible for consideration.

BACKGROUND

Much of Palo Alto's municipal infrastructure was built more than 50 years ago. While carefully maintained, many community facilities are worn out and some critical buildings, like the police building and emergency operations center, are no longer functional. Staff and the community have been working for many years to identify mechanisms for modernizing City library and public safety facilities to provide the services residents expect and to serve future generations.

The Mitchell Park Library and Community Center, located on Middlefield Road in south Palo Alto, were built in 1958 and 1970, respectively. The library and community center are

currently housed in separate buildings. A 2002 bond measure to construct a new Mitchell Park library and community center and to improve and expand the Children's Library failed to achieve the required 66 2/3 % approval rate for passage. In March 2004, the City Council approved a cost sharing agreement between the City, the Palo Alto Library Foundation, and the Friends of the Palo Alto Library for the renovation and expansion of the Children's Library, which resulted in the successful reopening of this renovated and expanded branch in September 2007. In 2004, the City Council also reaffirmed its policy direction to maintain all five branches within the Palo Alto library system (Main, Mitchell Park, Downtown, College Terrace, and Children's).

In September 2006, the City Council approved a contract with Group 4 Architecture Research + Planning (Group 4 Architecture) for design and cost estimating services for the Mitchell Park Library/Community Center and for an evaluation of space needs for Main and the other branch libraries, including Downtown (CMR 343:06). A project management team (PMT) comprised of representatives from the Library Advisory Commission (LAC), Parks and Recreation Commission (PRC), Group 4 Architecture, and staff met regularly to evaluate four scenarios for the Mitchell Park Library as well as design options for the Main and Downtown libraries.

On December 4, 2006, Group 4 Architecture presented various site scenarios and related costs to Council (CMR:434:06). The item was continued to December 11, 2006, at which time Council approved in-concept the proposed facility improvements contained in the Group 4 Architecture report and in the Library Advisory Commission's (LAC's) Library Service Model Analysis and Recommendations (LSMAR) for the Main, Downtown, and College Terrace Libraries. The College Terrace renovation project has been progressing on a separate path through the City's regular Capital Improvement Program (CIP) budget, with construction scheduled for FY 2008-09.

The City has been exploring the feasibility of constructing a new public safety building since the mid-1980s. The most recent evaluation of the needs for a new facility began in January 2006 with the formation of a Blue Ribbon Task Force (BRTF) to evaluate the need, size, cost and site for a public safety building. The BRTF met 13 times and considered 28 different locations in the City for a new facility. In June 2006, the City Council approved the final BRTF recommendations for a 49,600 square foot building on a Park Boulevard site and, in September 2006, executed a contract amendment with RossDrulisCusenbery Architecture to begin conceptual design and to prepare an environmental assessment of the Park Boulevard site. On November 19, 2007, the City Council adopted the final Environmental Impact Report (EIR) for the public safety building and approved a purchase option agreement for the Park Blvd. site. The Council also directed staff to study the implications of financing the facility through Certificates of Participation (COPs) as opposed to a voter-approved bond measure. The Finance Committee considered this matter on January 15, 2008 and asked staff to return with additional information at the February 5 Committee meeting. Among other options, the Finance Committee discussion included potentially using a mixture of General Obligation bonds and COPs to fund the Public Safety Building. Should GO bonds be recommended for the Public Safety Building, the earliest feasible election date would be November 2008.

While proceeding with the design and environmental work for these projects, staff has also proceeded with the Council's December 2006 direction to do preliminary polling to assess voter sentiment towards the projects. On March 5, 2007, the City Council received the results of a telephone survey conducted during the month of February regarding potential public safety building and library/community center facility bond measures and a possible parcel tax. Solid majorities of voters supported potential bond measures for both the libraries and the public safety building but both measures fell short of the required two-thirds supermajority threshold for passage. The poll demonstrated somewhat stronger support for the library measure than for the public safety building measure.

DISCUSSION

On October 1, 2007, Council directed staff and Group 4 Architecture to move forward with the design and revised cost estimates for a joint Mitchell Park library-community center design. (CMR 372:07), which would include the Library's technical services operation currently housed at Downtown Library. The work was also to include design and cost estimates for expansion and renovation of the Main Library and renovation of the Downtown Library. The various site designs are now approximately 35 percent complete and have been reviewed by the PRC, as well as the Library Advisory Commission, Architectural Review Board and the Historic Resources Board. The architects have also developed revised cost estimates based on the more complete designs. The various site layouts are shown in Attachment A and summarized as follows:

Mitchell Park Library and Community Center: The new Mitchell Park Library would need to grow from its current square footage (9,500 square feet) to approximately 36,000 square feet to accommodate the current and projected future library use. Of all the branches, Mitchell Park experiences the highest volume of visitors and circulation on an annual basis. The new facility would accommodate an enlarged collection, a dedicated children's area, an acoustically separated teen area, a technology training room, group study rooms, and a program room. Technical services staff, currently located at the Downtown Library, would be relocated to the Mitchell Park Library in order to facilitate the increased intake of new materials for the entire library system. The existing Mitchell Park Community Center is approximately 10,000 square feet and would be expanded to 15,000 square feet under the current proposal. The joint facility proposal creates efficiencies through shared activity space and allows for a smaller overall facility than if new separate facilities were to be constructed.

Main Library expansion: The December 2006 Group 4 Architecture report recommended that improvements at the Main Library include group study areas that are acoustically separated from the rest of the building; and a program space, with restrooms, that seats 100 people. To accommodate these recommendations, the Main Library would need to expand to approximately 30,000 square feet from the current 26,313 square feet (CMR 434:06). The group study space would fit under the existing large eaves of the patios on both ends of the reading room. The addition containing the program room and additional restrooms would be separate, joined by a glassed-in lobby, to the current building to avoid impacting the original historical building. The interior of the existing library would also be renovated, upgrading mechanical, electrical, and lighting systems and reconfiguring the spaces to achieve program goals such as creating a distinct teen room and group study areas.

Downtown Library renovation: The evaluation by Group 4 Architecture showed that the existing services at this library adequately serve its service population and significant capital improvements were not recommended. Additional public space and a small community room at Downtown could be obtained by relocating technical services from the Downtown Library to a new Mitchell Park Library. This would allow the current technical services area to be converted for use by the public and would further provide a small community meeting room at the Downtown Library. Staff received Council direction in October 2007 to pursue the option that relocated technical services staff areas to Mitchell Park and created more public space at the Downtown Library.

Cost Estimates

The costs to develop and construct the joint use Mitchell Park Library and Community Center, Main Library expansion and Downtown Library renovation are detailed in Attachment B and summarized in Table 1, below. The costs were prepared by a professional cost-estimating firm and are based on plans that are approximately 35 percent complete.

The estimated total cost includes: design fees; construction cost; material testing and inspection; permit fees; contingency; inflation; construction management; new furnishings, fixtures and equipment (FF&E); and the lease of temporary facilities to house the library or community center during construction. The costs for the Mitchell Park Library and Community Center are inflated to the anticipated 2010 construction year start and assume phased construction so that no more than one library is under construction at any time to reduce the impact on the public.

Table 1: Revised Library Project Cost Estimates and Design Options

Library/Community Center Design Options	Cost	Earliest Possible Election Date
1) New Mitchell Park Library/ Community Center, Main Library expansion and Downtown Library renovation (October 2007 Council Direction)	Est. Total Cost: \$ 80M	November 2008
2) Alternatives to Current Council Direction: a) New Mitchell Park Library/Community Center only b) Mitchell Park Library/Community Center with Main Library only c) Mitchell Park Library/Community Center with Downtown Library only	a) Est. Total Cost: \$ 56M b) Est. Total Cost: \$ 76M c) Est. Total Cost: \$ 61M	November 2008 for all 3 alternatives
3) New Mitchell Park Library only – defer Community Center, Main library and Downtown library improvements	Est. Total Cost: \$46M-\$58M	June 2009
		June 2009

4) Other Options: a) Design some or all of the sites to a fixed cost or size	To be determined based on further Council direction	
---------------------------------------------------------------------------------	-----------------------------------------------------	--

Design Options

The alternatives presented under Option 2 provide the Council with flexibility to reduce the overall cost of the project while still being able to meet the deadlines for placing a measure on the November 2008 ballot and without additional design cost expenditures. Options 3 or 4, or other options yet to be identified could be pursued. However, additional design fee and time would be needed to develop concepts and cost estimates and a June 2009 ballot would be the earliest feasible election date. Details of these scenarios follows:

Options 2a-c: Construct a new combined 51,000 square foot Mitchell Park Library and Community Center. Phase any subsequent improvements of either the Main or Downtown Libraries. The proposed Main Library expansion and renovation project includes group study areas that are acoustically separated from the rest of the building and a program space which seats 100 people. By eliminating the Main Library expansion from a potential bond measure, these uses could not be accommodated within the existing structure. Other needed improvements to the existing building, including upgrades to the electrical and mechanical systems, new carpet and paint are currently scheduled for replacement in FY 2008-2009 as part of Capital Improvement Project (CIP) PF-07010, Main Library Improvements, although the scope of this project is not as extensive as the work projected in Group 4's design. This work would be more cost-effective if combined with an expansion of the Main Library. Work on this CIP has been deferred pending Council confirmation of the overall library ballot measure.

Council may also wish to consider leaving the technical services staff and materials at their current location at the Downtown Library instead of moving them to a new Mitchell Park Library. Cost savings would be realized by not having to remodel the Downtown Library and by constructing an approximately 4,000 square foot smaller Mitchell Park Library. However, this would not allow for the reconfiguration of the Downtown Library to create more public space and would create staffing inefficiencies as the bulk of the library system's materials would be processed through Mitchell Park.

Option 3: Construct a new 36,000 square foot Mitchell Park Library but defer the construction of a new Community Center to a future year. Do not expand the Main Library or remodel the Downtown Library.

The Mitchell Park Library could be built as a stand-alone facility with space set aside for a future Community Center. Additionally, the Council could choose to delay the expansion of the Main Library and the renovation of the Downtown Library. This option would require new schematic design work as the library-only option will require a different location and a different design than now proposed. The current design incorporates a community center into the interior of the new structure and the new building footprint is partially located on the existing community center site. Thus, significant re-design would be required to implement this option, making a November 2008 election infeasible. The existing Community Center would remain at its current location and would require significant accessibility, heating, air conditioning and structural upgrades. These improvements had been planned, but were deferred pending a resolution of

whether a joint library/community center should be built. On the down side, postponing future renovations to either the community center, Main Library or Downtown Library would cause the costs of these projects to increase significantly due to the dramatic escalation of construction costs.

Option 4: Scale down any of the above design options to meet a fixed budgetary cap.

The projects could be designed to meet a fixed budgetary cap. This option would require an unknown amount of time and design effort as the new layout would need to be developed through the Project Management Team and the resulting plan would need to again be reviewed by the various boards and commissions. It would also be the most costly in terms of design fee as Group 4 Architecture would need to significantly change the design plans. The additional time required to review any new designs pursued under this option would preclude the City from meeting the deadlines for placing a measure on the November 2008 ballot.

Consideration of a June 2008 Bond Election: Based on the results of the preliminary telephone poll and focus groups, it is clear that many members of the community do not understand the need or priority for the improvements to the public safety building, libraries and Mitchell Park Community Center. The Council would need to vote in early March to place a measure on the June ballot. After this occurs, there are limits on the public outreach that the City may conduct. This timeframe would not ensure sufficient time for effective outreach. Additionally, design of the projects would need to be completed to the 35% level with accompanying cost estimates in order to develop an accurate bond measure description. If the Council wishes to change either project scope in any way, the June 2008 date would be infeasible. Staff recommends remaining flexible with an election date beyond June 2008 until additional public outreach can be accomplished. The earliest feasible election dates for the various library project design options are outlined in Table 1 above.

Public Safety Building Design Schedule and Financing Update:

At the January 15 meeting, staff presented the Finance Committee with an evaluation of the feasibility of pursuing Certificates of Participation (COPs) as an alternate financing mechanism for the Public Safety Building. The Committee asked for additional information from staff and also discussed the possibility of going to the ballot in November 2008 with a joint library/public safety measure. Following Council direction in November 2007 to pursue alternate financing mechanisms for this project, staff temporarily suspended design work on the public safety building. If the Council wishes to keep November 2008 open for a possible public safety bond measure, staff would need to immediately resume design work and return to Council as soon as possible with a design contract amendment and Budget Amendment Ordinance (BAO) requesting \$4 million in order to meet the required timelines for completing 35% design and placing the measure on a ballot. Staff is requesting direction from Council on whether to bring the contract amendment and BAO back for consideration in order to keep open the option of placing the Public Safety Building on a November 2008 ballot.

RESOURCE IMPACT

The revised costs for the public safety building, libraries and Mitchell Park Community Center projects identified in this staff report and in Attachment A represent capital facility needs for which there is not currently an identified funding source. As the Long Range Financial Forecast

has demonstrated, there is very limited General Fund capacity to absorb any new expenses. Debt financing any of the capital costs envisioned in this report through Certificates of Participation will require a fresh, ongoing revenue stream or reallocation of existing resources from the General Fund to pay debt service. General Obligation bonds generate a new revenue stream through an *ad valorem* property tax so there is no additional burden on the General Fund for the capital costs of a project.

There will be additional operating expenses for the public safety building, libraries and Mitchell Park community center. It is currently estimated that utility, custodial, and maintenance expenses for any new building will cost approximately \$8.00 per square foot. Since the facilities are still in the design process, additional operating costs have yet to be determined. For example, landscaping costs have not been calculated to date. Although furniture, fixtures and equipment could be included in a COPs issue, there may be additional unidentified needs that would not be eligible for bond financing. For example, an expanded Mitchell Park library will require additional staffing, technology investments, and an enhancement to the collection. The LSMAR identified preliminary estimates for these costs, which will ultimately be determined by factors that could include the size of the library, private fundraising for collection enhancement, and others. As the projects are further defined, staff will be able to refine the operating and maintenance cost estimates and identify potential funding sources.

POLICY IMPLICATIONS

This recommendation is consistent with Council's establishment of securing funding for the Library/Community Center and Public Safety projects as a Top 4 priority for 2008.

ENVIRONMENTAL REVIEW

The actions recommended in this report do not constitute a project under the California Environmental Quality Act (CEQA) pursuant to Section 21065 of the Public Resources Code. Each project will continue to undergo the appropriate environmental review as required for design and construction of the facilities.

ATTACHMENTS

Attachment A: Library/Community Center Projects Site Layout at 35% Design Completion

Attachment B: Library/Community Center Project Cost Estimates

PREPARED BY:

DEBRA JACOBS, Project Engineer
KAREN BENGARD, Senior Engineer
MIKE SARTOR, Assistant Public Works Director
KELLY MORARIU, Assistant to the City Manager

DEPARTMENT HEAD:

GLENN ROBERTS
Director of Public Works

CITY MANAGER APPROVAL:

EMILY HARRISON
Assistant City Manager