TO:       HONORABLE CITY COUNCIL
FROM:    CITY MANAGER       DEPARTMENT: PUBLIC WORKS
DATE:   MARCH 1, 2004
SUBJECT: APPROVAL OF COST SHARING AGREEMENT BETWEEN THE
        CITY OF PALO ALTO, THE PALO ALTO LIBRARY
        FOUNDATION AND THE FRIENDS OF THE PALO ALTO
        LIBRARY FOR THE RENOVATION AND EXPANSION OF
        CHILDREN’S LIBRARY

RECOMMENDATION
Staff recommends that the City Council approve a cost sharing agreement (Attachment A) between the City of Palo Alto, Palo Alto Library Foundation and the Friends of the Palo Alto Library for the expansion and renovation of the Children’s Library.

BACKGROUND
On February 10, 2003 the City Council approved a public-private partnership between the City and the Friends of the Palo Alto Library (Friends) to support the fundraising effort the Friends proposed for the renovation and expansion of the Children’s Library. At the meeting the Council deferred designing a renovation and upgrade of the existing Children’s Library until December 31, 2003 when the results of the Friends and the Palo Alto Library Foundation’s (Foundation) efforts to raise half the funds needed to complete a $2.3 million renovation and expansion project would be known. The Friends and the Foundation’s fundraising was targeted at adding a north wing expansion to the project.

The Children’s Library north wing expansion was proposed as part of the Fall 2002 Library bond election and would add approximately 1600 square feet of program space to Children’s Library to alleviate over-crowding. The north wing would consist of a large room that could be used for children’s programs, as a reading room, or by the public as a meeting room when the library is closed. The expansion would also include storage space and restrooms, allowing the restrooms in the existing building to be reconfigured to provide more flexibility to the interior space in that part of the building. Renovation of the Secret Garden behind the Children’s Library was also proposed, pending a successful fundraising effort. Attachment B is a site plan of the Children’s Library showing the proposed north wing expansion in relation to the existing building and the Secret Garden.
Preliminary design work on the renovation and upgrades to the Children’s Library building and the proposed north wing expansion was done and presented to the public during the Fall 2002 bond election process. This work was performed by the design firm Architectural Resources Group (ARG) and was reviewed by the Architectural Review Board and Historic Resources Board prior to City Council approval at that time. The preliminary design work completed to date will be used as the starting point in the upcoming design effort resulting in significant savings in design time (3 to 4 months) and cost (about $135,000) to the project.

**DISCUSSION**

The Friends and the Foundation have successfully raised $960,000 for the Children’s Library Improvements and Expansion Project (PE04010). The City, Friends and Foundation need to enter into a cost sharing agreement to set forth the terms and conditions for funding the design and construction of the desired project. The proposed agreement contains the following key points:

- The $1.1 million “matching funds” is composed of $960,000 raised by the Friends and Foundation, $90,000 from a Federal grant for the Children’s Library and a $50,000 donation from the Arrillaga family for use on the Children’s Library project. The City already holds the $90,000 federal grant and $50,000 Arrillaga donation.

- To ensure the City’s General Fund is not put at risk, the Friends and Foundation will deposit with the City $960,000 30 days prior to the date set for Council award of a construction contract for the project.

- City staff will develop an ongoing collaborative arrangement with the Friends and Foundation during design and construction of the project. This will include notice of project milestones, formal design reviews at completion of the 35% (concept plan), 65% (schematic design) and 95% (prefinal) design phases. In addition the Friends and Foundation will be involved in the selection of a design architect for the project.

- The Friends and Foundation will not be responsible for any cost overruns if they occur and any remaining matching funds will be returned to the Friends and Foundation in the event the project is completed under budget.

- The City will work with the Friends and Foundation to recognize the support and commitment of donors to the project. This will include reasonable and appropriate design features such as areas for placement of recognition plaques inside the Children’s Library and including donation bricks in the renovation of the Secret Garden.
• The City will notify the Friends and Foundation of any construction contract change orders exceeding 15% of the construction cost. Such changes may result from unforeseen design or site conditions during construction.

• The City will keep records of all funds advanced by the Friends and Foundation and of all expenditures of such funds on the project. City will submit quarterly reports to the Friends and Foundation describing work performed and amounts paid by the City to contractors, consultants and other third parties in connection with the design and construction of the project. The City will submit a reasonably detailed final report of all project expenditures within 60 days of project completion.

Upon City Council approval of the cost sharing agreement, staff will proceed with selection of a design architect for the project. The design scope of work will include seismic upgrade, roof replacement and building systems upgrades, including air-conditioning for the existing Children’s Library building, the north wing expansion and renovation of the Secret Garden. It is anticipated that staff will return to the city Council this spring with a recommendation for Council award of a design contract so that design may begin as early as June 2003.

**RESOURCE IMPACT**

The 2003-05 Capital Budget adopted by the City Council on June 16, 2003 includes the Children’s Library Improvements and Expansion Project (PE04010, p. 71) with $300,000 budgeted in fiscal year 2003-04 for design and $2.1 million budgeted for construction in 2004-05. Upon approval of the cost sharing agreement funding for the project will be a combination $1.2 million of City Infrastructure Reserve funding with $960,000 of matching funds from the Friends and the Foundation, a $90,000 Federal grant and a $50,000 donation from the Arrillaga family for use on the Children’s Library project. The City already holds the grant and the Arrillaga family donation. The fiscal year 2004-05 update of the Capital Budget will reflect this funding with the project total revised to a new total of $2.3 million ($400,000 for design and $1.9 million for construction). The new total of $2.3 million for the project is $100,000 less than budgeted in 2003-05 and equals the cost estimate staff presented to the City Council last February when the Friends proposed including a north wing addition.

**POLICY IMPLICATIONS**

This recommendation is consistent with existing City policies regarding infrastructure improvement and expansion.

**ENVIRONMENTAL REVIEW**

The proposed north wing expansion for Children’s Library underwent environmental review during the conceptual design phase done for the Fall 2002 bond election. A Mitigated Negative Declaration was approved at that time for the project. Also, because
the Children’s Library is a historic structure, any modifications to the building required to install seismic and ADA retrofits will be done per the Secretary of Interior’s Standards and will be reviewed by the Planning Department and HRB.

**ATTACHMENTS**
Attachment A: Cost Sharing Agreement
Attachment B: Site Plan

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