TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES
DATE: JUNE 5, 2006 CMR: 249:06
SUBJECT: APPROVAL OF PROPOSED REPAIRS TO THE ROTH BUILDING, 300 HOMER AVENUE

RECOMMENDATION
Staff recommends that Council appropriate $415,000 from the Budget Stabilization Reserve for improvements to the Roth Building and will return to Council with a Budget Amendment Ordinance if the recommendation is approved. The purpose of the improvements is to prevent further structural deterioration until the building is improved and developed for its long term use.

BACKGROUND
In April 2000, the City Council approved the $1,957,000 purchase of the Roth Building and its 0.41 acre site for potential development as a “public facility or alternative use if a public facility is not feasible,” in conjunction with the South of Forest Avenue Coordinated Area Plan (SOFA CAP). One of the key proposals in the SOFA CAP was the development of a new neighborhood park at a central location within the SOFA neighborhood. In acquiring the Roth Building, the City entered into a development agreement with the Palo Alto Medical Foundation (PAMF). The development agreement required that the City complete demolition and removal of the non-historic wings of the Roth Building by July 2003. The purpose of the demolition was to provide for additional park space and provide a buffer of approximately 100 feet between the building and a residential development project being undertaken by Summerhill Homes immediately south of the Roth Building. On March 4, 2002, Council: 1) approved the demolition of the basement/wings associated with the non-historic 1947 addition; 2) approved the temporary retention of the spine of the 1947 addition; and 3) reviewed and commented on the summary of a request for proposals for non-profit organizations to lease and renovate the Roth Building. On May 20, 2002, Council approved a Request for Proposals (RFP) and directed staff to solicit proposals for the lease of the Roth Building. Proposals were due November 25, 2003, at which time one proposal was received, from the Palo Alto Historical Association (PAHA). On May 12, 2003, Council approved the permanent retention of the spine and approved the redirection of infrastructure funds identified for professional park design services and related issues in order to finance the design and construction of an interim landscape plan for the SOFA Park site. On December 8, 2003, Council dedicated the park space, excluding the .41 acre Roth Building site. In December 2003, the Roth building non-historic wings were demolished. Seismic bracing of the spine was completed in April 2004. On March 1, 2004, Council accepted the proposal
submitted by the Palo Alto Historical Association (PAHA), and directed staff to prepare the Option to Lease and Lease Agreement (Option to Lease) and complete the environmental review. On July 12, 2004, Council approved a Budget Amendment Ordinance and contract for construction services to implement the Heritage (SOFA) Park Improvements. The interim park improvements were completed in summer 2004.

DISCUSSION
Following Council acceptance of the PAHA proposal, staff sent PAHA a draft Option to Lease in April 2004. The draft was in accordance with the terms of the Council-approved Request for Proposal, which was attached to and an integral part of the proposal submitted by PAHA. The Option to Lease provided for a 2-year option term during which time PAHA would fulfill conditions to exercise the option and enter into the lease. Option conditions include obtaining required City approvals and providing evidence of sufficient funds to develop the property as a history museum. In February 2006, staff received PAHA’s proposed changes to the draft Option to Lease. Proposed changes included extension of the option period from two to three years and the requirement that the City maintain and secure the property in watertight condition during the term of the option. Staff intends to negotiate these and other proposed changes with PAHA and anticipates returning to Council for approval of the Option to Lease in July 2006. However, before proceeding with negotiations, and due to concerns about the condition of the building, staff is seeking Council approval of funding for certain repairs to the Roth Building necessary to maintain it for another 2 to 3 years until the option is exercised and the building is improved for its long term use.

With the heavy rains over the past two seasons, the Roth Building has been impacted by water leakage and moisture. The impact of the heavy rains on the building has been exacerbated by conditions related to the removal of the wings and retention of the spine, and grading changes made during development of the interim park. Specifically, removal of the wings altered the roof line resulting in a low area that collects rain water which leaks into the building. Removal of the wings also resulted in loss of the building’s electrical service and mechanical system, so there is no heat or ventilation to prevent moisture build up in the building interior. In addition, grading done during the development of the interim park has damaged a portion of the waterproofing which is attached to the new exterior wall constructed after removal of the wings. This and grading changes on the site have caused leakage into the building basement. The construction of a permanent SOFA park is unfunded (new capital project) and there was no money available in the budget for the interim park for a subsurface storm drainage system. The only alternative was to dispose of the surface runoff by directing it to low points around the perimeter of the site and allowing the water to percolate down into the ground from these small ponding areas. The area behind the Roth Building was designed to transport the surface flow toward a low spot between the rear corner of the building and the Bryant Street sidewalk and the grading was done accordingly. Subsequent soil settlement along the already shallow swale, coupled with planting of additional trees in the immediate area, have made moving water from the back of the building toward the street virtually impossible, and damp conditions now persist in that area.

As a remedy to these conditions and to protect the building from further deterioration until PAHA takes over the site, staff proposes to install a new electrical service to the building so that a ventilation and dehumidification system can be installed. Staff also proposes to seal the
windows, repair the roof on an annual basis, install new basement waterproofing that comes up higher on the building foundation, install an area drain inlet at the low spot to collect water running off the park and connect the roof gutter downspouts to a pipe that will take the excess water to a sump/drywell outside the building basement or to the storm drain in Bryant Street. The estimated cost of these improvements is $415,000. See Attachment A for itemized improvements and costs.

Staff anticipates returning to Council in July 2006 for approval of the Option to Lease with PAHA. Construction of the proposed improvements is estimated to be completed by early 2007, except for the roof which will be maintained annually.

**RESOURCE IMPACT**
The estimated cost of the proposed improvements is $415,000, to be paid for out of the Budget Stabilization Reserve.

**POLICY IMPLICATIONS**
This recommendation does not represent any change to existing City policies.

**ENVIRONMENTAL REVIEW**
The proposed improvements constitute a minor change to an existing facility and are exempt from the California Environmental Quality Act (CEQA). An environmental review will be included when Staff returns to Council with the Option to Lease. During the option period, the optionee will also be required to fully comply with all provisions of CEQA as they may apply to the specific development plans.

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**ATTACHMENTS**
Attachment A: Proposed Roth Building Improvements
cc: Palo Alto Historical Association
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    Gloria Brown
    Carolyn Caddes
    Karen Holman
    Dick Rosenbaum
    Steve Staiger
    University South Neighborhood Group