TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE: JUNE 26, 2006

CMR:280:06

SUBJECT: REQUEST FOR CITY COUNCIL 1) ACCEPTANCE AND APPROVAL OF THE PUBLIC SAFETY BUILDING BLUE RIBBON TASK FORCE RECOMMENDATIONS; 2) APPROVAL TO BEGIN PRELIMINARY DISCUSSIONS FOR PROPERTY ACQUISITION WITH OWNERS OF PREFERRED SITE FOR THE PROPOSED PUBLIC SAFETY BUILDING; 3) DIRECTION TO STAFF TO BRING BACK FINANCING OPTIONS; 4) DIRECTION TO STAFF TO RETURN TO COUNCIL WITH A RESOLUTION OF INTENT TO RECOVER COSTS INCURRED PRIOR TO ANY DEBT ISSUANCE; 5) DIRECTION TO STAFF TO NEGOTIATE A CONSULTANT AMENDMENT WITH ROSSDRULISCUSENBERY, ARCHITECTS TO PROCEED WITH ENVIRONMENTAL ASSESSMENT AND SCHEMATIC DESIGN FOR THE PUBLIC SAFETY BUILDING PROJECT PE-98020

RECOMMENDATION

Staff recommends that the City Council:


2. Direct City Attorney to begin preliminary discussions for property acquisition of the preferred site for the proposed public safety building.

3. Direct staff to bring back financing options for the project in December 2006 or January 2007.

4. Direct staff to return to Council with a Resolution of Intent to recover costs incurred prior to any debt issuance.

5. Direct staff to negotiate a contract amendment with RossDrulisCusenbery, Architects to proceed with an Environmental Assessment and Schematic Design for the Public Safety Building Project PE-98020.

BACKGROUND

Since 1985, staff has identified the need for and has been discussing options with Council for a new public safety building. In February and May 2005, two colleagues memos presented to the
City Council from Mayor Burch and Council members Beecham and Cordell suggested that as much as $5-6 million could be saved by considering a “turn-key” police building project allowing the Police Department to remain operational and move into a new facility rather than incurring additional costs associated with reconstruction of the existing police building at the Civic Center.

Because of the additional costs associated with the renovation and expansion of the existing facility, as well as the concerns raised by the need to exceed the 50’ height limit in the Downtown, the City Council directed staff to temporarily discontinue design of the renovation and expansion of the existing police building and proceed with a preliminary evaluation of a downtown site that included a partially City-owned parking lot behind the Post Office.

On August 8, 2005 (CMR:349:05), City Council directed staff to issue a Request for Statements of Interest (SOI) for a “turn-key” police building and return with a comparison of the “turn-key” proposal to the previously approved plan to renovate and expand the existing police building. On November 21, 2005 (CMR:428:05), Council evaluated three SOI proposals and determined that there may be another option for a new police facility that would involve a Santa Clara County-owned parcel of land near the Palo Alto Courthouse in the California Avenue area. Because of this additional option the Council decided not to pursue any of the SOI proposals submitted and directed staff to assess the potential of siting the new police building on the County-owned parcel. The Council also directed the Mayor to appoint a community-based Blue Ribbon Task Force (BRTF) to evaluate the need, size, cost and site for a public safety building and asked that the results of this evaluation be presented in a report to Council by June 2006.

DISCUSSION
The BRTF, co-chaired by former Mayors Vic Ojakian and Lanie Wheeler, met 13 times from January 5, 2006 to June 1, 2006. With the participation of 13 other community members with diverse backgrounds and the support of staff, the BRTF put in many hours of hard work conducted thorough research, and gave thoughtful consideration to its charge from the Council. Staff is extremely grateful to the BRTF for its excellent work on behalf of the City and the City’s Police Department. The BRTF report to the City Council on the Public Safety Building Project is attached (Attachment A). Staff agrees with the BRTF report and its recommendations.

Evaluation Process
The BRTF examined and discussed the previous reports and feasibility studies prepared by staff and various consultants over the last 15 years and began its assessment of the need for a new public safety facility by conducting site tours of the existing police building and new facilities in adjacent cities. The BRTF then performed a space needs assessment and determined that the new building would require approximately 49,600 square feet including warehouse space. The BRTF reviewed this building size in relation to 28 potential sites within Palo Alto including the County-owned parcel. The County officially informed the City that it is not interested in participating with the City on this site. The BRTF considered options ranging from do nothing, renovating the existing building, using the existing building with offsite space, and constructing a new public safety building. The BRTF determined that Palo Alto should construct a new building that meets current codes and should expeditiously resolve the regulatory concerns, overcrowded conditions, and privacy/security issues that exist within the current building.
Staff, with the assistance of RossDrulisCusenbery Architects, provided the BRTF with comparable project cost ranges. It is important to note that these ranges are estimates and will undergo changes as further work on design, environmental, and negotiation on land acquisitions occurs. The three possible public safety siting scenarios as follows:

- For a building on private land $38 to $45 million
- For a building on a publicly owned parking lot $45 to $50 million
- For reconstruction and additions to current facility $50 to $55 million

With this information, the BRTF unanimously recommended a new public safety building totaling 49,600 square feet. The BRTF further concluded that the Park Boulevard site is the least costly scenario and meets the top three siting criteria established by the BRTF, namely:

1) The site is of adequate size to provide for building and associated parking for official vehicles, staff autos and visitor convenience
2) The site should not be subject to ground instability
3) The site provides access on at least two sides

The BRTF and staff recommend that Council accept and approve the Blue Ribbon Task Force report recommendations.

Preliminary Discussions with the Property Owners

Staff recommends proceeding with preliminary discussions about potential acquisition of the preferred site. City Council approval is required to enter into discussions and potentially exclusive negotiations between the City and the land owners. Purchase of the site requires Council to consider various funding options. These options include:

- A deposit for an option to purchase the property so as to hold the land as the City completes the EIR, design, and the election process
- Use of the General Fund Budget Stabilization Reserve to acquire and “land bank” the property
- Resolution of Intent prior to issuance of debt financing, so as to be able to recoup project costs incurred prior to construction
- Sale or land-swap of other City-owned property to defray the cost of land acquisition such as the four acres soon to be freed up from the Colorado electric substation site

Upon Council direction, staff will begin preliminary discussions with the property owners, order property appraisals, and return with a status report.

Financing Options

Given the magnitude of anticipated capital costs for this project, a General Obligation (GO) bond or a new revenue source to pay for Certificates of Participation (COPs) will be required. Task Force discussions have focused on these two financing mechanisms as well as a potential parcel tax that could be used to pay for the COPs. Upon Council direction staff will evaluate financing options for a new public safety building and bring them back to Council by December 2006 or
January 2007 in accordance with the Council’s approved Top 3 priority schedule for the public safety building. In addition, staff will return to Council with a Resolution of Intent to issue debt so that costs associated with the project prior to construction can be recouped through a bond issuance.

To minimize the impact of taxes on the public, staff is identifying all available resources to offset capital or debt service costs. These include: a revenue source such as State or Federal grant; rental savings that would result from moving Information Technology and Utility staff into the Civic Center site vacated by the Police Department; and contributions from Stanford University for its share of capital costs associated with its agreement with the City for communications services.

The 2006-07 Budget includes $1.0 million for work such as preliminary design, environmental review, legal costs, and cost estimating. These costs will be borne by the General Fund. Optimally the City would be able to await the outcome of an election and the issuance of bonds before major expenditures such as the final purchase transaction for the land. However, the property owners may be unwilling to delay use of their property until mid-2008.

Consultant Amendment
A contract amendment to the City’s current contract with RossDrulisCusenbery Architects (RDC) will be needed to complete the preliminary design and Environmental Impact Report (EIR) in order to maintain the Council Top 3 priority schedule for the new public safety building. The amendment scope of work will include preliminary design, cost estimates, and an EIR for the new public safety building on the Park Boulevard site. The design scope will also include green building elements, consideration in the building design to allow for future expansion of the building if needed. Upon Council direction, staff will negotiate a contract amendment with RDC and bring the amendment, along with a detailed scope of work, back to Council for consideration in the Fall.

Staffing Needs
The current Infrastructure Management Plan (IMP) project workload necessitates additional resources to manage this project, as was the case with the Library bond project. Staff will return with the mid-year budget with resource requests.

RESOURCE IMPACT
As stated above, $1.0 million is included in the 2006-2007 Capital Improvement (Project PE-98020) budget for costs associated with design and environmental review of the Public Safety Building. Estimates of the costs of this project are shown in Appendix 6 of the BRTF final report, Attachment A. Cost estimates will obviously be updated as the project progresses.

POLICY IMPLICATIONS
This recommendation is consistent with Council direction to staff on its Top 3 priorities and to the BRTF.
ENVIRONMENTAL REVIEW
An EIR will be prepared for this project in accordance with the California Environmental Quality Act (CEQA). The preliminary negotiations for the property acquisition of the Park Boulevard site are not subject to California Environmental Quality Act (CEQA) requirements as it is not a project under CEQA.

ATTACHMENTS

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