TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS
DATE: DECEMBER 15, 2008 CMR:473:08
REPORT TYPE: INFORMATIONAL
SUBJECT: Measure N Library Bond Update: Information on the Next Steps in Design and Construction for Mitchell Park Library and Community Center, Main Library, and Downtown Library

This is an informational report and no Council action is required.

BACKGROUND

The various site improvements are summarized as follows:

• Mitchell Park Library and Community Center
  The existing Mitchell Park Library is about 10,000 square feet and will be replaced with a new facility of 36,000 square feet. The new library will be two stories to accommodate an enlarged collection, a children’s area, an acoustically separated teen area, group study rooms, staff areas and a program room. Increases in collection, seating, computers, children’s area and programming space are planned to serve the needs of the projected population. 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 Community Center is approximately 10,000 square feet and will be replaced with a new facility of 15,000 square feet. Similar to the existing community center, the new building will be a one-story building attached to the new library. By sharing activity
space, the joint facility will be smaller in size than two independent buildings and will create a more efficient use of the library/community center site.

• Main Library
  The Main Library improvements include small group study rooms that are acoustically separated from the rest of the existing building and a new program space that seats 100 people. To accommodate the new program space, the Main Library will expand by approximately 4,000 square feet from the current 21,000 square feet on the ground floor of the building (CMR:434:06). The interior of the existing library will also be reconfigured to make better use of areas that are vacated by relocating certain materials into the new building. Lighting and other building systems will also be upgraded. All of the improvements will be made with consideration for the historic nature of the existing building.

• Downtown Library
  The programmatic evaluation by Group 4 Architecture found that the existing services at this library adequately serve its service population and significant capital improvements are not recommended. By relocating technical services to the new Mitchell Park library, much of the current technical staff area will become public space as a result of interior reconfiguration. A small program room is planned. Systems upgrades, such as improved lighting and mechanical systems will also be provided.

DISCUSSION
On November 4, 2008, voters passed Measure N that will fund improvements for the Mitchell, Downtown and Main libraries and Mitchell Park Community Center. This report updates Council on the next steps in the design and funding process. A preliminary schedule of the design and construction process for the various sites is shown in Attachment A. These timelines will be developed further as design progresses and updated as the project proceeds. A brief discussion of the various elements of the schedule follows.

The three site conceptual designs mentioned above are now 35 percent complete and have been reviewed by the Library Advisory Commission (LAC), the Parks & Recreation Commission, the Architectural Review Board (ARB), the Historic Resources Board (HRB) and City Council. They were also presented to the community as part of the Measure N outreach efforts. Staff is working with Group 4 Architecture to develop a contract scope and fee that will provide for the completion of the Mitchell Park Library and Community Center, Downtown Library and Main Library designs. Staff will return to Council in late January or early February 2009 for approval of a contract to provide for design completion. Once the contract is approved, design on the Downtown and Mitchell Park Libraries and Mitchell Park Community Center will proceed. The Downtown Library is expected to be the first library advertised for construction bids, followed shortly thereafter by the Mitchell Park Library and Community Center. A contract amendment for design of the Main Library will not be developed until the fall of 2010 as that library is not scheduled to begin design until early 2011.

Staff has been working to develop an implementation strategy and structure for the projects that will facilitate the flow of key information between staff, the community and key stakeholders.
Staff proposes the following groups that will work together to accomplish this – the Technical Team, Stakeholders Steering Committee and Citizen Oversight Committee.

The Technical Team will be comprised of Group 4 Architecture and staff from multiple key departments. This group will primarily be responsible for the technical elements of the project and project implementation.

The Stakeholders Steering Committee will consist of both staff and community stakeholders and will initially include representatives from the Library Foundation, Friends of the Palo Alto Libraries, Library Advisory Commission, Parks and Recreation Commission, Recreation Foundation, Library Department, Community Services Department, Public Works Department and the City Manager’s Office. This group will be convened by the City Manager’s Office and will be responsible for information flow both to and from the community. This group will initially convene in late January to develop a communications strategy to accomplish this. As the project progresses, the structure of this committee and the communications strategies may evolve to address different issues that arise.

An independent Citizen Oversight Committee, as specified in the bond measure, will also be created to provide public financial oversight of the project. The structure and appointment process for this committee will come back to Council for consideration and approval at a later date in spring 2009.

**RESOURCE IMPACT**

This section deals with the short and long-term financial needs and steps to complete all Measure N projects. Some of the steps will require further refinement and input as the issuance of General Obligation bonds proceeds.

To complete design for the Mitchell Park and Downtown projects, it is anticipated that approximately $4.4 million will be needed to award the primary design contract ($4.0 million) and other, required miscellaneous contracts ($0.4 million). It is staff’s intent to temporarily use existing resources and reserves prior to issuing bonds and to reimburse the General Fund when bond proceeds are realized. It would be inefficient and more costly to issue General Obligation bonds at this time and more optimal to wait until the first phase of construction begins. Council has provided direction that preliminary design costs of $1.5 million paid to date are to be covered by the General Fund and that prospective final design costs, such as the $4.0 million, are to be reimbursed through the bond issues. A request for Council adoption of a resolution to reimburse these costs will accompany the upcoming City Manager Report requesting authorization to spend $4.4 million for the design of the Mitchell Park and Downtown projects.

Currently, there is approximately $0.5M remaining in funded library projects that can be applied toward the $4.4 million. The estimated balance, or $3.9 million, is likely to be advanced by the Infrastructure Reserve. In addition to design costs, implementation of the Measure N projects will require additional staffing in Public Works. These needs are being evaluated and will be identified with the midyear budget requests.
Given the proposed project schedule, staff believes, at this time, that it is optimal to issue two series of bonds. The first series of bonds would be issued just prior to the beginning of construction in the spring of 2010. This issue would cover the design costs cited above as well as the construction costs for the Downtown and Mitchell Park libraries and the Community Center. The current estimated, direct cost for these elements of the bond measure is $54.9 million.

The second series of bonds would be issued just prior to work on the Main Library in the winter of 2012. Including design and construction, the direct cost for this project is estimated at $18.3 million. The design and construction for the library and community center projects total $73.2 million. When bond issuance costs and capitalized interest are added to these projects, the total sum of the two series is estimated at $76.0 million, the amount approved in Measure N.

It is important to note that the costs cited above are still estimates and that project costs may change based on construction bids and other factors. While the City has the authority to issue up to $76 million in bonds, it will only issue an amount based on design costs and the estimated construction costs prior to construction of the projects. Since the first series of bonds is expected to be issued prior to the beginning of construction in the spring of 2010, property owners can expect their first General Obligation bond assessment on their 2010-2011 property tax statement issued in September 2010. When the next series of bonds are issued some time in the winter of 2012, another incremental and final assessment will be added to each property owner’s tax bill.

Measure N indicated that the estimated, total assessment (after all bonds are issued) would equal $27 per $100,000 of assessed value. At this time, staff believes this remains a realistic estimate. As stated in previous reports, this amount is subject to change based on the final amount of bonds issued and the interest rate incurred at the time of the bond sale. In order to make the bond issuance process clear and transparent, staff intends to have the City’s Financial Advisor and Bond Counsel available at future meeting(s) as appropriate.

**POLICY IMPLICATIONS**
The projects discussed in this update are consistent with Council’s prior policy direction and consistent with the establishment of the Library Facility Plan as a Top 4 priority for 2008.

**TIMELINE**
The consultant will begin design of the Downtown and Mitchell Park projects shortly after their contract is approved in early 2009. The approximate project schedule is as follows:

- Approve consultant design contract
  - January-February 2009
- Award construction contract for Downtown Library & Mitchell Park Library and Community Center
  - Spring 2010
- Approve consultant design contract for Main Library
  - late 2010, early 2011
- Approve construction contract for Main Library
  - late 2012, early 2013

Design starts and construction durations can be found on Attachment A. These timelines are only rough estimates at this point and will be refined as the design progresses.
ENVIRONMENTAL REVIEW
On July 21, 2008 the Council confirmed the Director of Planning and Community Environment (PCE) approvals of a Mitigated Negative Declaration (MND) for the Mitchell Park Library and Community Center and a 2007 Addendum to the 2002 final Environmental Impact Report (EIR) for Main Library. The Downtown Library project was determined to be exempt from CEQA review pursuant to Section 15301, “existing facilities.”

ATTACHMENTS
Attachment A: Preliminary Project Schedule

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Proposed Project Schedule

- **2009**
  - JAN
  - $0.6M, Design & Bid

- **2010**
  - DEC
  - Spring 2010
  - $3.5M, Const. 12 Mo.
  - Downtown Library Re-Opens Spring 2011

- **2011**
  - JAN
  - Mitchell Park Library & Community Center

- **2012**
  - DEC
  - Spring 2010
  - $49.5M, Construction 20-24 mo.
  - Mitchell Park Library and Community Center Re-Opens Spring 2012

- **2013**
  - JAN
  - Main Library
  - Winter 2012
  - $1.4M, Design & Bid
  - Winter 2012

- **2014**
  - DEC
  - $16.9M, Const. 12 Mo.
  - Main Library Re-Opens Winter 2013