



**Item No.
Town of Atherton**

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

**FROM: MICHAEL KASHIWAGI
COMMUNITY SERVICES DIRECTOR**

DATE: MARCH 19, 2014

**SUBJECT: ACCEPTANCE OF CIVIC CENTER MASTER PLAN,
INITIATION OF THE ENVIRONMENTAL PROCESS, AND
MODIFICATION OF THE CIVIC CENTER ADVISORY
COMMITTEE CHARTER**

RECOMMENDATION

That the City Council move the following actions:

1. Accept the Master Plan and Project Cost Estimates;
2. Authorize the City Manager to initiate the Master Plan Environmental Review process;
3. Authorize the City Manager to begin preparations for the architectural phase of the project; and
4. Modify the Civic Center Advisory Committee's (CCAC's) charter to include participation through the design phase of the project.

BACKGROUND

At the CCAC's February 24, 2014 meeting, the selected Master Plan architect, HMC, presented a final site plan (Exhibit 1) that represented the culmination of a Master Plan process for new buildings and civic center site to serve the Town's needs for the foreseeable future. The Master Plan is a synthesis of inputs received during six neighborhood meetings and several CCAC work sessions, as well as a joint CCAC-City Council work session, with one major change as recommended by the CCAC, elimination of an underground garage. The final site plan proposes major changes in the town center area, including replacement of the existing Administration/Police building with a two-story building, a new Library, revised vehicle circulation and a central Town Green.

FINDINGS | ANALYSIS

Since the last joint City Council/CCAC work session in December 2013, the CCAC selected a 3-member Subcommittee to review the cost estimates resulting from the site plan and program. Staff and the Budget Subcommittee reviewed initial and subsequent cost estimates, assumptions and underlying cost components. The Budget Subcommittee recommended and the CCAC endorsed a philosophy that the Civic Center Project must be **budget-driven** rather than program-driven in order to assure that the project can be successful. Following input from HMC, the Subcommittee, and the cost consultant, one significant change made since December is the elimination of the underground parking garage and access ramp in favor of secure surface parking, mainly for the Police Department. This resulted in a significant cost reduction. Beyond removal of the underground parking garage, the only other discernable difference between the previous site plan (see Exhibit 2) and the final recommended version is that the existing Corporation Yard maintenance building remains, as does the Maple/Station Lane intersection.

When reviewing the programming of the facilities, the consensus of the Budget Subcommittee was that a detailed analysis of facility programming is a part of the design process, not the Master Plan process. Until then, the recommended facility space sizes are sufficient to move forward. The Subcommittee did express that larger-sized spaces, such as community and meeting rooms should be shared or designed as multi-function wherever possible.

Among the additional changes in the cost estimate that the Subcommittee recommended were reductions in per-square-foot construction costs, which translate into slightly reduced building quality and finishes, as well as reductions in specific components, based on more detailed analysis and on input from industry experts. Many features of the project were deemed to be additive features beyond a base project. These features were designated as add-alternates that could be incorporated into the project if sufficient or specific contributions were received.

These add-alternate features total \$23 million, with the largest single item being the underground garage, at \$17 million (see Page 6 in the Cost Estimate). Deletion of these project alternates from the base project is another significant change from the original cost estimate. In addition, as the costs of construction are reduced, other project costs, which are typically estimated as a percentage of construction, were reduced accordingly, by nearly \$6 million.

In addition to reviewing construction costs, the Subcommittee also reviewed assumptions underlying the cost estimate. Since this is a Master Plan level project without a specific design, HMC and the cost estimator collaborated on describing a project that is typical for municipal facilities. In order to validate their analysis, a member of the Subcommittee enlisted the pro-bono services of an independent construction expert who recommended a number of modifications in construction cost elements as well as project services. The Subcommittee also reviewed the distribution of site costs and recommended that they be allocated based on building footprints.

While HMC has tried to account for all potential costs, they recommend a number of contingency amounts not only for likely changes in costs but also for unknown requirements. The Subcommittee lowered some of these contingencies, but is aware that HMC Architects, their cost estimator, and the independent reviewer all note that the change order and overall

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contingencies are lower than is typical at this early stage of a project. This means that there is less flexibility to add to the program as design progresses and that the project needs to be tightly managed to remain within its budget. The CCAC acknowledges the challenge of a lower contingency than is typical, but notes that there are additional changes that could be made to the program, if necessary, that might further reduce construction costs. These changes include changing from a two-story to one-story Administration/Police building, changing to wood-frame construction and lastly, consideration of retaining the current Ashfield Road alignment.

The final cost estimate includes a number of project costs that can be characterized as pre-construction (environmental) and post-construction costs (furnishings) that may be funded outside of the overall project estimate. Given the strict funding requirements of the project and the restrictions imposed via the November 2012 ballot measure, it is helpful to identify these project components separately. About one-third of these costs would require funding prior to the start of the project, while the remainder would be needed to make the new buildings fully operational.

The CCAC is comfortable with a fundraising target of approximately \$20 million. This amount is comparable to similar, privately funded civic projects in the area. With a gross project budget of \$31.8 million for the modified project, the final cost estimate reflecting the recommended site plan and program results in a fundraising target of \$19.8 million, net of restricted Library and Building funds.

The CCAC, working with staff, has aligned the final cost estimate with revenue sources as follows:

Program	Building Estimate	Site Cost Estimate	Total
Admin PD CDD	\$18.4 M	\$3.5 M	\$21.9 M
Library	\$7.5 M	\$2.3 M	\$9.8 M
		Total	\$31.8 M
Revenues			
		<i>Library Fund</i>	<i>(\$9.8 M)</i>
		<i>CDD (Building) Fund</i>	<i>(\$2.2 M)</i>
		<i>Fundraising Target</i>	<i>\$19.8 M</i>

The staff and CCAC are very conscious of the unique opportunity presented by the Civic Center Project to bring the community together around a common vision for Atherton's civic service center. The Civic Center Project will define the environment in which residents interact with their local government services for the next 50 years. While it is anticipated that there will be many in and outside of Atherton that may wish to contribute to the success of the project; it will remain vitally important that this project is well-thought, well-managed, and budget conscious.

Enc: Final Civic Center site plan
02/06/2014 Civic Center Cost Estimate

Prepared By:

Approved:

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