



**Item No.
Town of Atherton**

CIVIC CENTER ADVISORY COMMITTEE STAFF REPORT

**TO: CIVIC CENTER ADVISORY COMMITTEE
GEORGE RODERICKS, CITY MANAGER**

FROM: GORDON SIEBERT, CITY ENGINEER

DATE: FEBRUARY 24, 2014

SUBJECT: REVIEW OF HMC MASTER PLAN COST ESTIMATE

RECOMMENDATION

That the Civic Center Advisory Committee (CCAC) take the following actions:

1. Review HMC's Master Plan program and cost estimate data;
2. Confirm the project's fundraising goal;
3. Recommend that City Council accept the revised Master Plan;
4. Recommend that City Council authorize initiation of the environmental review process;
5. Recommend that the City Council initiate action to engage an architect who will prepare conceptual design which will confirm project cost, prior to proceeding to final design; and
6. Recommend that City Council modify the CCAC's charge to include participation through the design phase of the project.

BACKGROUND

At the CCAC's December 17, 2013 meeting, HMC presented a site plan (dated as 12-18 in Exhibit 1) which represented the synthesis of inputs received during six neighborhood meetings and several CCAC work sessions, as well as a joint CCAC-City Council work session. The site plan proposes major changes in the Town Center area, including replacement of the existing Administration/Police building with a two-story building and underground garage, a new Library, revised vehicle circulation, a central Town Green and new Corporation Yard. The accompanying cost estimate for that plan was higher than anticipated. Accordingly, the CCAC directed staff and HMC to work to identify and propose cost reductions. The CCAC selected a Budget Subcommittee to work with staff and HMC on the task.

FINDINGS | ANALYSIS

Staff and the Budget Subcommittee reviewed the December 16, 2013 cost estimate, as well as a number of subsequent versions developed addressing changes in some design elements, assumptions and underlying cost components. The Budget Subcommittee established a philosophy that the Civic Center Project must be **budget-driven** rather than program-driven. Therefore, following input from HMC and their cost consultant, one significant change made, eliminating the underground parking garage and access ramp in favor of secure surface parking, mainly for the Police Department, resulted in a significant cost reduction. In addition to removing the underground parking garage, the only other discernable difference in site plans (see Exhibit 2) 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. 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 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 above the base project and have been designated as alternates, which could be incorporated into the project if sufficient or specific contributions were received.

The alternates 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 the most 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 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 Subcommittee 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, including 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 funding requirements of the project and the restrictions imposed via the 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 Subcommittee 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.

Overall, staff, HMC and the Subcommittee have aligned the final cost estimate 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 Fund</i>	<i>(\$2.2 M)</i>
		<i>Fundraising Target</i>	<i>\$19.8 M</i>

The staff and the Subcommittee 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: 02/06/2014 Civic Center Cost Estimate

Prepared By:

Approved:

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