



REPORT TO COUNCIL AND REDEVELOPMENT AGENCY City of Sacramento

915 I Street. Sacramento. CA 95814-2604

Consent
January 27, 2009

**Honorable Mayor and Members of the City Council
Chair and Members of the Redevelopment Agency**

**Title: Construction Contract/Agreements: K Street Streetscape – Phase I Project
(B18217000)**

Location/Council District: K Street, 7th to 8th streets, Council District 1

Recommendation: Adopt a **City Resolution** 1) accepting a Guaranteed Maximum Price (GMP) to build the K Street Streetscape - Phase I Project (B18217000) in an amount not to exceed \$3,907,482; 2) authorizing the City Manager to execute the Construction Phase Amendment to City Agreement 2008-1154 with Otto Construction for the construction portion of the Project in an amount not to exceed the GMP; 3) authorizing the City Manager to execute a City – Sacramento Regional Transit District (RT) Project Agreement; 4) allocating \$400,000 in Park Development Impact Fees (Fund 3204) to the K Street Streetscape – Phase I Project (B18217000), for St. Rose of Lima Park improvements; and 5) authorizing the City Manager to enter into an Individual Project Agreement (IPA) with the Redevelopment Agency for the K Street Streetscape - Phase I Project (B18217000).

Adopt a **Redevelopment Agency Resolution** authorizing the Executive Director to allocate \$500,000 of Merged Downtown Redevelopment tax increment funds and execute an Individual Project Agreement (IPA) for implementation of the K Street Streetscape – Phase I Project (B18217000).

Contact: Melissa Anguiano, Economic Development Project Manager, 808-5864; Leslie Fritzsche, Downtown Development Manager, 808-5450; JP Tindell, Park Planning and Design Development Manager, 808-1955

Presenters: Melissa Anguiano

Department: Economic Development Department

Division: Downtown Division

Organization No.: 18001021

Description/Analysis:

Issue: On July 22, 2008, the City Council approved suspension of competitive bidding for a General Contractor for phase one of the K Street Streetscape

Project (the “Project”) and directed staff to issue a Design/Build Request for Qualifications (RFQ). The RFQ was issued on July 23, 2008, immediately following approval. Two pre-submittal meetings and site walks were held for the project and submittals were due on August 22, 2008. The project received 4 proposals from the following General Contractor firms:

1. Unger Construction
2. Otto Construction
3. SW Allen
4. Diede Construction

The selection committee for the RFQ was made up of representatives from the City of Sacramento, including Economic Development, Parks and Recreation and Department of Transportation; Walker Macy Landscape Architects; Akiyama Architects; and the Downtown Sacramento Partnership (DSP). Following evaluation and interviews, the committee selected Otto Construction (Otto) to provide design-assist construction contracting services for phase one improvements of the K Street Streetscape project. Otto Construction is a Sacramento business.

In order to proceed with the project in a timely manner, as anticipated with the design/build process, staff executed a contract with Otto for only the Design Services portion of their proposal. Design on the project is close to completion and the City and Otto have agreed on a Guaranteed Maximum Pricing (GMP) for construction. The next step is for City Council to accept the GMP and authorize the City Manager to execute the construction phase amendment to the existing design/build contract with Otto.

Phase one of the K Street Streetscape Project will make improvements to the K Street Mall (Mall), between 7th and 8th Streets, and St. Rose of Lima Park. This phase also includes relocating an existing Sacramento Regional Transit (RT) platform from the 700 block, known as the St. Rose of Lima station, to the east side of 7th Street between the K-L alley and L Street. In order for the City to proceed with construction of this station, a Project Agreement is also required with RT. The Project Agreement has been reviewed by both City and RT attorney’s and staff, and was approved by the RT Board of Directors on January 26, 2008.

Policy Considerations: Streetscape improvements to K Street and St. Rose of Lima Park are consistent with the Amended Merged Downtown Redevelopment Plan, the 2005-2009 Merged Downtown Redevelopment Implementation Plan, and the J-K-L Corridor Charette. Completion of this project will make significant enhancements to the area, eliminate blight by improving inadequate public infrastructure and stimulate additional private investment.

Environmental Considerations:

California Environmental Quality Act (CEQA): Environmental review for this project was completed and approved on May 25, 2008 through City Resolution

2008-174. The proposed contract and agreements are consistent with that review. In addition, there have been no changes in the design, engineering, contract and agreements that would require further review of the project.

Sustainability Considerations: Despite the fact that parks and public spaces are not required to follow Leadership in Energy Efficient Design (LEED) guidelines, or achieve a LEED rating, the project will follow best practices in design in the following way:

- Concrete waste from demolition will be recycled.
- High-recycled content materials will be used, such as: structural steel, reinforcing steel, light gauge metal framing and concrete (15% fly ash).
- A minimum of 20% of building materials will be manufactured within a 500-mile radius.
- A Project waste management plan will be implemented.

Planned improvement, including new trees and landscaping for the Project will make a contribution to clean air and water, storm water runoff reduction, energy conservation, improved public health, and increased property values.

Rationale for Recommendation: The 2005-2009 Merged Downtown Implementation Plan identified a number of projects and programs necessary to implement the Downtown Redevelopment Strategy and catalyze Downtown. Amongst those projects and programs is the K Street Streetscape. This project will:

- Establish a strong urban aesthetic for the entire 7th through 12th street corridor;
- Set the stage for improved economic vitality;
- Create a compelling and inviting environment with updated street furniture, planting and pavement – removing existing blight;
- Promote a sense of safety with increased pedestrian lighting and enhanced visibility;
- Balance the K Street corridor by creating an “Urban Plaza” feel on the west end of K Street, similar to the successful 13th and K Street plaza on the east end; and
- Improve RT’s operations with the introduction of a new station for the Gold Line, expanding their system and providing increased access for riders.

In addition, through the design/build process Otto has provided services including technical review of construction drawings to determine constructability of the project and value engineering, by providing advice on cost issues and savings. As a result Otto has gained a strong understanding of the project, which should create a smooth transition into the construction and allow them to deliver a project on-time and within budget.

Financial Considerations: The proposed Phase I Streetscape project as proposed will cost \$5.63 million. The K Street Streetscape (B18217000) project budget is \$4.73 million. Staff is recommending that the City Council approve the appropriation of \$400,000 of Park Development Impact Fees (Fund 3204) from fund balance to

B18217000. Staff is also recommending that the City enter into an IPA with the Redevelopment Agency transferring \$500,000 in Merged Downtown Redevelopment tax increment funds, previously allocated for streetscape improvements, to the project (B18217000).

Through recent bidding Otto and City staff developed the GMP in the amount of \$3,907,482, which includes certain subcontracts. The following provides a summary of the project costs and the proposed funding plan:

<u>Project Costs</u>	
Planning and Design	
Landscape Architect/Studies/Public Outreach	\$1,021,743
Estimated Construction Costs	
700 Block of K Street (including 7 th Street RT Station)	\$2,186,168
St. Rose of Lima Park	\$1,560,645
Contractor Contingency	\$160,669
Project Permits, Fees and Inspections Budget	\$150,000
Anticipated CIP Balance	\$480,775
Arts in Public Places (APP) Allocation	\$70,000
Total Project Costs:	\$5,630,000
<u>Project Funding</u>	
Tax Increment Funds (Fund 3701)	\$5,230,000
Park Development Impact Fees (Fund 3204)	\$400,000
Total Funds Available:	\$5,630,000

Emerging Small Business Development (ESBD): Otto is a Sacramento construction company. As required in the construction contract, Otto will meet the City's participation requirements for Emerging and Small Business Enterprise (ESBE) on the construction portion of the project. Otto has attained over 30% ESBE participation in the GMP, which exceeds the City's 20% established goal.

Respectfully Submitted by: 
 Leslie Fritzsche
 Downtown Development Manager
 on behalf of the Redevelopment Agency
 of the City of Sacramento

Approved by: 
 David L. Sparr, CEcD, EDEP
 Director, Economic Development Department

Recommendation Approved:


Ray Kerridge
City Manager

Table of Contents:

	Report	pg. 1
Attachments		
1	Background	pg. 6
2	Construction Phase Amendment	pg. 8
3	City-RT Project Agreement	pg. 9
2	City Resolution	pg. 10
3	Redevelopment Agency Resolution	pg. 13

Attachment 1**Background**

K Street is the City's historic "Main Street" and its current conditions are in dire need of renovation. Through significant public involvement, these blocks have been recognized as one of the blighted in the district and their redevelopment is viewed as critical to the success of downtown. Our goal is to create a memorable pedestrian destination with a streetscape that establishes a foundation and corresponds to the private investment on K Street. Since November 2006, K Street Streetscape improvement concepts and designs have been presented in a number of public outreach meetings, including meetings with K Street property owners and merchants; general community; Downtown Sacramento Partnership (DSP) Strategic Development Task Force and Board of Directors; and Regional Transit (RT) Board of Directors and Mobility Advisory Council. In addition, the City of Sacramento's Design Review and Preservation Board, Parks and Recreation Commission, and Disability Advisory Commission reviewed the project. As a result of the efforts and comments solicited from numerous meetings and stakeholders, a final design plan for the streetscape improvements was developed.

Final designs and environmental review for the K Street Streetscape Project were approved by City Council on May 25, 2008 by City Resolution 2008-174.

Design Elements

Design improvements to K Street's streetscape and St. Rose of Lima Park will include new and consistent paving materials, street furniture, trash receptacles, landscaping, lighting, enhanced intersections and gateway elements. Sidewalk paving, between buildings and the RT light rail track way, is designed with rectangle pavers, set on a concrete base in a herringbone pattern. The final design will add significant lighting to K Street Mall by replacing the existing cobra head lights and globe lights with a metal halide lamp. Tree well areas will be improved to include shrub planters with decorative surroundings and landscaping where possible. Existing wooden street furniture, trash and recycle receptacles, and bike racks will be replaced with new black metal powder-coated pieces that are consistent and of the same style. Furnishings will be clustered near corner intersections to create interaction with active pedestrian use on the numbered streets. As a corner marker, a double headed lamp post with decorative street signs for both the lettered and numbered street will be installed on all four corners of the intersection along the Mall where possible. These lamp posts will also provide opportunities for hanging flower baskets and programmable banners, indicating K Street Mall as a district.

The second component of the final design includes St. Rose of Lima Park. The current design of the park limits the use and vibrancy of the park. The new design includes replacing the current turf with stamped concrete pavement and rectangle pavers extended from the K Street sidewalk paving material, demolition and re-programming of the current stage and implementation of an in-ground programmed water feature.

RT Platform Stations

The new station on 7th Street, just south of K Street, included in phase one improvements, provides an opportunity to make major improvements to an area by introducing significant lighting, paving and security elements. The new 7th Street station will include the basics of a typical RT station with a single ramp mini-high platform, benches, landscaping, lighting and overhead structures. All improvements will comply with Americans with Disabilities Act (ADA) requirements.

Budget

On May 29, 2007, City Council authorized the City Manager to enter into an Individual Project Agreement (IPA) with the Redevelopment Agency for the project and amended the existing \$500,000 revenue and expenditure budget for the project in the amount of \$4 million for final design and construction of phase one improvements. The funds allocated to the project were Merged Downtown Redevelopment tax increment funds. The project has also received Community Block Development Grant Funds (CBDG) in the amount of \$230,000 for design of the project.

Attachment 2

Construction Phase Amendment

ON FILE IN THE OFFICE OF THE CITY CLERK

Attachment 3

**City-Sacramento Regional Transit District
Project Agreement**

ON FILE IN THE OFFICE OF THE CITY CLERK

RESOLUTION NO. 2009 -

Adopted by the Sacramento City Council

ACCEPTING A MAXIMUM GUARANTEED PRICE FOR THE CONSTRUCTION OF THE K STREET STREETScape – PHASE 1 PROJECT (B18217000); AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSTRUCTION AMENDMENT TO CITY AGREEMENT 2008-1154 WITH OTTO CONSTRUCTION, A PROJECT AGREEMENT WITH SACRAMENTO REGIONAL TRANSIT (RT) AND AN INDIVIDUAL PROJECT AGREEMENT (IPA) WITH THE SACRAMENTO REDEVELOPMENT AGENCY; AND ALLOCATING PARK DEVELOPMENT IMPACT FEE FUNDS (FUND 3204) FOR ST. ROSE OF LIMA PARK

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento (“Agency”) has adopted the Merged Downtown Redevelopment Plan (“Redevelopment Plan”) and an Implementation Plan for the Merged Downtown Project Area (“Project Area”).
- B. Planned improvements to K Street’s streetscape include new and consistent paving materials, street furniture, trash receptacles, landscaping, lighting, enhanced intersections and gateway elements and relocations of two Regional Transit (RT) mini-high platform stations.
- C. Streetscape improvements to K Street are consistent with the Amended Merged Downtown Redevelopment Plan, the 2005-2009 Merged Downtown Redevelopment Plan, and the J-K-L Corridor Charette.
- D. Final designs and environmental review for the K Street Streetscape Project (“Project”) were approved by City Council on May 25, 2008 by City Resolution 2008-174.
- E. Phase one improvements include the 700 block of K Street, St. Rose of Lima Park and relocation of the existing RT platform station at 7th and K streets to the east side of 7th Street.
- F. On July 22, 2008 City Council approved suspension of competitive bidding for a General Contractor for phase one of the K Street Streetscape Project and directed staff to issue a Design/Build Request for Qualifications (“RFQ”) by City Resolution 2008-523.
- G. On July 23, 2008 a Design/Build RFQ for the Project was issued and four companies submitted proposals on August 22, 2008.

- H. Following evaluation and interviews for the RFQ, a selection committee chose Otto Construction to provide design-assist contracting services through 100% design and construction for phase one of the Project.
- I. On January 26, 2008 the RT Board of Directors approved a Project Agreement, between the City and RT, for the construction of a new RT platform at 7th and K streets.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. After due consideration of the evidence presented, the findings, including the environmental findings regarding this action as stated in the staff report that accompanies this Resolution, are approved.
- Section 2. The Guaranteed Maximum Price for the K Street Streetscape – Phase I Project (B18217000) in the amount of \$3,907,482 is accepted.
- Section 3. The Construction Phase Amendment to City Agreement 20080-1154 is approved and the City Manager is authorized to execute the Construction Phase amendment with Otto Construction for the construction of the K Street Streetscape – Phase I Project (B18217000) for a price not to exceed \$3,907,482.
- Section 4. The Project Agreement with Sacramento Regional Transit (RT) is approved and the City Manager is authorized to execute the Project Agreement with RT for construction of a new RT platform station at 7th Street, between the K-L alley and L Street.
- Section 5. An allocation of \$400,000 in Park Development Impact Fees (Fund 3204) from fund balance to the K Street Streetscape – Phase I Project (B18217000), for St. Rose of Lima Park improvements is approved.
- Section 6. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the City further finds and determines that: (a) The proposed streetscape public improvements along the K Street Mall, between 7th and 12th streets will benefit the immediate neighborhood and project area by relocating the light rail stations to preferable sites, replacing dated street furniture, increasing pedestrian lighting, improving planting, and standardizing pavement materials; (b) No other reasonable means of financing these streetscape public improvements in the Merged Downtown Redevelopment Project Area is available to the community; and (c) The payment of the cost for the planning and design of the streetscape public improvements is consistent with the Merged Downtown Redevelopment Project Area Implementation Plan and will assist in eliminating the following blighting conditions: dilapidated infrastructure along the K Street Mall.

Section 7. The City Manager, or his designee, is authorized to enter into an Individual-Project Agreement (IPA) with the Agency for \$500,000 in tax increment funds (Fund 3701) for this project and amend the revenue and expenditure budget for B18217000 for these funds.

RESOLUTION NO. 2009 -

Adopted by the Redevelopment Agency of the City of Sacramento

ALLOCATING MERGED DOWNTOWN REDEVELOPMENT TAX INCREMENT FUNDS FOR K STREET STREETScape – PHASE I IMPROVEMENTS, BETWEEN 7TH AND 12TH STREETS, AND ST. ROSE OF LIMA PARK IN THE MERGED DOWNTOWN REDEVELOPMENT AREA

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento (“Agency”) has adopted the Merged Downtown Redevelopment Plan (“Redevelopment Plan”) and an Implementation Plan for the Merged Downtown Project Area (“Project Area”).
- B. K Street, which is in the Merged Downtown Redevelopment Area, is undergoing significant redevelopment and investment.
- C. K Street Streetscape Improvements on K Street Mall, between 7th & 12th streets, and St. Rose of Lima Park has been identified as a project essential to transforming K Street Mall into a lively and inviting pedestrian street.
- D. Planned improvements to K Street’s streetscape include new and consistent paving materials, street furniture, trash receptacles, landscaping, lighting, enhanced intersections and gateway elements and relocations of two Regional T mini-high platform stations.
- E. Streetscape improvements to K Street are consistent with the Amended Merged Downtown Redevelopment Plan and 2005-2009 Merged Downtown Redevelopment Plan.
- F. Final designs and environmental review for the K Street Streetscape Project (“Project”) were approved by City Council on May 25, 2008 by City Resolution 2008-174.
- G. Phase one improvements include the 700 block of K Street, St. Rose of Lima Park and relocation of the existing RT platform station at 7th and K streets to the east side of 7th Street.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

Section 1. After due consideration of the facts presented, design concept plan for the

K Street Streetscape project, including the allocation of \$500,000 from the Merged Downtown Redevelopment tax increment funds and the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the City further finds and determines that: (a)The proposed streetscape public improvements along the K Street Mall, between 7th and 12th streets will benefit the immediate neighborhood and project area by relocating the light rail stations to preferable sites, replacing dated street furniture, increasing pedestrian lighting, improving planting, and standardizing pavement materials; (b) No other reasonable means of financing these streetscape public improvements in the Merged Downtown Redevelopment Project Area is available to the community; and (c)The payment of the cost for the planning and design of the streetscape public improvements is consistent with the Merged Downtown Redevelopment Project Area Implementation Plan and will assist in eliminating the following blighting conditions: dilapidated infrastructure along the K Street Mall.

Section 3. The Executive Director, or her designee, is authorized to enter into an Individual Project Agreement (IPA) regarding the provision of services for this project by the City of Sacramento in the amount of \$500,000.