

Meeting Date: 4/17/2014

Report Type: Staff/Discussion

Report ID: 2014-00141

Title: Agreement: Community Center Theater Renovation Options (M17100100)

Location: 1301 L Street, District 4

Recommendation: Pass a Motion 1) selecting the Enhanced Basic option for the Community Center Theater Renovation Project; 2) directing the City Manager to complete the construction documents and develop a Guaranteed Maximum Price (GMP) construction contract for City Council consideration and action; and 3) authorizing the City Treasurer to prepare a financing plan for construction for the City Council's consideration prior to award of the GMP contract

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Department: City Manager / General Services, Facilities and Real Property Management Division

Division: Executive Office

Dept ID: 02001011

Attachments:

1-Description/Analysis

2-Background

City Attorney Review

Approved as to Form

Kourtney Burdick

4/8/2014 4:46:54 PM

Approvals/Acknowledgements

Department Director or Designee: Reina Schwartz - 4/3/2014 9:40:24 AM

Description/Analysis

Issue Detail: On November 19, 2013, City Council requested that the City Manager return by April 2014 with a range of options for renovation of the Community Center Theater ("Theater"), provide associated cost estimates, and develop a finance plan that minimizes risk to the General Fund. The direction was to engage performing arts groups and patrons of the arts in formulating the options.

Policy Considerations: The recommendation in this report will allow the Theater to remain competitive for the next several years while providing a critically needed cultural venue for residents and visitors.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): On April 27, 2010, Council found the Theater Renovation Project to be exempt from CEQA, citing Section 15302, which provides that projects involving the replacement or reconstruction of existing structures and facilities are exempt from CEQA. (Resolution# 2010-208).

Sustainability Considerations: LEED (Leadership in Energy and Environmental Design) certification and Title 24 Energy Compliance will not be achieved with the recommended option, which addresses keeping the theater operational and competitive for the next 10 years. The Enhanced Basic option includes replacement of the chiller and air handling units but does not include complete replacement of the HVAC or electrical systems.

Commission/Committee Action: None

Rationale for Recommendation: The range of renovation concepts includes a minimal option that addresses building accessibility compliance with the Americans with Disability Act ("ADA"), but does not improve patron experience or theater operations, a second option (the Enhanced Basic option) that provides building accessibility compliance with the ADA and some enhancements to both patron experience and theater operations, and a third option that builds on the second option and would provide further enhancements and adds theater space. All three options ensure the building is ADA compliant. Given the funding projected to be available over the next 10 years, the Enhanced Basic option (second option) is the best match. This option allows Theater operations to remain competitive during this time period by allowing necessary ADA-related improvements to be made, adding minimal, but necessary discretionary enhancements, all while allowing the Theater to remain unaffected operationally.

Financial Considerations: The Theater operates as part of the Convention Center Complex and is supported by the Community Center Fund (Fund 6010). Fund 6010 includes a Capital Improvement Project (M17100100) for the Theater Renovation Project which has a current unobligated balance of approximately \$3.6 million. Improvements

to the Convention Center Complex (including the Theater) were originally financed with new money debt via the issuance of 1987 Certificates of Participation that have since been subsequently refunded by the 1993 Lease Revenue Refunding Bonds and the 2002 Refunding Revenue Bonds (collectively, "Prior Bonds"). The Community Center Fund is currently responsible for approximately \$8.0 million per year in annual debt service payments related to the Prior Bonds.

The Enhanced Basic option is estimated to cost \$36.5 million. Funds are available to provide \$11.5 million from a variety of sources as follows:

Funding Source	Amount
Close-out of Assessment Districts ¹	\$8,500,000
Theater Renovation Project (Capital Improvement Project M17100100)	2,000,000 ²
C13000400 ADA Compliance, Fund 6010	320,000
Fund 6010 Fund Balance	700,000
TOTAL AVAILABLE	\$11,520,000

¹ City Council Resolution No. 2013-144

² Refers to the estimated net unobligated amount in the CIP (net of upcoming payment(s) to Westlake Reed Leskosky, the architecture design firm of the Theater project, of roughly \$2,300,000) plus \$0.7 million (\$700,000) associated with the facility fees anticipated to be received in July 2014.

The finance plan for the project would require financing about \$25 million in FY2015. Funding to repay the debt will come, in part, from a \$3.00 per theater ticket facility fee, which will account for an estimated \$0.8 million (\$800,000) of the annual debt service payment. The remaining annual debt service amount will likely be paid from available Transient Occupancy Tax and Convention Center Complex User Fee proceeds. The Treasurer will prepare a separate council report detailing the specific terms and conditions of viable financing prior to the City Council's consideration of the guaranteed maximum price for the project.

Local Business Enterprise (LBE): The recommended action does not involve activities subject to the LBE program. In 2010, prior to the City's adoption of the LBE program, City Council approved an agreement with Kitchell for design-assist support services and

which also contemplated construction services in the event the City Council authorizes the construction to proceed. At that time staff plans to impose the LBE requirements.

Attachment 1

Background:

The Community Center Theater is Sacramento's only performing arts facility of its size (2,468 seats) and currently serves the Sacramento Ballet, Sacramento Opera, California Musical Theater, and the Sacramento Philharmonic. With an aging facility, it is challenging to continue to serve arts patrons and the performance groups as facility requirements and many operational factors have changed since 1976, when the theater was opened. Without renovation, the theater could be in jeopardy of losing the ability to provide a quality venue for long-standing performing arts groups and compete for market share with other performing arts venues in the Sacramento region.

Accessibility is a critical focus of renovation of the 40 year-old Community Center Theater ("Theater"). In its current state, the Theater is not fully accessible or compliant with the Americans with Disabilities Act ("ADA") standards. Specific accessibility improvements were made relating to litigation, however, it would be prudent to pursue renovation in order to achieve broader ADA and code compliance. Failure to complete renovation in compliance with accessibility requirements may subject the City to further litigation and potential closure of the Theater. Additionally, failure to replace major components of the mechanical, electrical and life safety systems could result in unavoidable disrepair and potential catastrophic failure. The building systems are original and approach or extend beyond expected operational life.

The facility also lacks restroom capacity, lobby space, efficient food and beverage concession space, loading dock area and theatrical staging systems.

On November 19, 2013, City Council directed that the following be done with a report to City Council by April 2014:

- Evaluate immediate repairs that should be completed without having to wait for the renovation project;
- City Attorney to provide a memorandum on status of legal obligations regarding ADA accessibility, which was provided on December 16, 2013;
- Re-evaluate renovation options to include basic ADA compliance only and an option that provides 10 years of service life that will allow the Theater to compete effectively at a commensurate level; and

- An approach for developing a new or fully renovated Theater to serve long-term needs (i.e. 30 years), while minimizing risk to the General Fund and could be pursued over the next 10 years.

Three project options have been identified (and are discussed in detail below) with associated total project costs as follows:

Basic – ADA and life safety compliance improvements	\$11.0M
Enhanced Basic - Basic plus additional patron and performer amenity improvements	\$36.5M
Comprehensive – Complete renovation	\$52.5M

All of the options address extensive accessibility requirements and life safety compliance. The Basic option will require a change in Theater operations to address a first floor changing room that will be ADA accessible, while the second floor changing rooms will remain non-accessible. The Enhanced Basic option includes a small expansion of the lobby, bathroom, and loading dock areas while the Comprehensive option provides a larger expansion of those areas. The Comprehensive option also includes replacement of mechanical/electrical systems and new acoustical and theatrical equipment. Although not required by code, features such as expansion of the lobby, loading and restroom areas are prudent in an effort to position the Theater to remain effective and competitive over the next 10 years.

Staff recommends that City Council approve the Theater renovation project, Enhanced Basic option, at a budget estimate of \$36.5 million.

Next Steps and Schedule

The architectural design firm for the project, Westlake Reed Leskosky (“WRL”), has completed preliminary design of the renovation project, which is considered a 35-percent level of design. City Council previously approved using the design-assist project delivery method for renovation of the Theater and selected Kitchell as the design-assist contractor (City Agreement 2010-0678). Under the design-assist process, Kitchell would work with WRL to develop design documents with a focus on constructability and provide cost estimating and phasing services. Once City Council approves the project scope, WRL will develop final design documents that Kitchell will use as a basis for a Guaranteed Maximum Price (“GMP”). A recommendation will be made to City Council to approve the GMP and award a construction contract to Kitchell for renovation of the Theater, assuming the GMP aligns with available funds. While the GMP is being developed, financing will need to be put in place in order to award the construction contract.

If final design begins in May 2014, construction would be projected to begin in July 2016. In the interim, the construction drawings would be completed, a guaranteed maximum price developed, and the construction contract would be presented to City Council for approval. The performing arts season generally runs from October through May, which leaves a four month period between seasons. Construction of the building interior would occur in three phases during the seasonal break beginning in 2016 and ending by 2018. In consultation with performing arts groups, the idea of closing the Theater for an extended period to allow for renovation was considered but deemed not to be feasible. During phase 1 which would occur in the 2016 off season, the main Theater floor would be removed and replaced. Work would need to be scheduled 24 hours a day / 7 days a week so the Theater is ready for the October 2016 season opening. Phased construction will be more costly due to premium and overtime costs for work on nights and weekends.

Project Milestones

- The Theater was built in 1974.
- In June 2000, City Council requested an initial needs assessment and conceptual design for renovating the Theater.
- LMN Architects was selected to work on the project.
- On May 15, 2001, City Council approved a three-step process for the development of the project including Needs Analysis, Preparation of Alternative Design Concepts, and Final Conceptual Design Development.
- In 2003, costs of the conceptually designed project were estimated at \$40.7 million by Davis Langdon Adamson, a construction cost planning firm.
- In April 2003, City Council approved funding for a fiscal feasibility study, which would identify funding options and remedies to be explored; however due to budgetary concerns later in 2003, the funding for the study was delayed.
- In mid-2005, work commenced to once again look at the project. LMN Architects completed a thorough assessment of the conceptual design and estimated the project cost at \$75 million. Construction costs had risen substantially based on three factors:
 - National and state construction market demand
 - Greater replacement of facility systems
 - More finely tuned assessment of added square footage
- In September 2006, City Council directed the City Manager to complete a Financial Feasibility study to assess the funding strategy for a potential \$70-75 million project.

- In early 2007, Millennium Advantage, Inc. completed a Financial Feasibility Study, which included interviews of regional business and community leaders, elected officials, performing arts groups, local arts supporters and potential partners to identify and assess potential funding sources for a \$70 million renovation and expansion project.

SUMMARY OF FINDINGS

1. 80 percent of survey participants attend performances at the theater
 2. Most people feel it is important for a city the size of Sacramento to have a facility that accommodates and defines the importance of the arts and entertainment to the city.
 3. Most people were impressed with the condition of the theater, especially given its age, and commended the City for maintaining the building in good repair.
 4. Almost 70 percent of respondents agreed with the proposed plan to expand and renovate the Theater.
 5. Areas of most concern were the outdated design, restrooms, concessions, lack of a center aisle, and parking.
 6. Respondents described the building as bland and uninteresting, and liked the more imposing look of the new design.
 7. Respondents felt it is the City's asset therefore the City should pay for the majority of the renovation cost.
- In September 2007, City Council elected to secure architectural services to complete conceptual design for renovation of the existing theater. WRL completed the conceptual design which included critical needs/replacement of building systems, ADA accessibility, customer requirements, and back-of-house improvements.
 - On October 20, 2009, City Council accepted the conceptual design for renovating the Community Center Theater and approved issuance of a Request for Qualifications (RFQ) to select the architectural firm to provide design services for the project.
 - On March 9, 2010, City Council approved the use of the design-assist project delivery method and on August 10, 2010 City Council awarded a professional services agreement for design-assist support services to Kitchell.
 - On November 19, 2013, City Council requested the City Manager: 1) return by April 2014 with a range of clearly defined options for renovation of the Theater; 2) provide associated cost estimates for City Council's consideration; and 3) conduct outreach with interested parties.

Description of the three options

Option 1 – BASIC

Exterior and First Floor:

- Rework the existing box office and concessions to make ADA compliant. No expansion of the box office, ticket vestibule or entry lobby.
- Add a third means of egress to the lobby within the existing storefront wall. Include stairs and ramps necessary for ADA compliance. No expansion of the lobby space.
- Add ADA compliant stalls in the men's and women's restroom, which results in a loss of at least one fixture in each restroom.
- K Street entrance door to remain as is.
- Add two ADA compliant dressing rooms with adjoining compliant restrooms adjacent to first floor dressing rooms.
- Add hot water capability within the dressing room restroom, sinks and showers.
- Minimal change to the L Street elevation resulting from ADA requirements. Add accessible ramp from the street. Flatten slope of the vehicle loading area along driveway. Remove and reinstall covered canopy at the main entrance if required to achieve new loading driveway grades. Additional steps and ramps as needed to get to 13th Street.
- K Street ADA and fire access road to remain, fewer planters and reduced landscape scope.
- House at orchestra level to remain as is with the following:
 - Replace rear acoustical drapery
 - New seating
 - New carpeting in the aisles
- Upgrade to include all OSHA, life safety and code compliant requirements on the first floor

Grand Tier:

- ADA upgrades to all side boxes
- Handrails at all stairs and ramps
- Add ADA compliant stalls in the men's and women's restrooms – which results in a loss of at least one fixture in each restroom.
- Add hot water capability within the dressing room restroom, sinks and showers.
- Upgrade to include all OSHA, life safety and code compliant requirements on the grand tier.

Second Tier:

- ADA upgrades to all side boxes
- Handrails at all stairs and ramp
- Upgrade to include all OSHA, life safety and code compliant requirements on the second tier

General Notes:

- No changes to the existing mechanical, electrical or plumbing systems
- Project not LEED certified, no electrical, low voltage, lighting or audio/visual upgrades
- No added restrooms
- Loss of 262 theater seats for a new total of 2,206 seats.

Option 2 – ENHANCED BASIC

Exterior and First Floor:

Project scope within the Enhanced Basic option includes the features of the Basic option with additional enhancements:

- Revised entry and box office.
- New glass windows / doors and canopy at K and L Street entrances.
- New storefront windows with an additional seven feet of added space in the lobby. Add a third lobby exit within the new storefront wall with ADA compliant stairs and ramps.
- Restrooms to be expanded by adding 100 percent more fixtures (including toilets, urinals, and sinks).
- Dressing rooms to be expanded to allow for wheelchair access.
- New elevator in dressing room area (required for ADA compliance).
- Minimal changes to the L Street elevation resulting from ADA requirements. Add ADA accessible ramp from the street. Flatten the existing vehicle loading area along driveway. Building entrance will include new glass windows / doors and canopy. Additional steps and ramps added per ADA to access 13th Street.
- K Street ADA features and fire access road to remain with fewer planters and reduced landscape scope.
- Angle two-bay loading dock to 14th Street. Re-work parking along 14th Street.
- Orchestra level to remain as is except for the following;
 - Replace side acoustical draperies
 - Add ADA signage

Grand Tier:

- Seating on grand tier to be refurbished.
- Second floor restrooms to be fully expanded and will be identical to the first floor changes.
- Add restrooms to the donor lounge area.
- Second floor dressing rooms to be fully expanded and upgraded to meet ADA.

Second Tier:

- Refurbish seats

General Notes:

- Mechanical & Plumbing – Replace air handling units and chillers. No ductwork changes.
- Electrical – No electrical, low voltage, lighting or A/V upgrades.
- Loss of 262 theater seats for a new total of 2,206 seats.
- Project not LEED certified.

Option #3 – COMPREHENSIVE

Project scope within the new Comprehensive option will be identical to the Enhanced Basic option with the following additions:

- Includes the "Event Space."
- New restroom on L street side for 25% more women's restrooms.
- Expanded box office and ticket window.
- Expanded lobby spaces.
- New three- truck loading dock.
- Total rework of the HVAC (mechanical) system including air flow changes.
- Upgraded lighting and electrical systems.
- Upgraded sound systems.
- Total redesign of the acoustics.
- Upgrades to meet LEED Silver certification criteria.
- Loss of 262 theater seats for a new total of 2,206 seats.

Grand Tier:

- New grand tier seating
- New donor lounge, concession, and restroom.

Second Tier:

- New second tier seating

Estimated Project Timeline

May 2014 – November 2014: Construction document development

December – March 2015: City plan check

April – May 2015: Bid phase and development of GMP

June 2015: Construction contract GMP to City Council for award

July 2015 (following contract award): Exterior and non-intrusive construction begins

Summer 2016, 2017 & 2018: Heavy construction while theater is not in use

September 2016 – Fall 2018: Ongoing construction activities outside the main theater that will not directly impact theater or Convention Center operations.

Final project completion is expected by the end of 2018. The Theater will remain open for each season and will be closed for heavy construction during the off-season months (June through September) in 2016, 2017, and 2018.