



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

STAFF REPORT
May 22, 2007

Honorable Mayor and
Members of the City Council

Title: Downtown Space Planning and Implementation (Two-Thirds Vote Required)

Location/Council District: Downtown Sacramento, Council District 1

Recommendation: Adopt a **Resolution:** 1) Accepting the Downtown Space Plan consistent with the Guiding Principles approved by the City Council on September 19, 2006; 2) approving the design-assist approach for the delivery of tenant improvements at 300 Richards Blvd.; 3) suspending competitive bidding in the best interests of the City for tenant improvements at 300 Richards Blvd. (two-thirds vote required); and 4) authorizing the City Manager or his designee to solicit requests for qualifications for general contracting services for tenant improvements at 300 Richards Blvd.

Contact: Cynthia Kranc, Facilities Manager, 808-2258

Presenters: Reina J. Schwartz, Director, Department of General Services

Department: General Services

Division: Facilities and Real Property Management

Organization No: 3289

Description/Analysis:

Issue: Population growth, residential and commercial development in the City of Sacramento over the last few years has resulted in significant increased demand for City services and the need to realign those resources to best meet the needs of the City's customers. The City owns and leases real property assets which provide the necessary infrastructure to provide citywide services, activities and programs for the public's benefit. Developing a space plan is necessary to align City resources to maximize the use of these assets, while improving both customer service and operational efficiency.

On September 19, 2006 the City Council approved Guiding Principles for Downtown Space Planning (Attachment 2) and directed staff to develop a more detailed Downtown Space Plan (Exhibit 1). In addition, the staff report identified the need for an additional 173,000 square feet of space based on City Council authorized growth.

To resolve the issue of additional space needs, the City Council on November 21, 2006, authorized the City Manager to exercise an Option to Purchase the property located at 300 Richards Blvd. The City Council also approved the issuance of approximately \$33.5 million in CIRB Series C and D lease revenue bonds for the purchase of the facility, and tenant improvements. These actions were consistent with the Guiding Principles for Downtown Space Planning.

With the addition of the property located at 300 Richards Blvd., consistent with the approved Guiding Principles and City Council direction, staff is now bringing forward a specific Downtown Space Plan. Various City Council actions are required for implementation of the plan as presented.

Policy Considerations: The recommendations included in this report are consistent with the Guiding Principles for Downtown Space Planning approved by the City Council on September 19, 2006 (Resolution 2006-696).

Consistent with the goals and targets of the Draft City Sustainability Master Plan – Creating a Sustainable City, and City Council policy (Resolution 2004-751), the design of the building located at 300 Richards Blvd. is proposed to meet Leadership in Energy and Environmental Design (LEED) Silver certification.

Sacramento City Code Chapter 3.60 identifies the general guidelines for completing contracts for public projects and procedures for bidding and issuing contracts over \$100,000.

Environmental Considerations: This report concerns administrative/policy activities that will not have a significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

The proposed 300 Richards City Office Complex is proposed to meet LEED Silver certification. If LEED Silver is achievable, the long-term overall cost of operations and maintenance of the facility will be reduced.

Rationale for Recommendation: Staff was directed by the City Council to develop a Downtown Space Plan, consistent with City Council adopted Guiding Principles for Downtown Space Planning. Staff is now recommending that the City Council take various actions to implement this plan.

On November 21, 2006, the City Council authorized the City Manager to establish the 300 Richards capital improvement project (BB91), and appropriate the funds necessary for purchase of the property and tenant improvements. Upon approval of the proposed Downtown Space Plan staff will return to City Council with a detailed implementation plan and cost estimate for departmental relocations.

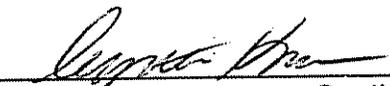
The design-assist delivery approach provides the opportunity to maximize project scope within a limited budget. It is a faster delivery method than design-bid-build delivery approach and is consistent with the alternative delivery approaches mentioned in the Smith-Culp Report presented to the City Council in February 2003. The design-assist approach will evolve into a Guaranteed Maximum Price (GMP) proposal that requires waiver of competitive bidding. City Code Section

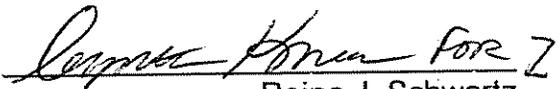
3.60.170 requires all construction projects be awarded by competitive bidding unless the City Council, by two-thirds vote, finds that the suspension of competitive bidding is in the best interests of the City.

Financial Considerations: On November 21, 2006, the City Council approved the issuance of approximately \$33.5 million in CIRB Series C & D lease revenue bonds for the purchase of the property located at 300 Richards Blvd. which included \$6.5 million for tenant improvements.

Upon approval of the proposed Downtown Space Plan staff will return to City Council with a detailed implementation plan and cost estimate for departmental relocations.

Emerging Small Business Development (ESBD): Selection of consultants for these projects will follow established ESBD guidelines.

Respectfully Submitted by: 
Cynthia Kranc
Facilities Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:

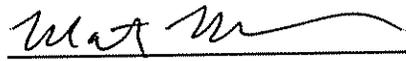

Ray Kerridge
City Manager

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BACKGROUND INFORMATION

On September 19, 2006, staff recommended that the City Council adopt a resolution approving Guiding Principles for Downtown Space Planning and directing staff to proceed with developing a more detailed Downtown Space Plan.

Several issues/themes were addressed with regard to City services and the need to realign those resources to best meet the needs of the City's customers. These included:

- Proper space for staff with regard to authorized growth (173,000 square feet of need identified)
- Ensuring operational efficiency within City facilities by consolidating and centralizing Departments as well as co-locating Departments with similar functions
- Life-cycle issues with regard to the operational life of some City facilities
- Overcrowding at Police Department substations, equipment storage, and future staffing
- Implementing MATRIX within the Development Services Department
- Providing additional training space for the Organizational Development Division of the Human Resources Department
- Consolidation of the Code Enforcement Department with adequate parking
- Secured parking for the scooters associated with the Department of Transportation's Parking Division
- Relocation of the Economic Development Department closer to the Mayor/City Council
- Temporary space for the electronic Citywide Accounting and Personnel System (eCAPS) staff for implementation of the new financial/human resources system
- Making the Neighborhood Services Department more easily accessible

To resolve the most pressing issue, the need for additional space resulting from authorized growth, the City Council on November 21, 2006, authorized the City Manager to exercise an Option to Purchase the property located at 300 Richards Blvd. which added approximately 150,000 square feet to the City's asset inventory. Staff is currently in the process of designing the tenant improvements for the building to prepare it for housing City operations, using consultants selected from the City's On-Call Master Services Consultant List. Staff anticipates bringing forward a report to hire a general contractor for the project in summer 2007, with construction of the tenant improvements beginning in fall 2007 and estimated completion in spring 2008.

Based on the proposed Downtown Space Plan, departmental relocations may begin in summer 2007.

Attachment 2

Downtown Space Planning Guiding Principles

- 1) Adequate facilities will be provided for all employees and authorized growth.
- 2) First consideration will be given to locating City functions in City-owned rather than leased facilities.
- 3) Priority will be given to locating City functions Downtown that rely on direct or interact with elected officials and executive management and/or provide citywide support and administration.
- 4) Leased facilities will be considered as an interim solution for time-critical, short-term or geographic-specific projects or programs, if City-owned space is not available.
- 5) First consideration will be given to program space over office space in community facilities.
- 6) Opportunities for public/private shared facilities will be considered.
- 7) Support principles that establish energy efficiency and sustainable design practices.
- 8) Space planning strategies related to future growth will be brought back to City Council.

RESOLUTION NO.

Adopted by the Sacramento City Council

May 22, 2007

ACCEPT THE CITY DOWNTOWN SPACE PLAN CONSISTENT WITH THE GUIDING PRINCIPLES APPROVED BY THE CITY COUNCIL ON SEPTEMBER 19, 2006; APPROVE THE DESIGN-ASSIST APPROACH FOR THE DELIVERY OF TENANT IMPROVEMENTS AT 300 RICHARDS BLVD.; SUSPEND COMPETITIVE BIDDING IN THE BEST INTERESTS OF THE CITY FOR TENANT IMPROVEMENTS AT 300 RICHARDS BLVD. (TWO-THIRDS VOTE REQUIRED); AND AUTHORIZE THE CITY MANAGER OR HIS DESIGNEE TO SOLICIT REQUESTS FOR QUALIFICATIONS FOR GENERAL CONTRACTING SERVICES FOR TENANT IMPROVEMENTS AT 300 RICHARDS BLVD.

BACKGROUND

- A. Population growth, residential and commercial development in the City of Sacramento over the last few years has resulted in significant increased demand for City services and the need to realign those resources to best meet the needs of the City's customers.
- B. On September 19, 2006, City Council approved the Guiding Principles for Downtown Space Planning and directed staff to proceed with developing a more detailed Downtown Space Plan.
- C. To resolve the most pressing issue, the need for additional space resulting from authorized growth, the City Council on November 21, 2006, authorized the City Manager to exercise an Option to Purchase the property located at 300 Richards Blvd. which added approximately 150,000 square feet to the City's asset inventory.
- D. On November 21, 2006, the City Council approved the issuance of approximately \$33.5 million in Capital Improvement Revenue Bond (CIRB) Series C & D lease revenue bonds for the purchase of 300 Richards Blvd., and tenant improvements.
- E. The proposed method of delivery for the tenant improvements at 300 Richards is the design-assist delivery approach. The design-assist delivery approach provides the opportunity to maximize project scope within a limited budget.
- F. Chapter 3.60.170 of the City Code allows the City Council to suspend competitive bidding when it finds, by a two-thirds vote, that suspension is in the best interests of the City.

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

- Section 1. The Downtown Space Plan is accepted.
- Section 2. The design-assist delivery approach for tenant improvements at 300 Richards Blvd. is approved.
- Section 3. Competitive bidding is suspended in the best interests of the City for tenant improvements at 300 Richards Blvd.
- Section 4. The City Manager or his designee is authorized to solicit requests for qualifications for general contracting services for tenant improvements at 300 Richards Blvd.

DOWNTOWN SPACE PLAN

921 10th Street		
<i>Proposed Occupancy</i>	<i>Issues:</i>	<i>Consistency with Downtown Space Planning Guiding Principles</i>
eCAPS Staffing	Requires a temporary location for implementation of the City's new HR/Financial system. Results in no additional cost impact resulting from leasing additional space.	1, 2, 3
Human Resources Organizational Development Division	Additional classroom and storage space is required for City University.	1, 2, 3, 5, 6
Neighborhood Services <i>Interim Location, permanent housing recommended at 111 Bercut</i>	With the consolidation of the Neighborhood Services Department, staff needs to be housed together to the maximum extent possible to ensure operational and management efficiency. Staff needs to be located near the Mayor/City Council.	1, 2, 3, 5
<i>Relocations</i>		
Code Enforcement	The Code Enforcement Department needs to be consolidated to ensure operational/management efficiency. Parking is available at the Meadowview Annex.	1, 2
Department of Transportation – Parking Division	Operational efficiencies will result in locating the Department at City Hall, and will allow for a more efficient use of existing space at 921 10 th Street.	1, 2, 3

111 Bercut		
<i>Proposed Occupancy</i>	<i>Issues:</i>	<i>Consistency with Downtown Space Planning Guiding Principles</i>
Crocker Art Museum Association (CAMA)	CAMA requires temporary office space during the Crocker Art Museum Expansion project (est. 2 1/2 years). This temporary use will reduce the financial impact of leasing temporary space as well as prepare the facility for permanent housing by City staff.	1, 2, 5, 6

300 Richards		
<i>Proposed Occupancy</i>	<i>Issues:</i>	<i>Consistency with Downtown Space Planning Guiding Principles</i>
Development Services Department	The Department has outgrown space at City Hall and the North Area Permit Center. MAXTRIX implementation requires consolidation of staff in one location. Parking and customer access is limited at City Hall.	1, 2, 3, 4, 7
Police Department	Current space needed is insufficient for authorized growth. Operational and facility efficiencies will	1, 2, 5, 7

	result in locating Central Patrol and other administrative functions in the Downtown.	
City Hall 3rd Floor		
<i>Proposed Occupancy</i>	<i>Issues:</i>	<i>Consistency with Downtown Space Planning Guiding Principles</i>
Department of Transportation – Parking Division	As noted above: Relocating from 921 10 th Street. Will result in operational efficiencies and provide permanent secure location of scooters.	1, 2, 3
Planning	Current tenant will remain.	1, 2, 3
Parks and Recreation	Relocating from 5 th Floor City Hall. Current operations are centralized Administration and Park Planning and Development.	1, 2, 3, 5
Economic Development	Relocating from 1030 15 th Street. Authorized growth makes current space needs inadequate. The Department needs to be located in proximity to similar functioning departments. Relocation allows for greater operational efficiency at 1030 15 th Street.	1, 2, 3, 4
<i>Relocations</i>		
Development Services	As noted above: Current space is inadequate for authorized growth. MATRIX implementation requires consolidation of Department staff.	1, 2, 3, 5

City Hall 5th Floor		
<i>Proposed Occupancy</i>	<i>Issues:</i>	<i>Consistency with Downtown Space Planning Guiding Principles</i>
Finance	Current tenant will remain. Will be relocated on the floor for operational efficiency.	1, 2, 3
City Manager's Office	Current tenant will remain. Current space is inadequate for authorized growth.	1, 2, 3
Mayor/City Council	Current tenant will remain. Current space is inadequate for storage and meeting spaces.	1, 2, 3, 4
<i>Relocations</i>		
Parks and Recreation	As noted above: Will be relocated to 3 rd Floor of City Hall. Allows for greater operational efficiency within City Hall (co-location) to similar functioning Departments. Allows for operational efficiency and growth on the 5 th floor.	1, 2, 3, 5

1030 15th Street		
<i>Proposed Occupancy</i>		<i>Consistency with Downtown Space Planning Guiding Principles</i>
Convention, Culture and Leisure	Current tenant will remain.	1, 2, 3
Convention, Culture and Leisure – Metro Arts	Will relocate from leased facility, resulting in savings, and operational efficiencies by co-locating divisions of the same Department.	1, 2, 3, 4, 5