REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2671
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CONSENT
August 28, 2007

Honorable Mayor and
Members of the City Council

Title: North Natomas Library Project Budget Adjustment (QA33)

Location/Council District: Southwest Corner of Del Paso and Library Street, Council District 1

Recommendation: Adopt a **Resolution** authorizing a transfer of $3.8 million from the North Natomas Community Improvement fund balance (Fund 780) to the North Natomas Library project budget.

Contacts: Jeff Blanton, Associate Architect 808-8423; Cynthia Kranc, Facilities Manager, 808-2258

Presenter: Not Applicable

Department: Department of General Services

Division: Facilities and Real Property Management

Organization No: 3282

Description/Analysis

Issue: Staff requests an increase of $3.8 million dollars in the North Natomas Library project budget to cover the increase in project costs due to inflation and the increase in demand for construction materials. The original project budget of $13.5 million dollars was established in December 2003. Since that time inflation has caused the project cost to rise by an average of approximately 3% per year. In addition, there has been an unforeseen increase in project costs of approximately 8-10% for construction materials due to worldwide market conditions and unforeseen events such as Hurricane Katrina. Staff has completed value engineering on the design of this project to minimize the impact of these increases in project costs. Construction documents for the project are currently undergoing plan check review. Staff anticipates bidding for the construction of the project in January 2008.

Policy Considerations: The North Natomas Library project is consistent with the goal of the City Strategic Plan to enhance educational opportunities for the entire community. In addition, through its use as a joint public library and school library, the project is consistent with the City Strategic Plan goal to strengthen community and regional partnerships to enhance the quality of life, and the 1994 North Natomas Community Plan goal to encourage joint use facilities as a means of optimizing the benefit gained from public funding.

Committee/Commission Action: Not Applicable

Environmental Considerations: The Environmental Services Manager has determined that the authorization to transfer funds into a capital improvement project is exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.

Rationale for Recommendation: Increasing the project budget is necessary to preserve the State Library grant funding already approved for this project.

On December 13, 2005, the City Council approved a resolution accepting a State Library grant in the amount of $7,013,889. This grant requires that the project be delivered in the same scope and square footage as originally stated in the grant application. Any reduction in the scope or size of this project will cause the state grant funds to be eliminated from the project funding. Staff has completed value engineering on this project by making allowable modifications in the design of the project to minimize the increase in funding that is required.

Financial Considerations: Funds in the amount of $3.8 million are available in the North Natomas Community Improvement fund balance (Fund 780) as part of the Public Facilities Financing Plan (PFFP) for North Natomas. However, the recommended transfer from Fund 780 is not currently supported by the PFFP. Approving these funds will necessitate that the final cost be included in the next update to the PFFP, which may cause an increase to fees, a reduction in authorized facilities, or both. Staff expects the impact to be minimized, however, by large, and unanticipated, interest earnings on the large cash balances currently generated by the PFFP. Staff believes that the appropriation requested here is warranted given these circumstances, and the fact that the library is a needed facility, and a required facility in the PFFP. An update to the PFFP is scheduled for late this year or in 2008.

The table below lists identified funding sources, total funding necessary for completion of the project, and the $3.8 million shortfall.

State Matching Funds (Grant)	$ 7,013,889
City Natomas Facility Fee	$ 5,200,000
Sacramento Public Library Authority – materials	$ 85,000
Natomas Unified School District-materials, FF&E	$ 297,650
NUSD- state grant	$ 911,004
Los Rios Community College	$ 60,000
Current Funding Available	$13,567,543
Total Funding Needed	$17,367,543
Budget Short Fall Request	$ 3,800,000

Emerging Small Business Development: At this time no goods or services are being purchased as a result of this report.

Respectfully Submitted by: Reina Schwartz
Cynthia Kranc
for Facilities Manager

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

Recommendation Approved:

for Ray Kerridge
City Manager

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BACKGROUND INFORMATION

- On March 20, 2001, the City Council adopted the North Natomas Town Center and Regional Park Master Plan. The 120-acre Towne Center included a retail center and the Towne Center Education Complex as anchors on its respective west and east ends. The education complex will house the high school, a community college center and the public library. The library is intended to serve both the public library needs of the community and the school library needs of the high school and college.

- On February 12, 2002, the City Council established the North Natomas Library project (QA33) to initiate development of the project and to coordinate with the partners in the education complex. The partners are Sacramento Public Library Authority, the Natomas Unified School District and Los Rios Community College District. At the same time, a project budget was approved for preliminary work and design development, a sole source agreement with Nacht and Lewis, Inc. for architectural services was approved, and preparation and submittal of a State Library Proposition 14 grant application was authorized.

- On December 12, 2002, the Planning Commission ratified a Negative Declaration for the development of the Towne Center Education Complex, which includes the development of an education complex with a high school, community college center, and public library.

- In December 2003 preliminary plans were submitted to the State Library for the proposition 14 grant application. The project was not selected during the first cycle. Staff resubmitted and the grant was approved during the third cycle.

- On December 13, 2005, the City Council approved a resolution accepting the State Library Grant for North Natomas Library in the amount of $7,013,889. The Natomas Unified School District applied for joint-use funding through the California State Office of Public School Construction in the amount of $2 million.

- On April 18, 2006, the City Council approved a supplemental agreement with Nacht and Lewis Architects for the purpose of completing architectural/engineering drawings and specifications for approval by the City of Sacramento and the Division of the State Architects Office.

- On September 27, 2006, the State Allocation Board approved the Natomas Unified School District's appeal to fund the grant of $913,983 to help build the new North Natomas Library.

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

August 28, 2007

AUTHORIZING A FUNDING INCREASE OF $3.8 MILLION TO THE NORTH NATOMAS LIBRARY PROJECT (QA33)

BACKGROUND

A. On February 12, 2002, the City Council established the North Natomas Library project to initiate development of the project and to coordinate with the partners in the Towne Center Education Complex. The partners are Sacramento Public Library Authority, the Natomas Unified School District and Los Rios Community College District. At the same time, a project budget was approved for preliminary work and design development, a sole source agreement with Nacht and Lewis, Inc. for architectural services was approved, and preparation and submittal of a State Library Proposition 14 grant application was authorized.

B. On December 13, 2005, the City Council approved a resolution accepting the State Library Grant for North Natomas Library in the amount of $7,013,889.

C. Since the original project budget of $13.5 million was established in December 2003, there have been significant cost increases in the construction industry due to inflation and the demand for construction materials. Staff has completed value engineering on the design of this project to minimize the impact of these increases in project costs.

D. Staff anticipates bidding for the construction of the project in January 2008.

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

Section 1. The FY2007/08 Capital Improvement Program budget is amended by transferring $3.8 million from the North Natomas Community Improvement fund balance (Fund 780) to the North Natomas Library project (QA33).