



REPORT TO COUNCIL City of Sacramento

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STAFF REPORT
November 29, 2005

Honorable Mayor and
Members of the City Council

Subject: Report Back to Council Regarding the Community Center Theater
Renovation Proposal

Location/Council District: 1301 L Street, District 1

Recommendation: Receive and File.

Contact: Tina McCarty, Administrative Officer, Sacramento Convention Center,
808-8220

Presenters: Barbara Bonebrake, Director, Convention Culture & Leisure;
Judy Goldbar, General Manager Sacramento Convention Center

Department: Convention, Culture & Leisure

Division: Convention Center

Organization No: 4326

Summary:

Mayor Heather Fargo requested a report back containing updated information regarding the renovation of the Community Center Theater, including an updated cost assessment and the possibility of phasing the project. LMN Architects have re-assessed the renovation project given current construction market factors and estimate the total project cost to be approximately \$70 million or \$77 million if built in phases. A first phase of \$33 million is possible which would focus on the lobby and restroom space.

Committee/Commission Action: None.

Background Information:

The following is a timeline of past events:

- The Community Center Theater (Theater) was built in 1974 and has not had a major renovation since opening.
- In June 2000, City Council directed staff to complete an initial needs assessment and conceptual design for renovating the Community Center Theater.

- LMN Architects was selected to work on this project.
- On May 15, 2001, Council approved the three-step process for the development of the project including Needs Analysis, Preparation of Alternative Design Concepts, and Final Conceptual Design Development.
- Costs of the conceptually designed project were estimated at \$40,725,000 in 2003 by Davis Langdon Adamson, Construction Cost Planning Firm.
- In April 2003, 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.
- Following the Mayor's request in mid-2005 to once again look at this project, LMN Architects has completed a thorough assessment of the conceptual design and assessed a new project cost at \$70 million.
- Construction costs have risen substantially based on three factors:
 1. National and state construction market demand,
 2. Greater replacement of facility systems, and
 3. More finely tuned assessment of added square footage.

Additional explanation of the increased project cost factors is listed in Attachment A of this report.

The following is one suggested means of breaking the project into multiple phases in order to start the project with a lower budget amount. However, as noted in the chart below, multiple phases spread out over 5+ years would increase overall project cost by nearly 10%.

The following is a cost assessment of one proposed method of phasing the project:

Community Center Theater
Phasing Options
(in millions)

	Construction Only	Full Project All at Once*	2007**	2008**	2010***	2013***
Front of House	\$24.8	\$33	\$33			
Add'l Front of House	\$13.5	\$18				\$22.9
Back of House	\$11.3	\$15			\$16.8	
House	\$3	\$4		\$4		
Total	\$52.6	\$70	\$33	\$4	\$16.8	\$22.9
Total Accumulated			\$33	\$37	\$53.8	\$76.7

*33% soft costs were added to the construction costs to arrive at project estimates.

** 4% escalation was added for out years' projected cost

***5% escalation used for 5+ years out in construction

Financial Considerations:

The Community Center Theater is funded by the Community Center Enterprise Fund, which also supports the Sacramento Convention Center and the Memorial Auditorium. The Community Center Fund ended fiscal year 2005 with a positive fund, ending borrowing from the City's Risk Management Fund for the first time since 1997. Current Fund projections anticipate continual growth in the fund balance; however the growth rate does not support debt service for a project of this magnitude. Alternative methods of funding for this project must be assessed, including but not limited to, general fund, partial support from the Convention Center Fund, private funding, ticket service charges, naming rights, or a combination of sources. In addition, there may be a small reduction in revenue during renovation; however this impact is not included in the current project estimate, as the goal is to use multiple shifts to complete the heavy renovation during the summer months. This limits impact to revenues and to the local art groups' performance seasons.

Environmental Considerations:

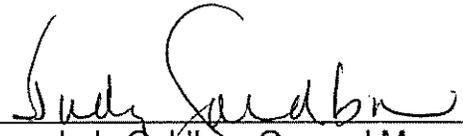
This report is for informational purposes only. The proposed project will require CEQA assessment prior to construction.

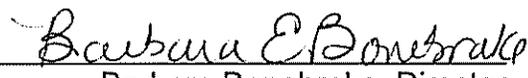
Policy Considerations:

The proposed Community Center Theater renovation is consistent with the City's General Plan, Central City Community Plan, Merged Downtown Redevelopment Plan and Five-Year Strategy, and the Cultural Arts and Entertainment District Master Plan.

Emerging Small Business Development (ESBD):

Not applicable, as this report is for information only.

Respectfully Submitted by: 
Judy Goldbar, General Manager
Sacramento Convention Center

Approved by: 
Barbara Bonebrake, Director
Convention, Culture & Leisure Department

For Council Information Only:


ROBERT P. THOMAS
City Manager

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Project Cost Increase Detail

The Theater renovation construction costs have risen substantially based on three factors: national and state construction market demand, greater replacement of facility systems, and more finely tuned assessment of added square footage.

Specifically, the construction market nationally has shown great demand, thus increasing subcontractors' costs and supplies; and California continues to experience even larger increases. The new project costs also take into account the age of the building and the long-term need for mechanical and electrical systems replacement such as boilers, HVAC, fire protection system, etc., especially in consideration of the construction not starting until at least 2007. Additionally there are cost increases due to newly recognized square footage additions. The latest cost analysis found some variations in actual scope and size and have added associated costs that don't appear to have been reflected in past projections, such as slightly larger spaces and types of existing materials needed to match current materials with newly constructed spaces.

The estimated project costs, both in 2003 and in 2005 assume construction while the Theater is in operation. The premium which would be paid to approach this project while operating the Theater is \$6 million dollars. Staff strongly emphasizes the critical nature of maintaining Theater operation for the local arts groups and the devastation even one year of the Theater's unavailability could cause.

The full project proposal approaches construction in two phases with the natural break being the Front of House (FOH) followed by renovation of the Back of House (BOH). Additions to the FOH would include restroom and lobby expansion, addition of rehearsal and lecture space, cosmetic updates to the House (seating area), new box office facilities, and terrace additions. BOH would consist of re-positioning and expansion of the loading dock, additional back stage rooms, and updated theatrical equipment.

LMN has reviewed the total cost projections and suggested the possibility of scaling back the FOH renovation by eliminating 22,000 square feet of newly proposed space. This adjustment could then start the project with a FOH phase cost of approximately \$33 million dollars. This scaled back phase would include expansion of the lobby area to a lesser extent than originally proposed and will provide additional restrooms and relocate the box office facilities to K Street. However, with the loss of 22,000 sq. ft. of space, the rehearsal and lecture halls, and donors lounge would have to be completed in future phases.