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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

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TECHNICAL SERVICES
DIVISION

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September 7, 1999

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: PARKING LOT C CONSTRUCTION; ESTABLISH CAPITAL IMPROVEMENT PROJECT FOR DESIGN AND CONSTRUCTION OF A MULTI-LEVEL PARKING GARAGE, AND SUSPEND COMPETITIVE BIDDING PROCESS; REIMBURSEMENT OF CERTAIN PROJECT EXPENDITURES FROM FUTURE BOND PROCEEDS

LOCATION and COUNCIL DISTRICT: 805 14TH Street; Council District 1

RECOMMENDATION:

- This report recommends that City Council adopt the attached resolution establishing a capital improvement project for design and construction of a MULTI-LEVEL parking garage at the corner of 14th & H streets; and suspend competitive bidding process to authorize staff to use a Request For Proposal (RFP) process for contractor selection; and
- This report recommends that the Sacramento City Finance Authority adopt the attached resolution for reimbursement of expenditures advance from City funds from bond proceeds. As board members for the Authority, City Council is empowered to act on behalf of the SCFA.

CONTACT PERSON:

Kirk Thompson, Project Manager, 264-8431

FOR A COUNCIL MEETING OF:

September 21, 1999

Department of
PUBLICWORKS
CITY OF
SACRAMENTO

SUMMARY:

- This report recommends that City Council establish a budget and capital improvement project (CIP) for design and construction of a multi-level parking lot at 805 14th Street; and suspend competitive bidding process to authorize staff use of Request For Proposal (RFP) process for contractor selection.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND:

History

- A Parking Study was presented to Council in May 1998 regarding current and future parking needs in the downtown area.
- On July 27, 1999, Council directed staff to further study the projected parking demand and present a comprehensive long-term parking strategy for the downtown. After careful review of that strategy, Council approved the construction of a parking garage facility on the City's existing surface Parking Lot C.
- The City is contractually obligated to provide the Cal EPA office building with 1300 parking spaces upon occupancy. Of those spaces, 750 must be located in Lot I, and an additional 550 must be provided within a 5-block radius of the building.
- In addition to the Cal EPA demand, the Convention Center and Memorial Auditorium will continue to experience a parking shortfall. This is partially due to the transfer of City Parking Lot E for the hotel development, which provided public parking tailored to special events. The other contributing factor has been the success both those facilities are having and are projected to have. This new and transferred demand will create an additional need for both long and short-term parking on the East End of the CBD.

Lot C Construction

This project is located in downtown Sacramento on a half City block. The building will face north toward H Street between 14th and 15th Streets. The proposed parking lot would provide parking spaces for 1,000 cars. This translates into seven (+66') or eight (+76') levels of parking, depending on how efficient the structure is. This event parking lot will serve events in the Cultural Arts & Entertainment District such as the Sacramento Convention Center, Memorial Auditorium, and other entertainment venues. Depending on discussions with SMUD, we may install photovoltaic (PV) panels on the roof to shade the upper level of parking and potentially reduce the electrical demand of the building.

Residential Lease Space on Top of Garage

We were asked at the City Council meeting on July 27, 1999 to explore the merits of placing a residential lease space on top of the proposed parking garage. Below are design, schedule, and cost issues that come into play when residential is placed on top of a parking garage:

- The 1,000 parking spaces proposed will serve daily as well as event parking. To make the residential lease space more attractive, we will need to provide an additional level of parking to accommodate the residential need. This exponentially increases the cost of the project, or if directed, decreases public parking spaces.
- The EIR for the Cal EPA Office Building identified this site for a multi-level parking garage. This EIR did not look at housing on this site. We would need to include the residential component in our supplemental EIR. Code problems due to additional height (over 75' above ground) and a disproportionally taller garage, may be significant issues.
- A typical parking garage utilizes a long span structural system. This type of system reduces the number of columns, making the parking spaces more efficient. A short span structural system will be used when residential is placed on top of garage. More columns are needed for the residential load, and the cost of the structure increases.
- Residential on top of an open parking garage is a mixed-use occupancy. The code requires additional fire separations that are excluded for open parking garages.
- Over 75' above ground level triggers the high-rise portion of the Uniform Building Code. The cost of the building increases due to this portion of the code.
- Residential costs beyond what is required for an Open Parking Garage will increase the cost of the project between 31% to 47%. Included in these costs are:
 1. Additional cost for EIR preparation and costs to mitigate potential concerns.
 2. Additional floor of parking just for tenants.
 3. Additional structure (columns, etc.) to support residential load on top.
 4. Larger fire alarm and sprinkler systems as well as a secondary on-site water supply (tank) for fire sprinklers.
 5. Cost to condition living spaces – additional cost of mechanical equipment and electrical equipment.
 6. Extend utilities to top of structure (water, gas, sewer, telephone, and electrical). Stand-by generator is required by the code since living space is above 75'.
 7. Separate smoke-proof lobby and elevator for tenants to minimize security potential and eliminate fire separation problems.
 8. Two-way communication for Fire Department use between ground floor and residential lobby.

Conclusion: Based on initial code and cost analysis, it is clear that housing on the top of a municipal parking garage would not be cost effective.

Retail / Office Space

Sacramento market rates of lease space in a parking garage will run between \$1.50 to \$1.75 per square foot depending on the level of tenant improvements. These rates exclude utility and maintenance costs. Historically, this type of lease space is difficult to fill. However, we will need to provide at least 50% of the ground floor level to meet current zoning conditions.

To place residential on top of this garage, Sacramento will need a lease rate of at least \$1.70 per square foot (excluding utilities, taxes and maintenance). For a 1,000-sf unit, an un-subsidized monthly rental rate would be \$1,700 per month. This lease rate may be cost prohibitive for most potential tenants.

Project Delivery Considerations

Staff has developed a schedule for a new parking garage based on the City's typical project delivery system of design/bid/build. Staff has also developed a schedule for the project utilizing a "negotiated fee for service" process to complete the project. Completing the project utilizing a design consultant and a single contractor selected on a fixed fee basis, to jointly design and construct all project elements, can provide the building 3 months sooner than the conventional design/bid/build approach.

The Meadowview City Service Center Complex is using the same "negotiated fee for service" project delivery approach. An architect (Dreyfus-Blackford Architects) was selected by RFP. During schematic design, a contracting team (Unger Construction & Harbison, Mahoney, Higgins) was selected. Together, they have accelerated the schedule by reviewing the documents in early phases of design. Value engineering in the early design stages has helped to keep costs within budget as well as improve the efficiency of the design. In addition, good working relationships between architect and contractor are crucial to making this type of approach work.

Based on the need for additional parking capacity, staff recommends a "negotiated fee for service" process be utilized for this construction of project. An RFP for design has already been issued. Both the design and construction contracts will be returned to council for award.

Project Start-up Activities and Project Schedule

The Parking Lot C project must be started at this time so that the project will be complete by spring 2001. A successful "negotiated fee for service" project requires that the City release a comprehensive contractor RFP document so that contractors can offer knowledgeable and cost-effective proposals. The project schedule necessitates starting development of the schematic design in October 1999.

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We will form an advisory committee composed of the Mansion Flat & N.A.A.G. community groups, Sacramento Theater Company, Sacramento Light Opera Association, a Design Review Board member and City staff to select the architect and contractor. This committee will also review and make recommendations during the project.

Staff will continue to meet with community groups to inform the community about the project, discuss community concerns or suggestions, and ensure that development issues are properly addressed in the final project criteria and contractor RFP documents.

At completion of the schematic design phase, staff will report back with the final project budget, final project schedule, any policy issues raised by agency or community meetings, and with the RFP selection of contractor.

FINANCIAL CONSIDERATIONS:

The preliminary construction cost estimate for this parking garage project is \$12,011,000. This estimate will be clarified based on schematic design, and the final RFP documents.

The funding required to develop the project design prior to bond funding is \$382,935. Funding is to be provided from funds set-aside for facility planning and design in the Off-Street Parking Fund. Reimbursement of start up costs is requested.

Funding for the balance of the project, excluding the amount requested above to complete the project start-up phase, will come from other sources. Staff anticipates that the funding recommendation will be to issue bonds to be repaid by off street parking revenues.

It is emphasized that this resolution is "permissive" to allow us the ability to reimburse cost advanced from potential bond proceeds. It would not obligate the City in any way to finance such costs if other funding is available.

ENVIRONMENTAL CONSIDERATIONS:

The proposed action will authorize the staff to proceed with design of a potential project. Environmental factors affecting this site include urban design, traffic and cultural resources. Once a project description is defined, the appropriate environmental review will be prepared and forwarded to the City Council as part of any action on a project at this site.

POLICY CONSIDERATIONS:

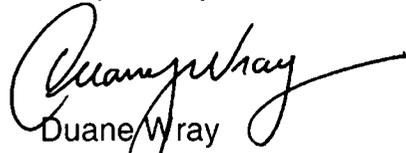
The actions being requested by staff are consistent with City Code Chapter 58 regarding selection of consultant and City Code Chapter 59 regarding selection of contractor.

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ESBD EFFORTS:

All phases of the CIP will comply with the City's current Emerging and Small Business Enterprise requirements.

Respectfully Submitted,



Duane Wray
Technical Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

APPROVED:



MICHAEL KASHIWAGI
Director of Public Works

AMENDED

RESOLUTION NO. 99-533

APPROVED
BY THE CITY COUNCIL

SEP 21 1999

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A BUDGET AND CAPITAL IMPROVEMENT PROJECT FOR DESIGN AND CONSTRUCTION OF A MULTI-LEVEL PARKING GARAGE AT THE CORNER OF 14TH & H STREETS; SUSPEND COMPETITIVE BIDDING PROCESS, AND AUTHORIZING STAFF TO USE RFP PROCESS FOR CONTRACTOR SELECTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. The City Manager is hereby authorized to establish a Capital Improvement Project for design and construction of Parking Lot C at the corner of 14th & H Streets.
2. To the best interest of the City, competitive bidding is suspended for the contract to construct Parking Lot C, and the City Manager is hereby authorized to release an RFP for proposals to construct Parking Lot C.

MAYOR JOE SERNA, JR.

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A BUDGET AND CAPITAL IMPROVEMENT PROJECT FOR DESIGN AND CONSTRUCTION OF A MULTI-LEVEL PARKING GARAGE AT THE CORNER OF 14TH & H STREETS; SUSPEND COMPETITIVE BIDDING PROCESS, AND AUTHORIZING STAFF TO USE RFP PROCESS FOR CONTRACTOR SELECTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. The City Manager is hereby authorized to establish a Capital Improvement Project for design and construction Parking Lot C.
2. Being in the best interest of the City, the City Manager is authorized to suspend competitive bidding process and to release RFP for contractor of Parking Lot C.

MAYOR JOE SERNA, JR.

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

APPROVED
BY THE CITY COUNCIL

RESOLUTION NO. 99-004

SEP 21 1999

OFFICE OF THE
CITY CLERK

ADOPTED BY THE SACRAMENTO CITY FINANCING AUTHORITY

ON DATE OF _____

**RESOLUTION OF OFFICIAL INTENT OF THE SACRAMENTO CITY FINANCING
AUTHORITY TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF
INDEBTEDNESS**

WHEREAS, the Sacramento Financing Authority (the "Authority") intends to design and construct a multi-level parking garage at the corner of 14th and H Streets;

WHEREAS, the Authority expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to insurance of indebtedness for the purpose of financing costs associated with the Project on a long term basis;

WHEREAS, the Authority reasonably expects that debt obligations in an amount not expected to exceed \$75,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Authority to declare it's reasonable official intent to reimburse prior expenditures for the project with proceeds of subsequent borrowing;

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE
SACRAMENTO CITY FINANCING AUTHORITY DECLARES AS FOLLOWS:**

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. This resolution is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This resolution does not bind the Authority to make any expenditure, incur any indebtedness or proceed with the Project.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 3. The Authority hereby declares its official intent to use proceeds in indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this _____ day of _____, 1999.

Chairman

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____