

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Civic Center/City Hall Project – Final Closing Report
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Robert L. Olander, City Manager Jesus Sanchez, Civic Center Project Manager

ISSUE STATEMENT:

Staff is providing a final closing report to the Council on the completion of the Civic Center/City Hall project. With well over a year since the City of Shoreline employees transitioned into the new City Hall/Civic Center, the punch list of outstanding warranty items has now been completed to the City's satisfaction along with the final acceptance and financial closeout with OPUS Northwest, L.L.C. It is now an opportune time to provide Council with a review of the first year in our new City Hall building.

This report will discuss the following:


- Warranty Period on the Interior and Exterior Systems related to the Building and Garage and Punch List Items
- Solar Voltaic Panel System Installation and future Energy Savings
- Soils Remediation and Environmental Clean-up
- GOLD LEED Certification Award to the City of Shoreline
- Project Final Acceptance
- Final Project Costs and Project Savings

FINANCIAL IMPACT:

The City Council authorized a budget of \$33,731,918 for the pre-design and pre-construction, design and construction of City Hall. Actual expenditures as of September 30, 2010 total \$32,851,502. In addition to this, there is approximately \$50,000 in outstanding costs related to signage, URS drilling related to the soils, and final costs related to internal security provisions. Combining costs already incurred and those outstanding, brings total projected costs to \$32,901,502, or \$830,416 below the authorized budget. Costs incurred include those related to soil remediation and environmental clean-up of the soils mentioned earlier in this report. If the City is successful in obtaining the \$200,000 of Department of Ecology grant to reimburse for the clean-up then the overall budget savings will exceed \$1 million.

RECOMMENDATION

No action is required. Staff is providing to Council a final closing report with the completion of the Civic Center/City Hall Project.

Approved By: City Manager  City Attorney ____

INTRODUCTION

Staff is providing a final closing report to the Council on the completion of the Civic Center/City Hall project. With well over a year since the City of Shoreline employees transitioned into the new City Hall/Civic Center, the punch list of outstanding warranty items has now been completed to the City's satisfaction along with the final acceptance and financial closeout with OPUS Northwest, L.L.C. It is now an opportune time to provide Council with a review of the first year in our new City Hall building.

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BACKGROUND

In 2007, Council authorized the City Manager to enter into a Pre-development Agreement (Agreement) with OPUS Northwest, L.L.C. (Developer) for the design and development of the Civic Center Project. One of the first important steps taken by the Developer, the City and Community was to develop a set of "Guiding Principles" (GPs) for the design and construction of the Civic Center Project. The City engaged the community to help develop the 'Guiding Principles' that would drive the design of the overall City Hall project. From those meetings, ten guiding principles were created to help the design team develop a City Hall that truly represented the Shoreline community's vision.

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|-----------------|------------------------------|
| 1. People First | 6. Civic |
| 2. Low-Impact | 7. Specifically... Shoreline |
| 3. Sustainable | 8. Connected |
| 4. Sensible | 9. Accessible |
| 5. Affordable | 10. Inclusive |

Several of the key GPs, specifically numbers 2, 3, 4, and 5 were critical in ensuring that costs related to this project would be controlled; provide for a greater degree of project review and scrutiny; encourage creativity within cost containment; and seek alternative means and methods to stay within the budget.

Over the course of the next 18 months, construction of the new City Hall was completed and the City of Shoreline employees moved into the new building August 2009. It can be said that the new City Hall building truly mirrors all ten of the principles that helped to guide the design and construction of this building, improving customer service, government transparency and accessibility to the Shoreline community.

Since the Grand Opening of the building in October 2009, the new City Hall building has been a venue for public events, a local art gallery, numerous workshops and a public meeting place.

The project resulted in a successful relationship between the City of Shoreline and the Developer, OPUS Northwest L.L.C.; construction completion was on schedule; the project has achieved cost savings; and the new City Hall building has secured a LEED Gold Certification Award rating.

DISCUSSION

In August 2009, the City Hall Transition was completed, moving all City of Shoreline employees into our new City Hall /Civic Center building. Following the transition was the final phase for closeout, which included developing a complete punch list of outstanding items, addressing all one-year warranty items, the training of Facilities personnel on all interior and exterior systems, completing the City garage seal coating and the installation of the photo-voltaic panel system, along with the completion of the LEED Certification process.

Warranty and Outstanding Punch List Items:

Under the warranty program review, it was critical to complete the commissioning and training of the City's entire new infrastructure from air handling systems, electrical, mechanical, plumbing, photo-voltaic to the landscaping sprinkler systems. One of the fundamental core needs was to be able to understand how this new building functions, and to provide an assessment against the program standards we established early in the programming stage during design.

Today, Facilities staff has been trained and an annual routine maintenance work plan and schedule have been developed, and as-builts and all operating manuals have been cataloged and are accessible when needed. Additionally, the entire building infrastructure has been entered into our building condition assessment software program to accurately provide repair and maintenance schedules, current market cost implications for maintenance and a rating of our building in real time based on any improvements or maintenance during the life of the City Hall building and garage.

Parking, a critical element of the city hall project was designed to allow for an increase in open space, address water quality and decrease impervious surface by designing a two level deck design, with structure capacity to add another deck level, in the future if needed. The final garage parking design allowed for the creation of a "Green Space" or a campus like setting, allowing for an amphitheatre setting, increase in surface water infiltration, and installation of an oil and water filtration system to capture pollutant coming off the garage. In addition, the Parking Garage supports a large voltaic array of panels designed to generate 20.2 Kilowatts of electrical capacity. According to the last reading taken in October 4th, the solar panels have generated 17,592kWhs which goes back into the City of Seattle's electrical grid, resulting in cost savings to the City of Shoreline. The interactive kiosk in the lobby allows City Hall visitors to learn about and watch the live generation of this renewable energy project. The City certainly appreciates the \$60,000 which Seattle City Light provided to partially fund the solar

panels and the renewable energy education program for Shoreline's citizens and students.

Soils Remediation/Environmental Clean-up:

In 2009, URS (Environmental Consultant) completed a final punch list on the soils remediation effort. After review of the URS report by the State Department of Ecology further testing and confirmation of successful prevention of vapor intrusion from the cleanup efforts of the volatile Organic Compounds (VOCs) at the former dry cleaner located within the Highland Plaza (Annex Building) was required.

According to OPUS, all tests were conducted and preliminary field results indicate that the clean up method employed was successful and have effectively remediated VOC affected soils.

A formal and final report will be submitted by URS to the State Department of Ecology and expectations at this time indicate that the City of Shoreline should receive a NO Further Action Required (NFA) ruling from the Department of Ecology.

It is projected that once the State Department of Ecology receives the report, it will take approximately ten to twelve weeks for the review to be completed and a ruling rendered. Once an NFA is received, City staff will proceed to apply for a grant for clean-up recovery funds from the State Department of Ecology, for a possible award of funds up to \$200,000.

LEED Certification: LEED Certification was another major goal of the City Hall/Civic Center project. Early on during the Development Agreement process with the Developer, it was agreed upon that we would strive to meet at minimum LEED Silver as the minimal acceptable standard and that LEED Gold would be our goal.

LEED Certifications can be a costly proposition. With enough money, one can achieve the highest level of LEED Platinum, albeit at a rather costly endeavor, one which the City could not afford. With creative approaches along with willing and supportive Grantors (regional partners), and a collaborative approach with our Developer (OPUS), the City of Shoreline achieved LEED Gold Certification.

Final Project Costs: The successful outcome of any major public capital project has a lot to do with careful pre-planning, realistic expectations, and a sound development agreement between both the Owner and the Developer. A key element in making sure that all steps are taken to secure the best development agreement is a solid request for qualifications (RFQ) process designed to ascertain the capacity, skill, and experience of the potential developer. Following this process allowed the City to select the best qualified development team for this project.

In establishing the development agreement with the Developer (OPUS, Northwest L.L.C.) and selecting a design build, lease-to-own financial approach with a single developer, provided the least risk to the City. A key aspect of the project was a collaborative management approach mirrored in the Development Agreement that allowed for both the Owner and Developer to quickly react to and respond to changing circumstances that might affect project outcomes or budget impacts. An example of this

was the price of steel going up in the market prior to construction. Rather than to proceed with steel brace framing, incur greater costs for the project, leaving little or no room for project improvements and sustainable approaches, the decision was to change to post tension construction (concrete form with tension steel cable). This decision lowered the costs, and allowed for greater flexibility to add improvements to the building that incorporated high sustainability and green standards.

While a project change to different structural materials typically would take four to six months of review i.e. a re-design, legal negotiations, not to mention increasing the project schedule, the development agreement and method of construction used in this instance allowed for a quick turnaround. This approach was instrumental in cost reductions

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Staff recommends that Council authorize taking \$100,000 of the savings and setting aside for resealing of the parking structure upper floor which must be completed in four years. This cost is not included in the 2011-2016 Capital Improvement Plan as a result of limited resources and staff anticipated that there would be remaining project funds that could be allocated for this purpose.

Of the remaining funds there are basically two options, either use the funds for further enhancements of City Hall or use those funds for other capital project purposes. Outstanding items related to City Hall include tenant improvements to the third floor and a generator. Tenant improvements can be completed by future tenants and then credited against future lease payments, or tenant improvements can be completed by the City and then assessed as part of the leasing structure. Staff's preference and the original intent was for a future tenant to complete the improvements, but given the financial constraints of the current lending environment this may be a matter that will be negotiated with the lease. Tenant improvements to the third floor were not included as a projected cost of City Hall nor part of the development agreement with Opus.

For emergency operation purposes a generator could provide a back-up power supply for continued operations at City Hall. Although City Hall will not serve as an Emergency Operations Center (EOC), it is likely that in many cases if there was a power outage, a back-up power supply could allow City Hall operations to continue on a regular basis. It is estimated that a generator to power City Hall could cost between \$400,000 and \$500,000 depending on the level of power generation. The fourth floor must be powered in order for the City's information technology systems to continue operation. In

addition, each floor has additional electrical systems that provide on-going power and connection for software and telephone systems necessary for the operation of City Hall.

Council is also aware of the limited resources available for other capital improvements. Remaining funds from the City Hall project could be allocated for other capital projects during the next CIP process in 2012 as both the Parks and Transportation Master Plans should be completed by that time. During the 2011 CIP process a number of unfunded and underfunded projects were indentified including a city-wide maintenance facility, a police station, Spartan Gym expansion and Saltwater Pedestrian Bridge replacement. Even though the cost of any of these projects exceeds the projected City Hall savings, the monies could be applied towards one of these projects.

Goal 6 of the 2009-2010 Shoreline City Council Goals, "Construct the Civic Center/City Hall Project" has now been achieved.

RECOMMENDATION

No action is required. Staff is providing to Council a final closing report with the completion of the Civic Center/City Hall Project.

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