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Title: Action on Confirming Strategic Direction for the Civic Center Master Plan from December 17, 2019 Study Session [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

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Attachments: 1. Utility Building, 2. Utility Building with Civic Center Buildout

Date	Ver.	Action By	Action	Result
1/28/2020	1	Council and Authorities Concurrent Meeting	Approved	Pass

REPORT TO COUNCIL

SUBJECT

Action on Confirming Strategic Direction for the Civic Center Master Plan from December 17, 2019 Study Session [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

BACKGROUND

At the October 29, 2019 Council Meeting, Council approved the Santa Clara Civic Center Concept Plan and Utility Building Project consultant services agreement with SmithGroup (Consultant) to guide the future development of the Civic Center and Utility Building. The Scope of Work is structured as a three-phase process to develop the planning strategy for the Santa Clara Civic Center Concept Plan. Phase One "Define the Problem" deliverables were scoped to include the foundational concept work that included: financial and economic assessment, analysis of the existing conditions, funding limitations and implementation options, and a statement of Vision and Goals emanating from the engagement process.

At the December 17, 2019 Council Study Session, City staff and Consultant project team, including Land Econ Group and Directional Logic, presented the results and findings on: conceptual space needs, parcel strategies, market analysis & land values, cost planning, four alternative development concepts, financial considerations and project phased approach for the Santa Clara Civic Center Master Plan.

- Conceptual Space Needs - A new Civic Center would require approximately 243,000 square feet with the Utility Building of 80,500 square feet and all other Civic Center uses of 162,500 square feet assuming 20% growth to 2040.
- Alternative Development Concepts - Four alternative concepts were investigated with potential residential and commercial development areas, parking requirements (above and below ground) and expected benefits with long term lease revenues. Each of the concepts allowed

for phasing flexibility to facilitate leasing and construction sequencing. These concepts ranged from the Alternative 1 Utility Building only with surface parking; Alternative 2 & 3, which included varying intensity of private residential or commercial development with a replacement City Hall and a new Utility Building; and Alternative 4, which examined the potential revenues for leasing the entire Civic Center property for new development and relocating of City Hall and Utilities to another site.

- Leasing Considerations - The City leasing process is subject to the Surplus Land Act where the City is required to offer the property to housing developers and governmental agencies. City would adopt a resolution declaring the City-owned as surplus property for sale, and begin the public notice process pursuant to Government Code Section 54222. If any eligible parties offer to purchase the property, the City would enter into good faith negotiations and return to Council for consideration. If no offers are received pursuant to Government Code Section 54222 or price and terms cannot be agreed upon, then the City would proceed with the lease on the open market (RFP). Staff recommended not pursuing the leasing of land.
- Financial Considerations - The Utility Building (Alternative 1) has a conceptual cost of \$137 million in 2019 construction dollars. The Electric Utility has appropriated budget of \$18 million, and combined with future lease payments the total amount of available funding will be \$32.7 million. In terms of revenue sources for the City Hall (Alternatives 2 & 3) the realistic values of long-term leases range from \$9.8 million to \$32.2 million. Even with these possible leases, City Hall has a significant revenue shortfall between \$225 million and \$290 million, and will require significant new funding sources (e.g. sales tax, bond measure, impact fees).

DISCUSSION

Based on City Council Study Session discussion, staff has prepared the following summary and schematic as shown in Attachment 1 and Attachment 2 of the proposed strategic direction to proceed with the Civic Center Master Plan:

- Move forward with the complete vision of Master Planning the Civic Center Campus focused on a phased implementation
- Utility Building will be the initial phase of the Civic Center Master Plan which will include shared Civic Center amenities (e.g. conference rooms, training facilities, food service areas)
- Maintain ownership of existing public land with no private residential or commercial development
- No development on Civic Center Park

In addition, staff would like to explore the option of modifying or closing Civic Center Drive across from Civic Center Park. This would allow for a possible expansion of the park and better connections to the Civic Center Campus. This would only be an exploration of possible concepts and any proposed changes would require a separate future Council Action.

Financial Considerations

The Electric Utility has Capital Improvement Program (CIP) project budget of \$18 million; and combined with future lease payments, the total amount of available funding will be \$32.7 million. The Utility Building will require additional revenue and a new funding source. While additional analysis will be required, some preliminary work has been completed to determine additional funding options.

The remaining amount of construction costs is envisioned to be bonded from dedicating revenue of a one-time 1.0% to 1.5% increase in electric utility rates. Staff will perform additional analysis and

review additional funding options as part of the process.

Next Steps

The project will continue with stakeholder and community engagement with a City employee survey to solicit input and develop a high-level understanding on the organization requirements, needs and work processes. The Consultant will also hold separate workshops with city departmental staff and leadership to obtain a deeper perspective on department's operations, services, needs and drivers for success of the project. These activities will achieve a better understanding of potential opportunities that should be pursued to help drive a strategic direction for the future workspaces.

The second community meeting on the Civic Center Master Plan will be held on the evening of February 12th at City Council Chambers. This outreach and engagement process will allow the testing early ideas as the Consultant continue with an iterative problem solution phase to test alternative concepts. This Second Phase will illustrate multiple ways to achieve the vision and goals within the identified sustainable, physical, and financial constraints. At a future Council meeting the staff and consultant team will present the alternative ideas and develop two alternative plans with initial recommendations regarding design guidelines and implementation. This phase will culminate in a strategic direction and the selection by City Council, of one preferred planning option with a revised project cost estimate and funding plan.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

As discussed in earlier section titled *Financial Considerations*, Silicon Valley Power Utility Center CIP project (project number 2126 in Electric Utility Capital Fund), currently has \$18 million available budget. No budget amendment is requested at this time. Future budget actions will be taken at time of contract award.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

On December 5, 2019, the project held its first public workshop at the Santa Clara Central Park Library to engage with the Santa Clara community to elicit feedback for the future of the Civic Center and Utility Building and to make recommendations. The Master Plan meeting information is found on the special projects webpage at:

<https://www.santaclaraca.gov/our-city/departments-a-f/city-manager-s-office/special-projects/civic-center-concept-plan>.

RECOMMENDATION

Direct the City Manager to proceed with a phased approach for the development of the Civic Center Master Plan with no private commercial or residential development at City Hall or adjacent parkland. The initial phase shall comprise of the Utility Building and associated Civic Center shared amenities.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Utility Building
2. Utility Building with Civic Center Buildout