



Midpeninsula Regional
Open Space District

R-18-21
Meeting 18-10
March 14, 2018

AGENDA ITEM 7

AGENDA ITEM

Project Delivery Process for the Administrative Office Development Project and Creation of an Ad Hoc Committee of the Board of Directors to Guide the Design Team Hiring Process and Public Engagement Approach

ACTING GENERAL MANAGER'S RECOMMENDATIONS

1. Select a preferred project delivery process for the new Administrative Office:
 - i. Option 1: Design-Build
 - ii. Option 2: Design-Bid-Build (Recommended)
2. Direct the formation of a new Administrative Office Development Ad Hoc Committee, and authorize the Board President to appoint three Directors to serve on the Committee.

SUMMARY

In late 2017, staff evaluated short and long-term space and programming needs for a new Administrative Office (AO) with the assistance of an architectural strategist. At the regular meeting of December 6, 2017, the Board of Directors (Board) accepted the Space Needs Assessment & Basic Program Report (R-17-128). The report findings inform the next steps for the AO project, including the scope of work for an upcoming Request for Proposals (RFP) to hire a design architect team. At the same December meeting, Board members expressed interest in forming an ad hoc committee to closely follow and provide input during the first phase of the project. Consistent with Board interest, the Acting General Manager is returning to the Board with a recommendation to form a new, limited-term ad hoc committee whose charge focuses on the hiring process for an architect and design team, and development of the public engagement approach for the project.

Effective January 1, 2018 and following passage of Senate Bill 793, the District now has the option to pursue one of two project delivery methods for the AO project: (1) *Design-Build* and (2) *Design-Bid-Build*. On March 14, 2018, the Board will have an opportunity to review and deliberate on these two options and consider the Acting General Manager's recommendation to proceed with the Design-Bid-Build approach.

DISCUSSION

Facilities Planning and Property Acquisition Chronology:

In 2015, the District completed a staff facilities opportunities and constraint analysis, examined the real estate market for office space purchase opportunities, and evaluated the feasibility of

rebuilding at 330 Distel Circle. In August 2016, the Board appointed a Facilities Ad Hoc Committee to guide the selection and implementation of a preferred long-term facility option for the AO (R-16-102). Throughout 2016-17, the Facilities Ad Hoc Committee met four times to discuss long-term options and solutions with the assistance of an architectural strategist (MKThink, Inc.). In January 2017, the Board directed the General Manager to pursue the construction of a new, three-story, 40,000 square foot building on site while continuing to monitor the real estate market for purchase opportunities (R-17-08).

During the summer of 2017, staff became aware of an opportunity to acquire an existing office building near 330 Distel Circle. The property located at 5050 El Camino is a two-story, 39,010-square foot office building built in 1982 located on a 63,162-square foot lot (1.45-acres). The current owner leases the interior office space to 26 tenants. The property includes 153 parking spaces, 51 of which are underground. The current floorplan divides the building into numerous separate, private office spaces, with long circulation corridors providing access to each office. A complete reconfiguration of the floorplan is needed to accommodate District office space needs, including ADA-accessible public facilities, a public lobby, large Board meeting room, and open, collaborative workstation areas. The District anticipates needing approximately 30,000 square feet for District office use and leasing the remainder until and if additional space is needed.

The property's proximity to District preserves and facilities, its accessible and centralized Peninsula location within the agency's jurisdiction, and the size and available square footage met District goals. As a result, in July 2017, the Board authorized a purchase and sale agreement for the office property at 5050 El Camino Real, Los Altos (R-17-90) at a cost of \$31,550,100 (\$808 per square foot).

The District may not take possession of the building until close of escrow, which at the very latest is set for January 22, 2019. To date, it appears that the current owner may retain possession of the property until January 2019. A majority of the design work cannot commence until after the District takes possession since the design relies heavily on an examination of the structural integrity, which requires access to the enclosed walls.

AO Proposed Project Delivery Process and Tentative Timeline:

To proceed with the new AO design and development work, selection of a project delivery process is required from the start. As referenced above, effective January 2018, the District may proceed with one of two project delivery methods: *Design-Build* or *Design-Bid-Build*. Below are the definitions, advantages, disadvantages, and examples of best-suited projects for each method.

- *Design-Build* is a process whereby the design and construction work are contracted through one entity, and the process of design and construction are allowed to overlap. This process can provide time and cost savings by allowing portions of the work to be constructed early and by leveraging construction knowledge to reduce materials costs and improve value engineering throughout the project. For public sector agencies, the gain in time and cost savings is at the expense of maintaining full control over the design. With Design-Build, public agencies typically maintain control through 30% designs, with the design-build firm completing the final design and construction based on these preliminary plans on which they base their fee. Late changes requested by a public agency are often at a very high expense with potential impacts to the schedule. (Private sector firms and homeowners are not subject to the same purchasing guidelines as the

public sector and may not experience the same cost consequences when design changes are made later in the process.) *Projects that work well with this approach include: standard road and highway improvements; some housing projects such as modular construction; parking lots; hospitals; and jails.*

- *Design-Bid-Build* is a process whereby design and construction occur sequentially. For public sector entities, this process provides maximum control over the design process from start to finish, and therefore greater flexibility in responding to technical and political uncertainties that may warrant significant design modifications. Due to the sequential nature of the project, there are few opportunities to expedite the schedule since construction cannot begin until the final design plans are completed. In addition, since the design team and construction contractor are not collaborating during the design, there is the potential for the design to pose constructability issues, or for material specifications to be unavailable or at a significant high cost. Addressing these issues during construction can slow the project and raise the total cost. *Projects that work well with this approach include: construction projects where fine-tuning of the design continues over the life of the project and unique or one-time construction projects.*

The table in Attachment 1 provides another perspective of the two project delivery methods and outlines the milestones, deliverables, Board input opportunities, and timelines for both approaches.

The AO project is located along a visible, well-traveled corridor that is of high public interest to the Cities of Los Altos and Mountain View, and people following the “Grand Boulevard” initiative for El Camino Real. Due to the scale of the project, interest from the larger community, including District Preserve users, partner agencies, and docent/volunteers, is also likely. Moreover, the full Board has expressed strong interest in providing input throughout the design process. Given the anticipated level of internal and external interest in the AO project, it may be prudent to retain maximum flexibility during the design process to be able to respond to input and concerns raised as the design evolves. With this in mind, the Acting General Manager recommends following the conventional *Design-Bid-Build* project delivery process for the AO project.

It is also important to note that Design-Build is a brand new tool in the District’s project delivery toolbox. Although staff will kick-off application of this project delivery method in 2018, the District is still developing internal processes, templates, and documentation to support this new approach. As such, the District as a whole may not be ready to pursue Design-Build on such a large and specialized project. The Mindego Pond Restoration and La Honda Agricultural Workforce Housing projects appear to be better candidates to utilize Design-Build for the first time. Construction for both of these projects is scheduled to begin in late 2018 or early 2019.

Board Engagement Approach

Finally, acknowledging the high level of Board member interest in the AO Project, the Acting General Manager recommends a hybrid approach for Board engagement that includes the following:

- Formation of an AO Development Ad Hoc Committee – The Committee’s charge and focus would include: review of the Request for Proposals solicitation, evaluation and narrowing of the design team candidates, site tours of similar office facilities, and

development of the public engagement process. The Board President would appoint three Board members to serve on the Committee for a limited term.

- Board Study Sessions – Periodic Study Sessions to update the full Board on project progress, solicit Board input on key program, policy, and design elements, and discuss emerging issues that affect the overall project scope, schedule, and/or budget.
- FYI Memorandums – Periodic project updates to keep the Board informed throughout the process.

The recommended hybrid approach allows the Committee to work through technical items with staff in preparation for full Board discussions while ensuring that the full Board remains fully apprised of the project and has an opportunity to weigh in on key policy issues as the project moves forward. This approach would integrate within the proposed tentative project schedule to ensure efficient use of Board and staff time.

FISCAL IMPACT

Design-Bid-Build maintains high design control throughout the project at the potential expense of added costs and time during construction while Design-Build provides the opportunity for cost savings at the expense of retaining design control as the project evolves. The actual cost difference between the two project delivery methods is speculative and difficult to quantify.

The full project budget is shown here for context only.

Project #31202	Prior Year Actuals	FY17-18	FY18-19	FY19-20	FY20-21	Estimated Future Years	Total
Amended Budget		\$161,000					
Spent-to-Date (as of 2/13/2018):	\$73,865	\$42,422					
Encumbrances:		-					
Budget Remaining (Low estimate)*:		\$118,578	\$600,000	\$1,000,000	\$2,200,000	\$4,000,000	\$7,918,578
Budget Remaining (High estimate)*:		\$118,578	\$600,000	\$1,900,000	\$3,000,000	\$7,500,000	\$13,118,578

* Low estimate is based on \$200/sf for 30,000 sf. Therefore, \$6 million in construction costs and \$1.8 million (30% of construction costs) for soft costs. The remaining 10,000 sf will be leased and not covered under this assumption.

High estimate is based on \$250/sf for 40,000 sf. Therefore, \$10 million in construction costs and \$3 million (30% of construction costs) for soft costs.

Formation of a new AO Development Ad Hoc Committee may result in a modest fiscal impact. Per Board policy on *Compensation of Directors and Payment of Expenses*, the maximum allowable total compensation per Board member shall be one hundred dollars (\$100.00) per day and five hundred dollars (\$500.00) per calendar month, irrespective of the number of meetings attended each day or each month (Chapter 6, Policy 6.03). The Fiscal Year 2017-18 Budget does not include a specific allocation for the proposed AO Development Ad Hoc Committee. However, the Budget may be sufficient depending on the total number of compensable meetings that are scheduled during this fiscal year.

The recommended action is not funded by Measure AA.

BOARD COMMITTEE REVIEW

The full Board met on this project on December 6, 2017 and accepted the final report on the Space Needs Assessment and Program for the New AO. Previously, on October 25, 2017, MKThink conducted an interactive workshop with the Board, seeking input regarding public and Board space needs (R-17-116).

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act. Future environmental review will be conducted on the proposed property improvements as part of the permitting process.

NEXT STEPS

Pending Board approval, the Acting General Manager will proceed with scheduling meetings with the AO Development Ad Hoc Committee, and working with the Committee and staff to develop a draft RFP for the design consultants. MKThink is under contract to provide technical assistance with the development of this RFP document.

Attachment:

1. Milestones, Deliverables, Board Input Opportunities, and Timelines for Design-Bid-Build and Design-Build Options

Responsible Department Head:

Christine Butterfield, Acting Assistant General Manager

Prepared by:

Christine Butterfield, Acting Assistant General Manager

Jane Mark, AICP, Planning Manager

Jason Lin, Engineering & Construction Manager

Staff Contact:

Christine Butterfield, Acting Assistant General Manager

Milestones, Deliverables, Board Input Opportunities, and Timelines for Design-Bid-Build and Design-Build Options

Design-Bid-Build			Design-Build		
<i>Milestones</i>	<i>Opportunity for Board Input</i>	<i>Tentative Timeline</i>	<i>Milestones</i>	<i>Opportunity for Board Input</i>	<i>Tentative Timeline</i>
<i>Select Architect and Engineering Firm</i>	X	Mar - Sept 2018	<i>Select Architect and Engineering Firm to Prepare Bridging Documents</i>	X	Mar - Sept 2018
<i>Programming and Preliminary Design</i>	X	Sept 2018 - Mar 2019	<i>Prepare Bridging Documents (30% Design and Programming)</i>	X	Sept 2018 - Jun 2019*
<i>ESCROW CLOSES</i>		As late as January 22, 2019	<i>ESCROW CLOSES</i>		As late as January 22, 2019
<i>Design Development and Environmental Review**</i>	X	Mar – Sept 2019	<i>Select Design Build Team</i>	X	Jun – Sept 2019
<i>Construction Documents and Permitting (permitting starts concurrent with construction docs)</i>	X	Sept 2019 - Mar 2021	<i>Design through 60%; Environmental Review**</i>		Sept 2019 – Mar 2020
			<i>Construction Documents and Permitting</i>		Mar 2020 – Mar 2021
<i>Construction</i>		Mar 2021 - Mar 2022	<i>Construction***</i>		Mar 2021 - Jan 2022
<i>Move-In</i>		Mar 2022	<i>Move-In</i>		Jan 2022

*Assumes the District does not have access to the building until January 22, 2019 to conduct additional investigations that require entry into the walls to confirm structural integrity. If access is allowed prior, the timeline would shift accordingly.

**City of Los Altos, who will be the lead agency for CEQA, requires design documents to be at 60% or greater to begin CEQA review. Based on early consultation, City staff indicated a categorical exemption for streamlined CEQA review is possible, pending the District's 60% design documents.

***Some construction work may begin sooner for Design-Build work (e.g. purchase of materials, mobilization, and demolition).