

Lompoc City Council Agenda Item



Date: April 20, 2010

TO: Laurel M. Barcelona, City Administrator

FROM: Dan McCaffrey, Director of Parks, Recreation & Urban Forestry
d_mccaffrey@ci.lompoc.ca.us

SUBJECT: AUTHORIZATION TO PROCEED WITH THE RICHARD L. DEWEES
SENIOR COMMUNITY CENTER AND LOMPOC AQUATIC CENTER
DEHUMIDIFICATION SYSTEM PROJECTS

RECOMMENDATION:

1. Accept public comment;
2. Direct staff to proceed with steps necessary to issue a Redevelopment Agency Tax Allocation bond which includes sufficient funds for the Richard L. DeWees Senior Community Center and Lompoc Aquatic Center Dehumidification System projects;
3. Allocate \$1,500,000 from the Community Development Block Grant (CDBG) for construction of the Richard L. DeWees Senior Community Center; and
4. Direct staff to solicit bids for the construction of the Richard L. DeWees Senior Community Center and the Dehumidification System at the Lompoc Aquatic Center.

Richard L. DeWees Senior Community Center

BACKGROUND:

May 2, 2006:

The City Council approved the sale of City property to the Lompoc Healthcare District. The contract between the City and the Lompoc Healthcare District

provided for the relocation of the Community Center to a 15,000 square foot portion of the western wing of the old hospital building. The contract also allowed the City to take a cash payment of \$2 million for purchase of the Lompoc Valley Community Center in-lieu of title to the 15,000 square foot portion of the old hospital building.

August 5, 2008:

The vacant building at 1120 West Ocean Avenue and the abutting vacant lot at 1110 West Ocean Avenue combined together provided a viable option for the new Lompoc Valley Community Center. It was determined that developing this site in-lieu of rehabilitating the old hospital building would more adequately meet community needs for the present and the future.

The cost of the building was \$1,505,659 and \$370,339 for the vacant lot. The combined purchase price was \$1,875,998. The two properties comprise 1.9 acres and contain 118 parking spaces.

September 2, 2008:

The City Council awarded a design contract to Kruger, Bensen & Ziemer Architects (KBZ) for \$274,500 to complete the design work, construction documents, bid packaging, construction phase monitoring, and other associated elements of the contract to develop the Senior Community Center. At this time, staff was directed to expedite the project to minimize the impact on the facility users.

The Building Division confirmed the \$150 per square foot as a good working estimate for the rehabilitation/development cost of the 15,000 square foot building, which equated to a construction estimate of \$2,250,000. The patio area improvement was conservatively estimated to cost \$100 per square foot, or \$675,000. Total construction cost was estimated to be \$2,925,000.

The initial forecasted construction cost was \$2,925,000. This preliminary estimate did not include project administration, design costs, engineer and planning costs, permit fees, construction management costs, or a contingency.

February 17, 2009:

An agreement for extra services between the City of Lompoc and KBZ was approved for additional design work for alternative floor plans requested by the public for the Senior Community Center. The work was not-to-exceed \$25,000 with a 10% contingency totaling \$27,500. The revised budget for design work is now \$302,000.

July, 2009:

During the course of the design work, KBZ Architects identified the need for the following unforeseen work. The need for this work could not be identified during preliminary inspections of the building; substandard conditions are commonly identified during the design phase when rehabilitation and change of occupancy are undertaken for an older structure.

Additional Work	Description	Cost
Mechanical/Plumbing	The number of individual spaces, especially in the Main Dining Room, resulted in an increase of individual HVAC units.	\$391,000
Electrical	Addition of fire alarm and security systems, new/larger electrical service.	\$369,000
Thermal/Waterproofing	Strip/Replacement of roof and hazardous material, and three (3) inch slab/moisture barrier over existing slab.	\$200,000
Finishes	Addition of numerous soffits and other hard-ceiling areas to make duct runs and to accommodate numerous operable partition walls. Furring of interior walls to cover and insulate the interior side of exterior masonry walls.	\$189,000
Site work	Extensive site drainage system (trench cistern).	\$135,000
Total Cost of Additional Work - \$1,284,000		

Current reports from the architect indicate that the original September 2, 2008 estimated \$150 per square foot is considerably lower than the current estimated per square foot cost of \$255. These square foot costs do not include site improvements.

The estimated Construction Cost is now \$4,368,577. The true cost will not be known until the bid process is complete.

December, 2009:

Due to increased estimated construction costs, the architect was directed to review cost saving options. After review of the cost saving options, staff found elimination or phasing of most elements will significantly impact the operations and aesthetics of the facility, and diminish opportunities for revenue generation.

The following table shows the components considered for elimination.

Component Considered for Elimination	Potential Cost Saving	Basis for Retention or Elimination
Patio masonry walls, gates, hardscape, and landscaping	\$85,000	Retained - Patio walls served as CEQA noise mitigation measure, outdoor area would not be usable without these improvements.
Architectural treatment for north façade (columns/trellis)	\$100,000	Retained – necessary to meet Architectural Review Guidelines and improve appearance of center.
Operable Walls	\$210,000	Retained – necessary to allow flexible use of interior space as intended and maximize revenue generation.
Leave Kitchen #2 as shell (stub out utilities, delete equipment & hoods)	\$125,000	Retained – necessary to allow use of interior space as intended and maximize revenue generation.
Furring of interior walls to cover and insulate the interior side of exterior masonry walls.	\$100,000	Retained – severe degradation of interior quality and appearance.
Delete all classroom/meeting room casework and sinks	\$36,000	Retained - use of classrooms and meeting spaces would be negatively affected.

CURRENT PROJECT COSTS:

The following summary table shows the original bonding capacity estimates from 2006, current estimated costs, costs incurred through April 2, 2010 and the expected remaining costs to complete the project. A more detailed table is available as Exhibit A. A discussion regarding available resources for the identified costs is included later in the "Fiscal Impact" section of this report. The estimated project cost for the Senior Community Center is \$7,675,634.

	<u>Original Bonding Capacity Estimates</u>	<u>Architect & Engineering Estimates</u>	<u>Costs incurred thru 4/2/10</u>	<u>Remaining Costs</u>
Property acquisition	\$ 1,900,000	\$ 1,875,998	\$ 1,875,998	\$ -
Design and design related costs	329,400	350,897	282,776	68,121
Estimated construction bid	2,925,000	4,368,576	-	4,368,576
Construction related costs	642,500	468,562	7,977	460,585
Project contingency	585,000	611,601	-	611,601
Totals	<u>\$ 6,381,900</u>	<u>\$ 7,675,634</u>	<u>\$ 2,166,752</u>	<u>\$ 5,508,882</u>

For the entire project, costs are 20% (approximately \$1,294,000) greater than the preliminary estimate used in developing the bonding capacity in 2006. The costs identified in the "Additional Work" table are also 20% (\$1,284,000) of the original, preliminary estimate from 2006.

SCHEDULE:

The Architect is currently working on addressing plan check comments provided by the Building Department and constructability comments provided by construction manager. Once all comments have been addressed, and the plans are deemed complete by the City, the project will be advertised for bid. Staff anticipates advertising the project for 45 days to maximize competitive bidding. The lowest responsible bid will be brought to the City Council for approval. After City Council approval, the contractor has 30 days to provide the necessary bonds and insurance and to execute the contract. After the City verifies that all pre-construction requirements have been met, the City will issue a Notice to Proceed. This officially starts the construction period. The Architect estimates the project will take 10 months to complete once construction begins.

ALTERNATIVE ACTION:

Staff is recommending that Council authorize staff to proceed with financing and construction of the Community Center. A viable funding plan has been identified which does not require use of General Fund monies, the property is under City ownership and available for development, construction drawings are nearing completion, competitive bids are anticipated, and construction jobs will be created. The City is without a Community Center unless this project proceeds.

However, the alternative exists for Council to decline to proceed with construction at this time. Should Council elect to delay construction, direction will be needed for the following items:

1. Interim maintenance, and potential use, of the property at 1110-1120 West Ocean Avenue;
2. Whether staff is to proceed with issuance of a Redevelopment Agency Tax Allocation bond to protect Redevelopment funds from seizure by the State and preserve these funds for future Redevelopment use; and
3. Reconsideration of the budget for FY 2010-2011 Community Development Block Grant (CDBG) to expend funds necessary to assure future CDBG income.

Lompoc Aquatic Center Dehumidification System:

BACKGROUND:

The existing Aquatic Center does not have a humidity control system. A dehumidification system was considered as a part of the original project's schematic design phase. At that time the City elected to exclude work related to a dehumidification system due to cost and budget considerations and rely on the sliding roof panels for ventilation. As a result, in the colder months of the year, the heated pool water evaporates, and then condenses on the cold metal surfaces within the enclosures. This has caused extensive corrosion and premature deterioration to elements within the pool enclosure. To date, the only way to reduce the humidity levels within the facility is to open the operable roof. This results in the enclosure being cold and uncomfortable for the occupants.

After the facility opened to the public, it became apparent that corrosion was not going to be solved through ventilation. At the City's request, the design team prepared a schematic design for a dehumidification system that would mitigate corrosion and keep the temperature in the pool enclosure at a comfortable level. After funding was identified, the City advertised a Request for Proposals (RFP) to design the system. In February 2008, the City received design proposals and City selected the consulting team led by Ravatt, Albrecht & Associates, Inc.

In November, 2009 the City Council requested that a structural evaluation be performed by a licensed engineer to determine the extent of corrosion to key building components. A site visit was made on January 13, 2010 by Cannon Associates and a report prepared documenting their findings and recommendations. A copy of the report was routed to each City Councilmember through interoffice mail. The repairs identified will be incorporated into the project.

The project design is complete and will soon be submitted for plan check with the Building Department. Once funding is approved, staff will work with the Purchasing Department to order the mechanical units in advance of construction, due to the long lead time necessary to purchase these specialty units. The current construction timeline is scheduled to begin the end of the summer season. Initial construction is scheduled to take place on the exterior of the facility, with significant facility closures to take place during the annual closure. This six week closure typically occurs from the end of November into January for budgetary cost savings and annual maintenance considerations.

CURRENT PROJECT COSTS:

The following summary table shows the original bonding capacity estimates from 2006, current estimated costs, costs incurred through February 28, 2010 and the expected remaining costs to complete the project. A more detailed table is available as Exhibit B at the end of this report. A discussion regarding available resources for the identified costs is included later in the "Fiscal Impact" section of this report. The estimated project cost for the Aquatic Center Dehumidification System is \$1,872,468.

	<u>Original Bonding Capacity Estimates</u>	<u>Architect & Engineering Estimates</u>	<u>Costs incurred thru 2/28/10</u>	<u>Remaining Costs</u>
Design and design related costs	\$ -	\$ 142,555	\$ 75,879	\$ 66,676
Estimated construction bid	1,375,000	1,291,465	-	1,291,465
Construction related costs	120,000	244,728	-	244,728
Project contingency	180,000	193,720	-	193,720
Totals	<u>\$ 1,675,000</u>	<u>\$ 1,872,468</u>	<u>\$ 75,879</u>	<u>\$ 1,796,589</u>

FISCAL IMPACTS:

The planning for the Senior Community Center started in the 2005-2006 fiscal year. At the time, staff was directed to investigate the use of tax increment financing available through the Lompoc Redevelopment Agency. In addition, CDBG resources became available for the acquisition of the potential site for the Senior Community Center. A presentation was made in November 2008 by the City's Financial Advisor, KNN Public Finance that indicated the Lompoc Redevelopment Agency has the capacity to borrow approximately \$7,000,000 to fund activities identified in the current Lompoc Redevelopment Agency Implementation Plan. At that time, three projects were identified for further investigation and possible use of tax increment financing. The projects were the above mentioned Senior Community Center, the Aquatic Center Dehumidification System and the Downtown Pocket Park. Following is a table identifying the estimated funding sources available to finance the acquisition, construction and

installation of the Senior Community Center and the Aquatic Center Dehumidification System, respectively:

	<u>Sources</u>	<u>Uses</u>
<u>Sources</u>		
CDBG - entitlements (fiscal years including 06-09)	\$ 1,505,659	
Redevelopment Agency bond proceeds - net	6,172,104	
Redevelopment Agency reimb from bond proceeds	370,339	
CDBG - proceeds from sale of old Senior Center	1,034,942	
CDBG - additional 2010-2011 budget allocation	465,058	
 <u>Uses</u>		
Community Center project		\$ 7,675,634
Aquatic Center dehumidifier & repair project		1,872,468
 Total sources and uses	 <u>\$ 9,548,102</u>	 <u>\$ 9,548,102</u>

The first item listed as a source, CDBG – entitlements, as well as the third item are sources for the project; however, they have been used for the acquisition of the property and are not currently available for remaining costs of the project. In addition, you will note that the above table identifies approximately \$6.2 million of bond proceeds while the bonding capacity of the agency is expected to be about \$7 million. The differential represents available funds for other projects beyond the two currently identified for funding.

CDBG funds of \$1,034,942 were deposited from the proceeds received from the Lompoc Healthcare District. This amount represented the reimbursement of costs for improvements at the former Senior Community Center funded from CDBG resources. The Lompoc Redevelopment Agency was also reimbursed for costs of improvements that it funded in the amount of \$119,811. The remaining proceeds reflected reimbursement of non-CDBG and non-RDA costs of development of the property and was deposited to the City's General Fund. Although not specifically designated, the "program income" received by the CDBG program from the sale of the Senior Center land has always been considered as a funding source for the replacement Senior Community Center. The \$1,034,942 reimbursement of costs is a portion of the request to allocate \$1,500,000 in CDBG funds to the Senior Community Center project.

To date, no General Fund sources have been utilized for the development of either the two projects discussed in this staff report or for the investigation of the use of bond proceeds from the Lompoc Redevelopment Agency. The City's CDBG program has been accumulating funds over several years due to several factors. Program income (payments on loans) has been growing faster than the department can make new loans, net proceeds received from the sale of the former Senior Community Center and the lack of progress by outside entities on several projects where funds have been designated are factors in the build up of funds on hand. Using the \$1,500,000 recommended by staff on this project will

produce a tangible community benefit for CDBG targeted beneficiaries, fulfilling HUD's CDBG objectives. Since almost 70% of the amount recommended from CDBG is from the former Senior Community Center, dedications for other projects can be reinstated from future grants at such time that those projects are approved for construction.

SUMMARY:

Staff recommends the City Council direct staff to proceed with steps necessary to issue a Redevelopment Agency Tax Allocation bond which includes sufficient funds for the Richard L. DeWees Senior Community Center and Lompoc Aquatic Center Dehumidification System projects; allocate \$1,500,000 from the Community Development Block Grant (CDBG) for construction of the Richard L. DeWees Senior Community Center; and direct staff to solicit bids for the construction of the Richard L. DeWees Senior Community Center and the Dehumidification System at the Lompoc Aquatic Center.

Dan McCaffrey, Director
Parks, Recreation and Urban Forestry Department

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Laurel M. Barcelona, City Administrator

Attachments: [Exhibit A](#)
[Exhibit B](#)