COUNCIL AGENDA: 4-26-05
ITEM: 3.4

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Del D. Borgsdorf
Terry Roberts

SUBJECT: **NEW SAN JOSE CITY HALL AND OFF-SITE PARKING GARAGE PROJECT UPDATE**

DATE: 04-19-05

Council District: Citywide

San José City Hall

RECOMMENDATION

Staff recommends that the City Council accept this updated report on the New San José City Hall and Off-site Parking Garage Project.

BACKGROUND

New City Hall is currently in the final stages of construction with employee move-in scheduled to begin in early June. This report provides an overview of recent construction activity, including the off-site garage, and information on both the construction and the technology, furniture and equipment budgets. The report also includes an update on staff preparation for the move and the overall project schedule.

New City Hall

General Update

Construction of the new City Hall project is about 91% complete overall with the office spaces in the tower and council wing about 95% complete. The project is on schedule for a June-August 2005 employee move-in. The tower, council wing and battered wall remain on schedule for substantial completion in early May 2005 with punch list and clean up occurring by early June. The rotunda's completion date will likely be closer to October 1 due to the complexities of construction associated with the glass dome. The first council meeting in the new facility is scheduled for August 9, 2005.

Approximately 1,800 employees will move into the building at a rate of about 200 per week beginning on June 9, 2005. Systems furniture is being moved into the building during April and May with freestanding furniture to follow beginning in early June. The move dates are contingent upon a successful installation of the converged network which is currently on track.

Following is a brief construction update for each area of the project:

Tower
Ceiling tile, interior walls, construction and painting have been completed on all floors. Installation of carpeting, plumbing fixtures and cabinetry are nearing completion. Modular furniture installation is complete on floors 5, 6, 7 and 8. All floors will be completed prior to our first scheduled move. The floors are being completed at a rate of two floors per week.

Council Chamber Wing
Interior finishes of the Network Operation Center (NOC) and the installation of flooring, computer racks, electrical power, lighting and fiber cabling have been completed. Nortel, the converged network vendor, delivered the VOIP equipment during the last week of March and installation is underway and on schedule. The council chamber finishes are being installed. The dais woodwork will be completed in mid-May. The theatre style seating is currently in fabrication and scheduled for a July installation.

Rotunda
The rotunda is a very complex and unique structure that requires precise alignment of 1,056 pieces of custom cut glass. Custom designed brackets are welded in place, following an intricate measurement process for exact placement. Onsite fabrication adjustments to the cabling and glazing systems require tedious and precise workmanship during the installation process. A picture is attached which illustrates the complexity of these details.

The first shipment of the rotunda glazing has been delivered. The cabling system that will hold the glass in place is nearing completion. The first installation of the glass began on April 14. The rotunda is scheduled to be fully enclosed in July and expected to be complete by October 1.

Battered Wall
Construction of the battered wall's limestone facade is essentially complete. The wall is designed to aesthetically tie the tower, rotunda and council wing together and to define the public plaza. The glass enclosed walkway on the south side of the battered wall is complete. This provides an enclosed walkway to the council chambers from the 2nd floor of the tower.

Site Utilities
Site utility connections including storm and sanitary sewers, water, fire protection equipment and the recycled water line to serve the new City Hall have been completed. The state of the art breathable air system has been installed to aid firefighters.

Upcoming Events and Milestones

DATES	*MILESTONES*
April 14, 2005	First glass installed on the rotunda dome
April/May 2005	Completion of tower and council wing
June 9, 2005	Employee move-in begins
July 14, 2005	Mayor and City Council move-in

August 9, 2005	First council meeting in the new chambers
August 18, 2005	Last phase of employee move-in
October 2005	Rotunda complete
October 2005	Grand opening celebration

Other Items of Interest

The public art element for the new City Hall is an impressive and prominent water feature located in the center of the plaza adjacent to Santa Clara Street. Anna Valentina Murch and Douglas Hollis, the artists, were directly involved in the design and continue to be involved in overseeing construction of the fountain. The water feature includes approximately seven hundred concrete pedestals that have been constructed to support the hand- selected granite boulders that will be installed. The water feature is scheduled to be complete in June 2005.

The safety record for the project continues to be excellent with the number of incidents reported being significantly below industry standards. This track record remains a source of pride for the contractors, safety officers, the JV, and the City, as members of the team are committed to promoting a safe work environment.

OFF-SITE PARKING GARAGE

The off-site garage contract was awarded on February 1, 2005. Due to one-year project delay resulting from the PACSJ lawsuit, costs rose by $2.6 million with the new low bid. The construction budget was amended accordingly.

The Fox building was demolished the week of March 14th. Swinerton Builders, the contractor for construction of the garage, mobilized onto the site the following week and began work on March 25, 2005.

The garage is scheduled for completion by the end of May 2006. Site excavation and shoring are currently underway. Pile driving is scheduled to begin in mid-May and will take approximately 3 to 4 weeks.

For safety and security, a temporary chain link fence has been installed around the site and the plywood fencing is being erected. Dewatering equipment has been delivered to the site and will remain in operation until the excavation is backfilled. It will take approximately 6 months to bring all the foundation & flooring work back up to grade level.

An interim-parking plan for employees is being finalized. The plan utilizes the following City-owned garages: Market Street, 2nd and San Carlos, 3rd Street, and 4th Street garages.

STAFF PREPARATION MEASURES

Efforts to prepare staff for the transition and move to the new City Hall continue. Meetings have been conducted with all City departments, those moving and not moving, to introduce and familiarize staff with the new City Hall, its mission and vision, and to answer staff questions.

Project updates and information are provided to staff on a frequent basis through the *New City Hall News* newsletter and features in *CityLine*. Employees are able to email in questions.

The San Jose Management Association has focused professional development courses on change management and organizational skills that provide managers with practical tools to lead staff through the upcoming move transition.

Records consolidation and purging efforts continue to reduce the bulk of the move. Bi-monthly meetings with staff move liaisons have been accelerated to bi-weekly meetings. The move consultant is also meeting one-on-one with department liaisons to determine file space requirements. Move logistics and other planning activities are reviewed in detail during these meetings.

A "Move Communication Guide" has been developed to aid departments in communicating changes with their customers and partners. As the move date nears, additional meetings and forums will be scheduled to bring information to staff about working in the new building, customer service, training on the new phone system, and information on the interim-parking plan.

To prepare City staff for the move, perimeter tours have been conducted for approximately 500 employees to date. In addition, staff training is underway to develop on-site tour guides, who will lead tours two weeks prior to their scheduled move date.

The Art and Practice of Leadership Team has developed a training module focused on customer service in the NCH. The training is entitled, *"How Can I Help You?"* and is designed to introduce employees to a new model of customer service delivery. This module will be incorporated into the employee orientation training.

PROJECT CONSTRUCTION BUDGET SUMMARY

To date, 45 contracts have been awarded which total $178.5 million, as indicated below.

Construction Contracts

Since the last report on January 28, 2005, the off-site parking garage and the council chamber seating were awarded. The only remaining construction contract to be awarded is for final clean-up. The total variance amount is $782,693, which will be covered through project contingency funds.

Description	Contractor	Low Bid Awards	Budget	Variance
CUMULATIVE TOTAL	43 Contracts	$156,989,765	$156,149,532	$ 840,233
Council Chambers Seating	American Seating	$ 186,997	$ 244,537	$ (57,540)
*Parking Garage**	Swinerton	$ 21,318,000	$ 21,318,000	$ 0
Total	**45 Contracts**	**$178,494,762**	**$177,712,069**	**$ 782,693**

*The parking garage budget was increased 2/1/05 when the contract was awarded to reflect the increased bid amount associated with delay from the PACSJ litigation.

Construction Budget Summary

As of March 31, 2005, we have expensed and encumbered $330.9M out of a total $345.6M project budget (the original budget of $343M was amended to $345.6M due to cost increases from a one-year delay caused by the PACSJ lawsuit). The chart below illustrates the budget breakdown by project components: off-site parking garage, land acquisition, design and construction including public art.

Budget Summary (in millions) **As of 3-31-05 (estimated)**			
Description	**Budget**	**Total Expended/ Encumbered**	**Remaining**
Offsite Garage	$ 26.1	$ 24.1	$ 2.0
Land acquisition and relocation	$ 51.5	$ 51.3	$ 0.2
Design, Construction and Public Art	$ 268.0	$ 255.5	$ 12.5
Total	**$ 345.6**	**$ 330.9**	**$ 14.7**

TECHNOLOGY, FURNITURE, EQUIPMENT & RELOCATION BUDGET SUMMARY

As of mid April 2005, multiple contracts/agreements have been awarded which total $6.9M under the budgeted amount of $26M for these items. We have expensed/encumbered $19.1 M for these items, realizing a savings of 27% to date. In addition, there is an unexpended program contingency of $2.2M. However, there are several more items including servers, radio, cellular and WIFI, operation and maintenance equipment and relocation services, all of which are estimated to cost about $15.4M that are still to be awarded. It appears significant savings will result overall but until all contracts are awarded the amount of the savings cannot be determined.

OUTCOME

This is an informational update report. No direct outcome will result from accepting this report. The project will continue on schedule. Budget issues will be addressed in the upcoming 2005-06 budget process.

COORDINATION

This report has been coordinated with the City Attorney's Office, the Department of Public Works and the Budget Office.

COST IMPLICATIONS / MANAGING THE BUDGET

To date, over $12 million has been value engineered from the plans submitted by Richard Meier & Partners. As indicated in the various project status reports to the Council over the last year, staff and the Turner/Devcon Joint Venture (JV) have been projecting that costs will exceed the $345.6 million budget by $3 to $4 million (about 1%). Every effort continues to be made to reduce costs to within budget. While value engineering (VE) reductions have been made over the last quarter, costs have continued to grow due to unforeseen conditions, omissions or

clarifications in the construction plans and resolving construction issues resulting from the complexity of the architectural design. This has reduced the net expected VE savings.

Overall, as we begin to head for closure of the project, cost projections are stabilizing and are beginning to trend somewhat downward as cost exposures are addressed and final change orders are negotiated. With continued work by staff and the JV in focusing on cost reduction, there is still a good possibility that the overall projected costs can be reduced.

Some construction contracts will remain open during the next year with construction continuing on the rotunda through fall 2005 and through Spring 2006 on the off-site parking garage. Therefore, we will not be able to determine final costs for some time. Further, there will likely be some contractor claims filed on the project which will have to be addressed.

As the project has begun to close out, the unexpended contingency is now at $7 million, down from $8 million in the last quarterly report. By the end of June, we expect the unexpended contingency to drop to between $1 and $2 million due to final completion of many contracts and change orders. The remainder of the contingency is projected to be expended shortly thereafter. Expenditure of this remaining contingency will be required to finish the project.

With costs trending a $3-4 million over the existing budget, an adjustment to the project contingency will be needed in the next few months to insure timely project completion and close out. Staff will be proposing such a contingency adjustment in the upcoming 2005-2006 budget process. This amount will include both projected construction costs and estimates to address potential contractor claims.

Staff and the JV are continuing engineering efforts to keep the project costs down while not undermining the mission, quality, function or long-term maintenance needs of the project. Finding significant VE opportunities is getting more difficult in the later stages of the project because most of the work is already under contract, however, there are still opportunities to save money on the project.

SUMMARY

The tower and council chamber wing continue to be on schedule for a spring 2005 completion. The move schedule continues to be June through August for employees with systems furniture and equipment being installed in April/May. System furniture move-in is currently underway. The move schedule is dependent on the final converged network installation which is on schedule. The off-site parking garage is programmed for a 14-month construction timeline and is estimated to be completed in May 2006.

Forty-five (45) construction contracts, totaling $178.5 million have been awarded at approximately $0.8 million above the construction budget (0.5%). Overall the projected construction costs for the project are trending $3 - $4 million above the construction budget which includes estimates for contractor claims and other costs to close out the project. On the cost savings side, the TF&E budget is running about $7 million under budget based on the contract awards to date (about 27%).

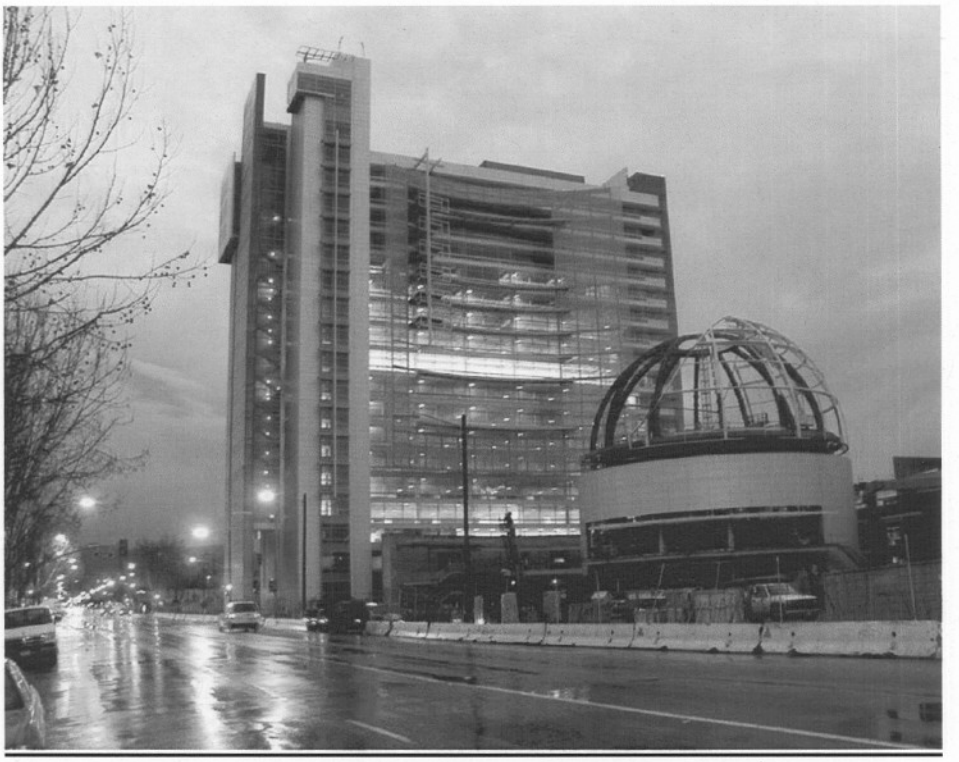
As the construction is nearing completion, we can now see the exceptional architecture and spaces, the ample light in the office areas and the views from the tower, the functional spaces in the customer service center, the special walkways, the exciting council chamber and galleria, and the unique rotunda; all are coming together to make this a special one-of-a-kind facility for the people of San José.

Tours have begun to brief the staff on the project and begin to prepare for the move. Additional tours for the Mayor and Council are also being scheduled in the near future so you can see first hand the rotunda glass being installed, the interior finishes taking shape, the progress in the council chamber and the systems furniture installation to date.

Del D. Borgsdorf
City Manager

Terry Roberts
Deputy City Manager

RAINY MORNING VIEW LOOKING EAST

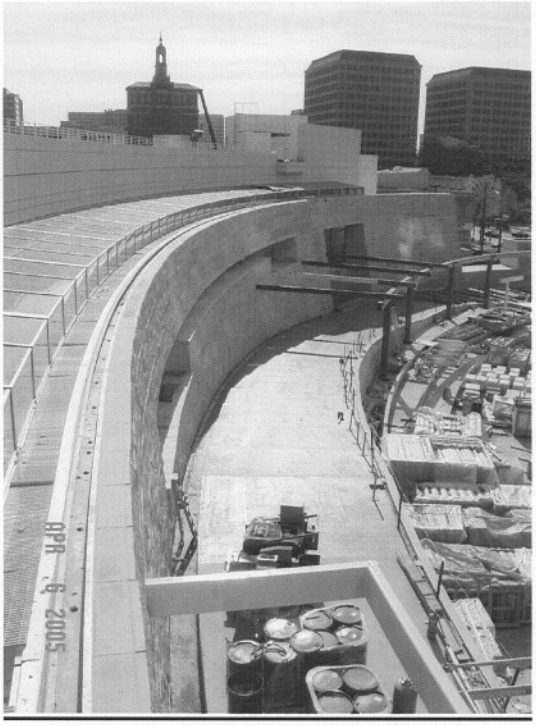
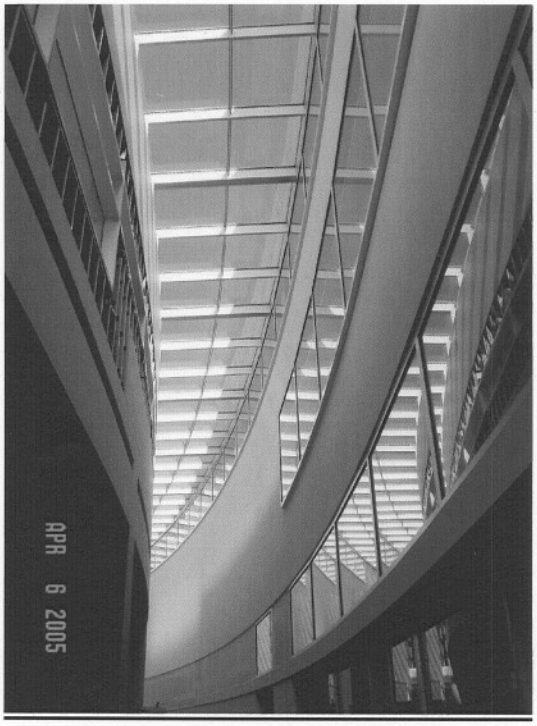


ROTUNDA SPIDER CABLING

COUNCIL CHAMBER PROGRESS

6TH FLOOR MODULAR FURNITURE INSTALLATION

EXTERIOR SKYLIGHT OVER GALLERY, AND BATTERED WALL & WALKWAY



INTERIOR SKYLIGHT OVER GALLERY