



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes
Anne Cain

SUBJECT: SEE BELOW

DATE: July 30, 2012

Approved: /s/ Ed Shikada

Date: 8/6/12

COUNCIL DISTRICT: 8

SUBJECT: APPROVAL OF AN AGREEMENT WITH TETRA DESIGN / BFGC-IBI GROUP JOINT VENTURE FOR CONSULTANT SERVICES FOR THE SOUTHEAST BRANCH LIBRARY

RECOMMENDATION

Approve a consultant agreement with Tetra Design / BFGC-IBI GROUP Joint Venture, (Tetra) for project design, preparation of construction documents, and construction administration services for the Southeast Branch Library project from the date of execution to August 31, 2016, in an amount not to exceed \$1,098,900.

OUTCOME

Council approval and award of the consultant agreement between the City and Tetra will enable the design of the Southeast Branch Library project.

BACKGROUND

The Southeast Branch Library will be a new 16,000 square foot library building. The new branch will be located at the corner of Ruby and Classico Avenues in the Evergreen Village Square (map attached). The site is bounded by low-rise residential to the south and a future commercial development to the east.

In August 2009, staff from the Department of Public Works (DPW) and the Library Department undertook a Request for Qualifications (RFQ) for architectural services for the Southeast Branch Library. The RFQ process resulted in the following ranking of consultant proposals:

Ranked List (as determined by the Interview Board):

1	Tetra Design + BFGC-IBI GROUP Joint Venture
2	LPA, Inc.,
3	mFoeges / DPS
4	Anderson Brule Architects
5	AEDIS
6.	KrongDesign /Studio G
7.	ArcTec / DSJ

ANALYSIS

In December 2009, City staff began negotiations with the top-ranked consultant, Tetra Design+ BFGC-IBI Group Joint Venture (Tetra), with the goal of reaching an agreement on a reasonable amount of compensation that reflected the market conditions at that time as well as provided for a full service scope.

By May 2010, staff was unable to reach an agreement with Tetra on the amount of the fee. At that juncture, staff began negotiating with the next highest ranked consultant, LPA, Inc. (LPA). Staff and LPA negotiated a fee for service that was targeted at \$850,000 for the 12,000 square foot project.

In June 2010, the City Council authorized the City Manager to negotiate and execute a consultant agreement with LPA. However, shortly thereafter the project was placed on hold pending negotiations over the purchase of land for the Southeast Branch Library. The purchase of land was completed on May 10, 2012.

During the preparation of the 2013–2017 Capital Improvement Program, the square footage for the new Southeast Branch Library was increased from 12,000 sq ft to 16,000 sq ft to provide consistency with other branch Libraries. Funding for the project was also increased by \$3,000,000.

DPW requested LPA to submit a revised fee proposal based on the added scope of work. LPA responded that it objected to the City's standard indemnity provision and would refuse to sign an agreement containing the provision.

Given the circumstances and progress of the project, a final effort to engage Tetra was undertaken with a successful outcome.

On June 4, 2012, an agreement was reached on a fee of \$1,098,900 for the 16,000 sq ft library. The fee proposal includes all of the needed services, including program review, conceptual design, schematic design, design development, preparation of construction documents, assistance during bidding, construction administration, and preparation and compiling of record documents. Tetra will design the facility in accordance with City's Green Building Policy to achieve a LEED silver rating as the minimum credit level and register the project with the U.S. Green Building Council (USGBC) for certification.

Tetra's fee is consistent with what the City has paid other consultants to provide similar services for similar sized projects. Moreover, Tetra has agreed to execute a consultant agreement containing the City's standard indemnity provision. Staff recommends approving this consultant agreement with Tetra for design services in the amount of \$1,098,900.

EVALUATION AND FOLLOW-UP

Due to the lengthy process regarding site acquisition and the consultant services negotiations, the project schedule has been prolonged. The project is currently scheduled with a projected completion in spring 2016. The construction award for this project is expected to be brought to the City Council for approval in spring 2014.

POLICY ALTERNATIVES

Alternative # 1: Direct City staff to provide the required services with in-house resources.

Pros: Increased work options for current staff.

Cons: Schedule impact while staff design/engineering team is assembled resulting in potentially greater costs due to construction escalation. Shifting existing staff resources to this project at this time would delay this or other projects.

Reason for not recommending: Staff is fully utilized on other projects resulting in no available staffing resources. Since the establishment of these bond projects, the importance of creating a City/consultant partnership has been recognized. The use of architectural design consultants results in fresh and innovative ideas being applied to the project along with the flexibility required to meet changing staffing needs. This agreement has the added benefit of having a local consultant working in partnership with City staff. Tetra's office is located in San José.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The RFQ was published in the *San José Post Record* and the City's Internet Bid Line, and automatic notifications of the RFQ were sent via email to all 85 firms on the list of pre-qualified architectural consultants.

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Three community outreach meetings were held regarding the site selection for the new facility. The first meeting was in October 2002, the second in April 2003, and the third in September 2009. Future project meetings for the schematic design and public art processes will be advertised at various nearby branch library locations, through community organizations, and over the Internet.

This memorandum will be posted on the City's website for the August 21, 2012 City Council agenda.

COORDINATION

This memorandum and agreement have been coordinated with the Departments of Planning, Building and Code Enforcement, Finance, the City Manager's Budget Office and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council approved Budget Strategy, Economic Recovery section, in that it will help to stimulate construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$1,098,900
Project Delivery	\$2,468,000
Construction	8,300,000
Contingency	830,000
Public Art	121,000
Total Cost of Project	\$11,719,000
Prior Year Expenditures	(275,869)
Remaining Project Cost	\$11,443,131
2. COST ELEMENTS OF AGREEMENT	
Phase 1 – Project Feasibility/Development	79,445
Phase 2 – Property and Land Acquisition (not part of agreement)	0
Phase 3 – Design	642,241
Phase 4 – Bidding & Contract Award	27,005
Phase 5 – Construction Administration	234,992
Phase 6 – Record Documents and Project Close-Out	35,217
Additional Services/Reimbursable Expenses	80,000
TOTAL AGREEMENT AMOUNT	\$ 1,098,900

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3. SOURCE OF FUNDING: 472 – Branch Libraries Bond Projects Fund
4. OPERATING COST: The net impact to General Fund 001 for operating and maintenance of the branch library is projected to be \$630,000 annually starting in 2015-2016. This funding was included in the 2013-2017 Adopted Capital Improvement Program.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction and contingency costs.

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. For Contract	Proposed Capital Budget (Page)*	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$11,443,131			
Current Funding Available							
472	4475	Southeast Branch	Various	\$1,530,000	\$1,098,900	V-257	06/19/12, Ord. #29102
Additional Funding Recommended							
Funding in Future Years**				\$10,108,000			
Total Funding for Project				\$11,638,000			

* The 2012-2013 Proposed Operating Budget was approved by the City Council on June 19, 2012, and the Adopted Budget will be published in fall 2012.

** An additional \$10,108,000 is budgeted for the Southeast Branch Library in the Branch Libraries Bond Projects Fund in 2013-2014 (\$10,035,000), 2014-2015 (\$25,000), and 2015-2016 (\$48,000).

CEQA

Addendum to the Evergreen Specific Plan EIR, Resolution No.63719, File No. PP10-008.

/s/
 DAVID SYKES
 Director of Public Works

/s/
 ANNE CAIN
 Interim Director, Library Department

For questions please contact Harry Freitas, Assistant Director, Public Works Department, at (408) 535-8300.

Attachment