

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Lisa L. Kim	From:	Amir El-Farra
Dept.:	City Manager	Dept.:	Police Chief
Subject:	Civic Center Revitalization Project Update and Approval of Design Development Phase, Authorization of a negotiation of final terms, and execution an Exclusive Negotiation Agreement (ENA). (Cost: \$3,000,000) (<i>Action Item</i>)		

OBJECTIVE

To provide City Council with an update on the Civic Center Revitalization Project, including an overview of the Request for Qualifications submissions, recommendation to move forward with Developer selection and Design Development Phase, authorization of a negotiation of final terms, and execution an Exclusive Negotiation Agreement (ENA).

BACKGROUND

In July 2019, the City Council authorized the consulting firm Dewberry to conduct a comprehensive space and needs assessment of the City's police facilities to address current and future needs. The report concluded the current campus of different buildings are undersized and poorly configured. It further identified challenges with deferred maintenance, site constraints, insufficient parking, lacking certain security features and inefficient operational adjacencies. The final Dewberry Report was presented to the Council January 28, 2020.

In July 2022, the City Council approved a contract with Project Finance Advisory, Limited (PFAL) to perform initial analysis on the financial feasibility associated with development of a future public safety building. During the initial phase of the project advisory service, two site alternatives were evaluated: (1) a 2-acre property located at 11277 Garden Grove Boulevard; and (2) the Civic Center Park and the adjacent City employee parking lot properties.

Concurrently, HOK Architects (working under the PFAL contract) prepared a validation review of the 2020 Dewberry Report to determine appropriate building size, utilization of space and efficiencies. Through this process, it was determined that a new Public Safety Building would likely be multi-story and total approximately 90,000 square feet to meet current and potential future staffing needs.

With the program validation complete, HOK Architects prepared a conceptual massing layout showing a public safety building and a 450-space parking garage to accommodate secured police fleet vehicles, staff personal vehicles, and some public parking. Using these parameters, it was determined the Civic Center Park area combined with the adjacent parking lot would be the most efficient location to accommodate the proposed project.

While HOK worked on the site massing, PFAL explored different project delivery funding options to advance the project, considering risk assessment, project lifecycle and project timing requirements. It was concluded a Design Build Finance (DBF) approach would best meet the objectives for this project. Additionally, PFAL estimated the overall cost, including funding to upgrade Civic Center Park, would be in the range of \$110 million to \$150 million.

In January 2023, the City Council directed staff to continue advancing the Civic Center Project/Public Safety Building and identify opportunities to accelerate project delivery. This action included amending the PFAL contract to support the developer selection process. The action also added capacity to a contract with Placeworks to assist with expanded community engagement. In a different action, Council awarded a contract in March 2023 with Michael Baker International to prepare the environmental review documents in compliance with the California Environmental Quality Act (CEQA). Collectively, these contracts allowed staff to progress three pre-development elements of the project, (1) developer selection, (2), CEQA clearance, and (3) community engagement.

With respect to developer selection, staff worked to advance technical specifications for inclusion in a Request for Qualifications (RFQ) document. The completed technical specifications provide details on different required elements, including:

- **Design Criteria** - describes the site and building design objectives and project vision, as well as specific design requirements for various aspects of the project. This document describes the preliminary conceptual direction for the facilities and park from the larger planning context to the design aspects of specific individual components and elements, as deemed appropriate. It also includes basic design parameters for architectural, structural, mechanical, electrical, and other systems as they relate to the functional areas within the facilities and park.
- **Program of Requirements** - includes a description of the operational and physical requirements focusing on the operational context and specific planning requirements for different functions within the public safety building and the parking structure. The Program of Requirements consists of the Adjacency Diagrams and the Room Data Sheets (RDS).
- **Minimum Standards** - provides information on the minimum quality and performance of materials listed in the RFSs. These are the minimum acceptable standards upon which a system is based. Upgrades in materials and performance are encouraged where consistent with a particular design concept. These descriptions are not intended to limit design innovation, but to provide a baseline expectation of material quality for the City. Similarly, where a specific dimension is indicated on the RDS, such as ceiling height, that requirement is a minimum and may be exceeded consistent with the overall design concept.
- **Facility Management** - provides information and guidance for upkeep and management of the built properties. This includes design decisions on how the building will be maintained, what type of mechanical systems should be installed, and efficiencies that can be deployed to reduce lifecycle costs.

Over the past seven plus months, staff, working with Placeworks, has created a community information portal on the City's website at <https://ggcity.org/civic-center>, providing updated project data. Staff has also been directly engaging with the public at numerous City events, sharing information and eliciting comments. Outreach was targeted toward showing the conceptual project site with details on scope and scale. Feedback on the types of amenities and activities residents would like to see, especially in the revamped Civic Center Park, was also solicited. Event attendees were asked to complete comment cards describing their favorite memories about the park, favorite things to do in the park, and what ideas they have for the new park. Comment cards were then prominently displayed at the event.

During the spring and summer months, about 2,000 residents engaged with staff at different events and over 300 comment cards were received. Events included: Art in the Park, Eggscavation, Movies in the Park, Concerts in the Park, and Garden Grove Police Department (GGPD) National Night Out. Public outreach will continue throughout the project. Residents will have additional opportunities throughout the design phase of the project to help shape the future of the Civic Center Park.

The CEQA process continues. As the initial study is being finalized, the public draft document is anticipated to be circulated for public comment in October. The final adoption/certification is scheduled for Q1 2024.

In July 2023, the City released the Civic Center Revitalization Project RFQ, which included the 100+ page technical specifications document. The RFQ detailed the project objectives, site location and conceptual massing, response criteria and upcoming milestones. Six development teams submitted responses, representing some of the top firms in the construction industry:

- Balfour-Betty/DLR Group
- CFP3/OmniWest/McCarthy/Cannon Group
- Edgemoor/Clark/AC Martin
- EllisDon/Webcor/PerkinsWill
- Hunt/Hensel Phelps/SOM
- Griffin/Swinerton/LPA

The proposals will be available at <https://ggcity.org/civic-center>

DISCUSSION

A multi-departmental City team has been working on this project from the beginning to ensure different perspectives and priorities are discussed and included. Representatives from Police, Community Services, Finance, Public Works, Community Development, Economic Development, Information Technology, and City Manager's Office participated in the review and evaluation of the six different Developer responses to the RFQ. As specified in the RFQ, the review focused on:

- **Development Management Experience and Approach:** Demonstrated ability, qualifications, and approach of the Project Manager and Key Personnel to successfully deliver the Scope of Services. Demonstrated understanding of the Project requirements. Experience with open-book pricing processes. Organization plan showing a sufficient number of

qualified personnel (internal or contracted) to accomplish required tasks. Architecture and Design Experience and Approach.

- **Architecture and Design Experience and Approach:** experience with progressive design-build; successful track record of incorporating operations and maintenance considerations in designs to optimize lifecycle costs; coordinating with clients for progressive delivery of projects; experience providing innovation, value and cost efficiency to clients; stakeholder engagement track record.
- **Construction Experience:** track record of delivering similar projects on time and on budget under a DBF, PLA, and guaranteed maximum price; successful track record of incorporating operations and maintenance considerations into design and construction program to optimize lifecycle costs; track record of providing innovation, value and cost efficiency to clients; history of superior safety records; plan for inclusion of union labor, and track record delivering buildings free of latent defects; plan for open-book pricing and subcontractor engagement with a focus on retaining local and disadvantaged business.
- **Financing Experience and Approach:** track record in successfully financing vertical projects with a capital cost of over \$100 million using innovative and traditional methodologies and proposed strategy for financing the Project to provide best value to the City.
- **Lowest contractor profit,** developer fee, logic of ENA budget, and (if applicable) expected costs associated with arranging the financing.

After completing a comprehensive review, four firms were selected to provide a presentation on their approach to delivering the planned project. After hearing the presentations and asking questions of the key individuals from the different development teams that would be involved in this project, staff discussed which team provides the best overall value for the City. Specifically, staff opined on which team best demonstrated the ability to interact with Garden Grove to successfully finalize a design, finance, and build the planned project.

All six development teams provided strong responses to the RFQ. The knowledge and experience listed on the different responses is extensive. While it was challenging to make a final decision, staff is recommending the Development Team of **Edgemoor/Clark/AC Martin**. They provide the best value for the City, demonstrating an understanding of the City’s objectives, the key team members have experience working in a DBF structure, their overall approach aligns with the delivery timeline, they have demonstrated success financing projects with a budget more than \$100 million, and their developer profit is cost effective. The final ranking of the six development teams is below:

Ranking	Development Team	Presentation
1	Edgemoor/Clark/AC Martin	Yes
2	EllisDon/Webcor/PerkinsWill	Yes
3	Griffin/Swinerton/LPA	Yes
4	Balfour-Betty/DLR Group	Yes
5	Hunt/Hensel Phelps/SOM	No
6	CFP3/OmniWest/McCarthy/Cannon Group	No

NEXT STEPS

With City Council approval, the project will transition to the design development phase. This will involve executing an Exclusive Negotiating Agreement (ENA), preparing design drawings, updating pricing, developing a legal framework, and structuring the financial package. The draft ENA (Attachment-A) details certain milestones throughout the design development phase that deliver updates to the City Council. These include:

- November 2023: Presentation of design concepts
- January 2024: Presentation of 50 percent design drawings and initial project pricing
- April 2024: Final design, pricing and development timeline

It is during the design development phase where staff will work with the selected development team to evolve the design and operational elements of the project. This process will progress with the City Council’s input, and staff oversight to ensure design specifications are met and that long-term operational and maintenance savings are considered. If for some reason the parties are not aligned during the ENA period, the City reserves the right to terminate the agreement for any reason.

FINANCIAL IMPACT

City Council action approving the recommendations will authorize the execution of the ENA and start the design development process. The ENA will include a predetermined budget, agreed to by both parties. Should the City decide to terminate the ENA, the Developer will be owed costs incurred to that point. In this scenario the City is essentially purchasing the design drawings for the project, plus ancillary consulting costs. The selected Development Team was asked to provide a "Best and Final" ENA budget, which they responded at \$2.994 million.

It is anticipated the ENA process will be fully concluded in 6-8 months, with City Council receiving regular updates. At the conclusion of the ENA period, City Council will be provided a final design, cost and timeline to construction the proposed project. If the City Council elects to move-forward and build the project, the ENA pre-development costs will be included in the project financing.

The City has set-aside \$17.5 million for advancing this project. These funds are paying for project pre-development work, including PFAL, Michael Baker (CEQA), geotechnical, ALTA, and city staff costs associated with project management oversight. These funds would also be used to pay for the Developer costs if the ENA is cancelled. Any remaining funds will be allocated to pay financing costs for the project.

RECOMMENDATION

It is recommended the City Council:

- Authorize the City Manager to negotiate final terms and execute an Exclusive Negotiation Agreement (ENA) that includes the major provisions provided in Attachment-A, with the recommended Development Team of Edgemoor/Clark/AC Martin;
- Initiate the pre-development phase of the Civic Center Revitalization Project, starting the design development of a new Public Safety Building (est. 90,000 sqft), a Parking Structure supporting public safety operations and public parking (est. 450 spaces); re-envisioned and reconfigured Civic Center Park;
- Authorize appropriation of amount not-to-exceed \$3 million for preparation of materials defined in the ENA; and
- Direct staff to return to City Council within 60 days, providing an update on conceptual designs for the project.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Attachment A: DRAFT Exclusive Negotiation Agreement (ENA)	9/19/2023	Agreement	Attachment_A_-_DRAFT_Exclusive_Negotiating_Agreement._9.26.23.pdf