

Capitola City Council

Agenda Report



Meeting: July 27, 2023

From: Public Works Department

Subject: Community Center Renovation Project – Budget Update

Recommended Action: 1) Receive update on external funding sources for the Community Center Renovation Project; and 2) authorize Amendment 1 to the Professional Services Agreement with Boone Low Ratliff Architects in the amount of \$374,000 for final design documents, bidding support, and construction administration for the Community Center Renovation Project.

Background: On November 22, 2022, the City Council authorized the City Manager to sign a Long-Term Use Agreement (LUTA) between the City of Capitola and Soquel Union Elementary School District for the Jade Street Park Property, including the Capitola Community Center. The agreement requires the City to complete certain specific infrastructure improvements to the Community Center within four years. Additional “ancillary” improvements, such as replacement of flooring and partitions, are also specified as intended improvements to be made by the City. The construction costs for infrastructure and ancillary improvements included in the lease were estimated at \$1.45M at the time of lease execution.

On February 23, 2023, the City Council authorized an agreement with Boone Low Ratliff Architects (BLRA) for the design of the remodel of the Community Center, inclusive of site analysis, preparation of conceptual design, and development of initial construction documents. Staff and BLRA presented a conceptual design for the Community Center Renovation Project (Project) at the June 8, 2023 Council meeting (Attachment 1). The conceptual design cost estimate of \$4.7M was significantly above the anticipated construction budget of \$1.4M. Costs overages are generally attributed to more extensive exterior renovations (inclusive of the roof), HVAC, and electrical system needs that originally anticipated. The City Council directed staff to seek external funding sources for the Project and return in September with an update.

Staff was notified in mid-June that the City was allocated \$1.0M for the Project in the 2023 State Budget through the Natural Resources Agency (California State Parks). The City also received allocations for the Wharf Resiliency Project and for debris diverters on Stockton Bridge, in the amount of \$500k each.

Discussion: In addition to State funding allocations, staff is in the process of preparing an application for Community Development Block Grant (CDBG) funding in the maximum amount of \$3.5M. Staff anticipates the Notices of Funding Availability for 2023 will be issued in the next month. If unsuccessful in the current round, the City may reapply in 2024. The CDBG program requires a “shovel ready project” at time of grant award, which may be in early or mid-2024 dependent on success of the application(s). As required by the CDBG program, a public hearing on the CDBG application will be held in August and a resolution brought to the City Council for approval during the August 24, 2023 meeting.

Considering secured and potential additional funding, Staff recommends completing construction documents for the conceptual plan presented during the June 8, 2023, City Council meeting. As the funding from CBDG is not yet secured, the project would be designed to allow for two-phase construction. Phase A will consist of the infrastructure improvements specified in the LUTA. These improvements are estimated at \$2.3M and are fully funded with the funds allocated in the FY23-24 budget and the \$1M allocated to the Project in the state budget. Phase B will consist of the ancillary improvements specified in the LUTA. Phase B will be structured so that some, or all, of the improvements can be constructed within Phase A dependent on additional funding and bid pricing.

The current BLRA contract needs to be amended to complete final design documents, bidding support, and construction administration. It was not anticipated that the Project would require approval from the Division of the State Architect (DSA). This type of review is typically only required for active school sites, however any construction funded through State Parks also requires DSA review. Additionally, it was not anticipated the Project would require phasing at time of contract execution. Additional design needs have also been identified since contract execution, such as roof replacement and electrical service upgrades. The BLRA contract amendment of \$374k (Attachment 2), reflects these changes in scope. This brings the total design fee to \$524k, approximately 10% of the estimated \$5.0M total project (Phases A and B).

Fiscal Impact: \$150k was expended on the design of the Project in FY22-23. Currently \$1.65M is included in the FY 23-24 budget for the completion of design and construction of this project. \$1.0M has been awarded to the Project through California State Parks. As stated above, CDBG grant awards are anticipated for early or mid-2024.

Amending the BLRA contract for an additional \$374k will produce construction documents with the flexibility to construct improvements under different funding scenarios, summarized below.

Table 1. Project Costs and Funding

	Construction Scope	Phase A	Phase A & B
Project Costs	Conceptual Design	\$ 150,000	\$ 150,000
	Final Design	\$ 374,000	\$ 374,000
	Construction	\$ 2,300,000	\$ 5,000,000
	Total Project Costs	\$ 2,824,000	\$ 5,465,000
Project Funding	FY22-23 City Budget	\$ 150,000	\$ 150,000
	FY23-24 City Budget	\$ 1,650,000	\$ 1,650,000
	State Parks Allocation	\$ 1,000,000	\$ 1,000,000
	CDBG Grant	---	\$ 3,500,000
	Total Project Funding	\$ 2,800,000	\$ 6,300,000

California Environmental Quality Act (CEQA): This action, i.e. approval of the contract amendment, is not a “project” under CEQA. CEQA review for the Community Center Renovation Project has not yet been completed, pending final PS&E. A Categorical Exemption is anticipated on this project. The project area is an existing facility and no substantial use change is proposed with this project. If federal funding is awarded for this project, it will also require NEPA review. A Categorical Exclusion is anticipated on this project. Staff will return to Council with the environmental determinations with the approval of the final PS&E and Coastal Development Permit for the project.

Attachments:

1. Community Center Renovation Project Conceptual Design
2. Boone Low Ratliff Architects Contract Amendment No. 1
3. Boone Low Ratliff Architects Phase 2 Scope of Work

Report Prepared By: Jessica Kahn, Public Works Director

Reviewed By: Julia Moss, City Clerk; Tamar Burke, Assistant City Attorney

Approved By: Jamie Goldstein, City Manager