



Midpeninsula Regional  
Open Space District

R-19-48  
Meeting 19-11  
April 24, 2019

## AGENDA ITEM 8

### AGENDA ITEM

Administrative Office Project – Schematic Design and Cost Estimate Update

### GENERAL MANAGER'S RECOMMENDATION

Review updated progress on the schematic design and associated cost estimate to reconfigure and repurpose the recently purchased office building located at 5050 El Camino Real, and provide feedback to inform the final design work and revisions to the schematic design. No formal Board action required.

### SUMMARY

On March 13, 2019, the Board of Directors (Board) met with staff and the design team, Noll & Tam Architects, to review the new Administrative Office (AO) preliminary schematic design and related construction cost estimate. The Board provided feedback and directed Noll & Tam to provide additional cost and benefit analysis. At this April 24 meeting, the Board will review the updated cost estimate and provide feedback to direct Noll & Tam on the final schematic design.

### DISCUSSION

#### *Background*

Midpeninsula Regional Open Space District (District) has been evaluating options to address the lack of sufficient administrative office space to meet ongoing and long-term business needs since 2015, as the organization began to undergo significant internal restructuring to accelerate project delivery, expand public service delivery, and ensure sufficient resources to manage public land and access facilities.

The current administrative office building located at 330 Distel Circle in Los Altos (12,120 square feet) is no longer sufficient to house the additional staffing that has made it possible to expedite these accomplishments. As an interim measure, the District has been leasing 7,964 square feet of additional office space with an annual cost approaching \$380,000. This annual cost will increase next fiscal year by 15% to \$437,000, and is expected to continue rising into the future.

In July 2017, the Board adopted a resolution to enter into a purchase and sale agreement for the building located at 5050 El Camino Real, Los Altos CA (R-17-90). Following purchase of 5050 El Camino Real, District staff and the Board began the design development process by prioritizing project goals and space needs. Escrow closed on the purchase on February 1, 2019.

### *Add Alternatives and Value Engineering Options*

At the March 13, 2019 regular meeting, the Board reviewed the draft schematic design and provided feedback (R-19-25) related to design options and costs, evaluated alternatives to reduce the total project costs, and reviewed new information about existing building conditions. Some of the recently discovered building conditions that need to be addressed include:

- Leaking roof membrane system
- Non-compliant Americans with Disabilities Act (ADA) building features (wheel chair ramp, elevator, and stairs)
- Outdated Heating Ventilation Air Conditioning (HVAC) mechanical units
- Inefficient roof and siding insulation

Considering these factors, Noll & Tam provided a preliminary schematic design and construction cost estimate of \$25.7M. Noll & Tam also provided add alternatives and value engineering (VE) options for the Board to consider. Add alternatives are additional items of work that may be awarded as part of the construction contract if the bids come within the budget and/or the add alternative costs are deemed acceptable. VE is a method to find a product or design that serves the same basic function while reducing the project cost. This is typically done by removing project scope, reducing product quality or quantity, and/or deferring construction. On March 13, 2019, the Board reviewed six add alternates and three value-engineering options. Below is a summary of the Add Alternatives, VE options, and Board feedback to each item.

| <u>Description</u>   | <u>Add Alternate<br/>or<br/>Value<br/>Engineering</u> | <u>Board Feedback</u>                       |
|--|---|---|
| Replace all existing single glaze windows with double glaze, and include 30% manually operable windows | Add Alternate   | Provide additional information              |
| Install exterior shade structure at the south side of the building                                     | Add Alternate   | Add   |
| Install roof solar panels including roof structural upgrades   | Add Alternate   | Provide additional information              |
| Replace exterior building sidings  | Add Alternate   | Exclude                                     |
| Replace parapet, soffit and fascia   | Add Alternate   | Exclude                                     |
| Provide skylight at the atrium space   | Add Alternate   | Provide additional information              |
| Remove lobby entrance extension and reduce atrium space  | Value Engineering                                     | Exclude<br>(i.e. keep extension and atrium) |
| Reduce the amount of acoustical clouds in the building   | Value Engineering                                     | Add   |
| Deferred replacement of the HVAC mechanical units and roof membrane                                    | Value Engineering                                     | Provide additional information              |

In addition to the feedback on the options above, the Board directed Noll & Tam to refine the lobby entrance designs and other details within the scope of the schematic design. The Board also directed Noll & Tam to include bird safe design, such as fritting or other technologies, and provide a nature themed entrance that is consistent with the District's mission. The design concept will be provided during the current schematic design phase, while the details will be further refined during the next phase of the project (design development and construction documents). See Attachment 1 for the updated Schematic Design Package.

### ***Additional Information for Add Alternatives and Value Engineering Options***

Noll & Tam provided an updated cost estimate to address Board's feedback. Below is a summary of the project costs and brief discussion of each add alternative and VE option as requested by the Board. See Attachment 2 for full cost estimate. Options that the Board declined to consider further are not included in this discussion.

|   |                     |
|---|---------------------|
| <b>Enhanced Design Scheme</b>                         |                     |
| Construction Costs                                    | \$19,181,023        |
| Soft Costs  | \$2,285,818         |
| Escalation  | \$2,307,102         |
| Project/Construction Contingency                      | \$1,918,102         |
| <b>PROJECT TOTAL</b>                                  | <b>\$25,692,420</b> |
| <b>VE options</b>                                     |                     |
| Ceiling Clouds at Boardroom only                      | -\$230,000          |
| Reuse existing HVAC mechanical units on roof          | -\$1,207,500        |
| <b>TOTAL AFTER VE options</b>                         | <b>\$24,254,920</b> |
| <b>Add Alternative options *</b>                      |                     |
| Replace all existing windows with double pane windows | \$1,196,005         |
| Install exterior shade structure                      | \$162,511           |
| <b>TOTAL WITH ADD ALTERNATES (Proposed):</b>          | <b>\$25,613,436</b> |

\* Add alternatives of solar panels/roof upgrade (\$2,388,217) and skylight/sola-tube (\$200,000) are not included, pending Board decision on these items.

### **Ceiling Clouds at Boardroom Only**

Limiting the use of acoustical clouds to the Boardroom will reduce the total project cost by approximately \$230,000. Ceiling clouds were originally proposed throughout the building to provide additional ceiling height, reduce noise, and add visual interest. Ceiling clouds allow the wood beams, ductwork and cable trays to be exposed, expanding the ceiling height and the three-dimensional space. The Board selected the VE option to limit the use of acoustical clouds to the Boardroom and other public spaces. Other spaces in the building will use regular drop acoustic tile ceilings, which is an affordable alternative also improves the acoustical qualities in a space.

### **Deferred replacement of the HVAC mechanical units and roof membrane**

Deferring the replacement of the HVAC mechanical units and roof membrane will reduce the initial total project cost by approximately \$1.2M (\$550,000 for mechanical units and \$650,000 for the roof repair).

Although phasing the replacement of the four existing HVAC mechanical units and roof membrane could lead to initial construction savings, the District will need to replace all units and roof membrane eventually. Best practice for this type of project is to replace the HVAC mechanical units and roof membrane concurrently to ensure a watertight roof. Noll & Tam indicated these units are reaching the end of their useful life and will need to be replaced within the next five years. Roof membrane leaks were observed during initial building assessments, and will require localized repairs prior to roof membrane replacement. When the existing roof membrane is removed and the roof substructure is exposed, additional inspections and repairs may be required to fix any deficiencies. It may be possible to repair isolated dry rot in the roof and still provide new roof at a later date.

Deferring the HVAC mechanical units to a future date will cause disruption to staff. While a majority of the installation would be performed over a weekend or extended holiday, some disruption in comfort and noise should be expected. Timing will need to be carefully considered to reduce disruptions. The District would also provide ample notification to staff to help plan accordingly and offer telecommute options to as many people as possible.

There were early discussions about keeping the existing ductwork as a cost saving measure. However, a majority of the interior ductwork will need to be replaced to accommodate the new layout. The cost to make modifications to the existing ductwork will exceed installation of new ductwork.

#### **Replace all existing single glaze windows with double glaze**

The approximate cost would be \$1.2M for replacement of existing single pane windows with new double pane windows, 30% of which would be manually operated units with sensors to maximize HVAC efficiency.

The current windows are original to the 1982 building. These windows are composed of one single pane or layer of glass inset into the frame of the window. Double pane windows have two panes of glass inset into the frame of the window. The panes of glass are separated, creating an insulating air pocket that inhibits heat transfer much better than single pane windows. Currently, each window in the building is equipped with a film for reducing the amount of sunlight passing through the window into the interior spaces of the building. However, current window technology is much more advanced and energy efficient. Providing new, double pane windows will help the District save energy for the life of the building. Other benefits include controlled ultraviolet ray propagation into the spaces, reduction of disruptions from exterior noise, improved occupancy comfort, and reduced demand for individual space heaters and/or fans.

Approximately 30% of the building windows are proposed to be manually operable. Operable windows function with the building's computerized HVAC system by dividing the building into different HVAC zones. When operable windows are open in a particular zone, the computerized HVAC system would detect that occupants prefer outdoor air and automatically turn off the HVAC for that zone, further reducing energy costs. The zone's temperature would be controlled by outdoor temperature and airflow.

#### **Install roof solar panels (may require roof structural upgrades)**

The approximate cost will be \$2.4M to \$2.8M for installation of solar panels covering 80% of the total roof area with roof improvements to support the solar panels. Solar panel procurement and

installation will cost approximately \$1.8M, and roof improvements will cost approximately \$640,000 for basic panel supports and \$1M for panel supports plus major structural upgrades.

Even though it is feasible to install solar panels on the existing roof, additional structural assessment will be required to determine whether the solar panels may be mounted directly onto the roof or additional structural upgrades will be necessary to handle the added weight to the building. Directly mounting the solar panels will cost approximately \$2.4M (\$1.8M plus \$640,000) and mounting on a structurally upgraded roof may cost as much as \$2.8M (\$1.8M plus \$1M). The Board may also choose to improve the existing roof as part of the initial construction and defer the solar panel procurement and installation to a future date.

Solar panels would support the District's Board-approved Climate Action Plan goals to reduce agency greenhouse gas emissions 20% by 2022, 40% by 2030, and 80% by 2050. The District began purchasing renewable electricity for the AO through Silicon Valley Clean Energy in December 2018. However, installing solar panels on site would be environmentally preferable because it avoids the emissions associated with transmitting energy from distant solar farms and contributes to a cleaner grid in the region. In addition, installing roof solar panels would provide annual cost savings on electricity. The AO and supplemental leased offices currently account for 75% of the District's electricity use, at an annual cost of approximately \$80,000 per year. Finally, a solar panel system would be a highly visible statement of the District's environmental values and would be one of the most high-profile and significant steps the District has taken to implement the Climate Action Plan. The solar panels could be used in public affairs materials and interpretive signage to educate the community about climate change and how it affects open space. East Bay Regional Park District (EBRPD) took a similar approach with a \$7.5 million solar panel carport structure in one of their parks, which generates nearly enough electricity to power the entirety of EBRPD's operations. As a possible alternative option, the District may want to consider initiating a study to assess whether installing solar panels elsewhere, such as at preserve parking lots, could achieve similar goals.

#### **Provide skylight at the atrium space**

Noll & Tam originally allocated \$400,000 for installing 1) a large skylight, or 2) several solar tubes in the atrium space. This dollar amount included the labor and material costs for each proposed option. Noll and Tam recalculated the cost for these two options to \$200,000. This amount would provide 1) a medium-sized skylight, or 2) a reduced number of solar tubes in the atrium space. The design team explored installing a series of smaller skylights, installed in between the roof joists, giving the illusion of a large segmented skylight. This option is more costly than the other two options as it would require more labor and materials.

Access to natural light, views, and outdoor space is highly desirable, and deemed of high priority by the Board. One major benefit for natural light in the building is the reduction of energy costs. Natural light also increases the aesthetics of a space, making interior spaces appear larger. Natural light can be achieved with either a large or segmented skylight on the roof or solar tube daylighting systems. These systems are engineered to efficiently capture the solar light and bring natural light into the inner spaces of the building. See Attachment 1, Section 4, Exhibits - Atrium Options.

#### ***Design Elements for Board Feedback***

The remaining design elements for the Board to provide feedback and direction are:

- **Windows:** Whether to include replacing all existing single glaze windows with double glaze, with 30% set aside as manually operable windows, or other iteration of window replacement.
- **Solar Panels:** Whether to include at this time the installation of roof solar panels, and possible necessary roof structural upgrades, or ensure the roof is solar-ready for a future installation, or other iteration.
- **Natural Light:** Select skylights or solar tubes for the atrium space, or other iteration.
- **HVAC:** Whether to replace the HVAC mechanical units and roof membrane at this time or defer replacement to a later date, or other iteration.

## FISCAL IMPACT

An October 2018 appraisal for the 330 Distel Circle property (12,120 square feet) assessed whether potential proceeds generated from a sale can partially reimburse the remodel work. As a reminder, the first \$7,500,000 from a sale are intended to call the 2017 parity bonds and pay the note that was issued for the property purchase. The October 2018 appraisal quote for the building at 330 Distel Circle is \$10,350,000.

The FY2018-19 budget for the AO Project (#31202) includes \$31,550,100 for building acquisition and \$600,000 for architectural and engineering design work, of which the schematic design phase is anticipated to be complete by the end of the fiscal year. The approved project budget is shown below.

The AO project currently has \$25.7 million in funding needs. This project will be funded using the current committed infrastructure reserve funds, any future additions to the reserve, rent income, parity bond proceeds, and interest earned from the parity bonds. Neither the recommended action nor the building purchase are funded by Measure AA.

| <b>Project #31202</b>                       | <b>Prior Year Actuals</b> | <b>FY2018-19</b>    | <b>Total</b>        |
|---|---------------------------|---------------------|---------------------|
| <b>New AO Facility Budget</b>               | <b>\$135,142</b>          | <b>\$32,150,100</b> | <b>\$32,285,242</b> |
| <i>less approved Building Acquisition:</i>  | \$0                       | (\$31,550,100)      | (\$31,550,100)      |
| <i>less Spent to Date (as of 03/05/19):</i> | (\$135,142)               | (\$185,854)         | (\$320,996)         |
| <i>less Encumbrances:</i>                   | \$0                       | (\$124,930)         | (\$124,930)         |
| <b>Budget Remaining (Proposed):</b>         | <b>\$0</b>                | <b>\$289,216</b>    | <b>\$289,216</b>    |

Depending on Board approval of the final schematic design, additional funding may need to be allocated to augment the available General Fund sources. If so, the General Manager and Chief Financial Officer would evaluate the funding options and bring recommendations to the full Board at a future date.

## PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

**CEQA COMPLIANCE**

This item is not a project subject to the California Environmental Quality Act. Future environmental review will be conducted on the proposed site improvements as part of the permitting process.

**NEXT STEPS**

The table below lists the remaining project milestones for the Schematic Design phase.

**PROJECT SCHEDULE WITH KEY MILESTONES**

| <b><u>DATE</u></b> | <b><u>PROCESS</u></b>                             | <b><u>AD<br/>HOC</u></b> | <b><u>FULL<br/>BOARD</u></b> |
|--------------------|---|--------------------------|------------------------------|
| <b>4/24/2019</b>   | Board review/comment on Schematic Design progress |                          | X                            |
| <b>5/22/2019</b>   | Final Schematic Design                            |                          | X                            |

Attachments:

1. Schematic Design Package
2. Schematic Design Cost Estimate

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