



CITY OF ATASCADERO

CITY COUNCIL STAFF REPORT

Item C1

Department: Public Works
Date: 02/11/25
Placement: Management Report

TO: JAMES R. LEWIS, CITY MANAGER

FROM: LARA CHRISTENSEN, DEPUTY CITY MANAGER

PREPARED BY: RYAN HAYES, DEPUTY PUBLIC WORKS DIRECTOR

SUBJECT: Public Safety Facilities Upgrade Project – Design-Build Entity Contract Award

RECOMMENDATIONS:

Council:

1. Award a Design-Build contract to the F&H Construction and LDA Partners team for \$31,072,318 for the New and Renovated Public Safety Facilities Project, Project No. C2021B01 ("Project").
2. Authorize the Director of Administrative Services to allocate \$3,500,000 in Building Maintenance Funds in fiscal year 2024-2025 to begin the Project.

REPORT IN BRIEF:

This report provides a brief background of the Public Safety Facilities Upgrade Project, a discussion of the Design-Build procurement process in general and specific to this project, and an expected timeline for project improvements to Fire Station No. 1, Fire Station No. 2, and Police Headquarters. A final negotiated project improvements scope and project price proposal is included as an attachment to this report.

DISCUSSION:

BACKGROUND

For several decades, the City has recognized that the Fire Station No. 1 facility is deficient structurally, operationally and administratively to meet current and future public safety needs. Building improvements to accommodate living quarters were identified and completed in the late 1990's, and additional exterior access improvements constructed in 2012. However, it was understood these improvements were short-term in nature, intended to allow the facility to continue to function until resources were available to construct a new fire station.

Currently, the Atascadero Fire Department houses administrative staff at the City Hall Building at 6500 Palma Avenue, with operations personnel and equipment at Fire Station No. 1 (6005 Lewis Avenue) and Fire Station No. 2 (9801 West Front). Fire Station No. 1 is a 5,400 square foot facility constructed in 1952 and is no longer considered operationally or structurally sufficient. Fire Station No. 2 is a 4,200 square foot facility constructed in 1986. Both stations were built before the Essential Services Act was enacted in California in 1986 and do not comply with current standards and building codes.

Although their facility needs are not as acute, the Police Department faces similar issues with their building at 5505 El Camino Real. This facility currently houses Police Department administration and operations, including Emergency Dispatch, and the City's Emergency Operations Center (EOC). The Police Headquarters building was originally constructed in 1960 (as a commercial structure) but purchased and remodeled by the City in 1990 as the Police Headquarters and is approximately 12,500 square feet with additional storage in the enclosed parking area.

Following the approval by City residents of Measure D-20 in November 2020, a working group was comprised of representatives from the City Manager's Office and the Fire, Police, Public Works and Administrative Services Departments to develop a project incorporating necessary improvements to all three facilities. The group toured a number of combined Public Safety facilities, as well as separate Fire and Police buildings.

Concurrent with preliminary project development, City staff was in negotiations with the State for acquisition of the 3.55-acre California National Guard Armory site located at 6105 Olmeda Avenue. The intention was to construct a combined Public Safety Facility on the site that would house Fire Station #1, Police Headquarters and the EOC. However, an agreement was unable to be reached, so in Fall 2023, the City shifted to reconstruction of Fire Station No. 1 at the existing location, and rehabilitation of the existing Fire Station No. 2 and Police Headquarters facilities. City staff has continued to negotiate with the State for the ability to utilize the National Guard Armory parking area for temporary Fire Department facilities during demolition and construction of Fire Station No. 1.

DESIGN-BUILD and CONTRACT AWARD

Unlike most Capital Projects undertaken by the City, the project utilized a Design-Build procurement rather than a traditional Design-Bid-Build. There were a number of reasons for selection of this procurement method, notably cost containment, reduction of risk, speed of delivery, and the opportunity to work collaboratively with the design and construction team. While the Design-Build process had not previously been used by the City, it is commonly used for facilities projects of this type, and is supported by revisions made to the City's Purchasing Policy in the October 2024 update, in compliance with California Public Contracting Code Section 22160, et seq.

Staff issued an RFP to provide Owner's Representative services in May 2023 with a work scope that includes project management, master architecture for concept design and bridging documents, bid and award support, and construction management services. Vanir Construction Management, Inc. was awarded a contract in August 2023 to provide the Owner's Representative services, subcontracting with Ten Over Studio to provide the space needs analysis, master architecture and bridging document services.

From August 2023 through August 2024, City staff worked closely with Vanir and Ten Over Studios to evaluate existing and future space needs at all three facilities, refine those needs based upon recent costs for similar facilities, and develop bridging documents for advertisement.

Selection of a Design-Build Firm is a multi-step process, initiated in June 2024 with issuance of a Request for Qualifications (RFQ). This document provided general information about the project and requested Statements of Qualifications (SOQ's) be submitted by any Design-Build entities (contractor and architect/engineer team). The City received seven SOQ's, which were reviewed and scored following a detailed matrix defined in the RFQ. Qualifications included team experience on similar projects, team member experience, and financial qualifications, among others. The City selection team, which included members from the City Manager's Office, Police, Fire, Administrative Services, and Public Works Departments, shortlisted three DBE's from the group of seven to be invited to participate in the Request for Proposals (RFP) phase. The three DBE's selected were Specialty Construction Inc./COAR Design Group, F&H Construction/LDA Architects, and Swinerton/Shah Kawasaki Architects.

Following completion of the SOQ process, the full RFP was issued to each of the three DBE's. The RFP provided to the DBE's included full bridging documents, which defined the minimum space requirements and basis of design for each of the three buildings. Each of the DBE's then prepared proposals that met minimum requirements and in their view, provided the greatest value for the City. During the proposal preparation time (approximately six weeks), the project selection committee held two confidential design meetings with each DBE. These meetings provided an opportunity for the DBE to share concept drawings and design approaches, and for the committee to provide feedback. Following their second confidential meeting, the SCI/COAR group notified the City that they were discontinuing their pursuit of the project, citing time constraints.

On November 4, 2024, the selection committee received work and fee proposals from both the F&H/LDA and Swinerton/Shah Kawasaki teams. After a thorough review of both proposals and follow-up interviews with both teams, the committee determined that the F&H/LDA team provided the "best value" to the City. However, their proposal, while meeting all the requirements of the RFP, significantly exceeded the City's project budget. Unlike a traditional Design-Bid-Build project, where the lowest responsive and responsible bidder is selected, the Design-Build process allows for a value engineering negotiation process with the selected DBE to refine work scope and guaranteed maximum fee to ensure the project meets the City's vision, goals, and budgetary requirements.

Negotiations with the F&H/LDA team commenced in December 2024, culminating in late January, with a mutually agreeable guaranteed maximum price and work scope.

The proposed agreement with F&H Construction has a construction cost of \$31,072,318, inclusive of complete planning, design and engineering services, management services, complete permitted plan sets, construction services, project completion and building and systems commissioning services, and turnover of a complete, functional, and legally operable project. Construction is estimated to begin in January 2026, following the issuance of necessary permits and entitlements. Full project completion is anticipated in September 2027. Total project costs are broken down by each facility as follows:

| | |
|----------------------------|---------------------|
| Fire Station No. 1 and EOC | \$21,924,235 |
| Fire Station No. 2 | \$ 4,927,672 |
| Police Headquarters | \$ 4,220,411 |
| TOTAL | \$31,072,318 |

PROJECT SCOPE and NEXT STEPS

The final negotiated scope of the project includes:

Fire Station No. 1 and Emergency Operations Center (EOC)

Following the transition from a Public Safety Center to the rebuild of Fire Station No. 1 at its current location, the goal of the City was to provide a modernized facility that was operationally and structurally sufficient for the next 50-plus years. This meant designing a facility that housed administration as well as accommodate growth in the Fire Department and to create a dedicated and fully functional EOC. The new facility is 16,556 square feet with 3 apparatus bays, a separate workout room, upstairs living quarters, and a 900 square foot EOC complete with break-out rooms, audio/video capabilities, and storage for training and EOC supplies.

Fire Station No. 2

The goal for Fire Station No. 2 was to achieve equity with Fire Station No. 1 regarding safety, code compliance, and quality of the facility. The facility will increase in size by 850 square feet. It will include a rebuild of the living quarters, updating restrooms, adding an additional bedroom, and creating a lobby and public restroom. It will add a decontamination room, and spaces for turnout cleaning, storage, and physical fitness separate from the engine bay and diesel exhaust.

Police Headquarters

Police Headquarters is being renovated to address modern policing standards and maximize operational efficiencies. Essential elements of the renovations include roof repair/rehabilitation, HVAC upgrades as necessary, parking area security upgrades, refreshed interior finishes, restroom/locker room improvements, and upgraded and expanded detached 1,300 sq ft dispatch building.

Following award of a contract with F&H Construction, the City will continue to work with the DBE to finalize the design. This includes finalization of building layout, as well as exterior architectural refinements, site improvements and connection to public utilities. Construction Documents will be submitted to the City at multiple phase milestones for comprehensive code compliance reviews.

Throughout this process, City staff remains in close contact with the DBE, and the DBE facilitates open communication with the architect, engineer, and subcontractors to maximize efficacy and minimize miscommunications. The early collaboration between stakeholders in the design-build method means that the construction process typically proceeds smoothly—and the agreed-upon guaranteed maximum price significantly reduces risk of budget surprises for the City.

Construction will commence on three facilities following final design approval. It is anticipated that demolition of Fire Station No. 1 (and possibly Fire Station No. 2) will occur prior to final design approval so the site is prepared for new construction to occur to expedite the project schedule. Fire personnel will be situated in temporary facilities during demolition and new construction activities. The preliminary schedule provided by the DBE team has outlined the following timelines for each of the three facilities:

| Facility | Design/Permitting | | Construction | |
|---------------------|-------------------|---------------|---------------|---------------|
| | Start | Finish | Start | Finish |
| Fire Station No. 1 | February 2025 | April 2026 | April 2026 | July 2027 |
| Fire Station No. 2 | | December 2025 | February 2026 | December 2026 |
| Police Headquarters | | December 2025 | January 2026 | February 2027 |

Together with staff, representatives from the DBE, TenOver, and Vanir will present and discuss the project scope and sample renderings.

FUNDING SOURCES

Sales Tax Measure D-20 has provided substantial funding for this project. Starting in fiscal year 2022-2023, the budget included General Fund contributions to the Building Maintenance Fund, establishing a Project-specific reserve for the non-financed portion of this project. The non-financed portion of this Project includes items such as temporary relocation of staff during construction, furnishings, fixtures, and equipment (FF&E), and other project soft costs. Staff will present a bond funding proposal for Council consideration at a future Council meeting. The proposed plan would be a bond issue in the amount of \$29,000,000 to finance the bulk of the Project. The funding set aside from Sales Tax Measure D-20 revenues will provide the amounts necessary to pay for the debt service on the bonds.

The City has also applied for two Congressional Direct Spending grants that would provide additional funding for the project and could lessen the impact on the Building Maintenance Fund if received. The first grant would fund up to \$850,000 for upgrades to the Police Department and the second grant would fund up to \$1.2 million in Technology upgrades at the Emergency Operations Center. Since these grants have not yet been approved and funded, they are not being included as available funding sources.

CEQA DETERMINATION

CEQA determination has not yet been finalized, but it is anticipated that the Police Headquarters and Fire Station #2 will be Categorically Exempt (Class 1) from the provisions of the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., “CEQA”) and CEQA Guidelines (Title 14 California Code of Regulations §§ 15000, et seq.) pursuant to CEQA Guidelines Section 15301, because it is limited to repair, maintenance and minor alterations of existing public facilities involving negligible or no expansion of capacity. Fire Station #1 is anticipated to be a Mitigated Negative Declaration, with requirements for preservation of the existing historical fountain and surrounding improvements at the northeast corner of the property.

ALTERNATIVE TO THE STAFF RECOMMENDATION:

Council may choose not to award the contract and direct staff to continue negotiations with the DBE which may result in reduced project scope and/or increased cost estimates as the current cost proposal is only guaranteed if a contract is award at the February 11 meeting.

FISCAL IMPACT:

The total cost of this project is \$37,133,000. Bond financing for the Project is expected to account for \$29,000,000. Sales Tax Measure D-20 is funding the debt service on the bond financing, and also the non-financed portions of the project through Project-specific reserves in the Building Maintenance Fund. The fiscal impact illustrated below is a conservative analysis. Impacts to the Building Maintenance Fund may be mitigated if Federal dollars are received, if additional Sales Tax Measure D-20 are set aside, and interest earnings on the unspent borrowed funds are realized.

| ESTIMATED EXPENDITURES | |
|---|---------------------|
| Owner’s Representative Services/Construction Management | \$2,851,604 |
| Design Support and Administration | \$300,000 |
| Fire Station #1 - construction | \$21,924,235 |
| Fire Station #2 - construction | \$4,927,672 |
| Police Headquarters - construction | \$4,220,411 |
| Owner Held Contingency (2.5%) | \$775,000 |
| Furnishing, Fixtures & Equipment (FF&E) | \$650,000 |
| Temporary Facilities | \$629,300 |
| Other Project Support Costs | \$854,778 |
| Total Estimated Expenditures: | \$37,133,000 |

| BUDGETED FUNDING | |
|--|---------------------|
| Proposed Bond Funding | \$29,000,000 |
| Building Maintenance Fund – Project Reserves | 8,133,000 |
| Total Estimated Funding Sources | \$37,133,000 |
| | |
| Projected Net Project Surplus / (Shortfall) | \$ - |

REVIEWED BY OTHERS:

This item has been reviewed by the Administrative Services Director, Public Works Director, Fire Chief and Police Chief.

REVIEWED AND APPROVED FOR COUNCIL AGENDA

James R. Lewis, City Manager

ATTACHMENT(S):

1. Fire Station No. 1, Fire Station No. 2, and Police Headquarters Final Concept Designs
2. Project Price Proposal