COUNCIL AGENDA: 4-27-04
ITEM: 4.5

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Del D. Borgsdorf
Terry Roberts

SUBJECT: **NEW SAN JOSE CIVIC CENTER AND OFF-SITE PARKING GARAGE PROJECT UPDATE**

DATE: 04-20-04

Council District: Citywide

The New San José Civic Center

This report provides the latest contract award, schedule and budget information for the construction portion of the new Civic Center project. It also provides an update on the non-construction (technology, furniture and equipment) portion of the project. A presentation on the project status will be on the April 29 Council agenda.

I. CIVIC CENTER

A. General Update

Construction of the new Civic Center is progressing on schedule for substantial completion of the tower and council chamber wing in the spring of 2005. The shear walls on the tower are complete to the 16th floor on the south side and to the 18th floor on the north side. Since the last report the tower's concrete deck pours have been completed to the 16th floor and the brise soliel (sunshade) steel framing is complete. Mechanical, electrical, plumbing and fire protection work has started on floors 2 through 6. Drywall partition framing has also started on floors 3 and 4.

The council chamber wing, located on the southwest corner of the site adjacent to the Fourth Street parking garage, is completely framed. The eastern portion of the curved wall (battered wall) and integrated walkway structural system is erected and complete from the rotunda bridge to the tower. The western portion of the wall, which includes the galleria walkway, is under construction. In May, work on the rotunda, located at the center of the plaza, will begin.

Construction hours were increased in mid-January to regain the time lost on concrete work due to damp weather. Working two full shifts was successful and the schedule is back on track. Crews will return to previously approved hours at the end of April.

These major elements, (tower, council chamber wing, rotunda, and battered wall) will complete the footprint of buildings on the site. With the framework of the buildings complete by late spring 2004, the scale and form of the total project site will become visible.

B. Project Schedule and Move-In Window

The project is approximately 55% complete. To date, the major construction milestones include completion of the foundation, the plaza deck and structural steel in the tower, the council chamber wing structural steel and concrete. In April work began on the exterior skin on the tower. The rotunda's structural steel is being fabricated in Stockton and will arrive on the site in mid-May.

As reported in March, the overall project remains on schedule for substantial completion in the spring of 2005. Construction coordination with the City's move consultant is underway. The move-in window is scheduled to begin in April 2005 and continue through August 2005. The modular and freestanding furniture will begin to be moved-in in April along with the installation of IT connections and system testing. We will be taking possession of each floor as it is finished and begin staff move-in shortly thereafter to ensure the earliest possible move-in completion for all operations.

We are in the process of finalizing the move-in plan that will evaluate the business activities that need to be coordinated and organized in the move sequence so that there is minimal disruption in City services during the move process.

C. Public Art

A public display of the artists' design proposals for the art sculptures along Fifth Street will take place from April 13th to 23rd in the current City Hall lobby. The proposal will also be available on the San Jose Public Art Program web site http://www.sanjoseculture.org/pub_art/index.html (under *featured projects*). The public will be able to comment through the e-mail address posted on the web site.

D. Fifth Street/Civic Plaza Streetscape

The Fifth Street/Civic Plaza Streetscape Project is a public space improvement consisting of widened concrete sidewalks and a concrete roadway with improved signalizations along East Santa Clara at the intersections of Fourth, Fifth and Sixth Streets. It compliments the new Civic Center design and surrounding downtown neighborhoods by providing a quality pedestrian experience along Fifth Street with public art and pedestrian and street lighting between San Fernando and St. John Streets.

Construction documents are at 90% and currently in the review process. Staff anticipates that the S. 5th Street build-out phase will be between June and December 2004, and the N. 5th Street phase will be August 2004 through March 2005.

E. Non-Construction Work (Technology, Furniture, & Equipment)

Staff has been keeping the Council advised of various aspects of the non-construction progress through periodic memoranda. A brief status follows.

The network IT / telephone system RFP package has been circulated and proposals were received on April 16. Award recommendations to Council are planned in June. The bids for servers and data storage will be advertised in May with awards expected in August. The Audio Visual system design is compete and bids are scheduled for June. The security equipment is designed and ready to bid with bids anticipated in June.

Bids for the modular and freestanding furniture will be advertised in June 2004 with bid award anticipated in September 2004. Staff will be including a used furniture option in all bids. Based on information gathered to date it may be possible to save 15 – 20 % on used furniture if it is available in sufficient quantity. All proposals and bids will be submitted to the Council for consideration and award. Staff is making provisions for bid deductive options in the specifications for the technology, furniture, and equipment packages to maximize our ability to achieve the 15% savings goal set by the Council.

F. Items of Interest

In mid-April the tower's exterior cladding, window systems and panels will begin. This will mark the beginning of the enclosure of the tower structure. Of interest in the council chamber wing, is the placement of the largest steel beam on the site. Spanning 92 feet and weighing over 40 tons, this beam will anchor the interior shear wall of the wing, and provide uninterrupted support for the 90-foot skylight positioned east/west in the wing.

Department move liaisons attended a kick-off meeting on April 9 with an overview of the mission and vision for the project, construction design and move management strategies. This session included a tour of the site to begin the familiarization of the site layout and service delivery goals. A second group of liaisons will receive this orientation on April 30, 2004.

The Civic Center website is in the final stage of a major update to bring information current, and will add the 5th Street Streetscape project and Council Information memos.

A new City Hall page is being incorporated into the City's intranet. This site will provide staff information and will link to the Civic Center and Public Art Program Internet websites.

II. OFF-SITE PARKING GARAGE

On March 9, 2004, the Santa Clara County Superior Court ruled that the parking garage construction be delayed until the Supplemental Environmental Impact Report is resubmitted. This action was in response to a lawsuit filed by PAC SJ regarding the demolition of the Fox Building.

To comply with the Court's direction, staff is preparing a Draft Recirculated Supplemental Environmental Impact Report (DRSEIR), which requires a 30-day public review period.

Under the current schedule, staff will begin circulation of the DRSEIR on April 21, 2004, with comments due on May 20, 2004. Staff anticipates presenting the DRSEIR to the planning commission on Wednesday, June 23, 2004, and to the Council on June 29, 2004.

This process will delay the award of the construction contract for the garage project. Construction bids were opened on January 15, 2004, and Swinerton's low bid was $1.3 million under the Engineer's Estimate. This bid expires on July 15, 2004. In the event that the bid proposal is not extended by Swinerton, construction of the garage will need to be rebid. This rebid may result in higher costs due to the increased steel costs and the $1.3 million savings may not be achieved.

If the garage is not available for employee parking at the time of move-in, an alternative employee-parking plan will be implemented. This alternative-parking plan will utilize a combination of downtown and off site parking sites.

III. PROJECT CONSTRUCTION BUDGET SUMMARY

In the last report, 31 contracts were awarded and together with the pending low bid proposal on the parking garage totaled $2.3 million of savings below the estimated construction costs. As has been noted in previous project construction cost reports, the City staff evaluates each bid package for opportunities to reduce project costs without compromising quality or functionality (value engineer) with the ultimate goal and interest being to keep the overall project within budget.

A. Construction Contracts

Since the last report on March 3, 2004, seven contracts have been awarded and the contract for the parking garage is still pending resolution of the lawsuit filed by PAC SJ. These contracts total $8.3 million and are summarized as follows:

Description	Contractor	Low Bid	Budget	Variance
Finish Carpentry-Tenant Improvements	Mission Bell	$ 494,637	$1,145,982	$(651,345)
Finish Carpentry-Core and Shell	Mission Bell	$2,198,758	$1,394,600	$ 804,158
Site Utilities	Preston Pipelines	$ 677,750	$ 304,464	$ 373,286
Paints and Sealants	George E. Masker	$1,633,551	$1,537,971	$ 95,580
Interior Glazing	Walters & Wolf	$1,051,050	$ 750,920	$ 300,130
Acoustic Tile	Performance Contracting	$1,910,500	$1,710,204	$ 200,296
Landscaping	Jensen	$ 327,488	$ 364,490	$ (37,002)
TOTAL		**$8,293,734**	**$7,208,631**	**$1,085,103**

Staff is pursuing several opportunities to reduce costs in some of these bids through value engineering change orders.

Approximately nine construction contracts remain to be awarded. The 38 contracts awarded to date and the low bid proposal on the parking garage have resulted in savings of approximately $1.3 million. However, as mentioned earlier, the $1.3 million savings from the parking garage is at risk. It is expected that all savings will be needed to complete the project. Costs saving measures are ongoing as we manage design elements of the project to stay within the budget. As we near completion of contract buyouts, opportunity for future savings will be reduced.

Awards scheduled for late April and May include flooring, council chamber seating, access flooring to house the IT cabling, telephone/data cabling, and site concrete. These bid packages are currently being advertised. Bid packages are being prepared and will shortly begin advertising for audio/visual and ornamental metals.

B. Construction Budget Summary

As of March 31, 2004, we have expensed and encumbered $276.6 million out of a total $343 million project budget. The chart below illustrates the budget breakdown by project components: off-site parking garage, land acquisition, design and construction (including public art).

Budget Summary (in millions) **As of 03-31-04**			
Description	**Budget**	**Total Expended/ Encumbered**	**Remaining**
Offsite Garage	$ 25.0	$ 2.4	$ 22.6
Land acquisition and relocation	$ 54.5	$ 47.6	$ 6.9
Design, Construction, Public Art (includes $197 million for construction & $66.5 million for other costs)	$ 263.5	$ 226.6	$ 36.9
Total	**$ 343.0**	**$ 276.6**	**$ 66.4**

(Note: garage construction contract is not yet expended or encumbered)

IV. COST PROJECTIONS / MANAGING THE BUDGET

The most recent bids continue to increase resulting in bids higher than the Joint Venture's (JV) estimates. Of the last 13 bids that have been awarded (includes 7 bids from this report and 6 bids from the March 4, 2004 report), 10 have exceeded the budget estimate. When the pending bid for the parking garage is factored in, the reduced overall construction award saving is reduced from $2.3 to $1.3 million. As previously noted the current savings includes $1.3 million in savings from the off-site garage. This savings is at risk due to construction delays from the PAC SJ lawsuit.

Factors contributing to the higher than expected bids include the following: the construction bidding environment has become less competitive because the construction market is picking up; the work on this project is very complex which reduces the firms opting to bid, specialized finish work is less competitive due to the nature of the work, and some materials costs are greatly increasing especially any work containing steel or oil based products.

As noted in the last report current projections still show costs trending $3 – 4 million over the $343 million budget. Staff and the JV continue our value engineering efforts to reduce costs. There are still opportunities to VE the project and use other savings with the budget to close the project within budget. However, the costs resulting from the PAC SJ lawsuit on the parking garage and the bid costs trending upward make budget balancing a much more challenging endeavor than it was two months ago.

While the total construction contingency available to the City and JV remains at about $9.5 million, it is expected that the contingency amount will be needed to complete the project.

CONCLUSION

The new San José Civic Center remains on schedule for the move-in process to begin in spring 2005, with the move-in window set to begin in April 2005 and end in August 2005. The off-site parking garage is programmed for a 14-month construction timeline but the schedule is on hold pending outcome of the PAC SJ lawsuit. Construction contract awards are running approximately $1.3 million under budget. This savings is at risk due to the parking garage award delay. In addition recent bids have been trending above budget estimates. However, value engineering and other cost reduction efforts are continuing to keep the project within budget.

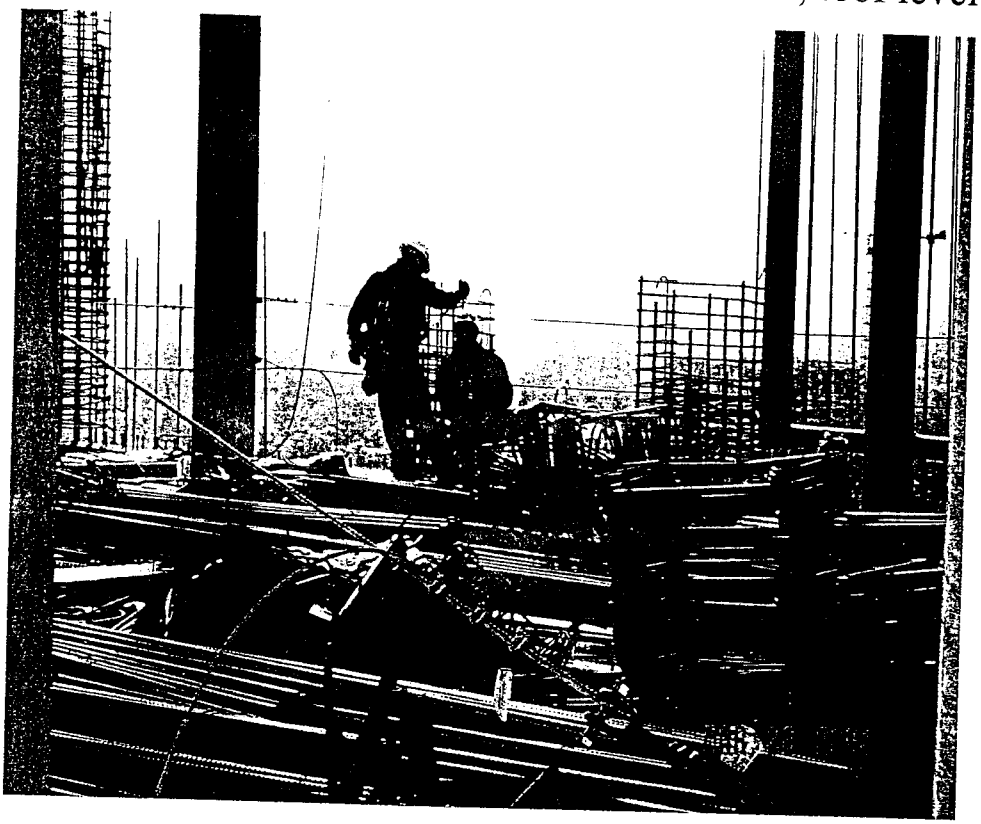
The project is rapidly beginning to take shape and we can now get a good sense of its size, scope, and complexity. The exceptional project design and quality is now becoming evident. All work done to date promises a spectacular facility resulting in our ability to provide high quality customer services to the residents and business in San José starting in mid 2005.

TERRY ROBERTS
Deputy City Manager

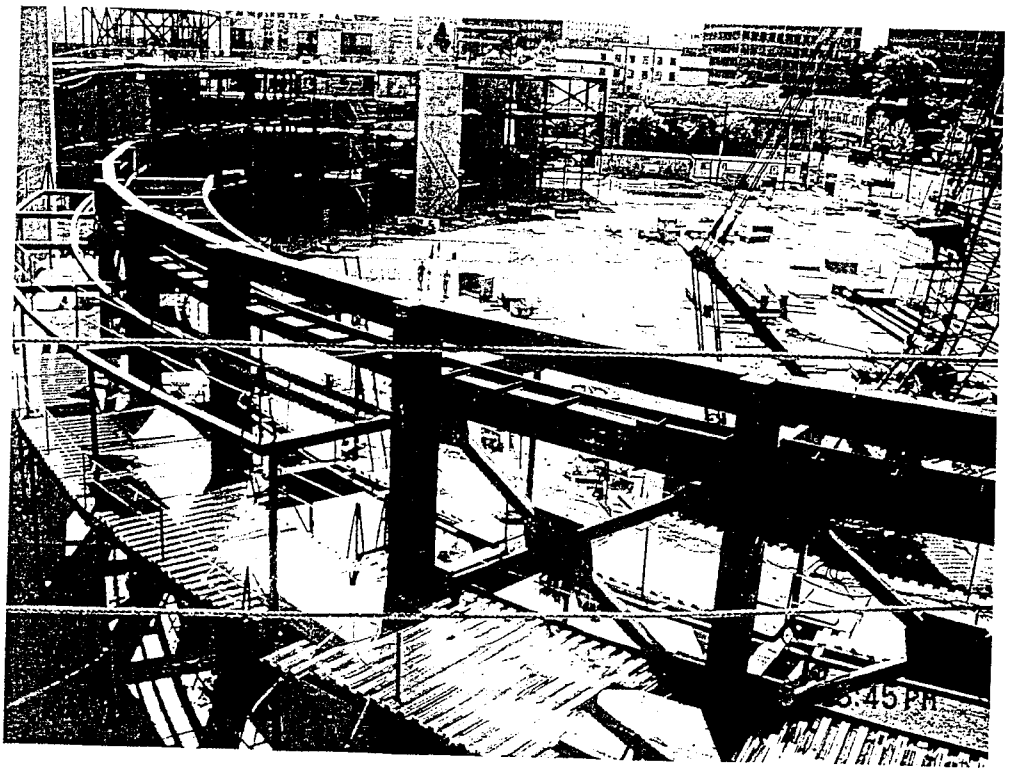
DEL D. BORGSDORF
City Manager

KA: SR:jb
Desktop/Z:CivicCenter:NCC logo

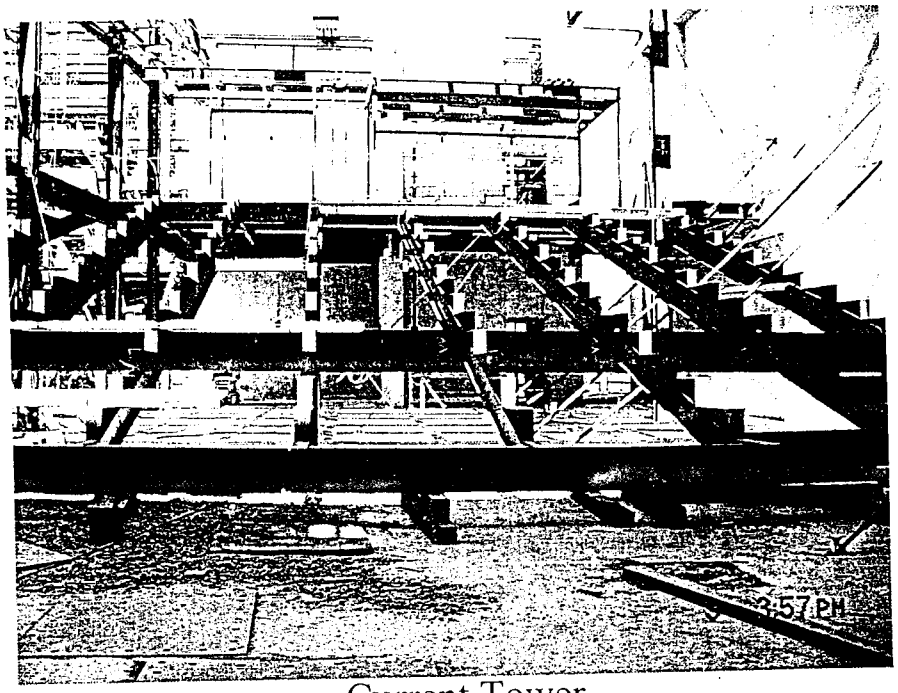
Workers installing reinforcing bar at south wall, roof level



Battered Wall



Council Chamber Theatre Seating



Current Tower