



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** MAY 15, 2018

**DEPARTMENT:** PUBLIC WORKS

**BY:** DON REYNOLDS, ACTING DIRECTOR OF PUBLIC WORKS

**TITLE:** APPROVE TWO AMENDED AND RESTATED PREDEVELOPMENT AGREEMENTS TO DESIGN, BUILD AND DELIVER THE SALINAS POLICE SERVICES HEADQUARTERS AND EL GABILAN BRANCH LIBRARY WITH GRIFFIN/SWINERTON

### RECOMMENDED MOTION:

A motion is requested to adopt two resolutions that approve two amended and restated predevelopment agreements to design, develop and build the new the Salinas Police Services Headquarters (“SPSH”) and El Gabilan Branch Library with the Griffin/Swinerton development team.

### RECOMMENDATION:

It is recommended that the City Council adopt two resolution that authorize the City Manager to execute two amended and restated predevelopment agreements to design, build and deliver the SPSH and the new El Gabilan Branch Library with the Griffin/Swinerton development team.

### EXECUTIVE SUMMARY:

The proposed amended and restated predevelopment agreement amends the current agreements by moving the preparation of the construction drawings from the development phase to the predevelopment phase. This move would save the City as much as 90-days while the financing is being secured. If approved, the preparation of construction drawings would begin Monday May 21 and would allow the project to break-ground immediately following the sale of bonds. We are targeting the first week in August to break ground.

### BACKGROUND:

The “63-20” project delivery process for building public facilities with a public private partnership was approved by the City Council for both the Public Safety Services Headquarters (SPSH) and the El Gabilan Library (EG Library) in 2016 and 2017. The delivery process relies upon the development team’s acceptance of a predevelopment agreement executed with the City and development agreement to be executed with a non-profit after financing is secured. The non-profit

sells the bonds, owns the building, and the City's rent is the debt service. The benefits of this system rely upon both projects being built on time and under budget.

In this "63-20" process, the developer defers its fee until a guaranteed maximum price ("GMP") is agreed upon. The City's risk is that it pays for the cost of the architect and contractor that have to work side-by side to assure the design is efficient and effective. This all occurs under the Predevelopment Agreement. The developer in each case agreed to work towards a GMP after the completion of the 100% of the Development and Design Drawings. Once the GMP is agreed upon, the Predevelopment phase ends, financing is secured by a non-profit that sells the bonds. In the original RFP's, the preparation of the Construction Drawings would begin after financing is secured.

## DISCUSSION

The P3 "63-20" development process is flexible, allowing the City to take advantage of opportunities to save money and time. Moving the task of preparing the Construction Drawings from Development side to the Predevelopment side allows the preparation of this final part of the design to begin while financing is secured. This 90-day window will allow significant progress to be made on these two projects before the rainy season. It allows the bonded funds to pay only for the hard-costs, and be put to work immediately following their receipt. The goal is to break ground as soon as possible following the securing of financing.

The cost of the proposed Amended and Restated Predevelopment Agreements will increase by the same amount by which it reduces the Development budget, equal to the amount previously agreed upon to complete the Construction Drawings. There is no net increase in either projects' cost.

## CEQA CONSIDERATION:

**Salinas Police Services Headquarters:** Mitigated Negative Declaration adopted by the City Council on January 23, 2018.

**El Gabilan Branch Library:** Conditional use permit and notice of CEQA exemption approved by the City's Planning Commission on February 7, 2018.

## STRATEGIC PLAN INITIATIVE:

Both the development of the new EG Branch Library and SPSH are significant investments in, align best with, and respond directly to the City Council's Strategic Plan Goal V: Quality of Life. They also advance the Council's goal to have a "Safe Livable Community," "Effective, Sustainable Government" and "Well Planned City and Excellent Infrastructure."

## FISCAL AND SUSTAINABILITY IMPACT:

Moving the preparation of the construction drawings from the Development Agreement to Predevelopment Agreements is a cost neutral amendment that will expedite the projects by as much as 90-days and create further opportunity for savings.

ATTACHMENTS:

Resolutions – Amended and Restated Predevelopment Agreement for the EG Library  
Amended and Restated Predevelopment Agreement for the PSSHQ

**RESOLUTION NO. \_\_\_\_\_ (N.C.S.)**

**A RESOLUTION APPROVING THE AMENDMENT AND RESTATEMENT OF THE  
PREDEVELOPMENT AGREEMENT TO BUILD THE EL GABILAN LIBRARY**

**WHEREAS**, on June 6, 2017, the City Council received a report from Anderson Brulé Architects (“ABA”) summarizing the results of nearly one year of public outreach and input gathered for the purpose of designing a new El Gabilan (“EG”) Branch Library, estimating the space needs to be 20,000 square feet and a cost for development of between \$18 and \$20 million dollars; and

**WHEREAS**, on August 16, 2017, a Request For Proposals (“RFP”), that includes a form Predevelopment Agreement and a form Development Agreement, was published seeking a development team consisting of a developer and a contractor to partner with the City’s architect ABA to design, develop and build the new EG Branch Library; and

**WHEREAS**, at the November 7, 2017 City Council meeting, the City Council received an Administrative Report that presented the completed Schematic Design of the new El Gabilan Library providing the direction necessary to proceed with subsequent phases of the predevelopment work; and

**WHEREAS**, on November 7, 2017, the City Council adopted Resolution 21290 approving the execution of a Predevelopment Agreement with Griffin/Swinerton that establishes the path forward to complete the predevelopment work including 100% completion of the Design and Development Drawings from which the cost estimates establishing the “Guaranteed Maximum Price” (or “GMP”) are derived to finance and build the new EG library; and

**WHEREAS**, the GMP was submitted to the City on time, and the City is now reviewing and confirming the accuracy of it, and scheduling subsequent actions to be taken that includes securing the financing for the project which could take 90-days; and

**WHEREAS**, preparing Construction Drawings was originally a task scheduled to occur as part of the Development Agreement, and it has been determined that if this task is moved ahead and made part of the Predevelopment Agreement, the project could save as many as 90-days while the financing is being secured and break ground soon thereafter; and

**WHEREAS**, to move Construction Drawings from the Development Agreement’s scope of work to the Predevelopment Agreement has no impact on the total budget, but does require the Development Agreement to be decreased and the Predevelopment Agreement to be increased accordingly, thus requiring an Amended and Restated Predevelopment Agreement to come before the City Council for consideration.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby finds and determines that the above recitals and accompanying staff report are true and correct and have served as the basis, in part, for the actions of the City Council set forth below.

**BE IT FURTHER RESOLVED** that the Salinas City Council concurs with staff's recommendation to amend and restate the Predevelopment Agreement by adding the task of preparing the Construction Documents to it so they can begin now, and removes this task as originally planned from the Development Agreement, while the project's financing is secured.

**BE IT FURTHER RESOLVED** that the Council finds that by approving this amendment, the project saves as many as 90-days from its original schedule, that it has no impact on the total budget, and that it allows the project to potentially break ground as soon as the financing is in place.

**BE IT FURTHER RESOLVED**, the City Council authorize the City Manager to execute the attached EG Library Amended and Restated Predevelopment Agreement with Griffin/Swinerton and that it become effective immediately.

**BE IT FURTHER RESOLVED**, that the City Council authorizes the City Manager to take such other actions and execute such other documents as are appropriate to effectuate the intent of this Resolution.

**PASSED AND ADOPTED** this 15<sup>th</sup> day of May 2018 by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Attached: EG Library Amended and Restated Predevelopment Agreement

**RESOLUTION NO. \_\_\_\_\_ (N.C.S.)**

**A RESOLUTION APPROVING THE AMENDMENT AND RESTATEMENT OF THE  
PREDEVELOPMENT AGREEMENT TO BUILD THE  
PUBLIC SAFETY CENTER PROJECT**

**WHEREAS**, on December 6, 2016, City Council adopted Resolution 21095 and approved the publication of a Request For Proposals (“RFP”), that includes a form Predevelopment Agreement and a form Development Agreement, was published seeking a development team consisting of a developer architect and a contractor to partner with the City to design, develop and build the new Salinas Police Services Headquarters (SPSH) estimated to be 75,000 square feet and cost \$50 million; and

**WHEREAS**, at the April 18, 2017, City Council adopted Resolution 21151 approving the execution of a Predevelopment Agreement with Griffin/Swinerton that establishes the path forward to complete the predevelopment work including 100% completion of the Design and Development Drawings from which the cost estimates establishing the “Guaranteed Maximum Price” (or “GMP”) are derived to finance and build the new SPSH; and

**WHEREAS**, the GMP was submitted to the City on time, and the City is now reviewing and confirming the accuracy of it, and scheduling subsequent actions to be taken that includes securing the financing for the project which could take 90-days; and

**WHEREAS**, preparing Construction Drawings was originally a task scheduled to occur as part of the Development Agreement, and it has been determined that if this task is moved ahead and made part of the Predevelopment Agreement, the project could save as many as 90-days while the financing is being secured and break ground soon thereafter; and

**WHEREAS**, to move Construction Drawings from the Development Agreement’s scope of work to the Predevelopment Agreement has no impact on the total budget, but does require the Development Agreement to be decreased and the Predevelopment Agreement to be increased accordingly, thus requiring an Amended and Restated Predevelopment Agreement to come before the City Council for consideration.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby finds and determines that the above recitals and accompanying staff report are true and correct and have served as the basis, in part, for the actions of the City Council set forth below.

**BE IT FURTHER RESOLVED** that the Salinas City Council concurs with staff’s recommendation to amend and restate the Predevelopment Agreement by adding the task of preparing the Construction Documents to it so they can begin now, and removes this task as originally planned from the Development Agreement, while the project’s financing is secured.

**BE IT FURTHER RESOLVED** that the Council finds that by approving this amendment, the project saves as many as 90-days from its original schedule, that it has no impact on the total budget, and that it allows the project to potentially break ground as soon as the financing is in place.

**BE IT FURTHER RESOLVED**, the City Council authorize the City Manager to execute the attached SPSH Amended and Restated Predevelopment Agreement with Griffin/Swinerton and that it become effective immediately.

**BE IT FURTHER RESOLVED**, that the City Council authorizes the City Manager to take such other actions and execute such other documents as are appropriate to effectuate the intent of this Resolution.

**PASSED AND ADOPTED** this 15<sup>th</sup> day of May 2018 by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Attached: *SPSH* Amended and Restated Predevelopment Agreement