

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: REDEVELOPMENT AGENCY BOARD	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: DECEMBER 2, 2008

SUBJECT: AMENDED AND RESTATED AGREEMENT WITH LMN
ARCHITECTS FOR THE PROPOSED SAN JOSE
CONVENTION CENTER EXPANSION PROJECT

RECOMMENDATION

It is recommended that Redevelopment Agency Board approve an Amended and Restated Agreement with LMN Architects (LMN), adding \$5,128,000 for a total contract amount of \$10,678,000, to complete the design development of a proposed expansion of the San Jose Convention Center, update the cost estimate based on design development, produce the necessary design documents and provide bid support and contract administration support for the proposed demolition of the former Martin Luther King Jr. Library building and for the proposed replacement of the roofing for the existing Convention Center, produce the necessary design documents for the proposed site utilities, earthwork, piles and associated foundation work, and extending the term of the agreement by one year through December 31, 2010.

OUTCOME

Approval will permit staff and consultants to proceed with design development for the overall proposed project based on the approved schematic design, refine cost estimates for the proposed project, and to precede with further design services for certain proposed discrete accelerated project elements.

BACKGROUND

On November 14, 2006, the Redevelopment Agency Board directed that the Agency determine the potential scope and design of a project to expand the Convention Center. On June 5, 2007, the Board approved an agreement with

LMN Architects for architectural and design services and on September 25, 2007, the Board approved an amendment to the agreement with LMN Architects to proceed with conceptual design.

On November 13, 2007, a study session on the project was conducted at a Redevelopment Agency Board and City Council meeting. At that meeting, Strategic Advisory Group, consultant to Team San Jose and the Convention and Visitors Bureau, reported on its market study, which confirmed that the convention industry is demanding more meeting and ballroom quality space and that existing and/or new exhibit spaces must be flexible to accommodate a wide range of sizes and configurations. San Jose's market is generally driven by the availability and quality of its break-out and meeting room spaces.

LMN Architects reported on the overall master plan and programming for the proposed project. Expansion to the north, focusing on meeting rooms and a ballroom, was the recommended first phase. Another key element in the study session focused on the condition of the existing Convention Center facility. It was reported that many critical building systems have reached the end of their physical or technological life spans and need replacement or refurbishment. On April 29, 2008, the City Council and Agency Board accepted the recommended expansion concept design, directed the Agency to proceed with schematic design for the proposed project and approved the second amendment to the contract with LMN Architects to continue design services.

Based on the conceptual design presented in April, staff recommended a \$250,000,000 project budget for the proposed expansion, including needed replacement of critical systems in the existing facility and construction of the expansion. Staff also reported that initial estimates indicated that neither a full renovation of the existing facility nor the amount of expansion space identified in the market study would be achievable with the proposed \$250M budget. It was anticipated that the schematic design phase would provide a better understanding of what level of project scope could be accomplished within the \$250M budget. The Council and Agency Board requested that staff return mid-way through schematic design to report on the progress of design and cost estimates being prepared.

On September 23, 2008, the Council and Agency Board received an update of the schematic design. Staff reported that the renovation of the existing Convention Center that includes infrastructure and capital replacements of major building systems, and new wayfinding signage, paint, carpet, ceilings and other upgrades to interior finishes related to the client experience would increase the cost of the project to \$300M.

On December 9, 2008, the Council and Agency Board are expected to hear a presentation from the project team and consider acceptance of the recommended schematic design for the proposed renovation and expansion based upon a budget estimate of \$300M. If the recommended schematic design is accepted, the next step in the design process is to amend the LMN Architects agreement for design development for the proposed overall project and for further design services for proposed discrete project elements.

The Board approved an agreement in the amount of \$400,000 with LMN Architects for master planning and programming services in June 2007. On September 25, 2007, the Board approved the first amendment to the agreement, increasing the compensation in the amount of \$900,000, for a total contract of \$1,300,000, to develop a conceptual design and cost estimate for the expansion and renovation of the Convention Center. The Board approved the second amendment on April 28, 2008, adding \$4,250,000, for a total contract amount of \$5,550,000 to complete schematic design of the overall project, update the cost estimate based on the schematic design, and to produce the necessary design documents, provide bid support and construction administration for the proposed central utility plant replacement project, and extend the term of the agreement one year to December 31, 2009.

ANALYSIS

Design development would be based on the recommended schematic design for a proposed expansion and renovation of the Convention Center as may be selected by the City Council and Agency Board under separate consideration on December 9, 2008. If City Council accepts the recommended schematic design, LMN Architects will produce more detailed design drawings, including building systems, construction materials, interior room and finish schedules, and preliminary technical specifications. Coordination of mechanical, electrical, plumbing, fire protection and information technology systems with building structure and architectural elements will be resolved. The architects will prepare sample boards of exterior materials, including hardscape and interior finishes. LMN will also update the cost estimate, which will include an accounting of any items identified in any value engineering exercises, to confirm that the estimated cost of the proposed expansion and renovation is within the proposed project budget. The design development phase will take approximately seven months and is anticipated to be complete at the end of July 2009.

LMN will prepare demolition plans and specifications for the demolition of the former Martin Luther King Jr. Library building which could be utilized in the event that the project proceeds and demolition is needed. Plans will show the

building, pavement, fencing and other miscellaneous items to be removed. Services will include the preparation of bid documents and bidding services, as well as administration services that could be utilized if this discrete project is approved. Environmental review of the proposed expansion project is currently underway and is anticipated to be complete in January 2009. Any proposed demolition will not be brought forward for consideration until the environmental review related to that activity is complete. In addition, approximately 200 employees would need to be relocated if such demolition were to occur.

The architects will prepare roofing and waterproofing plans and specifications for the proposed replacement of the existing convention center's roofs and terraces, including flat roofs, glass block skylight repairs and gutters for the barrel-vaulted, standing-seam metal roof. Services will include preparation of bid documents and bidding services, as well as administration services that could be utilized if this discrete project is approved. Because the existing roof leaks, it is anticipated that this proposed project would proceed in late Spring 2009.

In addition, the architects will prepare design development and construction documentation for proposed site utilities work, earthwork, piles and associated foundation work (pile caps and footings) contemplated to be undertaken immediately after demolition of the library building if that demolition ultimately is considered, approved and occurs.

It is recommended that the Agency Board approve the Amended and Restated Agreement with LMN Architects (LMN), adding \$5,128,000, for a total contract amount of \$10,678,000, to complete the design development of the proposed expansion of the San Jose Convention Center, update the cost estimate based on design development, produce the necessary design documents and provide bid support and contract administration support for a potential future demolition of the former Martin Luther King Jr. Library building and for the proposed replacement of the roofing for the existing convention center, produce the necessary design documents for the proposed site utilities, earthwork, piles and associated foundation work, and extending the term of the agreement by one year through December 31, 2010.

EVALUATION AND FOLLOW-UP

Staff will be returning with recommendations on various elements of this proposal and information necessary to move the consideration of this proposal forward.

PUBLIC OUTREACH/INTEREST

The proposed action meets Criterion 1 for added outreach efforts. This staff report was distributed 14 days prior to the Agency's Board meeting, posted on the Agency's website and made available for public review in the Agency's public lobby area.

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criterion 3:** Consideration of proposed changes to service delivery, programs, or staffing that may have impacts to community services and have been identified by staff, the Board or Council, or a community group that requires special outreach.

COORDINATION

This report has been coordinated with Team San Jose; Public Works, Planning, Building and Code Enforcement; the City Manager's Office, the City Attorney's Office and the Agency's General Counsel.

FISCAL IMPACT

Funding for the proposed action is available in the Redevelopment Agency's Adopted FY 2008-2009 Capital Budget, Merged Area Impact, Convention Center Expansion Phase 1 project line.

CEQA

Resolution No. 72767. On June 21, 2005 the City Council made findings with Resolution No. 72767 in connection with the adoption of the Downtown Strategy 2000. The Program Environmental Impact Report for the Downtown Strategy 2000 addressed the Convention Center expansion project at a programmatic, or highly conceptual, level. Subsequent environmental review will be completed based on the more detailed project description that is the result of the City Council/Agency Board's various design directions for this proposed project. The

City Council/Agency Board's ultimate action to consider authorization of the Convention Center expansion, or discrete accelerated project elements, would be informed by this subsequent environmental review.



HARRY S. MAVROGENES
Executive Director