

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Del D. Borgsdorf
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**SUBJECT: NEW SAN JOSE CIVIC CENTER
AND OFF-SITE PARKING GARAGE
PROJECT UPDATE**

DATE: 03-04-04



INFORMATION

This report provides the latest contract award, schedule and budget information for the construction portion of the new Civic Center project. Staff will provide frequent updates on the non-construction (technology, furniture and equipment) portion of the project in separate reports beginning in March with a presentation and recommendations for proceeding with the procurement process for that work.

I. CIVIC CENTER

A. General Update

Construction of the new Civic Center is moving forward with many building features complete and other new activities underway. The tower's structural framework is complete and on January 23, 2004, Turner-Devcon JV sponsored a ceremonial topping off of the 18th story. The ceremony included recognition of the outstanding safety record maintained by the construction workers to date.

The tower has reached its full height of 285 feet. This is a major milestone and is part of the overall project's critical path. On schedule completion of the steel allows other construction work to progress. At this time, concrete deck pours in the tower have been completed to the 7th floor and the brise soliel (sunshade) is being assembled for final connection to the west wall of the tower. It is temporarily shored until the shear walls are complete.

During November, December and early January, damp weather increased the curing time for the architectural concrete walls in both the tower and the council wing reducing the amount of concrete that could be poured. Though this work is not on the critical path, it is important that time lost be regained so that future work will not be impacted. To address this issue, construction hours were increased in mid January. Currently, concrete work is occurring in two full shifts, 7:00 a.m. to 3:30 p.m. and 3:30 p.m. to 11:00 p.m.

With these extended hours, it is more important that we strive to be good neighbors. We have provided information and points of contacts to be more responsive to neighborhood concerns. As a result of their input, we have made modifications to construction activities and are coordinating "goodwill" activities with downtown merchants.

Work on the council chamber wing, located on the southwest corner of the site adjacent to the Fourth Street Parking Garage, began in mid-January. In early spring, work on the rotunda located at the center of the plaza will begin followed closely by the construction of the curved wall (battered wall).

These major elements, (tower, council wing, rotunda, and battered wall) will complete the footprint of buildings on the site. With the framework of the buildings complete by late spring, the total project site will begin to take on its final form.

B. Project Schedule

The project is approximately 50 percent complete. To date the major construction accomplishments include completion of the foundation, the plaza deck and structural steel in the tower. In February and March, the council wing structural steel, the curtain wall (exterior skin) on the tower and the rotunda's structural steel will be underway.

The extended hours have resulted in making significant progress toward completing the architectural concrete shear walls on the tower and the council wing. The council chamber wing's shear wall should be completed early next week and the tower's shear wall by mid-April.

The overall project remains on schedule for substantial completion in the spring of 2005 and construction coordination with the City's move consultant is underway. It is expected that move-in will take approximately ten weeks and that early contract awards for system furnishings may allow for early move-in on some floors. Completing the move-in plan is critical to evaluating business activities that need to be coordinated and organized so that there is minimal disruption in City services.

C. Public Art

Public art for the new Civic Center includes a fountain on the north side of the plaza along Santa Clara Street and art sculptures along Fifth Street. The fountain design has been integrated into the plaza deck and will become a focal point for the plaza.

The art sculptures along Fifth Street are being designed by Andrew Leicester. He has been commissioned to produce the artwork that enriches the Civic Center as a special place, provide a sense of scale and visually connect City Hall to the neighborhoods.

The artists' initial proposal of 16 themes selected from community submittals were presented to the Public Art Committee on February 24, 2004. A public display of the design proposals will take place prior to approval by the Public Art Committee.

D. Items of Interest

During the months of December and January, the Civic Center supported approximately 250 full-time construction related jobs at the project site. At its peak, the project will support approximately 300 direct construction related jobs. The project is expected to provide over 3,000 direct and indirect jobs over the life of the project.

Erection of the tower took approximately six months and required 3,200 tons of structural steel to complete. The foundation and plaza deck required 1,938 tons of reinforcing rebar. (See attached photos)

On Saturday, January 17, 2004, 1,800 cubic yards of concrete were poured in the plaza deck area. In order to complete this pour in one day, 180 concrete trucks were used. This concrete pour completed the concrete work in the plaza deck area.

II. OFF-SITE PARKING GARAGE

Design of the employee-parking garage, located between Fourth and Fifth Streets north of Santa Clara, is complete. The garage includes approximately 1,140 parking stalls on eight levels, one below grade.

The new Civic Center Garage bid pre-qualification process received interest from eight general contractors. Of the six who were ultimately pre-qualified, four submitted bids on January 15, 2004. Swinerton submitted the low bid of \$19.2 million. Their bid is approximately \$1.2 million below the \$20.5 million estimate. Swinerton is an experienced contractor that has successfully completed many comparable type projects and is currently working with the Agency on the Fox Theater renovation and the new CIM mixed-use development.

A lawsuit filed by PAC-SJ regarding demolition of the Fox Building has a court date scheduled for February 26, 2004. The construction contract award is pending the outcome of

the court's decision. Should the lawsuit delay completion of the employee-parking garage, an alternative employee-parking plan has been developed.

This project will be running concurrently with two other major area projects: the Fifth Street streetscape improvements and the undergrounding of utilities along Fourth and Fifth Streets. Due to multiple activities and contractors working in this area, Agency and City staff will coordinate community information and outreach.

III. PROJECT BUDGET SUMMARY

In the most recent memorandum, we reported on 25 contracts that were awarded as of December 16th, totaling \$4.5 million of savings against the estimated costs. Just as reporting on those earlier favorable bids represented a snapshot in time, so too does this report, which reflects several contracts awarded above the estimated costs. As has been noted in previous project construction cost reports, the City staff evaluates each bid package for opportunities to value engineer costs out of the project without sacrificing quality in the end product—the goal being to keep the project on budget.

A. Construction Contracts

Since the last report on December 16, 2003, six contracts have been awarded and one contract for the parking garage is pending resolution of the suit filed by PAC SJ. Of note is the upward trend in the low bid proposals above budget estimates in five of the last seven bid openings. These contracts total \$38 million and are summarized as follows:

<u>Description</u>	<u>Contractor</u>	<u>Low Bid</u>	<u>Budget</u>	<u>Variance</u>
<i>Battered Wall</i>	Cleveland Marble & Mosaic	\$3,524,348	\$2,115,966	\$1,408,382
<i>Ceramic Tile</i>	Reputable Tile	\$ 487,410	\$756,000	(\$268,590)
<i>Doors/Frames/ Hardware</i>	Walters & Wolf	\$2,238,917	\$1,786,945	\$451,972
<i>Insulation</i>	Insulpro Products	\$ 941,960	\$ 442,350	\$499,610
<i>Drywall</i>	J & J Acoustics	\$9,335,672	\$8,130,307	\$1,205,365
<i>Off-Site Parking Garage</i>	Swinerton (pending)	\$19,200,000	\$20,500,000	(\$1,300,000)
<i>Roofing, Water- proofing, Sheet Metal</i>	Alliance Roofing Company	\$2,279,185	\$2,067,180	\$212,005
TOTAL		\$38,007,492	\$35,798,748	\$2,208,744

Approximately 16 construction contracts remain to be awarded. The 31 contracts awarded to date and the low bid proposal on the Parking Garage have resulted in savings of approximately \$2.3 million when compared to the budget estimate. It is expected that all savings will be needed to complete the project. Value engineering is on-going as we manage design elements of the project within the budget estimate. As we near completion of contract buyouts, opportunity for future savings will be reduced.

Awards scheduled for late February and March include ornamental metals, interior glazing, and painting and sealants. These bid packages are currently being advertised. Bid packages are being prepared and will shortly begin advertising for flooring, acoustic tile, and fixed chairs for council chamber.

B. Budget Summary

As of January 31, 2004, we have expensed and encumbered \$256.2 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 01-31-04			
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	\$ 206.2	\$ 57.3
Total	\$ 343.0	\$ 256.2	\$ 86.8

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

IV. COST PROJECTIONS / MANAGING THE BUDGET

Excluding the parking garage, the most recent project bids have been increasing, resulting in bids that are 15 percent to more than 100 percent over the Joint Venture's budget estimates. Staff believes this has resulted from the complexity of the work, an increase in materials cost, and that the bid market for this project is changing. Staff and the Turner/Devcon JV are now estimating that the total of already awarded contracts, future awards and other cost exposures on the project will result in a construction cost of up to \$208 million. This is compared to a construction budget of \$197 million. Since construction began, staff and the JV have reduced the project cost by \$8.8 million through value engineering. More needs to be done to keep the project within budget.

There are several ways staff proposes to manage the recent upward construction cost shift on the project: 1) staff believes the cost can be reduced by an additional \$2 million in value engineering; 2) there is about \$2 million in savings that will result from lower land costs for the off-site parking garage that will be available for offsetting higher bids, as will the approximately \$1.3 million in construction cost savings from the garage; 3) there continues to be a \$1.5 million program contingency available; and 4) staff is also reviewing other possibilities for project savings that appear doable.

Using the appropriate combination of the above resources and the additional strategies that staff and the JV are developing will help keep the project within budget. After applying the savings mentioned above, staff continues to look for approximately \$3 to 4 million in reductions to keep the project within the \$343 million budget. These efforts will continue.

While the total construction contingency still available to the City and JV is 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, and continuing during late spring and summer. The off-site parking garage is programmed for a 14-month construction timeline, currently scheduled to begin in mid- to late- March. Construction contract awards are running approximately \$2.3 million under budget; however, the overall construction cost projection is increasing with recent bids, so the savings achieved to date will be needed to complete the project. In addition, value engineering and other cost reduction efforts are continuing to keep the project within budget.



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EAST TO TOWER



ROTUNDA CONCRETE POUR



COUNCIL WING INTERIOR WALLS



COUNCIL WING AND ROTUNDA LOOKING NORTH

