



Town of Los Gatos, California

## Conceptual Cost Model and Financing and Funding Strategy

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## Conceptual Cost Model

### *Introduction and Assumptions*

Conceptual cost models are intended to provide an overall conceptual cost to accomplish the project. Conceptual costs per square foot are based on recent regional construction of similar facilities as gathered by the cost consultant and an understanding of the assessment of the condition of and proposed use for the existing facility.

A description of the general categories follows:

- **Renovation of Existing Building** includes renovation of the existing facility to include life safety only seismic upgrades, some exterior upgrades, minor electrical and mechanical system upgrades and full interior renovation to non-structural walls and finishes.
- **New Facility Square Footage** indicates construction of new facility for use as public space for programmed functions (office space, library functions, community functions, support spaces, etc.). Note that the Police facility is an Essential Services Building, which requires a higher level of construction, and is costed accordingly.
- **Community Spaces** includes program rooms, community assembly spaces and support areas to these spaces.
- **Sitework** includes landscaping, signage, drainage and hardscape of developed property areas outside of the new facilities and parking site coverage.
- **Existing Construction Demolition and Sitework Clearing** include removal of any existing facilities and/or parking lot that must be demolished to make way for new construction and/or parking.
- **Parking Costs** includes three categories of parking construction:
  - **Below-Grade Parking** includes underground parking garage and ramp system construction and structural support for construction to be placed above the garage level.
  - **On-Grade Parking** includes surface parking lots with landscaping strips and drive aisles as well as on-street parking spaces.
  - **Above Grade Parking** includes above ground parking garage and ramp construction.

## Conceptual Cost Model

### *Conceptual Cost Model Estimates*

Following is a high-level summary of the estimates generated by the conceptual cost model. The Conceptual Cost Model on page 7 presents detailed estimated costs for the elements of the Civic Center Master Plan.

Service	Total Square Feet	Total Cost Estimate
New Police Facility	18,369 s.f. (new)	\$11,267,137
Parking Garage	68 spaces	\$ 2,213,244
New Library	39,821 s.f. (new)	\$22,060,431
Parking Garage	69 spaces	\$ 7,712,820
New Community Ctr.	32,040 s.f. (new)	\$14,832,258
Parking Garage	136 spaces	\$ 13,972,500
Civic Ctr. Renovation	25,191 s.f. (existing)	\$ 9,128,708
<b>Total</b>		<b>\$81,187,098</b>

It is important to note that the cost estimates are based on conceptual, not actual, buildings. That is, the costs derive from the square feet required times an average square footage cost for that type of facility. For parking, the estimate is based on the number of parking spaces required times the average per space cost for either above-ground or below-ground parking. The cost model includes primarily space designated as “core” in the space program, although some space designated “optional” is also included. Some “optional” space is not included, and parking numbers do not account for the optional space not included. If and when any of the facilities are designed for construction, true cost estimates would take into account any difference in architectural design, materials, construction challenges, value engineering, or other factors that may influence costs. These factors could ultimately result in greater or lesser costs for the facilities.

### *Parking Cost Assumptions*

Costs for parking are a significant portion of the total estimated costs. The high costs are largely attributable to the need to provide two levels of underground parking for the majority of the parking demand. The parking estimates used for the conceptual cost model are based on a methodology that included an occupancy survey for the existing Civic Center to determine peak demand periods, comparison of parking demands at similar facilities in other Bay Area jurisdictions, and parking supply recommendations based on projected staff, volunteers and

## Conceptual Cost Model

### *Conceptual Cost Model Estimates*

	<p>visitors under the built-out Civic Center Master Plan. At the time that any phase of the Master Plan is undertaken, more detailed analysis should occur to determine the specific parking requirements associated with that phase in the context of overall parking demand for the Civic Center. A different level of parking demand could affect estimated costs either way depending on the findings.</p>
<p><i>Costing Factors</i></p>	<p>The cost estimates include a 35% factor for “General Conditions/Soft Costs,” which are comprised of contractor costs, standard consultants (e.g., architecture, structural, electrical, plumbing, landscape, etc.) fees, soils and geotechnical reports, development process fees, testing and inspections, specialty consultants (e.g., security, lighting, acoustic, etc), and contingency allowance. More accurate “soft cost” estimates would need to be calculated in conjunction with any building design process, and with the development of a specific financing strategy.</p> <p>The cost estimates also include a 15% building factor, which accounts for department to department circulation, vertical circulation and width of the exterior walls.</p> <p>Costs not included in the estimate are those for Furniture, Fixtures and Equipment (known as FFE costs). Typical FFE costs for libraries range from \$25 to \$35 per sq. ft., suggesting an estimated FFE cost for the 39,000 sq. ft. library of from \$97,500 to \$136,500. Different FFE costs would apply for police facilities (usually higher due to specialty equipment) and for community spaces range (potentially lower due to large open areas). Accurate FFE estimates would need to be calculated in conjunction with any building design process. At the time this is undertaken, estimates for any possible re-use of existing furniture and equipment would be evaluated.</p> <p>Another cost not represented in the conceptual cost model is the cost for operations and maintenance (O&amp;M). These are the costs generated by having additional square footage to operate and maintain a facility. Actual O&amp;M costs would not likely increase proportionate to the increase in square footage, however, to the extent that “green technology” is incorporated in the design and information technology is used to enhance productivity and streamline operations. O&amp;M costs would need to be calculated in conjunction with any building design process, and ongoing fiscal capacity to cover any increased costs would need to be identified prior to construction.</p>



**Los Gatos Civic Center/Library Master Plan - Conceptual Cost Model**

Master Plan Vision: Conceptual Project Cost Model											
Space Name	Core Space SF	Optional Space SF	Optional SF Included	Optional SF Excluded	Total SF	Building Factor	Building SF	Space Type	Cost / SF	Total Cost	
<b>Phase I: Police Facility</b>											
Police	15,973	2,295	0	2,295	15,973	1.15	18,369	E	\$ 450	\$ 8,266,028	
Sitework at New Facility	4,000	-	-	-	-	1.00	4,000	-	\$ 20	\$ 80,000	
Subtotal					15,973					\$ 8,346,028	
<b>Subtotal (Building Only) with General Conditions/Soft Costs:</b>									GC %	35%	\$ 11,267,137
<b>Phase IA: New Police Facility Parking</b>											
Parking for Police - Two Level Garage (48 spaces)	17,280	-	-	-	17,280	1.15	19,872	L	\$ 70	\$ 1,391,040	
Parking for Police - On-Grade at Alley (20 spaces)	7,200	-	-	-	7,200	1.15	8,280	K	\$ 30	\$ 248,400	
Parking for Police - (E) On-Grade at Main Street (20 spaces)	0	-	-	-	0	1.00	0	-	\$ -	\$ -	
Subtotal					24,480					\$ 1,639,440	
<b>Subtotal with General Conditions/Soft Costs:</b>									GC %	35%	\$ 2,213,244
<b>Phase IA Total with General Conditions/Soft Costs:</b>										\$ 13,480,381	
<b>Phase IIA: New Library Facility</b>											
Library	33,507	4,698	1,120	3,578	34,627	1.15	39,821	D	\$ 350	\$ 13,937,368	
Support Spaces (New Building)	1,688	729	729	0	2,417	1.15	2,779	F	\$ 300	\$ 833,693	
Sitework at (E) Facility	78,500	-	-	-	-	1.00	78,500	-	\$ 20	\$ 1,570,000	
Subtotal					37,044					\$ 16,341,060	
<b>Subtotal (Building Only) with General Conditions/Soft Costs:</b>									GC %	35%	\$ 22,060,431
<b>Phase IIA: New Library Facility Parking</b>											
Below-Grade Parking - 69 New Spaces	24,840	-	-	-	24,840	1.15	28,566	H	\$ 200	\$ 5,713,200	
Subtotal					3,960					\$ 5,713,200	
<b>Subtotal (Parking Only) with General Conditions/Soft Costs:</b>									GC %	35%	\$ 7,712,820
<b>Phase IIA Total with General Conditions/Soft Costs:</b>										\$ 29,773,251	
<b>Phase IIB: New Community Center Facility</b>											
Community Services	2,187	297	297	0	2,484	1.15	2,857	C	\$ 375	\$ 1,071,225	
Community Room / Council Chambers	4,200	672	672	0	4,872	1.15	5,603	A	\$ 125	\$ 700,350	
Program Hall	4,536	-	-	-	4,536	1.15	5,216	C	\$ 375	\$ 1,956,150	
Support Spaces (New Building)	1,688	729	729	0	2,417	1.15	2,779	F	\$ 300	\$ 833,693	
Recreation Classes	10,248	3,304	3,304	0	13,552	1.15	15,585	F	\$ 300	\$ 4,675,440	
Sitework at (E) Facility	78,500	-	-	-	-	1.00	78,500	-	\$ 20	\$ 1,570,000	
Demolition of (E) Neighborhood Center	12,000	-	-	-	-	1.00	12,000	-	\$ 15	\$ 180,000	
Subtotal					27,861					\$ 10,986,858	
<b>Subtotal (Building Only) with General Conditions/Soft Costs:</b>									GC %	35%	\$ 14,832,258
<b>Phase IIB: New Community Center Facility Parking</b>											
Below-Grade Parking - Replace (E) Spaces - 113 spaces	40,680	-	-	-	40,680	1.15	46,782	H	\$ 200	\$ 9,356,400	
Below-Grade Parking - 12 New Spaces	4,320	-	-	-	4,320	1.15	4,968	H	\$ 200	\$ 993,600	
On-Grade Parking - 11 New Spaces at Fiesta Way	3,960	-	-	-	3,960	1.15	4,554	K	\$ 30	\$ 136,620	
Subtotal					100,721					\$ 10,350,000	
<b>Subtotal (Parking Only) with General Conditions/Soft Costs:</b>									GC %	35%	\$ 13,972,500
<b>Phase IIB Total with General Conditions/Soft Costs:</b>										\$ 28,804,758	
<b>Phase III: (E) Civic Center Building Renovation</b>											
Customer / Development Service Areas	2,803	-	-	-	2,803	1.15	3,223	C	\$ 375	\$ 1,208,794	
Clerk Department	837	-	-	-	837	1.15	963	A	\$ 125	\$ 120,319	
Town Treasurer / Elected Clerk	216	-	-	-	216	1.15	248	A	\$ 125	\$ 31,050	
Town Attorney	594	135	135	0	729	1.15	838	A	\$ 125	\$ 104,794	
Town Manager	2,241	702	702	0	2,943	1.15	3,384	A	\$ 125	\$ 423,056	
Finance	1,323	297	297	0	1,620	1.15	1,863	A	\$ 125	\$ 190,181	
Human Resources	729	216	216	0	945	1.15	1,087	A	\$ 125	\$ 104,794	
Community Development	3,578	405	405	0	3,983	1.15	4,580	C	\$ 375	\$ 1,717,669	
Sitework at (E) Facility	8,000	-	-	-	-	1.00	8,000	-	\$ 20	\$ 160,000	
Support Spaces (E) Building	7,101	729	729	0	7,830	1.15	9,005	F	\$ 300	\$ 2,701,350	
Subtotal					21,906					\$ 6,762,006	
<b>Subtotal with General Conditions/Soft Costs:</b>									GC %	35%	\$ 9,128,708
<b>Total with General Conditions/Soft Costs:</b>										\$ 81,187,098	
Note: Costs are estimated to increase at escalation of 8% per year.											



## Financing and Funding Strategy

### ***Introduction and Assumptions***

#### *Financing Strategy and Funding Sources*

The development of a detailed financing strategy is a critical element in achieving the vision for the CCMP. A financing strategy takes into account available funding sources and their capacity over a projected period of time. Available sources are paired with eligible elements of the CCMP. This detailed financing strategy will need to be developed as part of implementation of any phase of the CCMP.

The table on page 10 describes the funding sources that may be available for the elements of the CCMP if the Council and community so determine. Any improvements contemplated in the CCMP may be funded by a combination of strategies commonly referred to as “Pay-as-You-Go” and “Pay-as-You-Use” strategies. The first strategy (“Pay-as-You-Go”) assumes the use of existing cash, capital campaigns and other fund raising efforts, real property sales, and joint government partnerships. The second strategy (“Pay-as-You-Use”) assumes the need to borrow funds in some form of future debt financing. An advantage of Pay-as-You-Use financing is that it matches the benefit and cost of the improvements with the actual users of the improvements over time. “Pay-as-You Use” strategies include Redevelopment Agency Tax Increment Financing and General Obligation Bonds. The table describes the funding source, current and/or projected capacity (if known), and general requirements associated with each.

A financing plan for construction of any of the CCMP phases will provide a framework that assesses financial requirements, financial implications related to project implementation, anticipated infrastructure costs, and project expenditure timelines. Development of the financing approach will involve a detailed review and analysis of all available data and information, including available cash reserves, alternative revenue streams, and Town and Redevelopment Agency (RDA) debt capacity, and an assessment of debt burden on Los Gatos property owners, if any.

<b>Civic Center Master Plan Funding Sources</b>						
<b>Funding Type</b>	<b>Pay-as-You Go Funding Sources (Cash)</b>				<b>Pay-as-You-Use Funding Sources (Debt)</b>	
	<b>Reserve Accounts</b>	<b>Sale of Property</b>	<b>Capital Campaign / Fundraising</b>	<b>Joint Partnership</b>	<b>Redevelopment Agency (RDA) Tax Increment Financing</b>	<b>General Obligation Bonds (GO)</b>
<b>Description</b>	<p>The Town has several reserve accounts that are designated for particular purposes on a discretionary basis. Use of these funds is not legally restricted to the desingated use.</p>	<p>The Town has several properties that are either vacant or in use by other entities. This source of funds would be potentially available should the Town sell some portion of its real property.</p>	<p>The community and stakeholder groups may undertake fundraising campaigns to raise monies from non-profits, foundations, companies and residents towards selected improvements. Fundraising is often used for FFE.</p>	<p>Other governmental entities or service providers could partner with the Town in constructing jointly -used facilities.</p>	<p>The issuance of RDA debt is potentially available as a funding source for improvements. The debt issuance requires approval by Town Council/Agency Board. A recent update of the Agency's expected future cash flows indicates that depending on when the debt financing occurs, and future tax increment growth rates, net proceeds of approx. \$9.6 to \$14.5 million may be available future financings.</p>	<p>Another source of financing is the issuance of voter-approved GO bonds. GO bonds are secured by the full faith and credit of the Town. Revenues to repay the GO debt are raised generally by tax levies on the value of real property in the Town (the Ad Valorem tax). The latest update indicates that based upon the Town's current assessed valuation, the debt service factor per \$100K in assessed valuation is \$1.04 per \$1 million borrowed.</p>
<b>Limitations / Considerations</b>	<p>One-time cash reserves such as those above have no dedicated source of revenue. Once spent, they are not expected to be replenished. Other priorities may exist for the use of reserves.</p>	<p>The outright sale of Town property would result in cash. Non-cash aspects might also be possible, such as the potential for land swaps. Sale of property occupied by tenants would need to be coordinated with the tenants.</p>	<p>Depending upon the level of stakeholder involvement and commitment, fund raising may or may not play a significant role.</p>	<p>Partnerships would require legal agreements establishing terms and conditions for cost-sharing and long-term relationships.</p>	<p>Requires Town Council/Agency Board Approval. Current RDA law allows Agency funds to be used for public safety facilities, libraries, and community centers including parking required to support these uses, but excludes their use for civic centers. Based on RDA law, the final date to issue debt is 2011.</p>	<p>GO bonds are generally recognized to have the lowest cost of borrowing for any type of local govt. debt financing. GO bonds require a super majority (2/3rds) voter approval before they can be issued.</p>