

## Legislation Text

---

File #: #17-0419, Version: 1

---

**PREPARED BY:** CHARLES CHING, A2CM

**DATE OF MEETING:** 10/16/17

**SUBJECT:**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING AND AUTHORIZING THE EXECUTION OF A TERMINATION AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY BY AND BETWEEN THE CITY OF SAN PABLO AND CAPITAL PARTNERS DEVELOPMENT COMPANY; AUTHORIZING STAFF TO BEGIN THE DESIGN BUILD PROCESS FOR THE CONSTRUCTION OF THE NEW CITY HALL; AND RATIFYING AUTHORIZATION OF THE RELEASE OF A REQUEST FOR QUALIFICATIONS FOR POTENTIAL DESIGN-BUILD ENTITIES

**CITY MANAGER RECOMMENDATION**

Adopt Resolution

**COMPLIANCE STATEMENTS**

Development Projects (Economic Development) - Circle S Project Development is an adopted policy item under the FY 2015-17 Council Priority Workplan Update, effective October 1, 2016.

**CEQA Compliance Statement**

The City engaged Michael Baker International to evaluate the potential environmental effects from the design and construction of the new City Hall on the Gateway Avenue Property in accordance with the requirements of the California Environmental Quality Act ("CEQA") and its implementing regulations (the "CEQA Guidelines"). Based on the evaluation dated June 7, 2017, the City has determined that: (1) construction of the proposed new City Hall on Lot 6 would be consistent with the development assumptions for Lot 6 as presented in the City's current General Plan and the San Pablo Avenue Specific Plan; (2) the project would not result in any new significant impacts or increase the severity of any significant impacts identified in the General Plan EIR, the San Pablo Avenue Specific Plan EIR, and the Mixed Use Center South Mitigated Negative Declaration; (3) the circumstances under which the new City Hall project would be undertaken have not substantially changed such that new or more severe impacts would occur; and (4) therefore no further environmental analysis for construction of the new City Hall on Lot 6 is required by Section 21166 of CEQA and Sections 15162 and 15183 of the CEQA Guidelines.

Further, the approval and execution of the Termination for Purchase and Sale of Real Property with Capital Partners Development Company is exempt from environmental review under the California Environmental Quality Act ("CEQA") and its implementing regulations (the "CEQA Guidelines") under Sections 15061(b)(2) and 15061(b)(3), .

**BACKGROUND**

On June 14, 2016, the City published a Request for Qualifications/ Request for Proposals (the "RFQ/RFP") seeking proposals from interested and qualified developers for the New City Hall Project

in which the City received four (4) proposals.

Based on the proposals, presentations, interviews, references, and the recommendations of staff, the City Council determined that the proposal submitted by Capital Partners Development Company, LLC ("Capital Partners"), dated July 5, 2016, offered the best value to the public for the design and construction of the New City Hall.

Based on the City Council determinations made during the RFQ/RFP process, the City Council authorized the City Manager to negotiate an agreement with Capital Partners providing for Capital Partners to (a) purchase the current City Hall Site ("Civic Center Site"), (b) construct a New City Hall on Plaza San Pablo, and (c) following completion of the New City Hall and relocation of City Hall operations thereto, redevelop or facilitate the redevelopment of the Civic Center Site. This authorization to the City Manager was set forth in Resolution 2016-290, adopted by the City Council on September 19, 2016.

City staff and Capital Partners negotiated diligently and in good faith to prepare two (2) agreements to implement the New City Hall Project: (1) an agreement for the purchase and sale of the Civic Center Site (the "PSA"); and (2) an agreement for Capital Partners to construct a New City Hall on Plaza San Pablo.

On June 19, 2017, City Council adopted Resolution 2017-126 approving the Purchase and Sale Agreement between the City and Capital Partners, which included the condition to construct the New City Hall. The PSA was executed on August 3, 2017.

On October 5, 2017, the City received a memorandum from Capital Partners requesting the termination of the PSA. Capital Partners cited increasing construction costs and its inability to deliver the New City Hall building within the City's budget as the primary reason for the request. As part of the termination, Capital Partners has agreed to assign any and all rights it has to the plans and reports developed to date. The attached Termination Agreement for Purchase and Sale of Real Property effectuates the termination of the PSA.

In light of this, the proposed resolution authorizes staff to begin the Design-Build delivery process for the construction of the New City Hall Building, pursuant to the process outlined in California Public Contract Code sections 22160 et seq. Moreover, the resolution also ratifies authorization for the release of the Request for Qualifications ("RFQ") from potential Design-Build Entities ("DBE's") that was sent out on October 5, 2017.

After the RFQ process, staff will release a Request for Proposals to all DBE's that meet the minimum qualifications under the RFQ. The selected DBE will be brought forward to City Council for selection and award.

### **FISCAL IMPACT**

The proposed resolution means that the City will no longer be receiving \$2.5 million for the sale of the Civic Center Site from Capital Partners and will also not be paying \$14,950,000 to Capital Partners for the building of the New City Hall project. As the City is just beginning the new design-build process for the New City Hall site with ratification of the request for qualifications, no new appropriations are needed at this time.