

CENTRAL LIBRARY LECTURE HALL PROJECT FUNDING DISCUSSION

City Council Study Session
November 14, 2023



CITY OF
NEWPORT BEACH

Project Location next to Central Library

Library Lecture Hall
Location



Central Library

Avocado Avenue

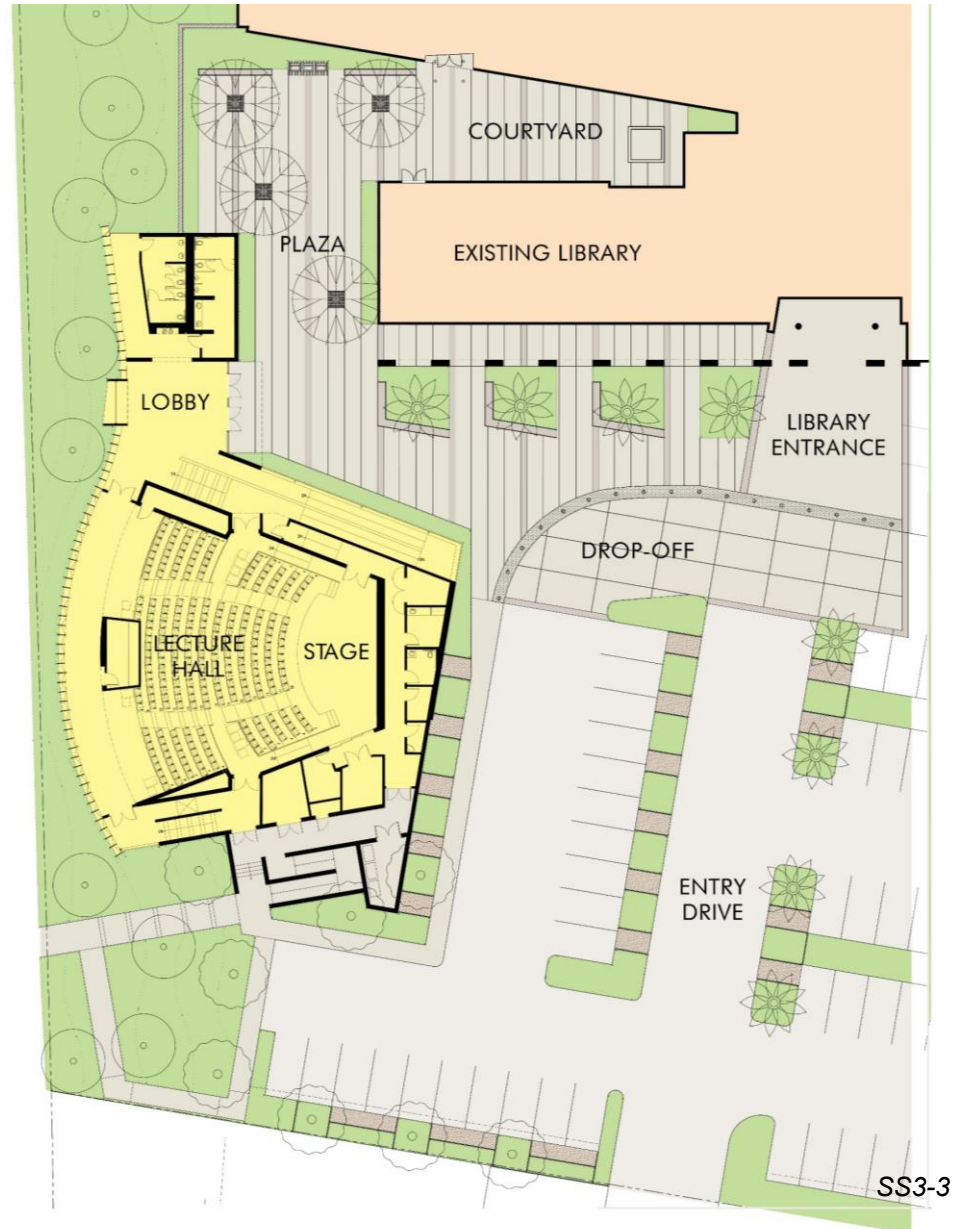
MacArthur Blvd

City Hall

Approved Library Lecture Hall Concept

Floor Plan
9,514 SF

Seating for up to 299



Approved Library Lecture Hall Concept



Approved Library Lecture Hall Concept



Approved Library Lecture Hall Concept



Project Background

- ✓ \$70,000 included in 2018-19 CIP to initiate exploratory effort
- ✓ 3/19/2019 - City Council CIP Study Session - Central Library Lecture Hall discussion leads to \$500K added to 2019-20 CIP for Concept Plan Development and Cost Estimate
- ✓ 7/9/2019 - City Council forms 5 member “Library Lecture Hall Design Committee” (LLHDC) including former Councilmember Dixon as Council Representative
- ✓ 11/19/2019 - LLHDC recommends, and Council approves project Design Architect Consultant team. Total Overall Project Cost identified as \$8,000,000 with proposed 50-50 split for 7,000 sf building w/275 seats. Projected completion was Fall 2022



Project Background

- ✓ February 2020 – Covid 19 Pandemic Begins
- ✓ 9/28/2021 - City Council Study Session - Council Reviews/Tentatively Approves LLHDC recommended Concept Design with a Total Projected Project Cost of \$12,777,670, and 50-50 Split of cost up to \$13 million
- ✓ 11/30/2021 - Council Approves 9,500 sf Concept Plan, with a Total Projected Project Cost of \$12,812,000. CIP budget set at \$13 million w/ \$6.5 M in Contributions from Library Foundation
- ✓ 2/28/2023 - City receives five bids for project. Low bid was \$17,135,000 by AMG & Associates, 22% higher than Estimate of \$14,000,000
- ✓ 3/28/2023 - Council Rejects Bids and directs staff to rebid around September 2023



Current Project Status

- ✓ Funding MOU in place with Library Foundation - 50/50 Split up to \$13 Million (\$6.5 M each)
- ✓ Final Plans Completed & Building Permits Secured (9,814 SF 299 seats)
(Engineers Estimate of \$18,500,000)
- ✓ City Cost to Date \$758,700 + staff time
- ✓ Three bids received on October 12th, with Lowest Qualified Bid from AMG & Associates for a **base bid of \$19,068,000.**
 - *Deductive Bid item for Pollution Liability Insurance of \$9,000*
 - *Additive Bid item for enhanced Digital Acoustics System of \$409,000*



➤ Total all-in Project Cost projected at \$23,438,935 Million
(Cost per SF ~ \$2,388)

Total Project Cost Summery

TASK DESCRIPTION	ESTIMATE & BUDGET TOTAL(11/21)	PROJECTED TOTAL COST (as of 10/23)	COMMENTS
CONCEPTUAL DESIGN/PERMITTING RCA	\$ 215,635	\$ 215,635	
SOFT COSTS	\$ 1,302,035	\$ 2,173,500	<i>Design, Inspection, Utility Connections, Construction Management, Material/Soil Testing, Permits</i>
HARD COSTS	\$ 11,239,800	\$ 20,974,800	<i>Building Construction & 10% Contingency</i>
FIXTURES, FURNISHINGS, & EQUIPMENT (FF&E)	\$ 55,000	\$ 75,000	
PROJECT TOTAL	\$ 12,812,470	\$ 23,438,935	
AMOUNT OVER MOU & PROJECT BUDGET >		\$ (10,438,935)	

FY23-24 Approved Budget

Foundation Contributions	\$ 6,500,000
City FFP	\$ 6,500,000
Total	\$ 13,000,000

Projected Annual Operational Cost

- ❖ Annual Janitorial starting at ~ \$30,000
- ❖ Annual Repair & Maintenance ~ \$315,000/yr (+CPI) over life of building
(~1.5% of Construction Cost)
- ❖ Annual Utilities (usage dependent) ~ \$76,500 *(~\$.65/sf/month for low use)*
- ❖ Additional Staffing Needs to be determined

NB Library Foundation – Funding Contributions

- Current MOU requires \$6.5 million deposited into escrow prior to Award of Construction Contract for Facility
- As of October 25th, the Library Foundation advised staff they have \$8,200,000 in hard commitments available now
 - \$7,000,000 to be placed in escrow account prior to contract award
 - \$1,200,000 to be collected over next three years.
- Foundation identified they have another ~\$1,000,000 in soft pledges that should be available after contract award bringing total to ~\$9,200,000
- Foundation also committed to taking on further fundraising campaign to raise remaining contributions up to 50% of total project cost,
or ~\$11,719,500



Shortfall Funding

- If City commits to funding 50% of total project costs, additional \$5.2 million is required, for a total contribution of \$11.7 million
- The City has \$29 million in capital reserves, for projects outlined in City's long-term capital planning documents (FFP, HBMP, CIP)
 - Over next several years, \$20 million from the reserves are for projects such as Balboa Island Drainage System and Balboa Library & Fire Station
 - Significant projects are in the long-term horizon (ten plus years) including the Newport Pier, Balboa Pier & Balboa Island Seawall projects
 - General Fund operating surpluses, pay off of long-term liabilities will be some of the strategies to provide funding to support the City's long-term capital needs in the future

Temporary Gap Funding

- The Library Foundation proposed contribution would be structured with \$7 million placed in escrow prior to contract award and \$4.7 million funded from donations over next three years
- Depending on the timing of the donations and construction, the City would need to temporarily allocate up to \$4.7 million for the portion of the project to be repaid by the Foundation over the next three years, in addition to the City's contribution

Next Steps

- ☐ Decide whether to Accept Bid and Award Construction Contract
- ☐ If proceeding - Determine how to fund gap over current \$13 million Agreement with the Library Foundation
- ☐ If funding share/amounts modifications acceptable, amend current MOU with Library Foundation prior to contract award
- ☐ Award Construction Contract and start project
Estimated 21 month Construction Timeframe





Questions Comments Discussion

Need direction whether Council would like to proceed with this bid and award a construction contract for the Project?

And if so, how should we plan to fund it?