

AGENDA ITEM NO.


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**NAPA CITY COUNCIL
AGENDA SUMMARY REPORT
March 7, 2006**

SUBJECT: **Discussion and direction regarding status of Parking Garage Cooperative Agreement with Napa County**

ORIGINATED BY: **City Manager's Office** 

DISCUSSION:

The City has recently received correspondence from County representatives proposing a delay in moving forward with the design and bid process for constructing a joint downtown parking garage facility. Staff plans to meet with County staff prior to the Council meeting and will provide any updates at the March 7th meeting. In the meantime, following is some background and history regarding the parking garage project.

In December 2004, the City and County approved a Parking Garage Cooperative Agreement for construction of a 470-500 space parking garage to be located on County property (known as the Sullivan Site), at the corner of Coombs, Third, Fourth and Randolph Streets. This agreement was an outcome of the Memorandum of Understanding (MOU) entered into by the City and County in October 2003 whereby the City agreed to accept a portion of the County's housing units in exchange for several short and long term commitments that addressed many issues of mutual interest. These included: affordable housing, downtown parking, revenue sharing, recreation, airport industrial area development, among others.

A downtown parking facility has been discussed for several years to accommodate downtown patrons, visitors, and public and private employees. In the approved Parking Garage Agreement, the County and City agreed to jointly finance, design and construct a parking garage originally to be sited adjacent to Main Street on the County's "Super Block" site. The City felt that this site was the best location to support riverfront development plans. The County asked the City to reconsider that location and after much discussion, the City agreed to locate the garage on the new site where the Sullivan shelter is located.

The original cost estimate for the parking garage construction was approximately \$11.3 Million, including all soft costs and contingencies, with the County paying 58% (\$6.55M) of the costs and providing a site and the City paying 42% (\$4.75M) of the costs through redevelopment bond monies.

Since then, per the agreement, the City and County have proceeded with the design, with the County and City each committing \$500,000 each for pre development costs. The County agreed to manage the design and construction process. To date, \$400,000 has been spent on design work for the garage at the current location.

A collaborative design process began in March 2005 involving area wide stakeholders including downtown merchants, and surrounding property owners. Various designs features were consider for each elevation and several options for the frontage along Third Street. After considerable input from the stakeholders, and City and County representatives, in May 2005, a recommendation emerged to pursue

incorporation of commercial frontage preserving the sight line along Third Street to the Presbyterian Church . In August, the Board of Supervisors and Council agreed to adding a single story commercial frontage along Third Street to improve the building aesthetics, provide improved vitality and connections to the downtown area, as well as a revenue source to offset project costs.

Concurrent with assisting in the design process, the City has also proceeded with the County to accomplish specific tasks required to make the site available to begin construction in Summer 2006. The new Homeless Shelter is under construction and on schedule to open in Summer 2006 and the City assisted in relocating transitional housing (Progress Foundation) units. Additionally, staff prepared a draft Operations and Use Agreement which is ready for discussion with the County.

Throughout the design process, City and County staff have worked hard to pursue options and alternatives to keep construction costs for the garage on budget. Increased costs in labor, and materials provided a challenge to stay within the original \$11.3 Million budget parameters. The County informed the City in late December that it would proceed with the design and bid package for a 3 level garage at an estimated cost of \$11,380,456. At that time, County staff also indicated their intent to stay on schedule, resolve remaining design issues and request Board of Supervisor approval of bid documents in February 2006. The project is currently scheduled to go to bid in April.

During the last few weeks, the County has put on hold design work due to their concerns related to the cost, design and location of the current garage. More recently, we received a letter (see attached) stating their concerns and proposing a 6 month delay of bid process to analyze the potential of moving the garage back to the Super Block location behind the County Administration building.

While we understand the County's concerns, as shown above, significant time, effort and resources have been put forth on both sides toward making the parking garage a reality. If the project is delayed as suggested by the County, the following implications could occur:

- Higher construction costs.
- Miss another construction season—project may not begin construction until Summer 2007 and therefore not completed until 2008.
- May have financial repercussions if unable to show substantial progress toward expending redevelopment bond monies by August 2006.
- Other important downtown projects coming on line or in discussion depend on availability of the parking garage. The new garage was meant to take the pressure off of existing downtown parking garages as well as supporting the overall riverfront recreational system uses which are proceeding ahead..
- Downtown Merchants/Chamber concerns regarding loss of business.

Additionally, the re-location of the parking garage from the current site to the County Super block OR another site generates the following concerns:

- There are no other suitable alternative locations in the downtown area that will meet City's key economic development strategy objectives.
- The potential for a smaller, more expensive garage on the Super block site and the key sites along Main Street were already examined and rejected for several reasons related to the expansion of the jail.
- Site may be further constrained by future County administrative office space needs

FINANCIAL IMPACT:

The City has committed to current funding obligations under the current Parking Garage Agreement which include the initial payment of \$500,000 and the next payment of \$4,250,000 due on March 31, 2006 for a total of \$4.75M in redevelopment bond proceeds for the design and construction of the new garage. Further delays in the project could result in additional design costs and higher construction costs for both the City and the County. Delays at this time will impact the economic development progress of the City and the business owners who are investing significantly in the Downtown revitalization effort.

CEQA:

Exempt from review—not a project as defined in Section 15378 of CEQA guidelines

DOCUMENTS ATTACHED:

Letter dated February 22, 2006 from Acting County CEO Britt Ferguson re Parking Garage
Parking Garage Cooperative Agreement between the County of Napa and the City of Napa

COUNCIL ACTION REQUESTED:

Staff will meet with County staff representatives to discuss possible options to the County's proposal and will report back to Council at the March 7th meeting. At this time, staff recommends moving forward with finalizing the design and bid package at the current site, with a target of April 2006 bid date.

Concurrently, continue discussions to determine if understandings can be reached that meet both parties' interests while respecting the terms of the signed Parking Agreement.

PRIMARY PARTIES NOTIFIED:

Nancy Watt, Napa County Executive Officer
Britt Ferguson, Assistant County Executive Officer
Howard Siegel, Napa County Community Partnerships Manager

ClerkRef: NWeiss



COUNTY *of* NAPA

NANCY WATT
County Executive Officer

BRITT FERGUSON
Assistant County Executive Officer

February 22, 2006

Ms. Pat Thompson
City Manager
City of Napa
P.O. Box 660
Napa, CA 94559

Dear Ms. Thompson:

As we discussed, the County remains committed to our joint effort to construct a parking garage in downtown Napa. However, two factors have raised questions in the Board's mind about the merits of proceeding with the project on the Sullivan Block as opposed to the original designated site – the County "Superblock." Those factors are:

- We have recently become aware of new information that suggests that the value of the current designated site for the parking garage (the Sullivan block) may be significantly higher than what we thought the value was when the decision was made to build the parking garage on that site; and
- The Board of Supervisors has listened to the concerns expressed about the aesthetics of the garage in such a prominent location and shares those concerns. The Board recognizes that whatever is built on the Sullivan Block will have long-term urban design implications for downtown Napa and does not want to make the wrong decision.

As you know, based on previous decisions by the Board of Supervisors and City Council, we are currently scheduled to go to bid in early April for the construction of a three level, 342 stall, parking garage on the Sullivan block site. To meet that deadline for going to bid, we would need to instruct our architects to begin preparation of final construction documents by no later than the end of this month. In light of the new information on the potential value of the Sullivan block and the Board's aesthetic/urban design concerns, we would like to propose that, rather than proceed to bid on the current schedule, we delay any bid process for up to six months to allow us to complete an analysis of the issues associated with the potential movement of the garage location to the Superblock. Specifically, our proposal would include the following:

- We will immediately contribute our \$6.55 million to the Parking Garage Account, which the Board has made clear is the maximum amount the County will contribute to the Parking Garage project. This money will be available to pay our share of the cost of building a parking garage at whatever site is eventually agreed to and would meet the terms of the Parking Garage Cooperative Agreement.

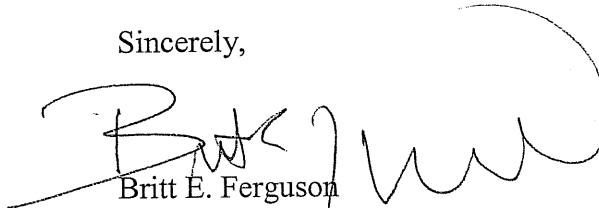
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- We would continue on the current schedule with the relocation of existing users from the Sullivan block site and with the demolition of buildings on that site.
- If the ultimate agreement is to move the parking garage to the Superblock, we would pave and stripe the Sullivan block site as a surface parking lot with approximately 140 parking stalls and agree to maintain it as a surface lot until a parking garage is constructed. This would add approximately 100 net additional parking spaces to this site.
- During the six month review period, we would attempt to analyze a number of questions, including what the value of the Sullivan block actually is; the relative garage construction cost figures for the Sullivan block vs the Superblock sites; and the potential impact of building a garage on the Superblock on the County's jail expansion options. After we have completed that analysis, the City and County would then jointly decide on the appropriate location for the garage.

Again, I want to emphasize that the Board remains strongly committed to participating in the construction of a downtown Napa parking garage. Given the financial issues and impact of this garage on downtown Napa, the Board just wants to make sure we don't make the wrong decision.

We are ready to meet with you at your convenience to discuss this matter.

Sincerely,



Britt E. Ferguson
Assistant County Executive Officer

BF:pg

cc: Board of Supervisors
Nancy Watt
Robert Westmeyer
Robert Peterson
Howard Siegel
Don Ridenhour