



**CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT**

10/26/2020

SUBJECT:

Study Session Regarding Air Quality and General Condition of Certain Civic Center Campus Facilities

RECOMMENDED ACTION:

Receive a presentation regarding air quality and general condition of certain Civic Center Campus Facilities and provide direction to the City Manager on options for remediation of conditions at Civic Center Facilities.

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PURPOSE OF STUDY SESSION:

Approximately one year ago, while updating the City's Injury Illness and Prevention Program, the City was made aware of possible air quality concerns by employees from certain City buildings. The City investigated these concerns to ensure the safety of employees and determined that there were certain common mold types in specific locations of City Hall, Planning and Parks, Beaches and Recreation (PB&R) buildings. As a result, certain rooms and offices were immediately closed and employees relocated, with some employees required to share a conference room as their offices. The bathrooms and kitchen/break room areas of City Hall were also closed, requiring employees to travel to the Planning and PB&R building for those uses. These immediate changes ensured there were no health and safety risks to City staff and the visiting public, in addition to the fact that since March 2020, due to COVID-19, many Civic Center employees have been working from home or alternating work schedules and City Hall continues to remain closed to the public.

As a result of the investigation, the City followed up with further assessment of the mold issues and began developing remediation options. The purpose of this study session is to summarize for City Council the status of the air quality issues and remediation options and the City Manager's recommended next steps.

BACKGROUND/DISCUSSION:

The Civic Center campus consists of City Hall, the Planning Department and the PB&R building, and the old Police Department Building. In the fall of 2019, while updating the City's Injury Illness and Prevention Program, Administrative Services was made aware of possible air quality concerns by employees from certain buildings. Healthy Building Science ("HBS") of San Francisco, CA was retained to conduct environmental testing, which included, among other things, testing for various types of mold spores and inspection, and evaluation of City Hall, the Planning Department and PB&R, Council Chambers and the Corporate Yard buildings (151 & 155 Milagra). No testing was conducted on the old Police Department Building because the

building primarily serves as a storage area and there are no City employees occupying the building.

For the City Hall building, HBS determined that there are some areas of the building that have water damage and surface microbial growth. Laboratory testing of air samples indicated airborne spore counts of *cladosporium* (a common mold type) in the women's restroom, but no "Black Mold" (*stachybotrys*) was observed in any airborne sample. HBS also made a number of recommendations to address the water intrusion and identified areas in the building that need to be checked, repaired and or replaced such as the windows and water damaged/stained building materials.

For the Planning/PB&R ("P&P") building, HBS determined that there are some areas of the building that have water damage, especially on the southern side of the building, and surface microbial growth. The Laboratory testing of air samples indicated low levels of airborne spores in most of the offices except those offices along the southern wall which had airborne spore counts of *cladosporium*, but no "Black Mold" was observed in any airborne testing sample. HBS also made a number of recommendations to address the water intrusion and identified areas in the building that need to be checked, repaired and or replaced such as the windows on the south side of the building and water damaged/stained building materials.

HBS also evaluated City Council Chambers and the Corporate Yard buildings, but both buildings showed acceptable low levels of airborne spores.

The City hired Belfor, a property restoration company, to verify HBS's findings and provide a detailed plan and cost for the mold remediation for City Hall and P&P buildings. Belfor found water damage and mold in City Hall and the P&P building. However, most of the severe damage appears to be localized along the south facing wall of the P&P building. Belfor opened up the walls in the southeast corner office of the PB&R Department and found mold, water damage, and termite damage. Based on the assessment, Belfor provided a plan and cost to remediate the P&P building mold damage for \$134,000. In addition, Belfor provided a plan and cost to remediate City Hall's mold damage for \$95,000.

In addition to the mold remediation, the buildings have other damage from water, termites, age and weather, as shown in the pictures in Attachment A. This damage also needs to be addressed.

Insurance Claim

On 09/20/2019, City staff filed a claim for an estimated amount of \$700,000 with PLAN JPA (Pooled Liability Assurance Network Joint Powers Authority), the City's insurance carrier, relating to the mold and other air quality issues and related building damage. The City has received confirmation that a portion of the claim, approximately \$325,000, is likely to be approved. The City is awaiting resolution of the remaining portion of the claim.

Assessment of Options

As a result of Belfor's estimate for remediation, staff began the process of assessing options for addressing these issues. Such an assessment needs to consider the following factors:

- Employee health and safety - Immediate and on-going safe working environment;
- Continuity and quality of City services - How will immediate temporary office relocations and the final facility solution affect, or ideally enhance, delivery of City services?

- Employee impacts - How will the final facility solution affect employee working conditions, and thus morale, as well as recruitment and retention efforts of quality employees?
- Cost and affordability of options and analysis of other pros and cons.

The anticipated valuation of the repairs on the P&P structure are high enough to trigger requirements for Americans with Disabilities Act (ADA) upgrades. Accessibility improvements for the P&P building were already a City goal, as this building is the designated accessible service point for the community since the City Hall structure is not currently accessible. In anticipation of the need to undertake substantial repair of the P&P and City Hall structures, the consulting architectural firm Group 4 was hired to conduct a facilities space planning assessment.

The assessment provided by Group 4 set forth several options for consideration, from minimal renovation to construction of new structures:

SUMMARY OF OPTIONS

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	City Hall	PB + PBR Bldg	Old PD Bldg	Community Center	New City Hall 1 Story	New City Hall 2 Story
Minimalist	●	●	○	○		
Moderate (1)	●	●	○	●		
Moderate (2)	●	●	○	●		
Max E (1)	●	●	○	○		
Max E (2)	●	●	○	○		
N-1	⊗	⊗	⊗	○	●	
N-2	⊗	⊗	⊗	○		●

● Minimal Renovation ● Renovated w/ ADA ○ Renovate w/ ADA or Replace ● New Building ○ Unchanged/ As is ⊗ Demolished

 DRAFT PACIFICA CIVIC FACILITIES SPACE PLANNING

Due to the extent of damage to the P&P structure, the Minimalist option includes substantial renovation and replacement of systems, the floor plan, accessibility features, and non-structural components (i.e. dry wall replacement, wiring, etc). The Minimalist option for the City Hall structure would include repair and remediation of damaged areas and floor plan modifications to increase functionality. The cost for the Minimalist option is estimated to be \$6.7M.

The Moderate options would add ADA improvements to the City Hall structure, including an elevator, and would renovate a portion of the Community Center to move PB&R offices permanently to increase the floor plan functionality options at the Civic Center campus. The substantial renovation of the P&P structure is included in this option as described above. The cost for the Moderate options is \$10.7M-\$11M, with the slightly higher cost reflective of an

option to increase Community Center improvements to move all PB&R staff offices to the Community Center.

The Max E (Maximize Existing Structures) options add renovation or replacement of the old police station (currently a storage building). Since this structure was not a part of the HBS and Belfor investigations, it is difficult to determine whether or not the structure can be renovated or would be recommended for replacement. In one scenario, the minimalist repair with floor plan modifications is specified for City Hall (Max E-1) and in the second, full ADA improvements are incorporated (Max E-2) for City Hall. The substantial renovation of the P&P structure is included as described above. The cost for the Max E options is \$9.2M-\$12.3M, with the higher cost indicated for Max E-2.

Finally, the N (New) options include demolition of existing structures and replacement with either a one or two-story new City Hall structure. The cost for the N options is \$16.8M-\$25.1M, with the range representing one and two story structures, respectively.

The following matrix summarizes the cost of each option, with relative rankings for life-cycle cost efficiency and phasing efficiency. The Civic Center Site costs reflect an estimated budget allowance for utility repair (as needed), resurfacing the parking area, sidewalks, sitting areas, and landscaping. The Minimalist site costs only reflect parking surface patching and utility repair.

BUDGET EVALUATION MATRIX

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		MINIMALIST	MODERATE (1)	MODERATE (2)	MAX E (1)	MAX E (2)	N-1	N-2
CAPITAL COSTS	LIFE-CYCLE COST	- ○ +	- ○ +	- ○ +	- ○ +	- ○ +	- ○ +	- ○ +
	PHASING	- ○ +	- ○ +	- ○ +	- ○ +	- ○ +	- ○ +	- ○ +

COST	CITY HALL	\$1.4M	\$4.5M	\$4.5M	\$1.4M	\$4.5M	-	-
	PB+ PBR	\$4.4M	\$4.4M	\$4.4M	\$4.4M	\$4.4M	-	-
	OLD POLICE/ NEW MODULAR BLDG	-	-	-	\$1.6M	\$1.6M	-	-
	CIVIC CENTER SITE	\$0.9M	\$1.7M	\$1.7M	\$1.7M	\$1.7M	-	-
	COMMUNITY CENTER	-	\$0.1M	\$0.4M	-	-	-	-
	TOTAL <small>RELATIVE ORDER OF MAGNITUDE 2020 \$ - excludes escalation</small>	\$6.7M	\$10.7M	\$11M	\$9.2M	\$12.3M	\$16.8M	\$25.1M

Project Timeline

At all renovation levels, a code and historical analysis would need to be conducted, along with a structural investigation for the initial conceptual design phase, which could take 3-4 months. This phase would also include a site survey that would cost approximately \$195,000. Once the conceptual design is complete, City staff would review the conceptual plan with the architect and move into the design/construction plan preparation and permitting phase, which could take 6-8 months. Bidding, award of contract and construction duration will be approximately a year, making the total project time from the start of design approximately two years. The costs listed

in each renovation level include both design and construction. Longer design and permitting periods would be necessary if the option to construct new facilities was pursued.

Relocation Analysis

Remodeling City Hall and P&P would require the temporary relocation of up to 25 City employees. Staff has determined two options for temporary relocation.

Relocation Option #1, Portables: This option would require the rental of a portable trailer and placing it in the parking lot located at the southwest corner of Salada Avenue and Francisco Drive. The trailer would be about 60 feet by 84 feet, which would accommodate all employees currently staffed in the City Hall and P&P buildings. The City would be responsible to obtain permits to install the trailer, the temporary power from PG&E, and install water and sewer connections to the trailer. The cost to deliver and set up the trailer is approximately \$100,000, of which \$20,000 would be for utility hook up and City fees. Set up could take up to three weeks and a week to move employee files and equipment and have the offices fully operational. The monthly rental for the trailer would be \$26,000. After the City is completed with remediation work, the City would return the trailer and there is a return fee of \$9,000. The cost to move files, equipment and furniture to the portable and then return them to the remediated building could cost up to \$45,000. The total cost for the initial year of this option would be \$412,000, plus moving costs. Following the first year cost of \$412,000, the yearly cost would be \$312,000. This option would require entitlement permits for temporary facilities prior to proceeding.

Relocation Options #2, Utilize Existing City Offices/Space: This option would relocate City employees to available City-owned buildings. Staff inspected City buildings and spaces that were available and could accommodate the affected employees. The San Francisco Fire Employee Credit Union (SFFECU) located at the Sanchez Art Center has recently become available as the Credit Union has vacated the space. The SFFECU paid \$450 a month to rent this space. The space could accommodate 4 employees, and is likely best suited to the privacy needs of the Human Resources Division. This space would need to be repainted and re-carpeted, but the space is available for internet connection. New furniture would be needed for the space and there would also be some minor remodeling, such as an ADA compliant front counter. The cost to make this space usable is estimated to be approximately \$35,000.

The Pre-School and Dance Studio located at the Community Center could accommodate the remainder of the employees currently staffed in the City Hall and P&P buildings. During the pandemic, these spaces at the Community Center have remained unused. After analyzing the entire space, the City would be able to set up 25 cubicles and group them for the City Manager's Office, Finance Department, Planning Department, and PB&R Department. Reception areas would be created to serve the public efficiently. The building is connected to the internet, however, the electrical system would need to be evaluated to ensure it can accommodate the additional load. The cubicles would need new desks and file cabinets, but all of the furnishings could be reused once the Civic Center was remediated and employees moved back. The cost to set up the Community Center spaces would be approximately \$160,000. This option keeps most of the affected City employees together and allows the public to conduct City business needs in one building. Set up would take approximately 2 weeks and could take up to a week to move employee files and equipment and have the offices fully operational. The cost to move files, equipment and furniture to the Community Center and return to the remediated Civic Center could cost up to \$45,000. The total cost for this option would be \$195,000, plus moving costs.

Analysis of Options & City Manager Preliminary Recommendation

While a new Civic Center building would be the most effective at meeting the public's service needs, the organization's needs, and would be the best long-term investment, that option is the most financially infeasible at this time for the City. The City does not have current funding at that level, nor ongoing excess revenue levels to afford debt-service on a \$16 million+ loan. However, the option at the other end of the spectrum, i.e., just remediating the known problems, although affordable in the low hundreds of thousands range, would be a futile "Band-Aid" approach that would be the least effective at meeting the public's service needs and the organization's needs, and in several years the buildings likely would have similar or additional problems. Therefore, the most feasible option is somewhere in the Minimalist to Moderate range described above.

Of the Minimalist to Moderate options, the City Manager recommends proceeding with further financial analysis to determine if and how the City could afford the Minimalist cost of \$6.7Million. Even this level of cost is a stretch for the City's budget at this time and in light of expected future financial uncertainty due to the recession. However, doing nothing is not an option, and applying a temporary "Band-aid" is short-sighted. On balance, a minimal renovation of City Hall and a minimal w/ADA renovation of P&P achieves the best blend of health and safety, continuity and quality of City services, employee working conditions, and affordability. While this may not be a permanent Civic Center solution, it is likely to be sufficient for at least a decade, during which time the City could prepare for a longer-term permanent solution.

Staff has begun working on identifying possible funding sources for the civic center building remediation/renovation. Any funding solution is likely to be a combination of strategies, including:

- Insurance
- Facility Maintenance and Replacement Fund (currently \$205,000)
- Allocation of Excess ERAF funding
- Allocation of undesignated General Fund balance
- Low or no-interest loans or grant funding
- Debt borrowing, such as restructuring of existing debt and deferring principal amounts for up front budget relief, or issuance of new debt. A \$7 million loan with an interest rate of 3.5% and 25-year term would have an estimated average debt service of \$449,000/year. The multiple sources of funding above could amount to decreasing debt borrowing such that only a \$4 million loan would be necessary, lowering average annual debt service to a more manageable level such as \$200-300,000/year.

Given the cost differences for the relocation options, the City Manager recommends the Community Center relocation option and the minor renovations to the Credit Union office. This option's impact to Community Center programming is minimized by the shut-down due to the pandemic and the likelihood that Senior programming will be slow to come back.

Next Steps

If the City Council concurs with the City Manager's recommendation that the Minimalist option is the most feasible, staff will proceed with more detailed analysis of funding strategies in parallel with beginning the conceptual design phase, with code, historic, site and structural analysis. Ideally, the funding strategy will be considered by the City Council in the context of budget development for FY2021-22 in order to understand the City's full financial picture. Budget development will begin in January with a mid-year report. If funding proves infeasible due to

other budget constraints in preparing a balanced budget for FY2021-22, the conceptual design phase could be paused as necessary and the plan for the Civic Center revisited.

Staff will also proceed with design and prep for Civic Center relocation to the Community Center, and develop a timeline for such a relocation that would minimize service impacts.

ALTERNATIVE ACTION:

The Council may wish to consider pursuing one of the different Civic Center remediation options described above.

RELATION TO CITY COUNCIL GOALS AND WORK PLAN:

Ensuring safe working conditions for City employees relates to fulfilling all of the City Council's goals and priorities.

FISCAL IMPACT:

There is no fiscal impact as a direct result of this study session. Council approval of a conceptual design contract would be brought separately to the Council for consideration.

ORIGINATED BY:

City Manager's Office

ATTACHMENT LIST:

Pictures for Facilities Study Session Staff Report (PDF)