



Department: Public Works
Cost Center: 5002
For Agenda of: 11/12/2024
Placement: Consent
Estimated Time: N/A

FROM: Matt Horn, Public Works Director
Prepared By: Sandra Golonka, Capital Projects Manager III

SUBJECT: AUTHORIZATION TO ADVERTISE 1106 WALNUT TENANT IMPROVEMENTS PROJECT, SPECIFICATION 2000577-04 AND FENCING PROJECT, SPECIFICATION NO. 2000577-02

RECOMMENDATION

1. Approve the project plans and specifications for the 1106 Walnut Tenant Improvement (TI) Project, Specification No. 2000577-04 and 1106 Walnut Fencing (Fence) Project, Specification No. 2000577-02; and,
2. Authorize advertisement of the 1106 Walnut Tenant Improvement (TI) Project; and,
3. Authorize advertisement of the 1106 Walnut Fencing Project; and,
4. Authorize the City Manager to award the Construction Contract pursuant to Section 3.24.190 of the Municipal Code, for the 1106 Walnut TI project Specification No. 2000577-04 if the lowest responsible bid is within the Engineering Estimate of \$1,470,000; and
5. Authorize the City Manager to award the Construction Contract pursuant to Section 3.24.190 of the Municipal Code, for the 1106 Walnut Fencing project, Specification No. 2000577-02 if the lowest responsible bid is within the Engineering Estimate of \$470,000; and
6. Authorize the City Engineer to approve Contract Change Orders up to the available budget for each project; and
7. Authorize the City Manager to amend the total project budget with undesignated capital project funding up to the purchasing authority limit of \$200,000; and,
8. Authorize the following appropriations and transfers:
 - a. Authorize an appropriation of \$396,914.41 from the Police Impact Fees Revenue account (517.9101.47201) to Project Expenditure account (517.9101.71006) in support of the project; and
 - b. Authorize the transfer up to \$232,000 from Police Station Replacement account (2000522-03) to project account (2000577-04); and
9. Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City San Luis Obispo, California, authorizing use of Police Impact Fees Revenue and Police Station Replacement account to support the 1106 Walnut TI Project, Specification No. 2000577-04 and 1106 Walnut Fencing Project, Specification No. 2000577-02."

REPORT IN BRIEF

The 1106 Walnut TI and Fencing Project are Capital Improvement Plan (CIP) projects aimed at addressing several needs for a recently acquired property located at 1106 Walnut Street. This property will provide office space to meet the Police Department's immediate needs as well as provide meeting areas for general City or department specific training sessions. The site improvements will also enhance security for possible future use as a temporary Emergency Operations Center (EOC). The 1106 Walnut TI and Fencing Projects are short term projects that will immediately provide operational relief to the Police Department by providing more facility space. In the long term, the facility also provides options for consideration as a future Public Safety Center, a part of a Public Safety Center, or as a temporary Police Station if the City ultimately chooses an alternative single site location for the Public Safety Center¹.

Staff recommends the appropriation and transfer of additional funds to support the TI, fencing, and technology improvements needed to make the building fully functional for its intended use.

POLICY CONTEXT

On May 17, 2022, Council approved a Purchasing Policy Update which requires Council approval for Public Projects with a value of \$200,000 or more.

The recommended actions for the award and fund appropriation are supported by the City Council's adopted Capital Improvement Plan.

The Mitigation Fee Act (AB1600), codified in California Government Code Sections 66000-66025, established the legal requirements for a jurisdiction to implement a development impact fee program in conformance with constitutional standards. In line with these requirements, the City undertook a Capital Facilities Fee Program Nexus Study, which was presented to the City Council on April 3, 2018. This study identified several key infrastructure needs, including the need for a Police Impact Fee to fund projects such as a new police headquarters to accommodate the growing community.

Following the presentation of the [2018 Nexus Study](#), the City Council adopted [Resolution No. R-10879](#) on April 12, 2018, which amended and established Capital Facilities Fees for the City. This fee, also referred to as the Development Impact Fee, includes the Police Impact Fee and reflects the identified need to construct new police headquarters. This report recommends appropriating unreserved Police Impact Fees to support construction of the Tenant Improvement project.

DISCUSSION

¹ The long term potential of 1106 Walnut Street facility and site were contemplated with the acquisition of the property, as discussed in the May 16, 2023 [Council Report](#).

Background

On November 14, 2022, Council authorized staff to engage in real property negotiations for the acquisition of a single office building (11,000 square feet) across the street from the existing Police Department facility at 1106 Walnut Street (1106 Walnut). This property was identified to provide temporary office space to address the immediate needs of the Police Department. Additionally, it presented an opportunity for the City to potentially establish a future Public Safety Center Campus, combining the new property located at 1106 Walnut and the existing police station at 1042 Walnut Street (1042 Walnut).

On [May 16, 2023](#), City Council authorized the purchase of the 1106 Walnut property and appropriated \$5.77M of funding from the Infrastructure Investment Fund to cover both the acquisition cost of \$4.4M and the necessary security, technology, and signage needs estimated at \$1.37M. These property upgrades are essential to make the property functional for Police Administration operations in the short term.

To further evaluate the potential for long-term development of a Public Safety Center at 1042 and 1106 Walnut, the City engaged RRM Design Group (RRM), an on-call consultant, to conduct a site evaluation of both properties. This study will involve conceptual design work, with initial concepts in draft form anticipated by mid-2025. Staff will provide ongoing updates to the Council as the study progresses. Staff will include a budget request in the 2025-27 Financial Plan for Council's consideration that will continue progress with project planning and development and ensure the project remains aligned with both immediate and long-term public safety and community goals.

Project

The immediate project at 1106 Walnut is broken into two separate bid packages that are planned to be executed simultaneously. The first bid package is the Tenant Improvement (TI) Project that will complete the necessary interior updates to the existing two-story building that the Police Department requires. The second bid package will install a new security fence to better secure the property.

The 1106 Walnut TI project improves the first floor for Detectives and Investigators and will include a briefing room that will also function as a training room and a flexible space that can support various city purposes as needed, and the second floor or top floor will be improved for Police Administration. The project includes constructing new offices, installing flooring, painting, adding lockers and workstations, installing conference and meeting rooms, expanding and securing the front entrance, and various Americans with Disabilities Act (ADA) improvements in break and restrooms. The project plans (Attachment B) and specifications (Attachment C) are attached.

The fence project at 1106 Walnut includes the installation of an 8-foot security fence surrounding the property, equipped with an automatic gate and surveillance cameras for security. In addition, this project will install a dual-head Level 2 electric vehicle (EV) charger, along with the additional conduits to support future EV charging needs. The project plans (Attachment D) and specifications (Attachment E) are attached.

Once both of these projects are complete, City Information Technology Staff will complete necessary equipment installations for secure access systems, building monitoring and cameras, data connectivity, and advanced audiovisual and conferencing technology. Portions of this project's funding will be reserved to support this need.

Previous Council or Advisory Body Action

The Police Station Replacement Project was originally identified and funded in the [2015-17](#) and [2017-19](#) Financial Plans to begin the initial replacement study.

On [December 6, 2018](#), the Revenue Enhancement Oversight Committee (REOC) approved staff recommendation to reallocate Local Revenue Measure funds to the Police Station Replacement project.

On [November 2, 2021](#), Council held a Study Session on the Public Safety Center Program. Discussion includes how the Public Safety Center would provide space for staff and vehicles to address space constraints, a proposed Emergency Operations Center (EOC), public outreach, cost estimate, and funding sources.

On November 14, 2022, during a closed session, the Council authorized staff to begin real property negotiations to acquire the building at 1106 Walnut Street. This property, located across from the current Police Department station, offers a convenient solution to meet the immediate need for additional staff office space.

On [May 16, 2023](#), the City Council approved staff's recommendation to purchase the property at 1106 Walnut Street and established a CIP project to fund the necessary upgrades associated with the use and occupancy of the building.

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Public Engagement

The Planning Commission reviewed the project on April 12, 2023, and adopted a Resolution determining General Plan Conformance for the acquisition of the property located at 1106 Walnut Street. Additional public input opportunity was provided at Council's May 16, 2023 meeting where the project was created and placed on the CIP.

CONCURRENCE

The Police Department, Community Development Department, Administration & IT, and Public Works Department have reviewed and concur with the attached plans and proposed recommendations. A building permit will be obtained prior to the start of construction and will be issued to the Contractor following the award of a construction contract. This project also has concurrence from the Administration & IT Department as they have reviewed the project throughout the design process.

ENVIRONMENTAL REVIEW

The Project qualifies for an Exemption to the California Environmental Quality Act (CEQA) pursuant to State Guidelines Sections 15301 that exempts existing facilities and 15302 that exempts replacement and reconstruction of existing facilities as this project only requires minor alterations to the interior of an existing building.

The fencing enhancements include installing new pickets on existing fencing, adding new fencing within the current parking lot and curb property boundaries, and installing a rolling gate on the existing asphalt entrance to the parking lot. These changes are minor and contained within the property's existing developed areas. A Notice of Exemption will be filed with the County Clerk Recorder's Office after approval to advertise.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2024-25

Funding Identified: Yes

Fiscal Analysis:

The project was initially identified during the acquisition of the 1106 Walnut property. Council approved staff's recommendation to allocate funding as follows: \$900,000 for security fencing and an automatic gate, \$450,000 for technology upgrades, and \$75,000 for signage and contingencies. The [FY 2024-25 Supplemental Budget](#) allocated an additional \$750,000 for tenant improvements. As part of [Resolution No. 10879 \(2018 Series\)](#), impact fees were established that contemplated the construction of a new police headquarters. These tenant improvements are an appropriate use for this funding and therefore recommended to be used to construct this project. Staff is recommending to Council to appropriate \$396,914.41 to support this work.

In July 2024, \$350,000 was allocated as part of [2023-25 Financial Plan](#) to the Police Station Replacement account (2000522). Staff is recommending that \$232,000 of these funds be transferred to project account (2000577-04) to support construction, as the property will serve as a temporary facility for the future Public Safety Building, while still allowing for continued study and planning of the future Public Safety Center. The table below is a breakdown of the scope and costs associated with the project.

ESTIMATED PROJECT COST BY FUNDING SOURCE			
1106 Walnut Street Tenant Improvements and 1106 Walnut Fence			
	1106 Walnut Street Tenant Improvements (2000577-04)	1106 Walnut Fence Project (2000577-02)	Total
	Capital Outlay	Capital Outlay (LRM)	
Project Cost			
Tenant Improvement: Engineer's Estimate	\$ 1,470,000.00		\$ 1,470,000.00
Security Fencing: Engineer's Estimate		\$ 470,000.00	\$ 470,000.00
Total Construction Estimate	\$ 1,470,000.00	\$ 470,000.00	\$ 1,940,000.00
Construction Contingency (15%):	\$ 220,500.00	\$ 71,028.24	\$ 291,528.24
Technology Improvements	\$ 507,615.00	\$ -	\$ 507,615.00
Construction Design Support	\$ 25,000.00		\$ 25,000.00
Special Inspection	\$ 20,000.00	\$ -	\$ 20,000.00
Total Project Estimate	\$ 2,243,115.00	\$ 541,028.24	\$ 2,784,143.24
Project Funding			
Current Account Balance	\$ 1,407,978.83	\$ 747,250.00	\$ 2,155,228.83
Additional Funding Requested: Police Impact Fee (517.9101.47201)	\$ 396,914.41	\$ -	\$ 396,914.41
Additional Funding Requested: Police Station Replacement (2000522-03)	\$ 232,000.00	\$ -	\$ 232,000.00
Total Project Funding (2000577)	\$ 2,036,893.24	\$ 747,250.00	\$ 2,784,143.24

Detailed Cost Breakdown	
Tennant Improvement	
Demo	\$ 61,101.00
Cubicles, Finishes, Paint (full interior)	\$ 427,338.00
Misc. Equipment	\$ 46,865.00
Plumbing, Electrical	\$ 139,966.00
HVAC	\$ 56,000.00
Breakroom Remodel- ADA Compliance	\$ 31,598.00
Restroom Upgrades	\$ 176,635.00
Window Shades	\$ 42,297.00
Furniture	\$ 289,200.00
General Conditions (KC per month x5) and Overhead	\$ 199,000.00
	\$ 1,470,000.00
Security Fencing	
Demo	\$ 10,140.00
Excavation and Grading	\$ 5,890.00
Site Utility (EV- Level 2 /dual head)	\$ 53,920.00
General Site Work	\$ 274,702.62
General Conditions (KC per month x4) and Overhead	\$ 125,347.38
	\$ 470,000.00
Construction Costs Total	\$ 1,940,000.00
Construction Soft Cost (as shown in the table above)	\$ 844,143.24
Project Total	\$ 2,784,143.24

Item 6d

Staff is recommending funding the Project through the following appropriations and transfers:

- Appropriation of \$396,314.41 from the Police Impact Fee Revenue account (517.9101.47201) to the project account (2000577)
- Transfer of \$232,000 from Major Facilities - Police Station Replacement Account (2000522) to the project account (2000577)

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund: Capital Outlay Fund- Project 2000577	\$1,407,978.83	\$1,407,978.83	\$0	N/A
General Fund: Capital Outlay Fund- LRM Project 2000577	\$747,250	\$747,250	\$0	
Other: Police Impact Fee Revenue (517.9101.47201)	\$396,914.41	\$396,914.41	\$0	
Other: CIP-Capital Outlay Fund Project: Police Station Replacement 2000522-03	\$364,135.06	\$232,000.00	\$132,135.06	N/A
Total	\$2,916,278.30	\$2,784,143.24	\$132,135.06	\$

ALTERNATIVES

Deny or defer authorization to advertise the project. The City Council may choose not to authorize project advertisements. Staff does not recommend this alternative as these improvements are essential for city staff to use the building and to safely serve the community. Additionally, staff has concerns that without proper security measures, the property may be accessed by unauthorized individuals, posing a risk to the safety and security of the property.

ATTACHMENTS

- A - Draft Resolution authorizing funds to support the 1106 Walnut TI Project
- B - Tenant Improvement Project Plans (Spec. No. 2000577-04)
- C - Tenant Improvement Special Provisions (Spec. No. 2000577-04)
- D - Fencing Project Plans (Spec. No. 2000577-02)
- E - Fencing Special Provisions (Spec. No. 2000577-02)