

# Agenda Report

June 10, 2024

**TO:** Honorable Mayor and City Council

**FROM:** Department of Public Works

**SUBJECT: APPROVE THE “RECOMMENDED SCOPE” FOR CENTRAL LIBRARY EARTHQUAKE RETROFIT AND BUILDING REPAIRS PROJECT AND CONSIDER FINANCING STRATEGIES FOR THE CONSTRUCTION PHASE OF THE PROJECT**

## **RECOMMENDATION:**

1. Find the proposed action herein to be categorically exempt under the California Environmental Quality Act (CEQA) Guidelines in accordance with Title 14, Chapter 3, Article 5, Section 15061(b)(3), the commonsense rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment;
2. Approve the “Recommended Scope” design option as the preferred improvement strategy; and
3. Direct staff to prepare necessary documents for placing a Central Library General Obligation bond measure on the November 2024 election ballot and return to City Council in July 2024 for consideration.

## **EXECUTIVE SUMMARY:**

As follow-up to the presentation to City Council on January 22, 2024, this report provides updates on the project design, cost estimates, potential funding opportunities including a bond measure, and key results of a statistically valid survey.

The project design and construction drawings are 60% complete and there have been four additional community meetings since the January 22<sup>nd</sup> City Council meeting. As noted in previous meetings, there are two main project options for consideration: The first option, is what we’re now calling the “Minimum Scope”, includes the work necessary to remove the red tag and re-open the library and is estimated at \$152.30 million. The second option is the “Recommended Scope”, and includes replacement of building systems original to the library’s 1927 construction, technology upgrades, and

other tenant improvements to improve programming and services provided to the community based on current and forecasted future needs. The Recommended Scope is estimated at \$195.9 million. Attachment A shows updated drawings and renderings for “Minimum Scope” and “Recommended Scope” of the project.

Currently, the construction phase of the project is unfunded. To date, the City has secured \$9 million in Targeted California State Grants, fully funding the environmental review and design phase of the project. Staff has pursued five additional State and federal grants to secure funding for the construction phase of the project. Despite having qualified applications, the Central Library Project was not deemed a viable project for these opportunities. Staff continues to actively seek grant opportunities to help mitigate the overall cost of the project.

As an alternative funding opportunity, General Obligation (GO) bonds have historically provided cities with the lowest borrowing costs for a long-term bond. For a city, GO bonds require two-thirds voter approval. Based upon a recent analysis of the investment market, if a GO bond of \$195,000,000 was issued by the City, the annual debt service would be approximately \$12,000,000 with an average levy of \$30 per \$100,000 of assessed valuation for a period of 30 years. A GO bond of \$153,000,000 would have an average annual levy of approximately \$24 per \$100,000 of assessed valuation for 30 years.

Central Library surveys were conducted by FM3 Research in October 2023 and April 2024 to test the likely support from the community to fund a potential bond measure for the construction of the library improvements. The survey revealed that a \$195 million bond measure dedicated to earthquake retrofitting and repairing the Pasadena Central Library to allow the Central Library to be re-opened has a strong opportunity to succeed if placed on the ballot this November. The survey indicated that nearly 7 in 10 (69%) voters would support a proposed \$195 million bond measure, slightly stronger than support for a \$153 million bond measure. Details of the results are included in Attachment B.

### **BACKGROUND:**

Constructed in 1927, the Pasadena Central Library, designed by Myron Hunt and H.C. Chambers, was the first building completed in Pasadena’s Civic Center Plan. Listed on the National Register of Historic Landmarks, the Civic Center consists of Central Library, City Hall, and the Civic Auditorium. Central Library is comprised of two stories above grade and a basement story below grade and is approximately 120,000 square feet in area.

On January 22, 2024, an update was provided to City Council detailing evaluation of the Central Library’s programming and its public opinion survey, progress on the schematic design, and the on-going community outreach efforts as it pertained to defining the library’s future programming and use of its interior space. Since then, the library’s programming has been defined and the project team has incorporated elements as they further developed design drawings.

As follow-up to the presentation to City Council on January 22, 2024, this report provides updates on the project's design options, cost estimates, potential funding opportunities including a bond measure, and key results of a statistically valid community survey.

### **DESIGN UPDATE:**

The project design and construction drawings are 60% complete and there were four additional community meetings held since the January 22<sup>nd</sup> City Council meeting. Development of the project's design is driven by the scope of work needed to retrofit the building and meet the life safety and accessibility code requirements of the project. In addition, the library has numerous historic character-defining features that the design is tasked with preserving. The required retrofit of the building also presents opportunities throughout the building to make functional improvements and, where possible, also restore modified spaces to the original design intent envisioned by the architect, Myron Hunt.

As noted in previous public meetings, there are two main project design options for consideration: the minimum scope of work (Minimum Scope) necessary to remove the red tag and re-open the library; and the recommended scope of work (Recommended Scope) which includes replacement of building systems original to the library's 1927 construction, technology upgrades, and other tenant improvements to improve programming and services provided to the community based on current and forecasted future needs.

The Minimum Scope includes the minimal scope of work required as part of the earthquake retrofit work to be able to re-open and occupy the library (lifting the building's red tag).

**MINIMUM SCOPE** – Includes the following earthquake retrofit and fire/life safety compliance repairs:

- Retrofit of the structural system of the building entailing
  - Documentation and cataloging of historic finishes;
  - Removal of interior wall finishes to access the structure behind;
  - Removal and re-installation of millwork to their original locations;
- New fire alarm and fire sprinkler system;
- Repairs to existing roof and building envelope to prevent water intrusion; and
- Required Building Code accessibility improvements.

The Recommended Scope includes additional scope of work that can be performed more cost effectively when performed alongside the Minimum work and will extend the operational life of the building and its systems, restore the historic building to its original splendor, and enhance services provided to the community. Although Recommended building repairs may be deferred, there are economical, operational and community service-related considerations and impacts. The library's operational systems are all original to the building and are past their useful service life. Upgrade of the century-old

mechanical, electrical, and plumbing systems is critical for continued operation of the building and uninterrupted service to the community.

**RECOMMENDED SCOPE** – Includes the following building systems and site repairs in addition to the Minimum Scope stated in the above paragraph:

- Replacement of existing mechanical (HVAC), electrical, and plumbing systems;
- Upgrades to building technology;
- Tenant improvements for improved library programming and operations; and
- Site improvements including the courtyard, parking lot, and building entrances.

One key objective of the Recommended Scope is to maximize the flexible use of each space so the library may accommodate a variety of current and future programs and services. Given the need to remove the book stacks (constructed in 1984) in order to retrofit the surrounding structural walls supporting the stacks, the space has been redesigned to provide book shelves in a manner that provides more open floor space for programming use, returns the space to its original grandeur, and reveals the original skylights of the building that had been blocked by the stacks. Referred to as the Circulation Hall, the proposed layout of the room is a high-volume space that replaces the low-ceilinged book stack area. The Circulation Hall will contain two mezzanine levels above the main floor ringed with built-in book stacks and a large opening in the floor which opens to the Lower Level (basement level). Sunlight from the existing skylights above will provide natural light throughout, including down to the Lower Level.

Alternatively, the Minimum Scope option will require removal of the existing 4-story book stack and replacement with approximately 4,469 linear-feet of new bookshelves scattered throughout the library's main floor rooms to accommodate public access to the library's complete book collection.

Another example of providing increased flexibility in the use of space, while improving operational services of the library, is relocating the circulation desk from the Great Hall of the library to the Circulation Hall. Doing so provides unimpeded space for community events in the Great Hall and makes both entrances of the library readily visible for staff working at the circulation desk. By removing the existing book stacks, a large existing opening is revealed between the two halls, thereby creating a strong connection between the two high-volume spaces of the Great Hall and Circulation Hall.

Leveraging the need to remove the slab to access the footings as a part of the earthquake retrofit repairs presents an ideal opportunity to replace the Lower Level slab at a uniform elevation to achieve accessibility to all portions of the Lower Level and increase headroom clearances in the spaces, thereby maximizing the ability to utilize the space for a variety of staff and public programming functions.

Examples of other redesigns for the Recommended Scope include additional accessible restrooms and elevators to access all areas of all floors of the library. Along the exterior of the building, key updates include addition of accessible pathways to the building's south and north entrances, as well as an outdoor learning space adjacent to the Children's Reading Room.



Attachment A shows proposed floor plans and updated renderings of the Central Library for both the Minimum Scope and Recommended Scope options of the project.

**UPDATED COST ESTIMATE:**

The design team’s cost estimator, MGAC, has continually updated cost estimates to assist in guiding the design process to anticipate future construction costs and to suggest value engineering options. The presented cost estimates for the construction phase of the project include all anticipated costs for construction and associated contingencies; future cost escalations based on an anticipated construction start date of Fall 2025; project and construction management; permits and inspections; and move-in.

The cost estimate table below is broken down into the two design options: Minimum Scope and Recommended Scope.

	MINIMUM SCOPE (\$ x \$1,000)	RECOMMENDED SCOPE (\$ x \$1,000)
<b>Schedule Duration (Approximate)</b>	36 months	36 months
<b>Hard Costs</b>		
Building and Site Work	\$105,127	\$142,216
Escalation to Construction Mid-Point	\$18,566	\$21,083
Construction Contingency (10%)	\$12,369	\$16,330
<b>TOTAL (Hard Costs)</b>	<b>\$136,062</b>	<b>\$179,629</b>
<b>Soft Costs</b>	\$16,231	\$16,231
A/E Construction Administration		
Fixtures, Furnishings & Equipment (FF&E)		
Project Management		
Specialty Testing and Inspection Services		
Permit & Plan Check Fees		
Move-In/Move-Out		
Other Consulting Fees (Haz, Water Proofing, etc.)		
<b>PROJECT BUDGET</b>	<b>\$152,293</b>	<b>\$195,860</b>
<b>SCOPE OF WORK</b>	Seismic Repairs ADA Improvements Fire Alarm Fire Sprinkler System Roof Repairs Limited Cosmetic Improvements	Seismic Repairs ADA Improvements Fire Alarm Fire Sprinkler System Roof Repairs Cosmetic Improvements Update Mechanical Equipment Update Electrical Service & Equip Technology Upgrades Update AV Equipment Tenant Improvements Add'l Requested Program Uses Parking Lot Improvements Site Improvements

Should the City decide to defer the building repairs five years after the re-opening of the library, the additional \$43.6 million cost for the Recommended Scope repairs would increase to a magnitude of approximately \$94.4 million. Deferring these repairs to the

future would require the library to close again at the time when upgrades are made. Given the current closure of the building, the City is presented a strategic opportunity to leverage the earthquake retrofit work to bring the library into the 21<sup>st</sup> Century at a reduced cost.

### **FUNDING OPPORTUNITIES - CONSTRUCTION PHASE:**

Currently, the construction phase of the *Central Library Earthquake Retrofit and Building Repairs* project is unfunded. City staff's previous efforts to obtain construction funding and possible future funding options including a potential bond measure to be placed on the November 5, 2024 ballot are described in detail below.

#### **Funding Pursuit Efforts**

In anticipation of the expenses projected for the *Central Library Earthquake Retrofit and Building Repairs* project, the City has applied for four separate grants: two Targeted California State Grants of \$5 million and \$4 million each, totaling \$9 million; and two rounds of the Building Forward Library Infrastructure Grant Program through the California State Library, with each round offering maximum awards of \$10 million, for a possible total of \$20 million.

The City was successful in securing the Targeted California State Grants, totaling \$9 million. These funds are being utilized to prepare the environmental documents and construction drawings for the project. Through these grant awards, the design phase of the project is fully funded.

Despite having qualified applications, the State Library did not select the Central Library Project for either round of the Building Forward Grant Program. The City received feedback from the State Librarian on its Round Two application stating the Budget Act of 2022 (AB 169) and 2023 (SB101) required that the Building Forward Grant Program prioritize projects that serve high poverty areas of the State. Additional feedback from the State Librarian indicated that projects submitted in Round Two still may receive awards should funding be allocated by the Governor and the Legislature over the next three years.

The City also pursued funding opportunities through three other channels: Federal Emergency Management Agency (FEMA) – Building Resilient Infrastructure and Communities (BRIC); FEMA – Hazard Mitigation Grant Program (HMGP); and the National Park Service – Saving America's Treasures. It was determined that the Central Library Project was not a viable project for these opportunities.

At this time, the construction phase of the project is unfunded. Staff continues to actively seek grant opportunities to help mitigate the overall costs of the project.

Potential Funding Opportunities:

- General Obligation Bond: General Obligation (GO) bonds have historically provided cities and local agencies with the lowest borrowing costs among the types of long-term bonds. GO bonds are voter-approved and backed by a promise to levy ad valorem property taxes in an amount necessary to pay debt service. For a city, GO bonds require two-thirds voter approval. The City of Pasadena last utilized a GO bond in 1986 to fund the construction of the Police Department building.

Based upon a recent analysis of the investment market, if a GO bond of \$195,000,000 was issued by the City of Pasadena, the annual debt service would be approximately \$12,000,000 with an average levy of \$30 per \$100,000 of assessed valuation for a period of 30 years. A GO bond of \$153,000,000 would have an average levy of \$24 per \$100,000 of assessed valuation for 30 years.

- General Fund: Annual General Fund revenues are utilized to support ongoing operations of the City. Outside of the \$1.0 million allocated each year towards sidewalk repairs, the General Fund does not fund any ongoing capital improvement projects. The City has been fortunate to fund many of the recent capital improvement projects through American Rescue Plan Act funds or through one-time General Fund surplus and is already challenged with identifying ongoing funding to support the City Council's priority of maintaining and improving the City's streets. While the City Council may consider debt backed by the City's General Fund or its assets, a commitment to reduce the annual Operating Budget through program and service reductions or eliminations would be required.
- Library Tax: The Library Special Tax, renewed by voters in November 2022, is a tax that only supports operations of the City's libraries. Additionally, the tax requires a minimum contribution from the General Fund to also support operations of the libraries. If the General Fund contribution towards operations is not made, the City is not able to charge the special tax. Due to these requirements, the City cannot utilize the special tax nor the mandatory minimum contribution of General Fund towards future debt service payments.
- The City's staff will continue to pursue every opportunity to pursue grant or outside funding. This effort will ultimately be limited by the timeline of the project as grants or community project funding requests can often take a year or more to receive and generally have prohibitions against use on projects where final contracts have already been awarded.

## **CENTRAL LIBRARY SURVEYS:**

On a frequent basis, the City contracts with consultants to conduct outreach and gather community input. The objective of this work is to provide the City with an accurate and unbiased snapshot of community members' opinions. The City has contracted with FM3 Research (FM3) to conduct surveys on issues related to both the Pasadena Public Library generally and the Central Library specifically. Key findings are noted below and in the Central Library Survey report prepared by FM3 (ATTACHMENT B).

### **Support for Pasadena Public Library and Central Library**

- The Pasadena Central Library serves as an important City institution that continuously delivers on equity, as demonstrated by the fact that three-quarters of the residents agree that Pasadena Libraries provide services and programs for people like themselves.
- High percentages across all age groups, regardless of education level or family status, agree that the Pasadena Central Library is important.
- Nine-in-ten agree that the Central Library is an important community asset, an important part of the City's history, and an important architectural building.
- Nine-in-ten agree that Pasadena's libraries play a crucial role in educating the community's children and youth and that three-quarters perceive local students rely on the libraries to get educational resources not offered by other institutions.

### **Community Support for Bond Measure**

In Spring 2024, FM3 conducted a survey to assess Pasadena voters' support for a funding measure to help address the Central Library's need to seismically retrofit its structure; meet current fire safety regulations; and attend to infrastructure repairs and upgrades, such as replacing the library's leaky roof. This survey also examined the viability of a funding measure within a potential broader November 2024 electoral context in which this measure may be placed. The results of the survey indicate there is viable support for a measure.

Nearly 7 in 10 (69%) voters support a proposed \$195 million bond measure before respondents heard any information about the bond measure other than the 75-word ballot title and summary language.

Support at \$195 million is slightly stronger than support for a proposed measure with a lower bond amount of \$153 million. While half the sample was asked about a \$195 million bond amount with a levy of \$30 per \$100,000 of the assessed value, the other half the sample was asked about a \$153 million bond with a levy of \$24 per \$100,000 of the assessed value. Sixty-nine percent said they would vote yes on a \$195 million bond measure, however, a lower 63 percent said they would do so at \$153 million.



Moreover, intensity of support—the proportion who say they would “definitely” vote Yes—is higher at \$195 million than \$153 million: 44 percent to 36 percent, respectively.

**NEXT STEPS:**

Pursuant to previous City Council direction, the design team will continue with development and completion of environmental and construction documents. As design moves forward, staff will provide updates to City Council at project milestones.

If the City Council would like to consider placing a GO bond on the ballot for the November 2024 election, staff can return to City Council in July with the necessary documents for deliberation.

The following are proposed project milestones for the project:

- July 8, 2024 – GO Bond Informational Item to Finance Committee
- July 15, 2024 – Council Decision for Potential November 2024 Bond Measure
- November 2024 – GO Bond Measure on Election Ballot
- Spring 2025 – Complete 100% (Construction Documents) Plans, Cost Estimate and Plan Check
- Summer 2025 - Bid and Construction Contract Award (pending funding)
- Fall 2028 – Anticipated Construction Completion and Building Re-opening


**ENVIRONMENTAL ANALYSIS:**

This step in the process is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The specific design and subsequent improvements to Central Library will be subject to appropriate project-level environmental review at the time each is brought forward for first discretionary action.

**FISCAL IMPACT:**

To date, the City has secured \$9 million from the State to fully fund the project's design and environmental documentation phase. Currently, the construction phase of the project is unfunded. The City continues to seek funding opportunities from State, federal, non-profit, and private sources to support the construction of the project. Future efforts may include applying for grants, community project funding requests (earmarks), reducing General Fund expenditures on City operations and setting aside those funds for debt service, seeking community stakeholders and non-profit organizations for fundraising, and engaging partnerships with our current library organizations vested in historic and architectural preservation of the Central Library. The project's design timeline provides the City the option to consider voter-approved financing should it be necessary to close the gap and fully fund a project of this magnitude.

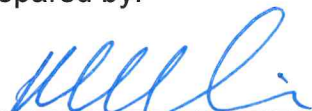
Respectfully submitted,

  
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Attachment A – Design Drawings and Renderings  
Attachment B – Central Library Survey Results