



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: OCTOBER 16, 2018**

FROM: GENERAL SERVICES DEPARTMENT **WARDS: 1**

SUBJECT: UPDATE ON PROJECT FUNDRAISING FOR THE CHEECH MARIN CENTER FOR CHICANO ART, CULTURE AND INDUSTRY; AUTHORIZE THE SUBMITTAL OF A SECOND GRANT APPLICATION TO THE CALIFORNIA NATURAL RESOURCES AGENCY IN THE AMOUNT OF \$9,700,000 FOR A TOTAL REVISED GRANT AMOUNT OF \$10,700,000 TO RENOVATE THE EXISTING MAIN LIBRARY BUILDING INTO THE CHEECH MARIN CENTER FOR CHICANO ART, CULTURE AND INDUSTRY; FIRST AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH PAGE & TURNBULL FOR ARCHITECTURAL DESIGN SERVICES IN THE AMOUNT OF \$1,335,180 FOR A TOTAL REVISED CONTRACT AMOUNT OF \$1,435,180, PLUS A 10% DESIGN CONTINGENCY IN THE AMOUNT OF \$143,518 FOR A NOT TO EXCEED AMOUNT OF \$1,578,698; SECOND MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF RIVERSIDE, THE RIVERSIDE ART MUSEUM, AND RICHARD "CHEECH" MARIN FOR THE DEVELOPMENT AND MANAGEMENT OF THE CHEECH MARIN CENTER FOR CHICANO ART, CULTURE AND INDUSTRY – SUPPLEMENTAL APPROPRIATION.

ISSUES:

That the City Council receive an update on the fundraising for the Cheech Marin Center for Chicano Art, Culture and Industry Project; authorize the submittal of a second grant application to the California Natural Resources Agency in the Amount of \$9,700,000, for a total revised grant amount of \$10,700,000, to renovate the existing Main Library building into the Cheech Marin Center for Chicano Art, Culture and Industry; approve the first amendment to Professional Consultant Services Agreement with Page & Turnbull of Los Angeles, California for additional design services in the amount of \$1,335,180 for a total revised contract amount of \$1,435,180 plus a 10% contingency in the amount of \$143,518, for a total not to exceed amount of \$1,578,698; and approve the Second Memorandum of Understanding between the City of Riverside, the Riverside Art Museum and Richard "Cheech" Marin for the development and management of the Cheech Marin Center for Chicano Art, Culture and Industry.

RECOMMENDATIONS:

That the City Council:

1. Receive a fundraising update on the Cheech Marin Center for Chicano Art, Culture and Industry project to be located at the existing Main Library building located at 3581 Mission Inn Avenue;

2. Authorize the submittal of a second grant application to the California Natural Resources Agency in the amount of \$9,700,000 for a total revised grant amount of \$10,700,000 for the renovation of the existing Main Library building into the Cheech Marin Center for Chicano Art, Culture and Industry; and designate the City Manager, or his/her designee, as the authorized agent to conduct negotiations, execute and submit all necessary grant documents;
3. Upon grant award, authorize an increase in estimated revenues in the amount of \$10,700,000 to project account number 9408800-334300 and appropriate expenditures in the same amount to project account number 9408800-440220;
4. Approve the First Amendment to Professional Consultant Services Agreement with Page & Turnbull of Los Angeles, California, for additional design services for the renovation of the existing Main Library into the Cheech Marin Center for Chicano Art, Culture and Industry in the amount of \$1,335,180 for a revised total contract amount of \$1,435,180, plus a 10% contingency in the amount of \$143,518 for unforeseen design changes, for a not to exceed contract amount of \$1,578,698;
5. Approve a Second Memorandum of Understanding between the City of Riverside, the Riverside Art Museum, and Richard “Cheech” Marin for the development and management of the Cheech Marin Center for Chicano Art, Culture and Industry; and
6. Authorize the City Manager, or his designee, to execute the First Amendment and Second Memorandum of Understanding, including making minor non-substantive changes.

BACKGROUND:

On May 16, 2017, the City Council approved a Memorandum of Understanding (MOU) between the City of Riverside (City), Richard “Cheech” Marin (Cheech Marin), and the Riverside Art Museum (RAM) [hereinafter referred to as the Parties] to complete a feasibility analysis of the existing Main Library building located at 3581 Mission Inn Avenue to repurpose the facility into the Cheech Marin Center for Chicano Art, Culture and Industry (Cheech Art Center). A new Main Library building will be constructed and relocated to 3900 Mission Inn Avenue. Under the MOU, the City was required to retain the services of consultants and work with RAM and Cheech Marin to complete a facility assessment, determine art center programming, complete conceptual plans, and develop conceptual preliminary cost estimates for the renovation of the existing Main Library building to the Cheech Center. The Parties determined the existing Main Library facility would be suitable to meet the spatial and layout requirements for the new Cheech Art Center.

In summer of 2017, the City issued a Request for Qualifications (RFQ) to retain professional consulting design services for the Cheech Art Center. Eleven (11) responses were received and the RFQ review committee selected Page & Turnbull as the most qualified firm pursuant to the terms and conditions of the RFQ. Page & Turnbull’s team includes “wHY”, a reputable and experienced firm that has designed several art centers and museum exhibits in the country. The City and Page & Turnbull negotiated and agreed to \$100,000 for the Phase 1 design services, including community outreach, facility and systems assessments, art center programming, conceptual designs and preliminary cost estimates. Both parties also negotiated a Phase 2 turnkey design fee of 8.75% of the total projected construction cost for the Cheech Art Center.

On October 24, 2017, the City Council approved a Professional Consultant Services Agreement (PSA) with Page & Turnbull for Phase 1 architectural and art center conceptual design services for the Cheech Art Center. Between November 2017 and February 2018, Page & Turnbull, wHY, City staff and RAM successfully completed Phase 1 project tasks including: 1) numerous community workshops to obtain feedback, 2) facility and systems assessments, 3) art center programming, 4) conceptual designs, and 5) a preliminary cost estimate for the Cheech Art Center.

On March 13, 2018, the City Council approved conceptual designs for the Cheech Art Center with a preliminary rough cost estimate in the amount of \$10 million, and adopted a resolution authorizing the City Manager to submit a grant application to the California (CA) Natural Resources Agency in the amount of \$1.0 million to renovate the subject facility into the Cheech Art Center. This amount was the first grant approved by the State for the Cheech Art Center. At this meeting, staff also presented a report to City Council on the fundraising efforts completed by the Parties in raising the initial goal of \$3.0 Million established in the first MOU between the City, RAM and Cheech Marin. At the time of the meeting, the Parties had raised 90% or \$2.7 Million (including the \$1.0 Million State grant) of the initial \$3 Million fundraising goal.

As of the date of this report, the City has been able to secure a second State grant from the CA Natural Resources Agency in the amount of \$9.7 million, for a total State grant award of \$10.7 million. RAM has also fundraised \$2,178,000 for the project. The grand total of public and private funds available for the project are now \$12,878,000 for the renovation of the existing Main Library building into the new Cheech Art Center.

DISCUSSION:

Original Scope of Work

On March 13, 2018, the City Council approved conceptual designs for the Cheech Art Center project. With an approximate amount of \$12,878,000 available in secured funding for the project, the Parties have determined that these funds are sufficient to renovate the Main Library facility into a fully functional and operational Cheech Art Center.

The estimated project cost based on current available funding includes basic scope of work such as new heating, ventilation and air conditioning systems; electrical and lighting upgrades; minor plumbing enhancements; modification of walls and room layouts to meet basic programming needs; new interior finishes; and exterior entrance signage.

| SCOPE OF WORK | AMOUNT |
|----------------------------------|---------------------|
| Direct construction | \$6,898,460 |
| General conditions | \$600,000 |
| Insurance, taxes, bonds and fees | \$578,488 |
| Construction Contingency | \$767,665 |
| Cost escalation | \$1,352,000 |
| Soft Costs | \$1,202,689 |
| Design Fees | \$1,335,180 |
| Design Contingency | \$143,518 |
| Total Basic Project Costs | \$12,878,000 |

Enhanced Project Options

The original renovation budget and basic scope of work were developed based on the assumption that the full project costs would be obtained through private fundraising efforts coordinated by RAM. With the recent state grant of \$10.7 million in additional funds awarded to the project, additional options to enhance the Cheech Art Center are now being considered.

Page & Turnbull, RAM and City staff have identified enhanced programmatic options beyond the original scope of work that include the opening of the second floor to allow more open space and better human interaction, a public area exhibit on the main floor, a gift shop, utility stub outs for a future café and kitchen, front façade storefront modifications and replacements, specialty museum lighting, a multi-media room, and a community exhibit area in the second level.

The total preliminary construction costs for the enhanced project options is estimated at \$15,259,200, or approximately \$252 per square foot. This estimate includes a construction contingency of \$1,149,200 and an escalation construction cost of \$2,022,600 if the project is built next year. In addition, the Parties estimate additional soft costs of approximately \$2,530,000, or 16.6% of the total construction estimate, which include, plan check and permit fees, deputy inspection services, signage, furniture, equipment and miscellaneous sub-consultants such as audio/visual. The enhanced construction costs combined with the Phase 2 design fees create an estimated enhanced project budget of \$19,267,898.

The following table summarizes the estimated construction and design project costs for the enhanced facility options:

| DESCRIPTION | AMOUNT |
|---|---------------------|
| Direct construction | \$10,321,400 |
| General conditions | \$900,000 |
| Insurance, taxes, bonds and fees | \$866,000 |
| Construction Contingency | \$1,149,200 |
| Cost escalation (13.25% per year) | \$2,022,600 |
| Total Enhanced Construction Costs | \$15,259,200 |
| Soft Costs | \$2,530,000 |
| Design Fees (8.75% of Construction Costs) | \$1,335,180 |
| Design Contingency | \$143,518 |
| Estimated Enhanced Project Costs | \$19,267,898 |

Currently, there is \$12,878,000 available in secured funding for the renovation project. This funding is sufficient to allow the City to proceed with the basic scope of work for renovating the existing Main Library into a fully functional and operational Cheech Art Center. However, after further facility and programming analysis, the Parties have agreed that the additional \$10.7 million received in grant funding has provided an opportunity to enhance the facility features, and that it is in our best interest to design the project to its full potential.

RAM, who is leading the private fundraising efforts, is optimistic that they can raise the additional funding needed for the enhanced project options and is currently preparing a Fundraising Campaign Plan and timeline. The Parties acknowledged the need to have project design alternates available as part of the project bid package before the bid procurement phase starts to keep the project within budget in the event a shortfall of private funding occurs.

The following table summarizes the total enhanced project costs and additional funding needed:

| DESCRIPTION | AMOUNT |
|--|--------------------|
| Estimated Enhanced Project Costs | \$19,267,898 |
| Available Project Funds | \$12,878,000 |
| Additional Private Funding Needed | \$6,389,898 |

In order to proceed with the enhanced project vision, the Parties have agreed that the designers should include all of the enhanced project options in the Phase 2 design services. In the event that the new fundraising goal of \$6,389,898 cannot be achieved, the design team will make the necessary scope of work reductions to stay within the project budget. Scaling back the project to coincide with the amount of actual funds raised will not cause project delays nor impact the design costs.

Page & Turnbull Agreement

City staff and RAM are very pleased with Page & Turnbull's professional consulting performance and their implementation and delivery of Phase 1 design services. The firm has been extremely responsive and creative to the needs of RAM, Richard "Cheech" Marin, and the City's requirements. Based on their performance, staff is recommending to retain Page & Turnbull and amend the Professional Consultant Services Agreement (PSA) to complete Phase 2 turnkey design services including Pre-design, Schematic Design, Design Development and Construction Administration.

The current funding available for the project will allow the Parties to proceed with the enhanced Phase 2 design services for a total estimated cost of \$1,578,698. This includes a revised contract amount of \$1,435,180 (8.75% of construction cost estimate of \$15,259,200 plus \$100,000 of the original contract amount) and an additional 10% design contingency of \$143,518. As fundraising efforts by the Parties continue, Phase 2 design services will move forward to incorporate the enhanced project options.

Project Timeline

The Phase 2 design services will be completed approximately 11 months following City Council's approval of the amended PSA with Paige & Turnbull, or late summer 2019.

Staff will return to the Council in late summer 2019 to provide an update on the fundraising outcome to ensure the additional fundraising goal of \$6,389,898 is met before the project is authorized to proceed into the bid procurement phase. If the revised fundraising goal is not achieved, Paige & Turnbull will remove certain project features, as directed by the Parties, to ensure the final scope of work is within the amount of funds available of the project. Scaling back the project will not add any additional time to the schedule or impact the design budget.

The City plan check process, and bid procurement and contract award phase is anticipated to take six months and will follow the City Council's approval of construction plans and documents.

Staff anticipates returning to the Council in the first quarter of 2020 to award the renovation contract to the lowest responsive bidder. The project renovations are expected to take approximately 12 months to complete starting early May 2020, with an anticipated completion date of March 2021.

Construction of the new Main Library is scheduled to be completed in late April 2020, or one month before commencing the renovation of the existing Main Library into the new Cheech Art Center.

Second Memorandum of Understanding (MOU)

The attached Second Memorandum of Understanding (MOU) outlines the next steps and parameters for the continued fundraising efforts by the Parties. It has been recognized that the successful fundraising for the renovation project will be a coordinated effort by and between the Parties. The aforementioned Fundraising Campaign Plan will be forthcoming, delineating the fundraising opportunities and processes for raising an additional \$6,389,898. The forthcoming Renovation Agreement will explain how the raised funds will be made available for the project. The Parties have also agreed to enter into a Management and Operation agreement to run the new Cheech Art Center. It is anticipated that these matters will be brought before City Council in the next 12 months for final review and approval.

The Library Director and Interim Chief Financial Officer concur with this report.

FISCAL IMPACT:

The total fiscal impact of this action is the receipt of \$10,700,000 in State grant revenues. All grant funds received for this project will be appropriated into account 9408800-334300. RAM's raised funds in the amount of \$2,178,000 will be made available for the project through a subsequent Renovation Agreement. Phase 2 design costs estimated at \$1,578,698 will be used from the State grant funds. No City funds will be utilized for the design or construction of the project.

Prepared by: Carl Carey, General Services Director
Certified as to
availability of funds: Edward Enriquez, Interim Chief Financial Officer/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Amendment to Professional Consultant Services Agreement
2. Second Memorandum of Understanding
3. Project Timeline
4. Presentation