



## **Staff Report**

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RESOLUTION AUTHORIZING AWARD OF BID TO HUNTER CONSTRUCTION FOR TENANT IMPROVEMENTS ON CITY HALL SUITES 104 AND 105 FOR AN AMOUNT NOT TO EXCEED \$62,260 AND MOTION TO CONFIRM LEASING APPROACH

Honorable Mayor and Council Members:

### **Summary**

This report has two components. The first component seeks authorization to award of bid for repairs and improvements to Suites 104 and 105 on the commercial side of City Hall facing 6<sup>th</sup> Street. The lowest responsible and responsive bidder was Hunter Construction. The second component seeks confirmation on staff's planned approach towards leasing the space.

### **Background**

As a result of funding shortages in the City Hall retrofit project, Suites 104 and 105 were left either in a state of disrepair and/or dysfunctional.

After consulting with commercial realtors and the City's Building Official, staff has concluded that Suite 104 cannot be leased or occupied in its current condition. Furthermore, lack of bathroom access in Suite 105, which has made this space dysfunctional and leasing problematic. Staff has solicited proposals from qualified firms to remedy these shortcomings.

The City has a long history of leasing space to others and this has been an integral part of facility operations from the date of acquisition of the City Hall building. Our practice has been to give preference in leasing to tenants who perform quasi-governmental services.

### **Discussion**

#### **Tenant Improvements**

The proposed project includes adjoining the two suites with a common area that will provide joint tenant access to kitchen facilities, storage, and bathroom facilities. Furthermore, the project will open up the interior office spaces by removing wall partitions which are a hindrance to the efficient use of space. Lastly, the project will fix numerous problems left as a result of the building remodel including, but not limited, exposed wiring, sheared roof system, abandoned HVAC, non-conforming restroom, etc. This project involves the entire space. The total square footage of Suite 104 is 1,025 sq. ft, and Suite 105 measures approximately 507 square feet, making the total adjoined area approximately 1,532 square feet.

Staff sought proposals from four different construction companies, which ranged as high as \$81,302. Hunter Construction responded with the lowest, responsive and responsible bid at \$62,260. This figure does not include costs for carpet, which is customarily selected by the tenant upon execution of the lease contract. Given the state of disrepair and the existing condition of these suites, staff believes this is a reasonable cost for tenant improvements, which equates to a little more than one year's lease revenue.

The work to be performed is divided into 2 phases: Partial Demolition and Construction Remodel:

*Partial Demolition*

Hunter Construction will remove all dividing walls in each suite, as indicated on the attached plan. The partial panel divider in the bathroom will also be removed so as to open up more space in the bathroom.

*Construction Remodel*

As shown on the attached plans, Hunter Construction will adjoin the two suites by creating a new shared kitchen (“Common Area”) galley which will also serve to provide bathroom access to both tenants. The kitchenette will include granite countertops, slate floor, kitchen cabinets and sink, garbage disposal, dishwasher, two refrigerators, two microwaves, and storage units for each tenant.

Also included in the construction remodel is new wiring and plumbing. All existing doors and materials that are suitable for reuse will be used. Hunter Construction will remove existing carpet and the future tenants will choose their own carpet within a pre-determined contingency in the leasing contract.

Upon completion, the space will again be returned to Class A level.

The project is estimated to take approximately six weeks to complete. As such, the following timetable is envisioned:

- August 14<sup>th</sup> – Council Approval
- September 1<sup>st</sup> – Proposed Construction Start Date
- October 1<sup>st</sup> – Begin search for tenants
- October 15<sup>th</sup> – Construction Completed

Finance Director Thomas Fil will serve as the main Project Manager on this project, Administrative Assistant Nawel Voelker will serve as the Assistant Project Manager, and both have been working closely with Building Official Mark Nolfi along the way, assuring that this project is treated as any other capital project, in that plans, specifications, and codes are followed

pursuant to the City's own rules and regulations. The City's Public Works Department has prepared the attached plans/drawings from which the contractor will work.

#### Leasing Approach

Our practice of giving leasing preference to quasi-governmental agencies has resulted in both positive and negative consequences. Advantages include such benefits as co-location of agencies at Civic Center, addressing community objectives, and improving interagency cooperation. However, to the City's detriment leasing to these agencies has generally resulted in high turnover, low rents, and, in some cases, tenant conflict.

Unless otherwise directed, staff intends to solicit the space through the departments to other governmental and quasi-governmental entities. Historically, the Police Department and Parks & Recreation have provided successful leads. In addition, the County has also shown an interest in leasing City Hall space. If these solicitations are not successful, staff plans to offer the space to the public. In this case, the Finance Department will take responsibility to order and install the signage, and will serve as the main point of contact for interested parties.

Lastly, if soliciting the public proves to be unsuccessful, the City will contract with a leasing agent, such as NAIBT Commercial, the leading commercial space leasing firm in the area. Typical cost of this type of service is 5% of the lease value (assuming 5 years).

#### General Plan/Vision Statement

No impact.

#### Fiscal Impact

Approval of this action will cost \$62,260. This figure does not include costs for carpet, which is customarily selected by the tenant upon execution of the lease contract. There are sufficient funds in Fund 625-1701-9030, Facilities Management Fund, for this purpose.

Offsetting the cost of this project is revenue generated from leasing these two spaces could be close to a projected \$3.00 per square foot. With 1,532 SF of space, the return on investment is approximately 1.1 years.

#### Public Contact

Posting of City Council agenda.

#### Recommendation

It is recommended that Council approve the attached resolution authorizing award of bid to Hunter Construction for Tenant Improvements of Suites 104 and 105 of City Hall for an amount not to exceed \$62,260 and provide confirmation to staff on the leasing approach stated above.

#### Alternatives

1. Reject bid.

2. Scale back the project:
  - a. Leave Suite 105 as is.
  - b. Delete common area improvement in Suite 104.
3. Deny recommendation and provide direction to staff.

**Attachments**

- A. Resolution Authorizing Award of Bid to Hunter Construction for Tenant Improvements of Suites 104 and 105 of City Hall for an Amount Not to Exceed \$62,260
- B. Proposal
- C. Construction Plans

Respectfully submitted,

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Thomas Fil  
Finance Director

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Jack R. Crist  
City Manager

**Staff Contact:**

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RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT  
AUTHORIZING AWARD OF BID TO HUNTER CONSTRUCTION FOR TENANT  
IMPROVEMENTS OF SUITES 104 AND 105 OF CITY HALL FOR AN AMOUNT NOT  
TO EXCEED \$62,260**

**WHEREAS**, leasing to others has always been an integral part of facility operations for the City; and,

**WHEREAS**, staff has determined that first-floor Suites 104 and 105 of City Hall are currently unoccupied and either unsuitable and/or dysfunctional for leasing; and,

**WHEREAS**, the City finds it necessary to improve these spaces and provide kitchen and bathroom access to both suites so as to make them functional for future tenants; and,

**WHEREAS**, Hunter Construction responded to the City’s solicitation for proposals for performing the required construction with the lowest, responsive and responsible bid; and,

**WHEREAS**, staff recommends the award of bid to Hunter Construction for the project stated above;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Belmont hereby authorizes award of bid to Hunter Construction for Tenant Improvements of Suites 104 and 105 of City Hall for an amount not to exceed \$62,260.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on September 11, 2007 by the following vote:

AYES, COUNCILMEMBERS: \_\_\_\_\_

NOES, COUNCILMEMBERS: \_\_\_\_\_

ABSTAIN, COUNCILMEMBERS: \_\_\_\_\_

ABSENT, COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of the City of Belmont

APPROVED:

\_\_\_\_\_  
MAYOR of the City of Belmont