



Legislation Text

File #: 19-748, **Version:** 1

Approve agreements with Cannon Parkin, Inc. (dba. Cannon Design) for \$193,000, and KC Engineering Company for \$10,989, for architectural and engineering services to prepare project site improvement plans for a Child Start facility on County property located at 1500 Solano Avenue, Vallejo; Approve an Appropriation Transfer Request (ATR) for \$914,930 from the Accumulated Capital Outlay Fund Contingencies for project design and construction costs (4/5 vote required); and Authorize the County Administrator to execute the agreements and amendments within the approved budget, and to execute a ground lease with Child Start, Inc.

Published Notice Required? Yes ____ No X
Public Hearing Required? Yes ____ No X

DEPARTMENTAL RECOMMENDATION:

The Department of General Services recommends that the Board

1. Approve agreements with Cannon Parkin, Inc. (dba. Cannon Design) for \$193,000, and KC Engineering Company for \$10,989 for architectural and engineering services to prepare project site improvement plans for a Child Start facility on County property located at 1500 Solano Avenue, Vallejo;
2. Approve an Appropriation Transfer Request (ATR) of \$914,930 from the Accumulated Capital Outlay Fund Contingencies for project design and construction costs (4/5 vote required); and
3. Authorize the County Administrator to execute the agreements, and amendments within the approved budget, and to execute a ground lease with Child Start, Inc.

SUMMARY:

Child Start, Inc. serves young children from low and very low-income families, funded through federal sources and provided at no cost to families. Child Start currently operates a facility located in an old County building adjacent to the County's South Campus on Virginia Street in Vallejo (Attachment A).

Child Start received a federal grant for facility improvements and development. Staff is negotiating terms and conditions to lease nearby vacant County owned property (Property) to Child Start located at 1500 Solano Avenue, Vallejo (Attachment A). The purpose of the lease is to allow Child Start to develop a new facility. The Property is in a previously developed but underutilized and vacant condition and requires site and other improvements for development. The proposed County cost for site and project improvements would be recouped through a long-term ground lease with Child Start.

Staff is requesting that the Board approve appropriation to commence with the design of site improvement plans, and to authorize staff to execute the necessary contracts and a ground lease with Child Start.

FINANCIAL IMPACT:

Total site and project development cost is estimated at \$2,100,000. Child Start received a federal grant for \$1,000,000 for facility development. Staff is recommending a total County investment into the property for \$1,100,000 which will include design of site improvement plans and construction of site and other

improvements. Attachment B provides a breakdown of the project budget including estimated cost and funding sources.

Current initial appropriation for development of the Property is provided for in Accumulated Capital Outlay Fund Budget Unit 1663 for \$185,070. Staff is recommending that the Board approve additional appropriation of \$914,930 from the Accumulated Capital Outlay Fund Contingencies to Project Budget Unit 1663 (Solano Avenue Property Improvement) for site designs and for property improvements. The resulting total County appropriation for FY2019/20 for Budget Unit 1663 will be \$1,100,000.

As recommended in this report, the County will directly contract and produce the project site improvement plans with Cannon Design and KC Engineering for a total of \$203,989. The balance of the \$1,100,000 will be \$896,011 and will be applied toward development of property improvements with Child Start which will directly manage and construct the project.

County investment for design and development of the property would be recovered through a long-term ground lease to Child Start. The recommended term of the ground lease would be 40 years initially with an annual 1% lease rate increase with future County review of the lease rate and the annual increases. Lease rates over the term of the ground lease are provided in Attachment C.

The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2019/20 Adopted Budget.

DISCUSSION:

Pursuant to California Government Code sec. 25372, the County is authorized to lease surplus property to non-profit entities. Since 1988, the County has leased 1328 Virginia Street to Child Start for the operation of a childcare center serving low and very low-income families. Many of the families served by Child Start would not otherwise be able to receive childcare services allowing parents to work. The current childcare building was a previous State DMV office constructed in circa 1960. Many aspects of the building, including per-child space standards, do not meet current requirements. The building is no longer a viable candidate for renovation given the age and condition of the building and the need to provide childcare services to very low-income families in the Vallejo area well into the future.

With the receipt of a federal grant, Child Start desires to relocate to County-owned property at 1500 Solano Avenue enabling compliance with per-child space requirements and to allow for the number of children receiving childcare to increase. The County's investment into the underutilized Property will further support continuation of childcare services to low and very low-income families. Further, once the new facility is constructed, Child Start will vacate the current location and the old building will be demolished and can be improved as additional needed parking for the County's South Campus.

Staff is currently negotiating terms and conditions for a long-term ground lease on the Property with Child Start. Staff is requesting that the Board authorize the County Administrator to execute the ground lease once complete. The basis of the ground lease rate, as reflected in Attachment C, is the amount of County investment toward designing and improving the property (\$1,100,000) plus an initial 1% annual lease rate increase for a period of 40 years. The ground lease terms and conditions are also expected to address the County's investment toward improving the property; obligations and development of the project by Child Start; evaluation of the ground lease rate at 10-year intervals during the lease term; default and lease assignment requirements and the County's first right-of-refusal provisions; and the County's option for the reversion of site and building improvements to the County at the end of the lease.

The new Child Start facility will consist of a modular designed building system and include an outside child play area, on-site parking, landscaping and other improvements. The modular building supplier will construct

the site improvements, utilities, building foundation and modular building as the general contractor for Child Start utilizing the County designed site improvement plans.

On July 23, 2019 the Board approved a 3-year master services agreement with Cannon Design for capital project design services. The master services agreement provides for development of individual scopes of work and the administrative approval of Adjusted Service Agreements (ASA). The recommended design scope of work and cost with Cannon Design, San Francisco (Attachment D) requires that the Board grant a separate authorization to staff to execute the attached ASA. A geotechnical analysis report will also be required for the project. Staff is seeking Board authorization to retain KC Engineering, Vacaville, (Attachment E) for geotechnical engineering services.

The federal grant funds received by Child Start for development of a facility include a performance standard requiring that the grant funds (\$1,000,000) be substantially expended by Child Start before July 1, 2020 and entirely expended by end of summer 2020. County preparation of site design and improvement plans will occur from October 2019 through February 2020, with modular building design overlapping during the same period and construction occurring between May through mid-summer 2020.

ALTERNATIVES:

1. The Board could choose not to approve the requested appropriation. This action is not recommended as the funds are necessary to commence project design under a short project schedule.
2. The Board could elect to have staff return to the Board with the final ground lease with Child Start. This action is not recommended as the ground lease terms are expected to be consistent with recent ground leases approved by the Board. The lease will also be reviewed by County Counsel as to form, and delegating signing authority will assist in streamlining the review and execution processes.

OTHER AGENCY INVOLVEMENT:

The Department of General Services coordinated with County Counsel for legal advice and Child Start Inc. The Debt Advisory Committee met on September 30, 2019 and has reviewed and approved the terms of the ground lease rate proposal.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION