



City of Del Mar Staff Report



TO: Honorable Mayor and City Council Members

FROM: Kathleen A. Garcia, Planning and Community Development Director
Via Scott W. Huth, City Manager

DATE: December 15, 2014

SUBJECT: Confirmation of Descriptions of the City Hall/Town Hall Development Options in Preparation for a Future Public Vote

REQUESTED ACTION/RECOMMENDATION:

Staff recommends that the City Council receive and confirm the summary of the City Hall/Town Hall voting options based upon direction from the City Council on December 1, 2014 and provide additional staff direction as necessary.

DISCUSSION/ANALYSIS:

Since June 17, 2013, the City Council and the community have been reviewing a number of options for the City Hall replacement with the specific intent to determine the project to replace City Hall. At various points in that timeframe, the City Council, following community input, determined the civic program for purposes of master planning: City Hall (9,250 SF), Town Hall (3,200 SF/100-seat), Public Plaza (15,000 SF) and approximately 150 - 160 parking stalls. A summary of this history is provided in Attachment A.

On December 1, 2014, the City Council directed staff to return with descriptions of two options for City Hall development, based upon the unanimously passed motion: *“Directed staff to narrow down to two options – one basic Civic Center only (on-grade, all surface parking) and the other is a podium with additional parking and the flexibility for mixed-use.”*

The questions before the City Council and the community are a discussion regarding two primary issues:

1. Do we want to build in flexibility now, so that in the future, additional uses may be added to the site? There is no determination as to what these future uses may or may not be.

City Council Action:

2. Do we want to add additional parking for either surplus public parking or for future uses?

In short, placing parking in a tuck-under parking structure (under the buildings) rather than fully on grade in surface lots is more expensive in the short term but can provide more flexibility in the long term and the potential for additional revenue.

As such, staff has prepared descriptions of these two options and a comparison matrix (Attachment B) with estimated costs and potential revenue. It should be noted that these options have the following common features:

- Options can accommodate the Farmers Market in the public plaza.
- Options can accommodate the parking required by the Del Mar Municipal Code (DMMC) for the built civic uses (51 stalls).
- Options consistently show the same size City Hall, Town Hall and Plaza.

Options:

1. Civic Uses Only: a 9,250 square feet (SF) City Hall, a 3,200 SF Town Hall, a 15,000 SF public plaza, and approximately 60 parking stalls in a surface parking lot. The parking required for City Hall and Town Hall would be 51 stalls, leaving nine (9) stalls for additional public parking.

This scenario would be comparative to replacing what currently exists now. These uses, coupled with setbacks, buffers, etc. fill the majority of the site (over 75-80%) and do not leave substantive area for expansion. Likewise, with only 60 parking stalls, the on-site parking capacity could only support an addition of 2,700 SF of civic or community space in addition to the City Hall and Town Hall uses (9 parking stalls at 1:300 SF permits up to 2,700 SF of office development).

The total project cost for this option is estimated to be approximately \$7.4 million. No value of the additional building area (2,700 SF) is assumed as it would most likely be only used for civic expansion rather than restaurant/commercial, due to the parking limitations.

2. Flexible Plan: a 9,250 SF City Hall, a 3,200 SF Town Hall, a 15,000 SF public plaza, and 160 parking stalls (160-stall tuck-under garage). The entire site is used for a one level below grade garage with buildings and plaza above, on the podium or roof of garage.

While the parking garage covers the entire site, it is below grade and creates a podium on its roof to be used for current and future buildings and plaza. As such, there is the capacity for an additional 20,000 SF to 25,000 SF of future expansion, be it future buildings, expansion of existing buildings, additional plaza or any combination of the above. The excess parking (109 stalls), beyond that required for

civic uses, could be used for public downtown parking, In-Lieu parking or to park future development.

The total project cost for this option is estimated to be approximately \$16.4 million for a full-site garage development, with civic uses and flexible space above.

This option creates the opportunity for future revenue from the “flexible” space created on the podium of the parking structure and from the parking. The additional 20,000 SF to 25,000 SF of area could result in additional buildings that were 9,000 SF to 11,250 SF in size (assumed at Central Commercial’s .45 FAR). Based upon Keyser Marston’s analysis (Attachment C) this could create a land value of approximately \$675,000 to \$844,000 or \$75/buildable SF. In addition, the public parking that was already constructed would also add value to a future development, in the order \$30,000 to \$40,000 per stall for every space that a developer would otherwise have been required to build. Assuming that up to 100 parking stalls were allotted for this future development, this could result in additional revenue of \$3 million to \$4 million for a total range of value (land and parking) between \$3.7 million and \$4.8 million. This would effectively reduce the development cost to between \$11.6 million to \$12.7 million, if future development is pursued.

There is a value to the land created by building an underground parking deck, whether or not it is leased for commercial development. It is understood that, if the City of Del Mar needed to purchase equivalent land in downtown Del Mar for future uses, it would be at least \$75/SF (undeveloped), if not substantially more.

Alternative: Reduction of Size of Parking Structure in Option 2: The total project cost of \$16.4 million could be reduced to approximately \$12.4 million if 35% of the parking (60 stalls) was developed in a surface lot rather than in a parking structure. This was the “purple scenario” developed for the October 27, 2014 public workshop. In addition to saving on development costs, this would also reduce the capacity for future expansion to approximately 11,000 to 15,000 SF of additional space for either future buildings or open spaces or a combination of both. Assuming the same ratio of development to land area, this would anticipate approximately 5,000 SF to 6,800 SF of building, creating a land value of approximately \$375,000 to \$510,000. If these buildings were developed as restaurants, the required parking would range between 55 and 75 stalls with a value ranging between \$1.7 million and \$2.7 million for the parking. The total range of value (land and parking) would be between \$2.1 million and \$3.2 million. This would effectively reduce the development cost to between \$9.2 million to \$10.3 million, if future development is pursued.

Parking: Staff has utilized the DMMC to estimate the required parking for the 9,250 SF City Hall and the 100-seat Town Hall as 51 stalls. However, the DMMC does not have a standard or an applicable parking ratio for the 15,000 SF Open Space/Plaza, which could be used for a variety of public uses but is not yet programed. In Attachment B,

this number is shown as “To Be Determined” (TBD). As part of the design process, staff will be analyzing the appropriate plaza parking generation based on anticipated uses and the protection of the surrounding neighborhood from potential parking impacts. However, for planning purposes, staff estimates that this parking demand could range from 14 to 25 stalls if a Shared Use Parking Permit is in effect, or between 40 and 75 stalls if not utilizing Shared Use Parking. Attachment D outlines the assumptions.

Request: Staff is requesting that the City Council make a motion to confirm, or adjust, the above options and provide direction for voting. Based upon City Council direction, staff will work with an election professional to develop the ballot language, format and voting process and will return to the City Council with the complete description of the ballot language and process. (Please reference the companion Staff Report on this agenda regarding the options to conduct a public vote for the City Hall/Town Hall Project.)

FISCAL IMPACT:

The City Hall planning effort to date is within the adopted Capital Improvement Program budget (CIP#FA01) for Fiscal Years 2013-2014 and 2014-2015 which included \$306,883 for Public Facilities planning related services and \$431,000 approved during the Fiscal Years 2013-2014 and 2014-2015 Operating and Capital Budget Update on June 16, 2014.

ENVIRONMENTAL IMPACT:

In accordance with California Environmental Quality Act (CEQA) standards, facility planning is not defined as a project and is therefore exempt from the provisions of CEQA. A future development project would be subject to CEQA review.

PRIOR CITY COUNCIL REVIEW:

During the last eighteen months, the City Council has addressed the numerous topics associated with City Hall/Town Hall planning at multiple, noticed meetings.

- December 1, 2014: Discussed the development options for a public vote
- November 17, 2014: Review of Workshop Results and Direction for Voting Options
- October 27, 2014: City Hall/Town Hall Council Workshop #3 - Scenarios Review
- October 20, 2014: Financial Analysis of Master Planning Scenarios
- October 6, 2014: Master Planning – Mixed-Use Scenarios Review
- July 7, 2014: City Hall Mixed-Use Goals & Assessment Criteria
- June 16, 2014: Direction to prepare alternative scenarios/Master Planning Phase
- June 9, 2014: City Hall/Town Hall Council Workshop #2
- June 2, 2014: City Hall Funding Program; City Hall Sites Assessment report; Current City Hall Renovation Costs

- May 19, 2014: Highest and Best Economic Use Analysis for 1050 Camino del Mar; Public Private Partnership Overview; Opinion of Probable Construction Costs, City Financing Bond Capacity;
- May 5, 2014: City Hall Revised Schedule and Recommended Program
- April 21, 2014: City Hall Program Verification
- April 7, 2014: Community Forum
- March 17, 2014: Space Planning Verification and Cost Estimate Consultant Selection
- March 3, 2014: City Hall Planning Schedule
- February 18, 2014: Survey Results
- January 6, 2014: Draft Community Survey
- December 9, 2013: City Council Workshop Report and Next Steps
- December 2, 2013: City Council Workshop #1
- September 3, 2013: Site Selection to redevelop 1050 Camino del Mar
- July 15, 2013: Preliminary Space Needs; Priority to replace City Hall
- July 1, 2013: Goals and Criteria for Success for evaluation of Alternative Sites.
- June 17, 2013: Process for Facility Planning

ATTACHMENTS:

Attachment A – Summary of City Hall Planning History

Attachment B – Comparative Matrix of Options

Attachment C – Keyser Marston Associates Memo re: valuation of future podium development

Attachment D – Plaza Parking Demand Estimate for Planning Purposes

ATTACHMENT A

City of Del Mar
Chronology 2013-2014
Re: City Hall Replacement

The following is a summary of the key actions and a synopsis of discussions conducted by the Del Mar City Council in 2013 and 2014 regarding the replacement of City Hall and the redevelopment of 1050 Camino del Mar. For a complete list of all the City Council discussions, please see the City of Del Mar website: www.delmar.ca.us/cityhall. For the official record of City Council actions, including staff reports and minutes, please see the Agenda Center on the Del Mar website which can be located at: <http://www.delmar.ca.us/AgendaCenter>.

- On June 17, 2013, the City Council initiated the City Facilities Planning Process.
- On July 15, 2013, the City Council prioritized the replacement of City Hall after a review of all City departments and facility needs.
- On September 3, 2013 and again at the midyear workshop on September 9, 2013, the City Council reviewed all the publicly owned sites for City Hall and directed staff to move forward with 1050 Camino del Mar as the site for the replacement City Hall.
- At the December 2, 2013 Community Workshop, the participants prioritized the replacement of City Hall as the top priority, with a new Town Hall as the second priority. At this same community meeting, the workshop participants prioritized additional uses beyond the civic buildings, with additional public parking as the first priority, followed by open space/plaza and additional conference or meeting space as the third priority.
- During the Community Survey conducted in January of 2014, 39% of the respondents ranked additional public parking (defined as 75 to 100 additional stalls in a parking garage) as their highest priority, followed by additional community meeting rooms (37%) and a public plaza/open space (26%).
- At the May 5, 2014 City Council meeting, the City Council reviewed program alternatives and directed staff to pursue the following program for civic uses: City Hall (9,250 SF), Town Hall (3,200 SF/100-seat), Public Plaza (15,000 SF) and approximately 100 to 150 parking stalls.

- At its May 19, 2014 meeting, the City Council reviewed five options with costs, ranging from the basic governmental buildings with surface parking for 50 to 75 cars (\$6.7M construction cost/\$9.8M total project cost) to a program with a larger City Hall and Town Hall and 150-car parking structure (\$12.2M construction cost/\$17.9M total project cost). (It is important to note that these cost estimates were done at an early stage, before master planning efforts and have been refined through further study.)
- Prior to initiating a Master Planning Phase, the City Council conducted a second community workshop on June 9, 2014. That workshop resulted in a majority of the participants confirming the municipal program and requesting that the project be designed for flexibility and adaptability, with a contingency for future uses, the possibility to add more community or cultural space, and a design that is in scale with the community. When asked if the site should provide additional public parking, the majority of the participants identified the provision of additional public parking, estimated to be between 75 and 125 additional stalls, as a priority. When asked to rank additional uses for consideration on the site, the workshop participants prioritized additional civic/cultural uses as their first priority, commercial space as a second priority, residential units as a third priority, additional parking as a fourth priority and open space/parks as the last priority.
- On June 16, 2014, the City Council initiated master planning efforts to test the various scenarios, including civic only, civic + commercial, and civic + commercial + residential.
- On October 6, 2014, the City Council reviewed the Master Planning efforts including eight scenarios that included the civic program and had options for additional commercial space (between 2,400 SF and 13,600 SF), residential units (between 4 to 10 units) and parking (between 60 and 264 stalls).
- On October 20, 2014, the City Council reviewed the revised estimates of probable construction costs for each of these scenarios as well as the potential for revenue generation for those scenarios with commercial or residential uses. The City Council narrowed these eight options to four options for discussion at the third community workshop.
- On October 27, 2014, the City Council conducted its third community workshop on the topic with a review and voting on four scenarios:
 1. Mixed Use (civic + 9,250 SF commercial + 6 townhomes and 168 parking stalls) – 26 votes (40%)
 2. Civic + Commercial + Residential (civic + 3,400 SF commercial + 4 single family homes and 204 parking stalls) - 0 votes
 3. Civic + Commercial (civic + 3,400 SF commercial and 160 parking stalls) – 2 votes (3%)

4. Civic Only (civic program with 160 parking stalls) - 21 votes (33%)
 5. A fifth scenario was proposed by community members at the meeting, which called for Civic Only (similar to #4) but with fewer parking stalls. – 15 votes (24%)
- On November 17, 2014, the City Council directed staff to consider three options:
 1. Civic Uses on the entire site: a 9,250 square feet (SF) City Hall, a 3,200 SF Town Hall, a 15,000 SF public plaza, and 160 parking stalls (100-stall tuck-under garage and 60-stall surface parking lot).
 2. Civic Uses on half the site: a 9,250 SF City Hall, a 3,200 SF Town Hall, a 15,000 SF public plaza, and 80 tuck-under parking stalls. The remainder of the site (approximately 33,000 SF) would be reserved for a future use (to be determined).
 3. Mixed-Use Plan on the entire site: a 9,250 SF City Hall, a 3,200 SF Town Hall, ±25,000 SF public plaza, 9,250 SF of commercial space and 160 parking stalls (160-stall tuck-under garage). The entire site is used for a one level garage with buildings above on a podium. The commercial space could be phased in at a later date, if so desired.
 - On December 1, 2014, the City Council discussed development options for consideration of a public vote and directed staff to develop two different options: *one basic Civic Center only (on-grade, all surface parking) and the other is a podium with additional parking and the flexibility for mixed-use.*

ATTACHMENT B

Master Plan Scenarios		Civic Uses Only	Civic Uses + Parking + Flexibility			
Description: DRAFT December 15, 2015		City Hall, Town Hall, Civic Plaza, 60-stall surface parking, with 9 stalls available for surplus public parking. All buildings will be built on grade, precluding a tuck-under parking structure.	City Hall, Town Hall, Civic Plaza, 160-stall tuck-under parking structure, with 109 stalls available for surplus public parking. The structured parking would be under the building and plaza, and there would be approximately 20,000-25,000 SF of additional podium area that could support future uses.			
Program	Program:	Area	Required Parking	Area	Required Parking	
	City Hall	square feet	9,250 SF	31	9,250 SF	31
	Town Hall	square feet	3,200 SF	20	3,200 SF	20
	Plaza	square feet	15,000 SF	TBD	15,000 SF	TBD
	Commercial	square feet	0 SF	0	0 SF	0
	Total:			51		51
	Remainder of Site or Podium available for future use	square feet	2,700 SF		+20,000 SF	
	Total Parking	stalls	60 stalls		160 stalls	
	Parking Breakdown					
	Required Parking for Uses per Code		51 stalls		51 stalls	
Surplus Public Parking		9 stalls		109 stalls		
Provision of Parking:						
Surface Parking		60 stalls		0 stalls		
Structured Parking (under buildings/podium)		0 stalls		160 stalls		
Financials	Project Financials¹					
	Public Development Costs (approximate)		\$7,425,000		\$16,400,000	
	(Less) Future Commercial Space land and parking Value ²		\$0		\$3,700,000 to \$4,800,000	
	= Net Development Cost to City		\$7,425,000		\$12,700,000 to \$11,600,000	
Entitlements	Entitlements & Processing Time					
	Zoning		Complies with existing Public Facilities (PF) Zone		Complies with existing Public Facilities (PF) Zone	
	Entitlement Process		Requires DRB permits, CEQA		Requires DRB permits, CEQA	
	Additional Uses		N/A		When additional uses are planned for the podium, additional entitlements may be necessary, including a zoning change if commercial or residential, and a Measure B vote, if commercial.	
	Estimated Timeframe to Groundbreaking after Decision		9 to 12 months minimum		9 to 12 months minimum	
Features	Features					
	Flexibility for future use		Limited to approx. 2,700 SF based on parking constraint.		20,000 to 25,000 SF of site area for buildings or additional plaza area or a combination	
	Parking		60 stalls (may not be adequate for plaza activities)		160 stalls	
	Availability for In-Lieu Parking		9 stalls maximum		109 stalls maximum	
	Other		Replaces current site facilities with like.		Has the potential to maximize the site development capacity should additional uses be added in the future. Has the potential to produce revenue should additional uses be added in the future.	

¹ Project Financials represents construction costs, soft costs including design, owner contingency and LEED certification based upon McCarthy Building Companies Estimates.

² Assumes that additional space is developed for commercial uses in the future
12/11/2014 14:35

Master Plan Scenarios		Civic Uses + Parking		
DRAFT December 15, 2015		<i>Description:</i> City Hall, Town Hall, Civic Plaza, 60-stall surface parking lot and 100-stall tuck-under parking structure for a total of 160 parking stalls, with 109 stalls available for surplus public parking. The structured parking would be under the buildings and plaza and there would be approximately 11,000 SF of podium area that could support future uses.		
Program	Program:		Area	Required Parking
	City Hall	square feet	9,250 SF	31
	Town Hall	square feet	3,200 SF	20
	Plaza	square feet	15,000 SF	TBD
	Commercial	square feet	0 SF	0
	Total:			51
	Remainder of Site or Podium available for future use		11,000 SF	
	Total Parking		160 stalls	
	Parking Breakdown			
	Required Parking for Uses per Code		51 stalls	
Surplus Public Parking		109 stalls		
Provision of Parking:				
Surface Parking		60 stalls		
Structured Parking (under buildings/podium)		100 stalls		
Financials	Project Financials¹			
	Public Development Costs	(approximate)	\$12,400,000	
	(Less) Future Commercial Space land and parking Value ²		\$2,100,000 to \$3,200,000	
	= Net Development Cost to City		\$10,300,000 to \$9,200,000	
Entitlements	Entitlements & Processing Time			
	Zoning	Complies with existing Public Facilities (PF) Zone		
	Entitlement Process	Requires DRB permits, CEQA		
	Additional Uses	N/A		
	Estimated Timeframe to Groundbreaking after Decision	9 to 12 months minimum		
Features	Features			
	Flexibility for future use	Approx. 11,000 SF of area		
	Parking	160 stalls		
	Availability for In-Lieu Parking	109 stalls maximum		
	Other	Provides some flexibility for between 5,000 SF and 6,800 SF of additional building area that could be future commercial or civic expansion or additional plaza		

¹ Project Financials represents construction costs, soft costs including design, owner contingency and LEED certification based upon McCarthy Building Companies Estimates.

² Assumes that additional space is developed for commercial uses in the future

12/11/2014 14:35

Kathleen A. Garcia

Subject: FW: presumed "land" value...

From: Paul Marra [<mailto:pmarra@keysermarston.com>]
Sent: Thursday, December 11, 2014 6:44 AM
To: Kathleen A. Garcia
Cc: Reena Patel; Paul Marra
Subject: Re: presumed "land" value...

Hi Kathy,

Yes, the future development rights on top of the podium will generate additional "land value".

Let's assume that when future development occurs, there is 100% compatibility in terms of design, engineering, building code, etc. Let's also assume that your Phase 1 podium includes all the required parking for the future phase development on the unused podium "pad".

Then refer to the 5/19/14 staff report, our Table 3-D for the commercial scenario. We concluded a residual land value of \$33/SF land, which translates to \$75 per SF building area (GBA). The principal reason this figure is so low is the parking requirement — the high parking ratio, the high cost of podium construction (although we used a mix of surface/tuck-under parking), and the inability to charge for parking.

So you can add to the \$75 per SF GBA the cost of parking (directs/indirects/financing), at say \$30,000-\$40,000 per space, for every space that the developer would have been required to build.

In theory, you are also saving the developer site preparation and foundation costs, and possibly entitlement costs. However, building on top of an existing podium may also bring some extraordinary unforeseen costs. So we would recommend that you assume only the \$75/SF GBA plus a cost allowance for each space already provided by the City.

Hope this shortcut is useful for your upcoming staff report. I am mostly around today/tomorrow if you need to discuss further.

Thanks, Paul

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**Estimate for Planning Purposes Only
Parking Demand for 15,000 SF Plaza
City Hall**

At this point in the Master Planning process, there are no uses determined for the planned 15,000 SF public plaza anticipated to be part of the redevelopment of 1050 Camino del Mar. Uses such as outdoor concerts, art shows, Farmer’s Market, or open space have been discussed as possibilities however use, their area and frequency have not been determined. Because the Zoning Code does not currently have a parking requirement for Outdoor Plaza, staff has not assigned a parking ratio based upon the Del Mar Municipal Code (DMMC).

However, for planning purposes only, staff has estimated a range of potential parking needs based upon various standards in the DMMC and the potential if a Shared Use Parking Permit is pursued (assuming that Plaza events may take place when City Hall is closed or the Town Hall is not in use).

As such, the Plaza parking demand could range from a low of 14 stalls to a high of 75 stalls. At this point, these numbers are only estimates and would require an analysis of the designed uses.

DMMC	Requirement	Stalls for 15,000 SF Plaza
Outdoor Sales	1 space for 200 SF	75 stalls
Public Assembly (300 seat)	1 space for 5 seats	60 stalls
Public Assembly (200 seat)	1 space for 5 seats	40 stalls
With a Shared-Use Parking Permit		
City Hall/Town Hall parking		51 stalls
		34 stalls
Available for shared use at 66%		
Outdoor Sales	50 Shared Use	25 stalls
Public Assembly (300 seat)	40 Shared Use	20 stalls
Public Assembly (200 seat)	26 Shared Use	14 stalls