



# City of Gilroy

## STAFF REPORT

**Agenda Item Title:** Award of Contract to Perkins & Will for the Preparation of 'Basis of Design' Documents for the Gilroy Ice Center, Approve a Contract Expenditure of \$275,000, and Authorize City Administrator to Execute Final Agreement

Meeting Date: August 21, 2023  
From: Jimmy Forbis, City Administrator  
Department: Administration  
Submitted By: Karl Bjarke, Interim Public Works Director  
Prepared By: Karl Bjarke, Interim Public Works Director

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### **STRATEGIC PLAN GOALS**

Promote Economic Development Activities

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### **RECOMMENDATION**

Award a contract to Perkins & Will in the amount of \$250,000 and approve an additional project contingency of \$25,000 (10%) for a total amount of \$275,000 for the preparation of 'Basis of Design' documents related to the Gilroy Ice Center project and authorize the City Administrator to make minor amendments as necessary to execute the contract and associated documents.

### **EXECUTIVE SUMMARY**

The City is now positioned to move into the design phase of the Gilroy Ice Center (GIC). It has been decided that the project will be constructed utilizing the design-build form of contract. Under the design-build format, the City will award a contract to a qualified design/construction firm that has the dual role of designing the project and building it. The design-build method is suited for the GIC in that there is less risk of expensive change orders during construction, and the project will be completed sooner than it would under the more traditional design-then-build method. Before the City can solicit design-build proposals, however, it must first have Basis of Design documents prepared. Basis of Design documents are fundamental design parameters that become the basis of design for the selected design-build contracting team. Under the non-

binding term sheet between the City and Sharks Sports & Entertainment, LLC, it has been agreed that the architecture firm, Perkins & Will, will prepare the Basis of Design documents for the project. Sharks Sports & Entertainment and Perkins & Will have partnered together on similar projects in the past. It is recommended that the City hire Perkins & Will to prepare the Basis of Design documents.

## **BACKGROUND**

This project constitutes phase III of the Gilroy Sports Park Master Plan, updated in 2019. The City then updated the 2002 Environmental Impact Report (EIR) via a Master Plan EIR Addendum.

In June of 2022, the City and Sharks Sports & Entertainment, LLC (Sharks Sports) entered into a Non-Binding Term Sheet for an Operating Agreement for the proposed Gilroy Ice Center (GIC) to be located at the City's Outdoor Sports Park. The GIC is proposed to be a 100,000-square-foot building with two indoor ice rinks, a restaurant, a snack bar, a pro shop, and other ancillary uses. The Term Sheet allows the City to build the facility and for Sharks Sports to operate it once completed.

The City and Sharks Sports have agreed to move forward under three key elements for successfully completing the project (1) The method for constructing the facility will be by design-build, (2) Sharks Sports will be retained during the entire process to advise the City and to provide technical support, and (3) The firm Perkins & Will will be retained by the City to prepare the Basis of Design documents necessary for ensuring a facility that both the City and Sharks Sports are happy with.

## **ANALYSIS**

As stated above, it is agreed that the appropriate method to build the GIC is design-build. This differs from the traditional design-then-build method of building facilities whereby the City would first hire a design consultant to prepare the final bid documents, followed by the City putting the project out to bid. Under design-build, one entity - a design/construction firm - prepares the design documents and builds the facility. It is a partnership where the design team works directly with the construction team through the completion of the project. This method brings the following benefits to the City:

- ✓ Allows for a shorter construction period since construction can begin before the final design documents are completed. For example, the grading and foundation design will be accomplished before the final details of the interior of the building.
- ✓ Reduces change order risk since the designer and builder are responsible for the final product.
- ✓ The pre-qualification process that will be used to select the design-build firm helps ensure a high-quality facility.

Once the design-build contract is let, the overall risk is shifted to the design-build team. However, this also means the City has less control over the ongoing design of the

project. This is where the Basis of Design comes into play. The Basis of Design documents conveys design/construction requirements to the design-build firms bidding on the project. They include a summary of the project definition, technical requirements, plans, project constraints, reference materials, and contractual requirements. The Basis of Design will allow both the City and Sharks Sports to ensure everything they need in the facility is provided. Once the Basis of Design documents are prepared, they will be used to assist in the pre-qualification process of design-build firms and will become incorporated into the contract with the chosen design-build firm.

Normally, the City would use the Request for Proposals method for finding a Basis of a Design consulting firm. However, in the approved term sheet between the City and Sharks Sports, it was agreed that Perkins & Will would provide this service. Perkins & Will has proven expertise in the design of sports facilities and has partnered with Sharks Sports on other similar facilities in California. The City's purchasing policy allows for the direct procurement of the services of Perkins & Will in this manner as a single source.

The scope of services provided by Perkins & Will includes the preparation of Concept Design, Schematic Design, and Design Development as described in the attached agreement. The fee for said services is \$250,000, as described in the attached agreement. Staff is also recommending a 10% contingency of \$25,000 to be approved for this scope of services.

It is recommended that the Council authorize the City Administrator to implement minor amendments (upon review from the City Attorney) to the agreement while maintaining the fee and term approved by the Council.

Staff does not anticipate fully executing this contract until a consultant agreement between Sharks Sports and the City is completed and approved by Council at a future meeting.

## **ALTERNATIVES**

Staff is proposing the services of Perkins & Will to comply with the terms of the agreement with Sharks Sports and to help complete the project in a timely and efficient manner. The Council could reject the proposal from Perkins & Will and direct staff to seek other firms through an RFP process. This will delay the overall process and may require the City to re-visit the agreement with the Sharks.

## **FISCAL IMPACT/FUNDING SOURCE**

The Gilroy Ice Center project is in the adopted Capital Improvement Program (Project No. 800900) with funding from the Public Facilities Fund (440), Traffic Impact Fund (425), and bond proceeds. Expenditure for this scope of services will initially be funded by the Public Facilities Fund (440), with a 50% contribution from Sharks Sports, and will be 100% reimbursed from the future bond proceeds. A design fee of \$250,000 was anticipated for the CIP project. Staff recommends an additional spending authority for

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the City Administrator of \$25,000 as a contingency should an unexpected design issue arise.

### **PUBLIC OUTREACH**

Regarding this recommendation, there has been no public outreach aside from being included on the publicly posted agenda for this meeting.

### **NEXT STEPS**

If the recommendation is approved, staff will execute the contract and have Perkins & Will begin the preparation of the Basis of Design documents. Once those are completed in approximately 22 weeks, the City will start the pre-qualification process to shortlist the number of design-build firms.

### **Attachments:**

1. Perkins & Will Agreement to prepare Basis of Design Documents