



STAFF MEMO

TO: Mayor Jordan
City Council
THRU: Don Marr, Chief of Staff

FROM: Jeremy Pate, Development Services Director
DATE: April 29, 2014
SUBJECT: Spring Street Municipal Parking Deck – Cost Estimate Update

BACKGROUND:

The Mayor has been committed to keeping the Council informed on the progress of this project, so we wanted to give you a brief update on where we stand after our latest round of review.

As we presented to the Council at the end of January when we received feedback on the east liner building, the City's design consultant for the Spring Street Municipal Parking Deck, Garver Engineers, completed 60% preliminary design drawings for the deck and north liner building by the end of March. While value engineering and final design is proceeding, we also requested updated cost estimates based on these 60% preliminary design drawings. Last week, on Wednesday, April 23, Baldwin & Shell, the Construction Manager for the project, submitted their preliminary cost estimates based on these drawings. There are two separate numbers I will reference, because we are paying for a majority of the project out of two separate funds: the Parking Deck Bond funds and from Parking Revenue. The shell of the basement in the northern liner building, to which the City Council committed constructing, is estimated at approximately \$623,606; that places us around \$223,000 above our current budget allocation. For the deck and south/east liner buildings, the estimated cost is currently \$5,977,578. To date, that places us around \$1.7 million above our current budget allocation.

Table with 4 columns: Construction, Apr 2014, Nov 2013, Nov 2012/Budget. Rows include Parking Deck & S/E Liner Building and North Liner Basement Shell.

Because the construction of the parking deck will remove the current Walton Arts Center administrative offices, the City also agreed to replace their lost office space as part of this project, approximately 5,500 square feet. In total, the cost estimates based on 60% preliminary design drawings are approximately \$1,971,177 above our current budgeted allocation, including all city design costs and Walton Arts Center related items such as leasing temporary offices, moving expenses, and replacement office space. Please see the attached worksheet comparing the budget and current estimated costs.

The City, Walton Arts Center and our design consultants were disappointed to see the numbers for both the deck and the north liner building had increased, particularly after working diligently on value engineering many items to reduce costs over several months. Some of the line items that increased are easily explained: concrete materials and labor are increasing in cost regionally 10-15%, and this being a concrete parking deck, it has a direct proportional impact. The addition of the east liner building and relocation of stormwater structures to allow for the opportunity for a housing liner building on the east side as supported by the Council also has some direct costs that can be seen in the new estimates. However, other increases are not so apparently explained and deserve more detailed examination.

While this is not positive news now, the good thing about this is that it remains an estimate, and these are not final numbers. Garver and the City have begun the process of reviewing line items of materials, quantities, and design decisions in an effort to reduce the cost, and have already identified approximately \$417,000 in potential price reductions. Garver has submitted a letter (attached) briefly explaining their recommendation. We will continue working to get the costs to a reasonable level for which we feel the deck as designed could be constructed. We do believe it is important that the Council knows that given the current design, the parking deck is not going to come in at the original construction cost budget developed in 2012 of \$4.2 million without dramatic design changes. The City and Walton Arts Center are also seeing higher cost estimates than were originally estimated for the office space, and we are working together to bring in a project that can feasibly and realistically be constructed, given the time and budget constraints.

We also feel it is important to keep the project on the current schedule as much as possible, to reduce the impact of increasing cost due to time delay. Time is money, and the City's projects are no exception. Our recommendation at this point is to continue working together with the design teams and Walton Arts Center to get to a point where we can get actual bid pricing, thereby giving the City a clear picture of decisions that need to be made in order to construct the deck as designed.

Attachments:
Budget/Cost Estimate Comparison
Letter from Garver Engineers

Breakdown of City Budgeted vs. Costs	Total	Parking Revenue	Parking Bond Funds	Water/Sewer Fund
City Budget	\$ 6,812,964	\$ 735,900	\$ 5,857,832	\$ 219,232
City Costs	\$ 8,784,141	\$ 987,506	\$ 7,587,403	\$ 219,232
Budget vs Cost (over budget)	\$ (1,971,177)	\$ (251,606)	\$ (1,729,571)	\$ -

Apr-14



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April 25, 2014

Jeremy Pate, Development Services Director
City of Fayetteville
113 West Mountain Street
Fayetteville, AR 72701

Re: Spring Street Parking Deck
DD Cost Estimate Review

Dear Mr. Pate:

We are currently in the process of reviewing the draft of the DD Phase Cost Estimates that were prepared by Baldwin & Shell dated April 23, 2014. Since the Schematic Design Estimates were finalized, the design team has taken additional measures to further reduce the construction costs during the design development phase. These measures include the removal of one tray of parking from the top of the parking deck and the redesign of the northern end of the parking deck structure to eliminate two corners along the exterior of the structure near the existing Walton Arts Center facility. This reduced the number of piers, foundations, and deck surface.

Due to these reductions, our expectations were that the DD estimates would be lower even though we have seen a 10-15% increase in the concrete materials cost and the eastern liner building was added back to the project by the City Council.

After a cursory review of the numbers, we have already identified items that can be removed from the estimates that will make a significant difference in developing the final DD cost estimate with little effect on the project. These items include:

Redesign to Remove Bank Shoring & Underpinning	\$ 92,000
Redesign pipe system to reduce Trench Safety cost	\$ 75,000
Rainwater Harvesting Tank Size Reduction	\$150,000
Electrical	<u>\$100,000</u>
SUB-TOTAL	\$417,000

A more thorough review will result in additional identified items that can be considered for reduction.

In addition, based on information provided by Baldwin & Shell we should expect to get bid prices that are lower than the price quotes that they have obtained from various suppliers and subcontractors.

Mr. Pate
April 25, 2014
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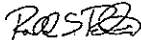
We also have the potential for further reducing the project cost by eliminating the eastern liner building to provide the space for the residential housing units. The cost reduction was previously estimated to be \$340,000.

Therefore, we recommend that the April 23, 2014 Baldwin & Shell estimate continue to be considered as a draft until we have the opportunity to further vet these mentioned items and review for the additional value engineering items

Please call me if you have any questions.

Sincerely,

GARVER



Digitally Signed
2014-04-25 15:12:05:00

Ron Petrie, P.E.
Senior Project Manager