



To: Honorable Mayor and City Council Members
From: Eric Taylor, Senior Assistant City Manager
Date: May 7, 2018
Subject: City Hall Budget

Issue:

To establish the project budget for the construction and renovation of 11360 Lakefield Drive

Background:

The City finalized the purchase of a 75,000 square foot building at 11360 Lakefield Drive in February 2017 for a City Hall that merges all City administrative, public safety, and judicial services into one facility. Following the purchase, staff worked with architects and engineers at Clark Patterson Lee to finalize project layout and exterior design, which includes a 16,000 square foot addition on the park side of the building and enclosing the loading dock to create a sally port for the police department.

In December 2017, the City selected Balfour Beatty to serve as Construction Manager-at-Risk (CMAR). CMAR is a construction delivery method that entails a commitment by the Construction Manager (CM) to deliver the project within a Guaranteed Maximum Price (GMP). The GMP is based on construction documents and specifications at the time construction is ready to proceed. Throughout the construction process, the CMAR acts in the Owner's interest to manage and control construction costs to not exceed the GMP as any costs that exceed the GMP that are not change orders initiated by the Owner are the financial responsibility of the CMAR.

To compile the GMP, Balfour Beatty quantified and prepared their own estimates on all scopes of work. This was done in collaboration with the project team consisting of the City as project owner, Clark Patterson Lee as architect and Balfour Beatty as Construction Manager. Multiple meetings were held in which the project was value engineered to closer meet the City's overall budget. Documentation was sent to qualified subcontractors in every required trade in order to obtain quotes based upon current market conditions. These quotes were analyzed to determine the most accurate cost with the correct scope of work as well as the best value for the project. Balfour Beatty received multiple bids in all trades, and in all cases, the lowest responsible bidder was used to compile the GMP. As a result, the **Guaranteed Maximum Price is \$12,791,261**, broken out as follows.

Sitework	\$683,969
Parkside Addition	\$4,757,513
Renovation	\$6,825,920
Park Restrooms	\$278,433
Sally Port	\$245,426
Total GMP	\$12,791,261

The City's contract with Balfour Beatty sets the financial terms for their services at 3.25% of construction cost and \$576,000 for general conditions. These are embedded in each of the above and included in the total GMP.

Within the GMP, \$278,435 is allocated to building restrooms for park attendees located inside the City Hall parkside addition. These restrooms will only be accessible from outside the building. As the GMP includes a park related expenditure, funds from the parks bond will need to be moved to the city hall fund.

Staff has maintained responsibility for items such as low voltage, access control, audio visual, and signage that will be budgeted separately from the GMP to reduce costs. These costs will remain as a separate line-item within the overall project budget with a combined total of \$1,300,000.

The expenditure budget allocates \$1,400,000 for Architect, Design, and Other Fees. The City's contract with Clark Patterson Lee sets the base fee for their design services at 5.95% of the construction budget. This line item also budgets funds for items such as interior finish design, materials testing and insurance.

Staff recommends carrying a City controlled contingency of \$500,000. This brings the total expenditure budget for City Hall renovation and construction to \$15,991,261, broken out as follows:

Construction GMP	\$12,791,261
Low Voltage	\$325,000
Access Control	\$75,000
Audio Visual	\$850,000
Signage not included in GMP	\$50,000
Architect, Design and Other Fees	\$1,400,000
Contingency	\$500,000
Total Budget	\$15,991,261

It should be noted that this budget does not include furniture, fixtures, and equipment (FF&E) or the 2018 debt service. The 2018 debt service of \$568,000 currently budgeted in the city hall fund will need to be moved to the debt service fund with a corresponding transfer from the general fund. Any amounts that are not utilized from the contingency can be amended to offset debt service costs. Staff is currently estimating an FF&E budget of \$1.5M. The FF&E will be addressed in the 2019 budget. Staff will recommend that FF&E be financed for a period to match the useful life of items purchased.

Staff has been clear throughout the process that all construction related expenditures, including contingency funds, will be no more than the available monies within the city hall fund plus park related expenditures that may be offset with the use of bond money with approval of Mayor and City Council. The city hall funds available total \$15.8M and includes Certificate of Participation financing with the Georgia Municipal Association and net proceeds from Movius rent and termination fees. It is staff's recommendation to re-invest the Movius proceeds into the cost of construction.

The transfer of the park bond money along with funds available in the city hall fund will provide sufficient monies for the total budget shown.

The City has a desire to complete park improvements between City Hall and the lake concurrent with completion of the building construction and renovation. Mack Cain is currently working on the design of this portion of the park project. These plans along with proposed parks bond funding will be presented at a future date.

Lease Extensions

When this project was last presented to Mayor and Council in December 2017, there was an expressed goal to finish construction and move into the building by October 1, 2018. However, as we moved ahead towards design completion and creation of the GMP during this pre-construction phase, it became clear that this goal was unrealistic and unachievable. It is anticipated that construction will be completed at the end of March 2019, which falls in line with the stated possibility that we were to be in our temporary City Hall for 12-18 months. The schedule will require a six-month lease extension for both City Hall and the Police Department. Funding will be addressed in the 2019 budget.

The current lease for City Hall ends September 30, 2018 with an option to extend an additional 6 months at the current rate of \$10.00 per square foot. The cost of a 6 month extension for City Hall including estimated common area charges is \$201,565.

The current lease for the Police Department ends November 30, 2018 with an option to extend an additional 6 months at a rate of \$23.50 per square foot. The cost of a 6 month extension for the Police Department including estimated common area charges is \$250,000.

Schedule

The overall project schedule, including anticipated action by Mayor and Council is as follows

City Council Action

May 7, 2018 – Discussion of GMP at Work Session

May 21, 2018 – GMP Approval by City Council

May 21, 2018 – City Council Approve Lease Extension of Current City Hall and Police Department Facilities for a Period of 6 Months Each

Permitting and Construction

May 22, 2018 – City Issue Notice to Proceed

May 23, 2018 – City Begins Issuing Permits

June 4, 2018 – Material Procurement Begins

June 4, 2018 – Mobilization and Site Work Begins

June 11, 2018 – Demolition Begins

July 10, 2018 – Renovation and Construction Begins

February 28, 2019 – Inspection, Cleaning and Punch List Begins

March 2019 – Move In

March 31, 2019 – End of First City Hall Lease Extension

May 31, 2019 – End of First Police Department Lease Extension

Recommendation:

1. Council approve construction budget for the renovation of City Hall. Total cost \$15,991,261 including Balfour Beatty Guaranteed Maximum Price \$12,179,261.
2. Council approve \$278,435 in Parks Bond Money for park restrooms.
3. Council exercise lease extensions for City Hall and the Police Department for a period of 6 months each.

Attachments:

1. GMP Estimate Summary
2. City Hall Exterior Perspectives
3. City Hall Interior Floor Plans