

Municipal Court & APD NE Substation Project:

Issues and Options

February 23, 2011

Purpose

This briefing provides information to the City Manager and provides a recommendation on a proposed course of action for the project.

Issues

- Project is on hold
 - Insufficient funding to complete the project as currently planned
- Project does not take full advantage of site
 - Does not allow for moving APD functions from Waller Creek site
 - Does not take into account recommendations from the upcoming facilities master plan

Brief Project History

- Needs assessment presented to City Council – April 2005
- Recommendation to Council in February 2006 to purchase existing building (~62,500 sf) and renovate for estimated cost of \$16m
- November 2006 - \$20m included in 2006 Bond Program
- November 2007 – Council approves purchase of Home Depot Property in the amount of \$8.1m
- November 2009 – Council approves White Construction Company as design-build firm

Brief Project History

- Cost estimates have exceeded budgets since the beginning, and have increased during the design process rather than decreased.
- 2006 Bond Program included \$7.5m for NE Police Substation and \$20m for Municipal Court
- Current funding status is presented below:

Bond Funds	Estimate at time of Home Depot purchase	Current Cost Estimate	Variance
\$23m	\$24m	\$38m-\$43m	(\$15m-\$20m)

Analysis

- Municipal Court and NE Substation were separate 2006 bond projects; both under-funded
- Projects were combined to reduce real estate and construction costs
- Concept was to purchase and renovate rather than build new
- Location of the Home Depot was considered ideal, and the property was purchased



Courses of Action

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- Option 1: Continue the Current Project
 - Find funding to complete design and construct
- Option 2: Demolish and Replace
 - Demolish the existing structure and build a 2-story 105,000 sf facility
- Option 3: Sell the Site and Start Over
 - Sell the site, “refund” the bonds, and develop a new project for the 2012 bond program
- Option 4: Defer and Master Plan the Site
 - Defer the project and master plan the site for optimal use, then design and construct per the plan recommendation

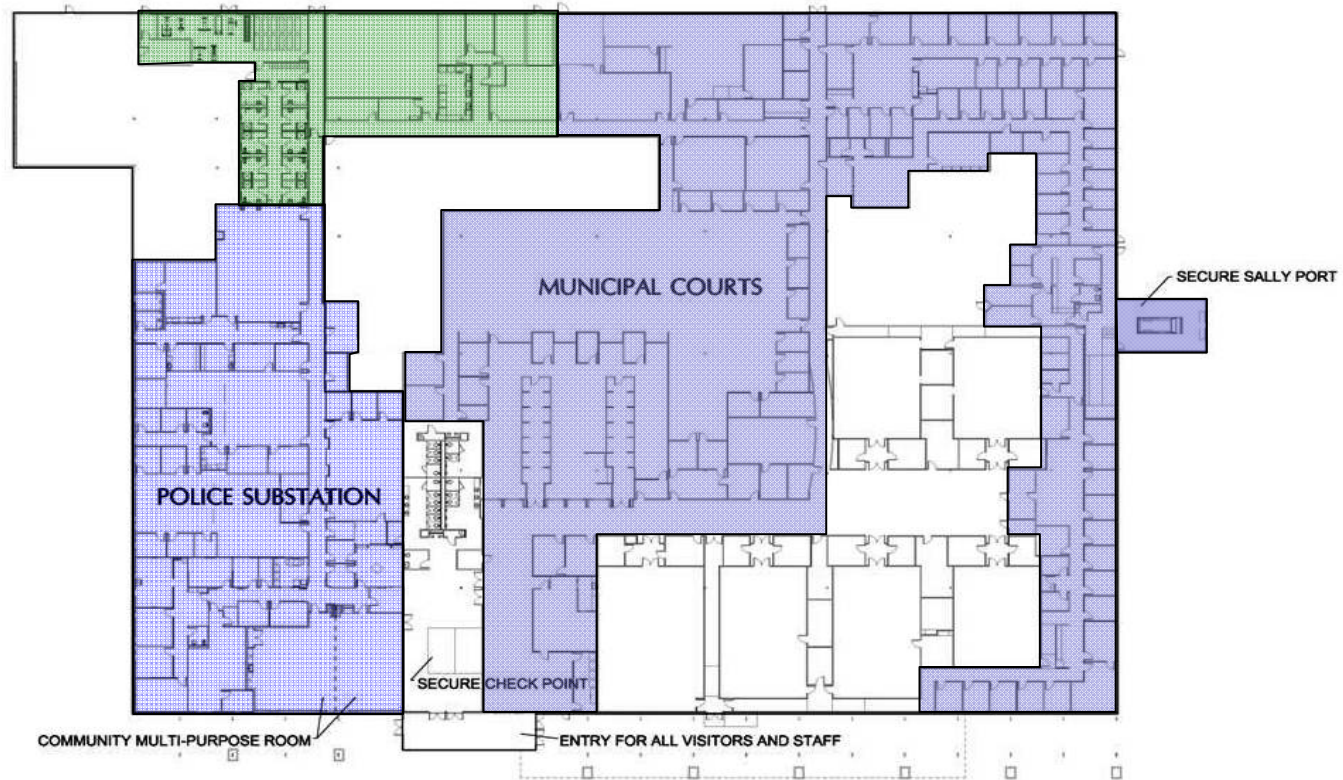
Option 1: Current Project

- PRO's:
 - Includes all elements requested by sponsor departments
 - Location is good for both departments
 - 90,000 sf finished, 15,000 sf unfinished
- CON's:
 - Over budget: (\$15m - \$20m) estimated variance
 - Retrofit of existing building – suboptimal solution
 - Inefficient use of land; does not take advantage of 2nd floor possibility

Current Project Site Plan



Proposed Building Layout



1 PROPOSED FLOOR PLAN
SCALE: 1/16"=1'-0"

Option 2: Demolish & Replace

Demo existing facility and construct 2 story, 105,000 sq. ft. facility

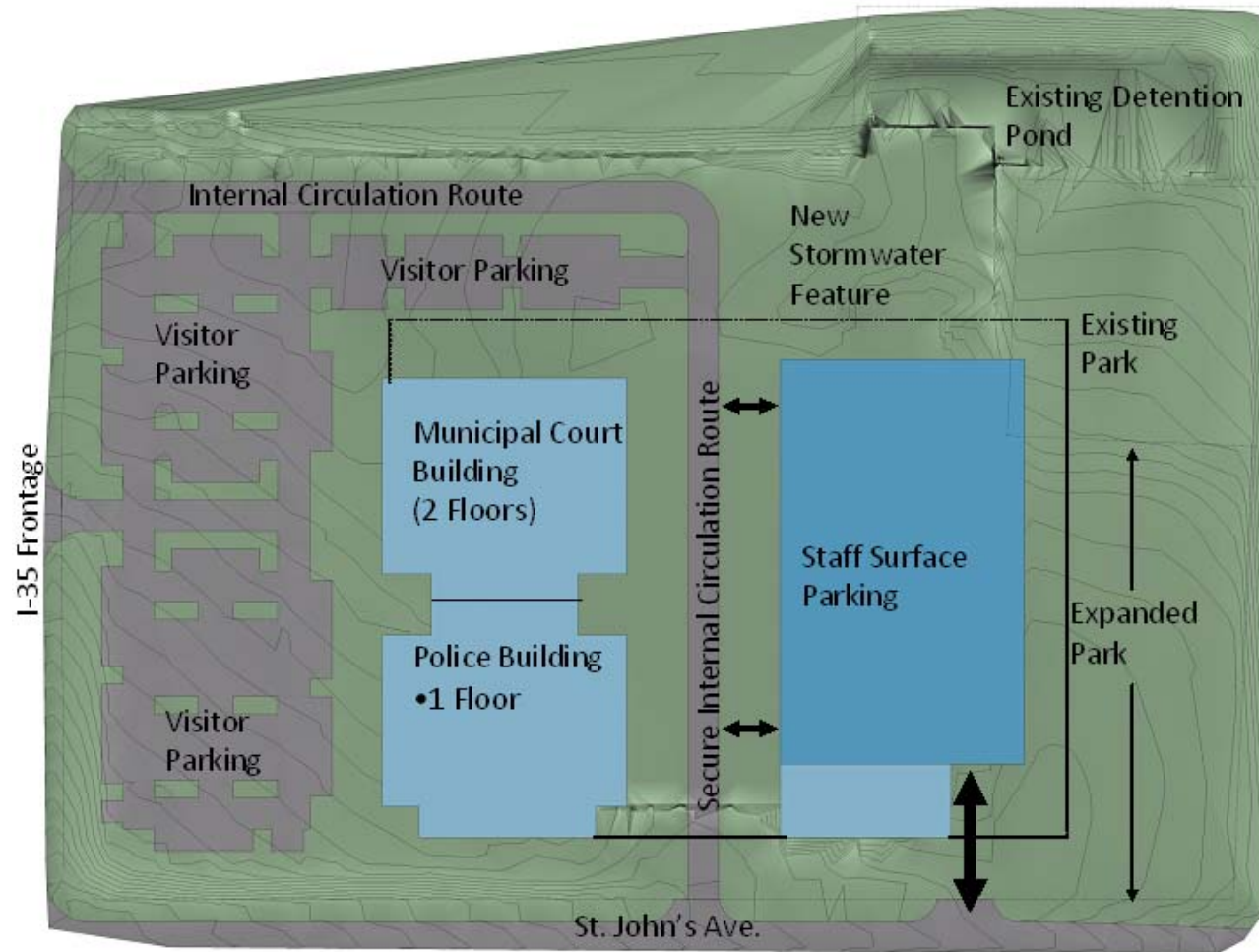
PRO's:

- Includes all elements requested by sponsor departments
- Potential better use of space
- Potential for more efficient operations and maintenance
- Future site expansion options due to smaller footprint

• CON's:

- Exceeds current budget (cost estimate \$54 - \$65m)
- Increased site improvement requirements due to new construction
- Substantial redesign
- Will require 6-12 more months to complete project

Option 2 Site Plan



Option 3: Start Over

Sell site and prepare a new project for a 2012 bond election

- PRO's:

- Project cost estimates will be more accurate
- Funding will be adequate
- Allows for well thought out scope, location, and voter understanding of complete project

- CON's:

- Funding source and project location uncertain
- Significant delays
- Loss of property value in current market
- Will impose significant project delay (2 years)

Slide 14

C1

Do we want to list this as an option? You decide.

CTM, 2/17/2011

Option 4: Defer & Master Plan

Master plan Home Depot site to accommodate additional functions from Police Headquarters (estimate 150,000 square feet)

- PRO's:

- Includes all elements requested by sponsor departments
- Potential better use of space
- Potential for more efficient operations and maintenance
- Future site expansion options due to smaller footprint
- Opportunity to purchase adjacent Chrysler site

- CON's:

- Cost and funding sources are uncertain
- Increased site improvement requirements due to new construction
- Substantial redesign
- Facilities master plan is not complete
- Will require significant additional time to complete project (2 yrs)

Cost/Schedule Impact Summary

	Option1	Option 2	Option 3	Option 4
Estimated Cost	\$38m - \$43m	\$54m - \$65m	Unknown	Unknown
Estimated Shortfall	\$15m - \$20m	\$31m - \$43m	Unknown	Unknown
Schedule Impact	2-2.5 years	2.5-3 years	4-4.5 years	4-4.5 years

Risk Factors

- **Funding Risk**
 - How likely is it funds will be available?
- **Cost Risk**
 - What is the risk the cost will exceed funding?
- **Schedule Risk**
 - What is the risk of delay in delivering the facility?
- **Site Risk**
 - Will the site use be optimized?
- **Facility Risk**
 - Will the facility delivered meet long term needs?
- **Externalities Risk**
 - How will pursuing this course of action be perceived?

Risk Summary

Element	Option 1	Option 2	Option 3	Option 4
Funding Risk	1	2	4	3
Cost Risk	4	3	1	2
Schedule Risk	1	2	4	3
Site Risk	3	2	4	1
Facility Risk	4	3	2	1
Externalities Risk	1	2	4	3
Total Risk	14	14	19	13
Ranking	2	3	4	1

Higher numbers correspond to higher risk; all factors weighted equally

Recommendation

- Adopt Option 4 – Defer and Master Plan
- Funding
 - Use current funds to redesign and demolish
 - Construction funded from remaining bond funds and future bond/certificates of obligation
- Brief Council at upcoming work session
- Cancel existing contract with White Construction
- Incorporate into Facilities Master Plan as an “early out” deliverable