



CITY OF CONCORD

New Hampshire's Main Street™

City Manager's Office

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City Manager

REPORT TO MAYOR AND CITY COUNCIL

FROM: Matthew R. Walsh, Director of Redevelopment, Downtown Services,
& Special Projects

DATE: April 6, 2017

SUBJECT: CIP #443: City-wide Multigenerational Community Center

Recommendation:

Accept the following report and set the attached resolution appropriating the sum of \$515,000 for public hearing on May 8, 2017. This appropriation is comprised of \$45,000 in Recreational Impact Fees and \$470,000 in General Fund supported bonds and notes. If approved, this supplemental appropriation shall increase the total project budget for the City-wide Community Center from \$7,126,021 to \$7,641,021 (an increase of 7.2%).

Background:

On April 11, 2016, the City Council selected a final design concept for a new City-wide Community Center to be constructed at the site of the former Dame School located at 14 Canterbury Road. The selected concept was known as "Option 1-A", which featured the preservation and renovation of portions of the former Dame School, specifically the 1965 wing and the cafeteria, as well as demolition of the remainder of the building and construction of a new gymnasium, lobby, and associated supporting facilities. The new 30,750SF facility will also feature a program room that will be used for library services on part-time basis.

Simultaneously to the selection of Option 1-A, the City Council approved Resolution #8910, which appropriated the sum of \$6.555 million to design and construct the project. This appropriation, together with residual funds from previous appropriations for the project, provided a total budget of \$7,126,021 for design and construction. The majority of debt service payments for the project will begin in FY2019. On July 11, 2016, the City Council approved Resolution #8935 which appropriated \$650,000 to the Recreation Reserve Fund to support future debt service payments for the project.

On May 26, 2016 the City entered into a \$608,000 contract with the HL Turner Group of Concord to design the project. The design was substantially completed in December 2016.

In accordance with a staff report to the City Council dated October 4, 2016, the City chose to undertake construction of this project using a Construction Management (CM) approach rather than the traditional "design / bid / build" process traditionally employed for most public sector building projects. Commonly used in the private sector, CM is an "open book" process whereby

the owner sees all bids from subcontractors, as well as the General Contractor’s actual costs for managing the project. Consequently, the CM approach typically results in a more collaborative effort between the owner and the General Contractor, and provides the owner with greater control over the project budget during all phases of construction.

In October 2016 a Request for Qualifications and Experience was issued for the purpose of selecting a Construction Manager. Statements of qualifications were received from 11 Construction Managers on November 18th. Upon review, 5 CMs were selected for interviews. Interviews were conducted on December 20th. On January 5, 2017, Milestone Engineering and Construction (Milestone) was selected to be the CM for this project. Milestone is located in Concord, has been in business for nearly 30 years, has built several projects in the city, and is well respected and highly regarded in the industry.

Discussion:

1. **Guaranteed Maximum Price (GMP) & Budget Gap:** Upon Milestone’s selection, the City staff, the design team and Milestone began working to develop an updated construction estimate and project budget. As part of this process, Milestone secured preliminary pricing from key subcontractors, and the design team continuously refined the project drawings and specifications based upon contractor feedback in order to reduce cost and improve ease of construction. Soft costs, such as those associated with furnishings and equipment, were also reviewed and refined during this process. Upon completion of that process, Milestone formally bid the project in order to prepare a “Guaranteed Maximum Price” (GMP). The GMP was finalized on April 4th.

Based upon Milestone’s GMP, the project budget has a gap of approximately \$515,000, as detailed in the table below (or 7.2% of total project budget). This escalation in cost is largely being driven by a very strong economy, tight labor market, and robust real estate market, which, in combination, have resulted in exceptionally strong demand for contractors and trades people not seen since the start of the Great Recession nearly a decade ago. The table below also illustrates how the project’s total cost has evolved since the budget was established in April 2016 to the final GMP. It should be noted that the reduction of the budget gap from \$1.9 million to \$515,000 underscores the significant benefits of the CM process over the customary public sector design / bid / builds approach.

	<u>Date</u>	<u>Hard Costs</u>	<u>Soft Costs</u>	<u>Total Cost</u>	<u>Budget Gap</u>	<u>Gap as % of Budget</u>
1. Project Budget	April 11, 2016	\$6,076,021	\$1,050,000	\$7,126,021	N/A	N/A
2. CM Estimate #1: Initial Design & Specifications	February 3, 2017	\$8,048,565	\$978,585	\$9,027,150	(\$1,901,129)	26.7%
3. CM Estimate #2: Revised Design & Specifications	February 13, 2017	\$7,495,347	\$978,585	\$8,473,932	(\$1,347,911)	18.9%
4. CM Guaranteed Maximum Price ("GMP")	April 4, 2017	\$6,697,363	\$941,000	\$7,638,364	(\$512,343) <i>Rounded to \$515,000</i>	7.2%

City Administration proposes that the \$515,000 gap be funded with \$45,000 from Recreational Impact Fees and \$470,000 in General Fund supported bonds. Because of opportunities afforded by the CM model for potential cost savings which may accrue as the project moves forward, City Administration will delay issuance the \$470,000 bond until such time it is determined that either these funds are either needed to complete the base project, or the project has generated sufficient savings whereby these additional moneys could be used to support other “add/alternate items” that might be desired as the project nears completion (such as expansion of the existing parking lot). City Administration will seek input from the City Council prior to undertaking any significant “add/alternate” items in the event sufficient budget savings are derived to afford such items.

2. Final Design Changes: As part of measures to reduce project cost, it was decided that the existing classroom layout of the 1965 wing would remain largely unchanged. This change result in significant cost savings, as well as a net gain of 2 additional programming rooms for the facility, thereby expanding the building’s utility and potential ability to generate additional operating revenues. In addition, some exterior cladding materials were substituted for less expensive alternatives in order to also reduce costs. Such substitutions did not have a substantive impact on the overall exterior appearance of the building. Graphics depicting the final revised exterior building elevations and floor plan are attached to this report.
3. City Council Directives Regarding Project Scope: In accordance with directives provided by the City Council last fall, the final project budget of \$7,641,021 includes abatement and demolition of the former Gamble Property and 1977 Heights Community Center / Gymnasium. However, as of the date of this report, City Administration continues to explore the potential option of preserving the building for future adaptive reuse into an equipment maintenance facility for the Parks and Recreation Department, or a city-wide record storage facility (or combination thereof). Preliminary cost estimates to renovate the building prepared last fall range from \$225,000 - \$500,000.
4. Project Schedule: Should additional funds be approved on May 8th, it is anticipated that construction would commence on or about June 1, 2017. Construction will take approximately 12 months. The new facility will be open in June 2018.