



CITY OF CONCORD

REPORT TO MAYOR AND THE CITY COUNCIL

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

DATE: August 31, 2017

SUBJECT: CIP 433: School Street Parking Garage Repairs Supplemental Appropriation

Recommendation:

- Accept the following report; and,
- Set the attached resolution appropriating the sum of \$660,000 in bonds and notes for CIP# 433 School Street Parking Garage Repairs for public hearing on October 10, 2017.

Background:

The School Street Parking Garage, formerly known as the Durgin Block Garage, opened in 1985. The 170,000SF, 32 year old facility features 467 parking spaces, of which 279 spaces are leased, 180 are metered, and 8 are reserved for handicap parking. Of the 279 lease spaces, 172 spaces are special long-term discounted leases which expire in 2055.

In October 2012, the City commissioned a structural assessment of the facility which identified a variety of significant structural deficiencies and other issues. At the time, the estimated cost of repairs was \$3 million. In FY2013, the City appropriated \$1,375,116 for the purpose of undertaking the initial phase of repairs. However, those initial repairs, as well as subsequent phases of the project, were delayed due to 1) the diminished financial condition of the Parking Fund and 2) concerns about loss of parking in the garage while the Complete Street Project was under construction. As a result, since 2012, only short-term, urgent repairs required to safeguard the public or to keep the garage operational have been completed.

As part of the FY2017 budget adoption process, the City appropriated an additional \$3.2 million to complete the full scope of repairs and improvements as identified in the 2012 structural assessment. This supplemental appropriation provided a total project budget of \$4,575,116.

On November 21, 2016 the City re-engaged the HL Turner Group for design and construction administrative services for the project.

On April 27, 2017 the City issued the bid package for repairs and renovations for garage. Accounting for temporary repairs, as well as funds expended on design or otherwise reserved for construction oversight, a total of \$4.17 million was available for construction. Bids were received on June 14, 2017. Unfortunately, only one bid was received. The bid amount was

\$7,829,651. The bid was rejected on June 16, 2017 as it was nearly double the construction budget.

Factors contributing to lack of bidders included time of year (late spring bidding is not ideal, as contractors typically have all of their work for the season already lined up), lack of available subcontractors in key trades, a strong economy, and very robust market for construction services.

Following rejection of the bid, City Administration, in accordance with the City's Purchasing Ordinance, began negotiations with Structure Tone, the lone original bidder for the project, as Knowles Industrial Services, a Maine based contractor specializing in parking garage repairs and concrete restoration. As part of this process, various changes were made to the project, including substitution of less expensive materials, design modifications, scope reductions, as well as increased flexibility for project schedule. At the end of this process, two bids were received as follows:

- Available Budget: \$4.17 million
- Structure Tone: \$6.232 million (\$2.062 million over available budget)
- Knowles Industrial Services: \$4.606 million (\$436,000 over available budget)

Although the project scope was modified in order to reduce costs, several important aspects of the project were retained and include, but are not limited to, the following:

- Replacement of the north, south, and 4th floor stair towers. The new north and south stairs will be fully enclosed with glass for improved patron safety, cleanliness, as well as protection of the structural integrity of the new stairs from the elements.
- A new elevator, including roof top vestibule. (The current elevator was used equipment when installed in 1983)
- New LED lighting for the entire facility.
- New surveillance system.
- Complete replacement of all interior and exterior signage.
- Modification of the one-way "reserved parking entrances" in order to allow for two-way traffic.
- Extensive steel repairs and restoration, including new paint for the entire steel frame.
- Concrete and masonry repairs.
- Traffic coating membrane replacement.
- Extensive drainage repairs.

Due to budgetary limitations, the project will exclude the following:

- Landscaping improvements.
- Resurfacing of the surface parking lot new Warren Street, as well as the fire lane on the westerly side of the garage.
- Pedestrian plaza repairs near the north and south stair towers.

The City Parking Committee was briefed about the project's budget issues on June 21, 2017 and August 28, 2017.

Discussion:

City Administration is recommending that the City Council appropriate the sum of \$660,000 for the project, as detailed below. The appropriation will result in a budget increase of 14.4% for the project.

Original Budget	\$4,575,116	FY2013, FY2017 Appropriations
Available Budget	\$4,170,037	After design, temporary repairs, etc.
Construction - Net Cost	\$4,606,374	Knowles Industrial Services Bid
Gap (Avail Budget - Construction Cost)	\$436,337	Budget less Knowles Industrial Bid
Contingency	\$200,000	4.34% of Construction Cost (5% is typical)
Bond Costs	\$6,500	1% for cost of bond issuance
Special Inspections	\$15,000	Welds, compaction, concrete, etc.
Supplemental Appropriation Needed	\$657,837	
<u>Rounded</u>	<u>\$660,000</u>	<u>Rounded to nearest \$10,000</u>
Supplemental Funding as % of Original Budget	14.43%	

If addition funding is appropriated, City Administration intends to award the project to Knowles Industrial Services. Work would commence in November and would be completed in May 2020 (approximately 30 months). Work would generally occur year round; however temperature sensitive work would not be undertaken during cold weather. The garage would remain open to the public for the entire duration of construction. However limited portions of the garage would be periodically closed in order to facilitate the work.

City Administration recommends the approval of the \$660,000 supplemental appropriation request. However, in the event the City Council does not wish to appropriate additional funding, the City has the following options:

1. Option 1: Further reduce project scope. Under this option, City Administration would attempt to further reduce project scope in order to reduce to costs. However, this would likely result in the loss of several important customer service oriented features, such as, but not limited to, glass enclosures for the stair towers, surveillance systems, LED lighting, and/or exterior signage improvements. Such reductions would make the facility less attractive to patrons thereby holding back the full potential of this economic development asset. **This option is not recommended by City Administration.**
2. Option 2: Cancel renovations, close and demolish the Garage: Under this approach, the City would cancel the project, close the garage, and pursue demolition of the garage. The estimated cost to demolish the 170,000SF facility would be in the range of \$850,000 to as much as \$1.7 million. Beyond these costs, this option would trigger certain agreements made in the early 1980s pertaining to the Capital Plaza Redevelopment Project concerning underlying land rights beneath the garage, as well as replacement parking for certain long-term tenants. Triggering such provisions may not be in the City's fiduciary or economic development interests. **This option is not recommended by City Administration.**
3. Option 3: Cancel renovations and sell the Garage: Lastly, the City could explore cancelling the project and selling the garage in it's "as is, where is" condition. However, the deteriorated structural condition of the facility coupled with the 172 severely discounted long-term parking leases which run with the land, would likely have a significant negative impact on the market value of the facility. In addition, the loss of 295 public parking spaces in the heart of downtown (i.e. 180 metered spaces, 107 public leases, and 8 handicap spaces) may have significant negative economic development impacts on the downtown. **This option is not recommended by City Administration.**