



City Council Study Session

AGENDA

September 10, 2013

6:30 pm – 10:00 pm

Call to Order

Public Comment

This is an opportunity for the public to address the Council. Three-minutes limit per person or 5 minutes if representing the official position of a recognized community organization.

- *Sammamish Landing Video*

Topics

- Presentation: Washington Recreation & Parks Association Award
- Discussion: Community Center (120 mins)

Adjournment

City Council meetings are wheelchair accessible. American Sign Language (ASL) interpretation is available upon request. Please phone (425) 295-0500 at least 48 hours in advance. Assisted Listening Devices are also available upon request.



Date: September 5, 2013
To: City Council
From: Ben Yazici, City Manager
Subject: Community and Aquatic Center, Project Update

At the upcoming Study Session, Barker Rinker Seacat (BRS), will provide an update to the City Council on the Community and Aquatic Center Project. A revised cost estimate will be presented to obtain Council feedback. We will also be seeking feedback from the council on exterior finishes for the proposed building. Lastly, the city's operating partner, the YMCA, will provide an overview of the business and operations plan.

Overview of the Project Construction Costs

The revised project construction cost is \$26,009,036. The revised cost was prepared by our cost consultant based on the 30% design document. With the addition of soft costs, sales tax, and contingencies, the total estimated project cost is now \$34,627,883. The information below provides a comparison of the budgeted amount and the revised cost estimate.

Table with 3 columns: Item, Budget, Current Estimate. Rows include Building Cost, Structured Parking Cost, Site and Loop Road, Construction Costs, 9.5% Sales Tax*, Subtotal, Soft Costs, Subtotal, 10% Contingency, and Project Cost.

Previously Identified Bid Alternate (Not Included in Above Estimate)

Table with 3 columns: Item, Status, Amount. Row: Auxiliary Gym & Jog Track, Not Quantified, \$ 824,647

*At the outset of the project it was assumed the loop road would become right-of-way (ROW) and would therefore be exempted from sales tax. The project budget did not include sales tax on this component of the project. Subsequent research has revealed that the loop road will not become ROW, therefore sales tax for this element has been added to the revised cost estimate.

Background on Project Cost Estimates

In August of 2012, prior to authorizing the ballot measure, we estimated the project cost to be \$32.5 million. This estimate was based on concept-level plans.

Project design commenced in April 2013 with an initial goal of modifying the project to meet the \$30 million budget goal. We made several changes to the building design including reorganizing the spaces, reducing the footprint of some building spaces as well as eliminating two spaces (the auxiliary gym and jogging track to be included as “bid alternates” in the bid package). We presented the schematic design (30% design) to the city council on June 11, 2013. At the time of the presentation, we estimated the revised project cost to be approximately \$30 million and within budget.

At the conclusion of the June 2013 council meeting we submitted our 30% design to the project cost consultant to prepare an estimate. The estimate is based on a construction mid-point of February 2015 and took into account current market conditions and anticipated market trends. The estimate we received back is \$34.6 million, as previously reported. At this level of design detail, the cost estimate includes a 10% contingency.

Overview of the Current Bidding Climate

One of the primary reasons for the construction cost escalation is the inflation trends in 2013. The recession that started in 2008 put weaker firms out of business resulting in less competition. Surviving firms downsized and a considerable number of individuals left the construction trades. Concurrently, suppliers downsized, reducing inventory. Moving out of the recession we now have fewer competitors at the general and sub-contractor level. Fewer staff are called on to do more and it is difficult to find skilled workers. With increasing workloads, contractors are eager to return to higher profitability. The price of steel and oil along with other commodities has also increased. As a result, construction costs have increased 14% since 2008 according to the International Code Council (ICC) Building Valuation data (indexed to construction costs in Washington State). In fact, over the last few months City projects have seen bids coming in 5 to 18% higher than the engineer’s estimate.

As the recovery has progressed, low interest rates, increased rents, and a limited supply of new construction have fueled increased construction in multi-family housing. This is reflected in our local economy as we are seeing an increase in sales tax, REET and impact fees at the City of Sammamish. The City’s overall 2013-2014 ending fund balance is anticipated to reach nearly \$60 million which exceeds the budget projection by approximately \$14 million.

Proposed Bid Alternatives

Moving forward, we have two options. The first option is to allocate additional funds to the project to make up the deficit. The second option is to identify a few more bid alternatives than previously proposed. Bid alternatives would only be constructed if budget allowed and would be dependent on the final bid amount.

Staff have discussed the current estimates at length with BRS and the city’s operating partner, the YMCA, and have identified the following recommendations for bid alternatives:

<u>Bid Alternative</u>	<u>Approximate Value*</u>
Water slide	\$380,786
Gymnasium	\$1,855,894
Jogging Track	<u>\$230,829</u>
Total Value	\$2,467,509

*values include WSST and contingencies

Note that the auxiliary gymnasium (the smaller of the two gyms) was previously identified as a bid alternative. As an additional cost savings measure, we swapped the two gyms. The auxiliary gym is now a part of the base budget and the large gym has been identified as a potential bid alternative.

The items identified as bid alternatives are easily separated from the project for purposes of preparing alternative design options. They also represent elements that would be easiest to construct as part of a future phase.

Project Contingencies

The project contingencies also represent a source of potential savings. Construction project contingencies are currently estimated at \$3 million. Since we are approaching 50% completion of the design, we propose reducing the contingencies from 10% to 7%, which will result in a savings of approximately \$900,000.

Alternate Funding Sources for Loop Road and Additional Parking

Another item to consider is the new loop road and surplus parking. Both the road and surplus surface parking were included in the project to relieve the traffic congestion on the Sammamish Commons campus. These items are needed on the campus, regardless of whether or not the community center is built.

The total cost attributed to the additional surface parking and the loop road, including taxes and contingencies is \$1,887,945.44. It is recommended that these elements of the project be removed from the Community and Aquatic Center project budget and funded using other resources.

Additional Value Engineering

Finally, BRS has been value engineering the design in an ongoing effort to contain the building costs. As an example, we have reduced the size of the window openings and slightly reduced the building volume, resulting in savings of approximately \$200,000. Though not significant in itself, some of these smaller savings added together help the overall project budget. Value engineering will continue as the design progresses.

Cost Estimate Summary

A revised summary of the project construction costs is shown below. In this case the contingency has been reduced to 7%, the bid alternatives were removed from the base budget, as were the loop road and additional parking.

<u>Project Components (Revised Base Budget):</u>	
Building Cost	\$15,578,314
Structured Parking Cost	\$ 4,113,471
Site Cost	<u>\$ 3,103,717</u>
Construction Costs	\$22,795,502
9.5% Sales Tax	<u>\$ 2,165,573</u>
Sub Total	\$24,961,075
Soft Costs	<u>\$ 3,000,000</u>
Sub Total	\$27,961,075
7% Contingency	<u>\$ 1,957,275</u>
Total Cost	\$29,918,350

<u>Loop Road and Additional Parking:</u>	
Surface Parking Cost	\$ 992,645
Loop Road	<u>\$ 618,711</u>
Construction costs	\$ 1,611,356
9.5% Sales Tax	<u>\$ 153,079</u>
Sub Total	\$ 1,764,435
7% Contingency	<u>\$ 123,510</u>
Total Cost	\$ 1,887,945

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Total Value	\$ 2,467,509

*values include WSST and contingencies

Project Timeline

Design and permitting are currently underway and we are working towards a bid date of April 2014. Construction is expected to begin in June 2014 and will take approximately 18 months to complete. An overview of the project timeline is provided below:

Schematic Design	April to June 2013 (complete)
Design Development	June to October 2013 (in progress)
Construction Documents	October 2013 to February 2014
Permit Review	January to April 2014
Bidding	April to May 2014
Contract Award	May to June 2014
Construction	June 2014 to December 2015