

To: Finance Committee
From: Mark Stevens
Date: October 27, 2023
RE: Fire Station Cost Evaluation

A group of staff from Fire, Finance, and Administration have been working to assemble best estimates of pre-construction, construction, FFE (Furniture, Fixtures, Equipment) and other owner costs. The initial costs for construction originated from estimates from Five Bugles created a few years ago. SEH (architect firm) provided a "60% completed" set of drawings to Maas Brothers (construction manager) at the beginning of October. The Maas staff has been working to secure more accurate inputs from various subcontractors through the month to help to provide the realities of inflation (approx. 45% increase since initial estimates) and supply chain consequences. Another major pricing influencer is the receipt of the soils boring test results; a substantial amount of existing ground/contents (approx. 18,000 cubic yards) will be required to be exchanged for suitable materials to build an appropriate base foundation. FD staff have also secured initial alternate quotes for training tower options.

This group assembled yesterday to incorporate the Maas "60% plans" estimate into the project budget. They presented a construction budget range of \$11.875M to \$13.125M, so a mid \$12.5M number was utilized as a starting amount. The total estimated costs, including a storage building (\$450,000), training tower (\$800,000) and owner purchases (FFE and specialty equipment), were approximately \$16,850,000 (including \$1.1M contingency of 8% construction costs).

Owner self-performing work

When reviewing the estimates, the City believes there may be savings by self-performing a few tasks or providing materials:

-100,000	Provide backfill from quarry or other local sources
- 75,000	Parks/Forestry: landscaping labor
- 20,000	Use existing FD turn-out gear lockers
-195,000	Estimated savings (eliminate from bidding)

Value Engineering Recommendations

Several items were introduced with the following agreements:

-100,000	Change 4 back doors of primary apparatus bay to all-glass sectionals
-250,000	Eliminate basement level (incorporate into training tower)
-520,000	Eliminate command vehicle garage (utilize storage building for parking)
-175,000	Exchange exterior stone veneer with utility brick (more economical material)
-100,000	Change storage building to wood-framed pole building with exterior metal panels
- 40,000	Hydraulic elevator (no equipment room) in lieu of traction elevator
-1,185,000	Estimated savings (value engineering)

The revised estimated cost, after incorporating the above alterations, is \$15,360,000 (including \$990,000 contingency of 8% construction costs).

Consensus of the workgroup was to bid the storage building as an alternate and the upgrade of the back four apparatus doors back to original specification as an alternate. A key unknown is fortunately at the front of the process: exchanging soil for appropriate foundation base. Once that cost is determined, remaining contingency would allow for future decisions to be made.

Be reminded that we're working with "informed" estimates, but not final numbers. Outside of the elimination of both the training tower and storage building AND a reduction in square footage of the station, we cannot borrow the original amount of \$12,500,000 to complete this project; inflationary costs on building materials have exceeded expectations. The options below (four right columns) exclude the storage building but still include the training tower (\$800,000 estimate).

			If Borrow:	12,500,000	13,500,000	14,000,000	14,500,000
Financing costs		691,163		691,163	746,288	773,850	801,413
Contingency: 8% Construction		990,153					
			Exclusions:				
			Storage Building	(350,000)	(350,000)	(350,000)	(350,000)
Total Estimated Cost		15,360,137		15,010,137	15,065,262	15,120,387	15,175,512
Funding Sources							
2022 Fire Supplies [01-52-31-18]		5,500					
2023 Debt		600,000					
2024 Debt		13,165,000		13,165,000	14,215,000	14,740,000	15,265,000
2024 Fiber Fund [25-58-25-60]		10,000					
Borrowed funds interest earnings: 4%		250,000		250,000	270,000	280,000	290,000
Total Funding Sources		14,030,500		14,030,500	15,100,500	15,635,500	16,170,500
Shortfall		(1,329,637)		(979,637)	35,238	515,113	994,988

Possible Borrowing Scenarios:

- Borrow \$13,500,000, and bids are lower: add storage building and/or doors
- Borrow \$13,500,000, and bids come in as anticipated: build tower, but not storage building
- Borrow \$13,500,000, but actual bids are greater: eliminate tower; perhaps build storage building
 - The basement is in the design intended for training purposes. If tower is eliminated, have you also eliminated any training resources because it is excluded above? Should the basement and other training features be a requested alternate?
- Borrow \$14,000,000, and bids are lower: add storage building and doors alternate
- Borrow \$14,000,000, and bids come in as anticipated: build tower and storage building
- Borrow \$14,000,000, but actual bids are greater: there's approximately \$515,000 available that affords costs extending into higher range of estimated costs; don't build storage building