



From: **Joe Snyder, Chief Financial Officer**

To: LDFA Board

Date: April 12, 2018

Re: Technology Drive Pathway Funding

For a number of years, it has been planned to install a pathway along Technology Drive, located within the Rochester Hills Executive Park, connecting Auburn Road and the Clinton River Trail. In 2016, the project had an estimated cost of \$430,000, which included engineering, construction, and contingency costs. The LDFA board has approved allotting \$200,000 in both 2017 and 2018 for a \$400,000 total project share.

The construction cost when originally estimated was a ballpark estimate considering the price per foot on similar type projects. However, the cost projections for meeting ADA requirements and the limits of grading could not be anticipated without design plans, which are prepared after preliminary estimates are made. There were no other recent similar projects that had both ADA improvements and extensive grading like Technology Drive Pathway and unfortunately the City's best efforts at estimating these factors were potentially off by approximately \$70,000.

In addition, it was not originally planned that this project would cover the cost of replacing sprinklers and appurtenances encountered during construction. Instead, when we went to procure easements, some property owners would not sign off on the easements unless the City paid for the cost to repair the sprinklers. The cost for replacing sprinklers can be highly variable without knowing what is on each property. We are currently coordinating to obtain that information but will not be able to obtain it in time before bid opening to have an accurate estimate of the sprinkler repair costs. To pay the contractor to replace the sprinklers could cost anywhere from \$10,000 to \$50,000.

Technology Drive Pathway / Project Cost Summary

	Original Estimate	Current Estimate	Net Change:
Construction	\$ 350,000	\$ 470,000	\$ 120,000
Construction Contingency (10%)	\$ 35,000	\$ 47,000	\$ 12,000
Easements	\$ -	\$ 3,200	\$ 3,200
Construction Engineering	\$ 35,000	\$ 50,000	\$ 15,000
Geotechnical	\$ 10,000	\$ 12,000	\$ 2,000
Total Project Estimate	\$ 430,000	\$ 582,200	\$ 152,200
LDFA Contribution	\$ 400,000	\$ 500,000	\$ 100,000
City Contribution	\$ 30,000	\$ 82,200	\$ 52,200

Please note the City feels we have a conservative construction estimate and we have the project bid out with favorable timing. Although industry is the key indicator of the final costs and there is potential for costs to come in higher than expected, we have confidence that the costs will come in at or lower than this estimate.

In conclusion, the LDFA Board is requested to consider the potential of a larger financial share of the Technology Drive Pathway project from a \$400,000 maximum to a \$500,000 maximum to cover a portion of the additional costs. The full project cost will be tracked to ensure that the LDFA Fund pays no more than the project cost up to the approved maximum contribution level.