

Additional City Council Questions

Questions from Council Member Thomas Wiggins 09-29-15

Can you pursue the following funding options:

1. Take \$3.0 million form somewhere other than General Fund. I believe you mentioned most expenses are "spoken for" and can't be moved except for local roads where \$5.0 is received from the General Fund. To verify, there are no other departments, cost centers etc. to find the \$3.0 million?
 - Please see the memo from Mr. Sawdon and the Fire Station Renovation Project: Funding Options provided to City Council on 10-02-15
 - Page 1-2 What are Options to Fund Fire Station Project
2. Take \$3.0 million form local roads
 - Please see the memo from Mr. Sawdon and the Fire Station Renovation Project: Funding Options provided to City Council on 10-02-15
 - Page 6-7 Funding Proposal #2
3. Delay proposed CIP projects
 - Please see the memo from Mr. Sawdon and the Fire Station Renovation Project: Funding Options provided to City Council on 10-02-15
 - Page 2 Item #6 = Make Cuts to other Areas
4. Reduce operating budgets (exclude salary/benefit reductions) for all departments by a certain percentage
 - Please see the memo from Mr. Sawdon and the Fire Station Renovation Project: Funding Options provided to City Council on 10-02-15
 - Page 2 Item #6 = Make Cuts to other Areas
5. Any potential revenue sources within the next few years?
 - Please see the memo from Mr. Sawdon and the Fire Station Renovation Project: Funding Options provided to City Council on 10-02-15
 - Page 3 General Fund Past Financial Performance
6. Any potential Grants?
 - We are not aware of any potential grants at this time.

Questions from Council Member Kevin Brown 10-02-15

Timing:

1. Initially we felt that bundling the building projects would be a cost benefit for the city so we elected to do all 5 stations at once. Due to the labor rate increases caused by the "shortage of skilled labor" would it make more sense to stagger the projects over a 1-2 year (maybe longer) timeframe? If we could guarantee a contractor that they would have work for the next 24-30 months we may be able to get a better price?
 - The projects individually are on the smaller side. Having the projects bundled together creates a larger interest and thus more contractors bidding the projects. The bids were broken down by each station and the City obtained the option to award each station individually. For example there were (3) different steel contractors recommended for the different stations. A couple of concerns with staggering the projects are raising material and labor costs. More and more proposals are available everyday affecting contractor interest in and around the City of Rochester Hills (e.g. Rochester Schools are pursuing over \$100 million bond for construction).

2. Do we have any historical information that would support a dramatic fluctuation in building costs that we are experiencing? Would be very helpful to understand if this is expected to be a long term trend of a short duration peak in costs. We are all focused on improving the functionality of the stations and increasing response time for our residents but is the situation so dire that we would need to pay a \$4 million premium to do the project in 2016 when there is a possibility of better pricing if we wait 6-9 months before we start.
 - George W. Auch estimators saw an increase of 8% for the 2014 year to 2015 year. They are anticipating an increase of 11% for 2015 to 2016. They do not anticipate that better pricing is on the horizon. With the number of projects they are seeing everyday including major projects in and around the City of Rochester Hills they believe that construction costs are going to continue to rise in the near future.

3. I would assume that an \$11 million contract would be desirable for a builder and if we asked for another 30-60 days to source the contract it would be in their best interest to wait. Can we ask for that extension and get a response prior to the meeting Monday evening?
 - Our Construction Manager has talked to all contractors and they have agreed to hold their bid prices until October 21st, 2015. A 30-60 day hold would get into winter pricing. With the increased demand from other projects that are available we are projecting an increase in material costs and labor wages. Also the contractors are going to continue to pursue other work and will need to book manpower to projects in the upcoming months.

Architect:

1. I understand that there is still a disagreement on the team about the actual cost of the project and what it "should be." What would be the expense of having a third party evaluate it?
 - Approximately \$15,000-\$30,000 based on what we have paid the Construction Manager for the pre-construction phase of these projects.

2. Is there something about the plans that is driving the cost up so high? Can we solicit feedback from the bidders to justify the cost increase from expected \$189 to quoted \$500+
 - No, there is nothing unusual about the plans that would drive the cost up. The team solicited bids from all the bidders associated with CAM (1000s of bidders), Dodge (1000s of bidders), MITN (1000s of bidders) and from George Auch's database (100s of bidders). With providing invitations to all bidders noted above and personally calling contractors we feel we have reached out to all available bidders.
3. What would be the rough cost of having a second set of plans built up to prepare for bid?
 - Based on our current architectural services contract, the services you indicated are 77% of the entire contract. With that in mind, a rough estimate based on 77% of the current architectural fees would be \$596,000.
4. If there are recent projects that the builder completed near \$200, did those contractors bid? If not can we reach out to them?
 - The team solicited bids from all the bidders associated with CAM (1000s of bidders), Dodge (1000s of bidders), MITN (1000s of bidders) and from George Auch's database (100s of bidders). With providing invitations to all bidders noted above and personally calling contractors we feel we have reached out to all available bidders.

Interim options:

1. Is it permissible and what would be the cost of having temporary trailers for housing set up for the key stations?
 - Based on City Attorney John Staran's interpretation, City Ordinance will allow a temporary trailer to be placed on existing fire station properties as long as it is for municipal use. If the trailers are going to be for a longer term, we will need to check into possible deed restriction at all stations.
 - The estimated cost for a permanent trailer at Station #4 is \$142,250. This estimate includes purchasing the trailer and utility connections. The cost would be similar for other stations.
2. Can we bid the repairs to station 2 doors separately so we don't have issues in the snow/ice for trucks in and out?
 - Yes the repairs to station 2 doors could be bid separately.
3. What would the priorities be if we determined that the funding was capped at \$7.77 million? Assume that that is all the money we will spend in the next 10 years on fire stations.
 - The priorities would be 2, 3, 4, and 5 however that still would be outside the current budgeted amount. If \$7.7 million was budgeted we could include the renovations to Station 1 and complete 1, 2, 3 and 5, without Station 4 since that would still put us over the budgeted amount.

Questions from Council Member Morita 10-02-15

1. How much money has been expended thus far under the first bid (hard costs up to this point) for the Fire Renovation Project?

CHMP (Architectural Fees)	
Contract/Blanket Approval	Billed/Paid to Date
\$420,000.00	\$404,638.78*
AUCH (Construction Management Services)	
Contract/Blanket Approval	Billed/Paid to Date
\$165,025.00	\$13,750.00*
ASTI (Asbestos/Haz Mat Inspections of buildings)	
Blanket Issued	Billed/Paid to Date
\$25,393.19	\$13,693.19*
*Please note there may be services that have been rendered but not billed yet to the City, which will require additional monies to be paid.	

2. How much will it be to re-bid the project?
 - It depends on what the project looks like. There must be a material scope change in order for bids to be resolicited. Based on the assumption there will be material scope changes, then I would provide the following as an estimate as to the costs involved in rebidding the project:
 1. Construction Management Services - I would estimate costs to be at approximately \$22,000.00 based on the fact that we would need them to re-perform all the facets of the pre-construction process.
 2. Architectural/Engineering Services - Again, this would be dependent upon the type of scope changes to be made. Some things to be considered as part of this is whether or not new plans and specification documents would have to be created, how many stations we are doing, whether we are starting with a new architect or continuing under current contract. I would estimate a scenario in which we could probably surmise that we are going with a new architect and based on the desired construction budget of \$6.8 Million that you indicated in our discussions you could be looking at a contract in the amount of \$300,000-\$500,000. I am basing this number on the thought that if going with a new architect, plans are typically copyrighted and a new firm would likely redevelop their own plan and specification documents.

3. When Auch sent out the bids for the trades, was it done through MITN or was it offered by Auch to the trades which Auch knew?
 - The bid advertisement was posted on MITN as well.

Questions from Council Member Dale Hetrick 10-02-15

1. Thanks for putting together the additional material for Monday's meeting. I've started reviewing the documents and have one immediate question. The Fire Station Funding document summarizes the total Fire Station cost to be \$11.780 million. However, the agenda summary and resolution request funding of \$10.644 million. The additional \$1.1 million is likely related to the Additional Costs highlighted in the presentation delivered 9/28, however we do not have an agenda item to approve funding for the \$1.1 million. Unless there is a reason to omit the \$1.1 million, I would prefer to deliberate and have the opportunity to authorize the total spend for this project.

- The additional \$1.1 million is related to the additional costs the City is responsible for. These items will be separate City contracts that will go through the City's purchasing process and will go to City Council for approval.

- **Estimated Costs Fire Station Project (Current):**

Architect Services [CHMP]	= \$ 0.420M (current contract)
Temporary Trailers & C/E Services [Auch]	= \$ 0.165M (current contract)
Construction Stations #1, 2, 3, 5 [Auch]	= \$ 5.915M (currently proposed)
Construction Station #4 [Auch]	= \$ 4.564M (currently proposed)
Potential Additional for Architect	= \$ 0.366M (estimated)
Hazardous Material Surveys	= \$ 0.020M (estimate)
Special Inspections	= \$ 0.030M (estimate)
Station Furnishings (\$50k x 5 stations)	= \$ 0.250M (estimate)
<u>Underground Storage Tank (Station #2)</u>	<u>= \$ 0.050M (estimate)</u>
Total Fire Station (#1-5) Costs	= \$11.780M

Question from Council Member Morita 10-03-15

1. From the documents we recently received it looks like the station 2 door enlargement has been removed to get to the pared down plan. Can you confirm this?

- We actually evaluated several options for enlarging the apparatus bay door heights at Station 2.
 - 1. Tear down the apparatus bay as well and reconstruct it. This option was cost prohibitive.
 - 2. Completely remove the roof and structural roof components to enlarge the apparatus bay openings. This option became cost prohibitive.
 - 3. Cut into the roofing structural components and construct the larger apparatus bay door openings. This option was the one that was chosen due to cost.
 - The enlarging of the Station 2 apparatus bays are still part of the project.

Question from Council Member Morita 10-05-15

1. Would there be any savings by hiring person to manage the projects if we did them one at a time?
 - The services of the construction manager involve more than one person. . There are several areas of expertise that need to be covered such as, the project director, project manager, estimators, a project engineer, and job superintendents. I do not feel one person could do the variety of work required. The per hour cost for a superintendent in the Construction Managers bid is similar to the cost the City currently pays for an inspector, so I do not feel there would be any savings if the City hired a separate person to supervise the projects.