

MEMORANDUM

TO: Roger L. Stancil, Town Manager

FROM: Bruce Heflin, Assistant Town Manager
Kathy Thompson, Library Director
Lance Norris, Public Works Director

SUBJECT: Library Expansion Project Update

DATE: January 25, 2010

PURPOSE

The purpose of this report is to provide the Council with a proposed Library expansion project schedule and information about transition services and current construction cost estimates. Information on the financial considerations of the project are in the accompanying memorandum. Adoption of the attached Resolution would authorize the Town Manager to proceed with the project schedule based on a construction start date in summer 2010 as detailed in this report and directs the Manager to present a recommended budget that treats the anticipated operating and transitional costs as new initiatives and additions to the base budget.

BACKGROUND

On October 15, 2008 the Council received a report that provided an update on the Library expansion project and included a proposed \$16,515,374 project budget and a description of the Town budget implications associated with both Library expansion construction and future Library operating costs (Attachment 1). The Council took no action at that time and requested additional information from the staff. On December 8, 2008 the Council received a follow up (Attachment 2) with additional information about: 1) different possible options for proceeding; 2) the basis we are using to determine anticipated cost increases associated with possible project delays; and 3) alternative approaches for receiving revenues from out-of-Town Orange County Library users. At that time the Council passed a resolution:

- Directing the Town's design consultants to proceed with completion of construction plans and specifications, and
- Delaying project construction until reasonable bond rates are available and the Council approves the necessary bond sales.

DISCUSSION

Proposed Project Schedule:

The Town's design consultants are currently completing construction documents in preparation for a construction start date of summer 2010. On November 17, 2009 the consultants provided Town staff with a proposed schedule (Attachment 3) noting the remaining tasks to be done to meet this proposed schedule. In addition to document preparation and contract negotiations these steps include Town staff approval of the Zoning Compliance Permit, Community Design Commission review and approval of the building elevations and Council approval of the proposed traffic circle and book drop area. Pending agreement on the project schedule, materials in support of these final approvals will be distributed and necessary presentations scheduled.

Based on the proposed construction start date in summer 2010, a summary of logistical steps necessary to complete the project would include:

Spring 2010	Complete negotiations for temporary leased space for transition services. Develop upfit plans for leased space and solicit bids.
Late Spring 2010	Execute lease. Complete necessary upfit.
Summer 2010	Relocate from existing Library to leased space. Begin Library expansion project construction.
Fall 2011	Complete Library expansion project construction. Finalize construction punch list, obtain certificate of occupancy and accept building.
Late Fall 2011	Relocated from leased space to renovated Library. Project completion.

Transition Services:

As shown in the schedule above, Library services will be relocated during the approximately 15 month construction period. Town staff has been reviewing options and sites for providing these transition services and will return to the Council for authorization to lease suitable space prior to execution of the final construction contract.

We believe the minimum size needed to provide all the Library's public services is approximately 15,000 square feet and we have identified several possible locations and are studying them to determine the costs that could be involved in upfitting them appropriately. We believe that a transition facility of this size should provide sufficient space to accommodate all current Library programs with the exception of public meeting room space and should be able to house a significant amount of the Library's collection. In order to minimize costs associated with the leased space we are anticipating storing some of the less utilized volumes in the collection at the Town Operations Center during this transition period and developing a system for retrieving these volumes on an individual request basis.

Construction Cost Estimates:

The estimated project budget provided to the Council on October 15, 2008 included a construction cost estimate of \$12,630,000 out of a total project cost of \$16,515,374. This was based on the Special Use Permit approved plans and a construction start date of March 2009 and assumed a construction cost escalation of approximately 5% annually, or \$55,000 per month if the project was delayed. In the project budget update provided to the Council on December 8, 2008, projected near term construction escalation costs were eliminated in response to changed market conditions and the Council approved the Manager's recommendation to delay construction until bond markets and Town finances had stabilized.

An updated construction cost estimate was provided to the Town by Clancy and Theys, our construction management consultant, on December 2, 2009. This revised figure totaled \$12,490,000 and reflects changed market conditions since the original cost estimate was developed and additional and revised information provided by the Town's design consultant in their detailed construction drawings. Most notable among the design revisions made was the inclusion of complete rest room renovations to the project program to assure full compliance with the intent of the Americans with Disabilities Act. These rest room renovations will require substantial floor plan and plumbing renovations and are estimated to cost approximately \$200,000.

The changed market conditions noted by our construction management consultants include reduced but now generally stable material costs, and reduced but still unstable labor costs associated with increased competition by subcontractors in the bid process. This highly competitive labor market continues to be a significant component in reducing construction costs for projects currently being put out to bid and if it remains at its current level when the Library project is actually contracted, additional savings beyond those estimated in November 2009 are likely. Establishing with certainty any potential additional savings associated with this highly competitive labor market is difficult however, as it is subject to potentially rapid changes in the availability and interest of a relatively limited pool of local subcontractors. Accordingly, we recommend that for budgeting purposes the \$12,490,000 estimate be used as provided.

RECOMMENDATION

That the Council adopt the attached Resolution authorizing the Town Manager to proceed with the project schedule based on a construction start date of approximately July 2010 as detailed in this report.

ATTACHMENTS

1. October 15, 2008 Council report titled "Library Expansion Project Update and Establishment of a Project Budget" (p. 5).
2. December 8, 2008 Council report titled "Library Expansion Project Scheduling Options and Their Respective Budget Implications" (p. 20).
3. November 17, 2009 project schedule prepared by Corley, Redfoot, Zack (p. 32).