

Board of County Commissioners

Agenda Request

Date of Meeting: March 1, 2010

Date Submitted: February 12, 2010

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Brent X. Thurmond, Clerk of Court
Grant Slayden, Court Administrator, 2nd Circuit of Florida

Subject: Request Board Approval to Proceed with Bidding Out Phase One
Scope of Work for Courthouse Renovations

Statement of Issue:

This agenda item presents the Board with an update regarding recent activities to maintain the Wakulla County Courthouse facility, which is a state mandate of each County Commission; as well as requests Board approval of actions to proceed with the first phase of renovations for this facility in order to sustain safe public access and building use over the next few decades.

Background:

The responsibility for funding and ensuring the maintenance of the Courthouse facility lies with the BOCC under Florida Statutes and the Constitution of the State. Specifically, Wakulla County is responsible for providing "...reasonable and necessary buildings and office space, and appurtenant equipment and furnishings..." and "...for maintaining the facilities in a condition appropriate and safe for the use intended..." for the Court under Article V, section 14, Florida Constitution, and section 29.008 (1)(a) and (c), Florida Statutes.

This agenda item requests further Board approval of Phase One renovations to the existing Courthouse. As detailed below, the splitting of courthouse facility improvements into two phases was approved by the Board at the November 3, 2009 Board Meeting. Phase One of these improvements primarily targets the replacement and updating of vital and failing key infrastructure components of the Courthouse, it will update obsolete systems, bring the building up to current codes, and increase the efficiency of the building from an energy and resource conservation standpoint.

Phase Two, which is NOT covered in this agenda item, will target Courthouse needs that are anticipated by the judicial system, by expanding the courthouse facility to cover its current and expected usage due to growth we have and will experience in the next couple of decades. While planning for Phase Two, the need remains ongoing today; no

construction or budgetary action is being sought at this time. However, County Administration should remain focused on securing state and or federal funds for future courthouse expansion activities.

To date, all funds expended on this project have been State appropriated funds from earlier years. Of the state money received from 2007 and earlier, the County has expended or encumbered:

- \$8,000 on the original space needs and feasibility study by CRA from 2004
- \$270,000 on design costs (as approved at a September 2008 BOCC meeting)
- \$51,000 for emergency replacement of elevator
- \$14,000 for emergency repair/replacements of failing items
- \$39,000 engineering consulting and studies

Most of this is applicable to Phase Two as well, and should not be duplicated at that stage.

The architectural firm of Clemens Rutherford and Associates (CRA) were originally hired in 2003, and conducted a space needs analysis for all Court offices and other related offices. With design work at a preliminary stage, in May of 2008 the Construction Management firm, Peter Brown Construction was contracted by the BOCC to provide services, completing our team for the courthouse project. In September 2008 the BOCC directed CRA to complete the detailed plans for projected bidding out the renovation and expansion of the Courthouse in early 2009.

Phase One's estimated costs, as derived and itemized by the Board's approved project Construction Manager (Peter Brown Construction or "PBC"), sum \$2,528,221. This total estimate is comprised of \$2,247,618 for the HVAC, Electrical, Fire Sprinkler, Plumbing, and Site Water Line improvements itemized in PBC's estimate dated 10/21/09 and of \$280,603 for waterproofing and resealing/painting the interior and exterior of the building, floor covering replacement, and roof repairs (Attachment #2). With identification of the sourcing and then the approval of this funding, PBC can move forward with preparation of the guaranteed maximum price under the Construction Management Agreement dated 6/4/08.

In September 2009, Grant Slayden, Trial Court Administrator for the Office of State Court Administration (OSCA) and Brent Thurmond (your designee for coordinating the Courthouse projects) met with County staff to discuss certain issues pertaining to the Courthouse which have been deemed serious and in need of immediate remedy. The renovation of current infrastructure, called **"Phase 1"** is later defined in this request, and all parties are presenting this agenda item in agreement regarding the mandate and urgency of Phase 1 and this request. Most recently, at the November 3, 2009 Board Meeting, the Board approved the separation of the Courthouse project into a Phase One and Phase Two. Phase One included only those renovations that are urgently needed to be addressed in order to maintain the safety and integrity of present Courthouse facilities.

In addition to the urgency of this project, there are several other positives to proceeding quickly. With the current status of the economy and the downturn in construction we will find labor market costs are to our advantage and we will also be putting work into a much needed market. The Clerk, Court Administrators and Circuit Judges have urged the Board during this time to keep the renovation project moving forward by recognizing the urgency and priority of addressing the needs of the judicial branch of government that is your legal responsibility and mandate.

Analysis:

The BOCC is requested to identify and approve funding/financing of Phase One project construction costs as a part of this request, and to authorize the bidding out of the construction of Phase One courthouse renovations.

The “bottom line” estimate for required basic renovation cost, as covered by those maintenance and repair activities covered in Phase One of this overall project, is \$2.67 Million. There is one addition to the cost that is being brought forth at this time for the Board’s consideration, which, while it could be addressed during Phase Two, may be appropriate to address at this time.

At this time, and due to the interrelationships with various building components, staff is also presenting an additional option to include a renovation of the exterior of the building in order to both address the roofing issues and address inherent problems experienced with the current exterior component of the building and its long term maintenance. Additionally, staff believes that addressing it during Phase One would increase and capture these maintenance efficiencies at a reduced price due to economy of scale and a trained and ready workforce that is experiencing reduced labor and supply costs due to economic factors.

Should the Board decide to address the exterior of the building at this time, the cost is estimated to be \$220,000-\$540,000, depending upon the option chosen for the exterior by the Board. Staff is recommending the exterior be addressed at this time since it directly ties into the issues of sealing the exterior of the building, roof repairs/replacements, and will be more efficient to address now than at a later phase two stage. A side benefit of this is it will give the project a “face” and may recapture the historical architectural elements of the building (Attachment #1 - exterior choices).

All work performed in Phase One has been designed to be consistent with and ultimately tie in with any planned future expansion (Phase Two) goals (i.e. all electrical, HVAC, plumbing, sprinkler, etc. upgrades will be done to handle the new space when phase 2 is added), as technically addressed by CRA and PBC.

The serious deterioration issues found within the existing facility are considered both mandatory and immediate in nature by OSCA and the facility custodian, the Clerk of Court. Both entities do not believe the County can afford NOT to address all of these items immediately. Please see Attachment 2 for scope of items being replaced and for

items not included in Phase One that are of serious nature. The Clerk notes that there are a number of other issues besides those items covered in this request, which the Board, court administrators and users of the courthouse have brought to the attention that ultimately need addressing, chief among them and very serious in nature, improving the security issues identified by safety consultants, as well as other important issues such as improving the appearance of the main entrance. While the Clerk believes these are very important and much needed, they are not included in the Phase One request due to limited funds currently available for this phase of the project.

The following section is a synopsis of funding required, accessible today and further opportunities available to meet the project costs of Phase One.

Phase 1 Funding:

As directed by this Board at the November 3, 2009 meeting, financing details are listed as follows:

Total of project	\$ 2,530,000
Estimate of highest exterior option (Scheme #5)	540,000
Additional design costs due to CRA for separating phase one	49,000
Final amount due CRA for bidding and construction	<u>90,000</u>
	\$ 3,209,000
Anticipated balance of 09-10 budgeted Courthouse funds to begin construction with (\$ 30 surcharge balance & State appropriations)	<u>\$ 400,000</u>
Proceeds needed to begin project (gap)	\$ 2,809,000
Total borrowing capacity* (estimated at present annual income levels and rates)	<u>\$ 2,200,000*</u>
Deficit for funding Phase One with exterior	\$ 609,000
* Borrowing capacity details	
\$ 30 Court Facility Surcharge	\$ 850,000
One cent sales tax	\$ 1,350,000

As presented above, should the Board include exterior renovation to Phase One at this time, the total Phase One costs would be approximately \$3.2M. Of that, \$400,000 is available in the present budget, as currently allocated. With an estimated borrowing capacity for this project of \$2.2M in otherwise undesignated funds (covered in the next section), the project is shy approximately just above an estimated \$600,000 to begin construction.

Significantly, the estimated borrowing capacities were determined using a rate of 4%, and a 7 year loan on the one cent sales tax (the remaining duration of that revenue stream) and a 15 year payback on the surcharge in order to maximize the borrowing capacity. This is likely to increase the administrative costs of the loan(s), but based upon the Clerk's Office discussions with local lenders, it appears to be a primary viable option at present for financing and is reflective of a strict credit market and lenders that are only desirous to closely tie loans to conservatively estimated and dedicated funding streams noting the limitation (in the case of the One Cent Sales Tax) of their existence. Note that all projections of funding involving one cent sales tax use the existing 20% allocation of the one cent infrastructure sales tax as approved by the BOCC and recommended for continuation by the one cent sales tax committee.

Please note the entire landscape of financial industry in America has altered greatly in the last year or two, and this has directly affected local government borrowing in a negative way, for example requiring a much larger revenue stream has changed, along with a decline in our revenues. Even with the increase in the Courthouse facility surcharge that the Board approved via amending the ordinance, the County is still limited greatly in our borrowing capacity due to the changes mentioned above. This would mean that we may need around \$609,000 currently to complete Phase One. If we abandon the exterior work (highest option Scheme #5 \$540,000), then the deficit decreases to \$69,000 (\$609,000-540,000). However, will most likely still need to add \$50,000 in costs for roofing and exterior work regardless of any exterior work to be done, leaving the total needed around \$119,000 to proceed with the renovation as defined for Phase One. This could come from any funds that are not currently allocated to a specific project including impact fees and one cent sales tax funding. Of course, the Board could choose an exterior like Scheme 3 (Clerk's Preferred Scheme#3 \$220,000) and have both the only art deco courthouse in the State (possibly a plus for future grant funding?) and minimize the cost, requiring an additional amount of funding of only \$289,000 (\$69,000 + 220,000). Choosing the lower cost exterior Scheme #3 would reduce the deficit needed to complete Phase One by \$320,000 thereby reducing the total project costs to \$2,889,000.

Total of project costs	\$ 2,530,000
Estimate of mid-range exterior option (Scheme #3)	220,000
Additional design costs due to CRA for separating phase one	49,000
Final amount due CRA for bidding and construction	<u>90,000</u>
	\$ 2,889,000
Anticipated balance of 09-10 budgeted Courthouse funds to begin construction with (\$ 30 surcharge balance & State appropriations)	<u>\$ 400,000</u>
Proceeds needed to begin project (gap)	\$ 2,489,000
Total borrowing capacity* (estimated at present annual income levels and rates)	<u>\$ 2,200,000*</u>

Deficit for funding Phase One with exterior (Scheme 3)	\$	289,000
* Borrowing capacity details		
\$ 30 Court Facility Surcharge	\$	850,000
One cent sales tax	\$	1,350,000

Should the Board approve the exterior option; staff will identify funding from other CIP projects to address the funding deficit. It is hoped that the bids will be less than the projected cost and result in less of a funding deficit or none at all.

Summary of Requested Board Actions :

It is recommend the Board approve Phase One bidding by PBC, choose and approve the exterior option and PBC bidding thereof, and approve the financing of the remaining cost of the project at the most competitive rates offered for bank qualified financing based upon Clerk or County staff seeking proposals from a minimum of three local/regional banks.

Message From Clerk Thurmond:

I want to thank the Board for their work in proceeding forward with this state mandated and mission critical facility maintenance project. I have worked diligently to move this issue forward in a responsible and cost-effective manner, with the assistance and inclusion of your staff and our state partners. This would seem like a small funding challenge to get this project going and to put our people to work, something I am asked about weekly, I believe viable options are being presented to you today and I also believe we have worked diligently with our architect and construction managers to mitigate costs and capture efficiencies in the numbers presented.

I must warn that the County may have a serious problem with funding any other public facility projects for the next 7 years since we will be capped out with our borrowing capacity, and we will definitely have to come up with another \$3 million or so to complete the Courthouse Phase Two (adding on the space including the 3rd courtroom and judge, etc), which will be a requirement at some point in the next few years. I remain committed to working with you and County staff to secure state or federal funds to offset this impact and on future Courthouse construction.

I believe this courthouse addition (Phase Two) will be mandated prior to the economy turning around to the point where the State may once again offer partial funding on small county courthouse projects. As you know, our state is short in their current budget year to a point that could require 10% additional cuts before June 30th, and has borrowed from trust funds and balanced the state budget with major federal stimulus dollars which will be non-recurring after next year, so it is my opinion that it could easily be 5 years before any state dollars begin to flow again for these type of projects.

Please keep these thoughts in mind as you continue to budget and program County infrastructure monies to meet infrastructure needs for the foreseeable future.

The Clerk looks forward to working with the Board on reviewing this data, test these assumptions, approve Phase One (as presented or as amended) and work with your selected Construction Manager to put County citizens back to work on this project and salvage this critical County facility before basic maintenance costs and future maintenance requirements become even higher than they are today.

Options:

1. Approve the project bidding, obtaining GMP, authorizing Clerk to obtain financing by the terms most favorable to the County, and authorizing the Chairman to execute the GMP and all loan documents.
2. Approve scope to include choosing and approving the exterior option, with additional funding/financing of a maximum of \$609,000.
3. Approve obtaining competitive financing rates from at least three local/regional institutions for bank qualified financing.
4. Approve a budget amendment to budget/transfer any remaining required funds to the Courthouse project for budget year 09-10.
5. Board direction.

Recommendation:

Options #1, 2, 3 & 4. It is recommended the Board approve option 1, 2, 3, and 4 for the amounts dictated by the exterior choice selected by the Board. The Board can further authorize Chairman to execute all construction and loan documents or if it's the Board's desire, the documents could be brought back for future review and approval.

Attachment(s):

1. Exterior sketches and pricing estimates
2. Scope of phase one as approved 11/03/09