



Carrboro’s portion, was **\$22,282,000** (*Attachment 1*).

This project is being performed through a Construction Manager at Risk (CMAR) delivery method. This delivery method entails a commitment by the Construction Manager (CM) to deliver the project within a Guaranteed Maximum Price (GMP) which is based on the construction documents and specifications at the time of the GMP plus any reasonably inferred items or tasks. The project architect selected for the project is Perkins & Will and the Construction Manager is the Barnhill Contracting Company.

The design process began shortly after the approval of the project with the start of Schematic Design (SD) development. At the completion of the Schematic Design phase in November of 2020, a construction estimate derived from the design showed that the project was significantly over budget. A Value Engineering (VE) effort immediately ensued, and scope modifications were made to bring the project costs down. After the completion of Value Engineering, the project was still over budget and at the **March 2, 2021** BOCC regular business meeting, the BOCC approved additional funding through a combination of capital funding reallocation and a minor scope reduction to close the budget gap of **\$1,807,160**. As a result of this effort, Orange County’s portion of the construction budget grew to from **\$11,777,000** to **\$13,509,336**. Including the CMAR fee of \$723,520, the Orange County’s portion of the construction budget now totaled **\$14,232,856**. The total construction budget, including Carrboro’s portion, grew from **\$22,282,000** to **\$25,306,336**. See the Chart #1, below for further detail:

**Chart #1**

203 Project			
Original Construction Budget	Town	Orange County	Total
Construction	10,505,000	11,777,000	\$22,282,000.00
CMAR Fee	568,480	723,520	\$1,292,000.00
Total Const	11,073,480	12,500,520	\$23,574,000.00
BOCC Schematic Budget Adjustment		\$1,807,160	\$1,807,160.00
		14,307,680	\$25,381,160.00
Scope Adjustment (Part of BOCC Change)		-74,824	-\$74,824.00
Revised Construction Budget (March 2021)	\$11,073,480	\$14,232,856	\$25,306,336.00

The project next proceeded into the Design Development (DD) phase of project design. Upon completion of Design Development in May 2021, a new construction estimate was prepared and the project was once again found to be significantly over budget. Another round of Value Engineering (VE) ensued, additional modifications were made, and the project cost was brought down within budget.

On February 4<sup>th</sup>, 2022, memorandum, sent to the BOCC and Carrboro Town Council (*Attachment 2*), provides a project bidding, approval and financing schedule. Per the schedule, thirty two bid packages were released for bidding on January 17<sup>th</sup>, 2022 with received bids opened on February 9<sup>th</sup>, 2022. Unfortunately, several bid packages could not be opened on that date due to insufficient bidding by members of the construction community.

Re-bidding of those deficient packages began on February 10<sup>th</sup>, and were opened on February 17<sup>th</sup>, 2022. The bid summary (*Attachment 3*) has produced a tentative Guaranteed Maximum Price of **\$34,692,067**. This GMP is **\$9,385,731** over the March 2021 revised approved construction budget of **\$25,306,336**. Orange County's share of the construction costs rose from **\$14,232,856** to **\$19,202,063**, an increase of **\$4,969,207**. Carrboro's share of the construction costs increased by **\$4,416,524**, from **\$11,073,480** to **\$15,490,004**. See Chart #2 below for more details:

Chart #2

	Town	Orange County	Total
Revised Construction Budget (March 2021)	\$ 11,073,480.00	\$ 14,232,856.00	\$ 25,306,336.00
Project GMP (tentative)	\$ 15,490,004.04	\$ 19,202,062.96	\$ 34,692,067.00
Estimated Additional Funds Needed	\$ 4,416,524.04	\$ 4,969,206.96	\$ 9,385,731.00

The escalation of construction costs can be attributed to the unprecedented supply chain disruptions and labor shortages associated with the ongoing COVID 19 pandemic. While all sub-components of the construction budget experienced some escalation in the range of 3-5%, several areas stand out for their outsized contribution to the overall escalation:

- Concrete increased from \$6,385,087 to \$7,697,777.
- Drywall and metal studs increased from \$1,405,265 to \$2,176,000.
- Electrical costs increased from \$2,900,000 to \$4,020,085.

Barnhill Contracting Company is now in the process of reviewing and revising these numbers and is expected to provide a final GMP by March 7<sup>th</sup>, 2022. An abstract requesting final review, of the project GMP is scheduled for the March 15, 2022 regular business meetings of the BOCC and Town Council.

A total project cost based upon this tentative GMP, including design fees, furnishings fixtures & equipment (FFE) and contingencies, is shown below:

03/01/22 Total Project Budget (Updated with GMP)			
	Town	Orange County	Total
<b>A. Construction</b>			
Total Construction & CMAR	\$15,490,004.00	\$19,202,063.00	\$34,692,067.00
<b>B. Design</b>			
Architectural Fees (Ratio of CBO/OC Sq. Ft. = 44.52/55.48)	\$752,074.13	\$937,220.87	\$1,689,295.00
Supp. Architectural Fees (Ratio of CBO/OC Sq. Ft. = 44.52/55.48)	\$252,784.56	\$315,015.44	\$567,800.00
	\$1,004,858.69	\$1,252,236.31	\$2,257,095.00
<b>C. FFE &amp; Contingency</b>			
Furniture , Fixtures and Equipment (FF&E)	\$1,688,850.00	\$802,225.00	\$2,491,075.00
Owner's Contingency (5%) @ Ratio of CBO/OC 44.52/55.48	\$772,245.00	\$962,358.00	\$1,734,603.00
Subtotal FFE&Contingency	\$2,461,095.00	\$1,764,583.00	\$4,225,678.00
<b>TOTAL Project Budget</b>	\$18,955,957.69	\$22,218,882.31	\$41,174,840.00

**SOCIAL JUSTICE IMPACT:** The following Orange County Social Justice Goals are applicable to this item:

**GOAL: FOSTER A COMMUNITY CULTURE THAT REJECTS OPPRESSION AND**

**INEQUITY** The fair treatment and meaningful involvement of all people regardless of race or color; religious or philosophical beliefs; sex, gender or sexual orientation; national origin or ethnic background; age; military service; disability; and familial, residential or economic status.

**GOAL: ENSURE ECONOMIC SELF-SUFFICIENCY** The creation and preservation of infrastructure, policies, programs and funding necessary for residents to provide shelter, food, clothing and medical care for

**GOAL: ENABLE FULL CIVIC PARTICIPATION** Ensure that Orange County residents are able to engage government through voting and volunteering by eliminating disparities in participation and barriers to participation.

Proceeding with the 203 Project will allow the County to provide much needed amenities for the surrounding Carrboro Community. The library and skills development center will enhance the opportunity to uplift and improve the lives of all who embrace and utilize these resources.

Construction of the 203 Project includes a goal of minority and women owned business (MWBE) participation of 10%. Through outreach and good faith efforts, the project has achieved a participation rate of 14.16%. Details can be found on page 3 of Attachment 3 - Bid Day Summary.

**ENVIRONMENTAL IMPACT:** The following Orange County Environmental Responsibility Goal impacts are applicable to this item:

**ENERGY EFFICIENCY AND WASTE REDUCTION** Initiate policies and programs that: 1) conserve energy; 2) reduce resource consumption; 3) increase the use of recycled and renewable resources; and 4) minimize waste stream impacts on the environment.

**CLEAN OR AVOIDED TRANSPORTATION** Implement programs that monitor and improve local

and regional air quality by: 1) promoting public transportation options; 2) decreasing dependence on single-occupancy vehicles, and 3) otherwise minimizing the need for travel.

**RESULTANT IMPACT ON NATURAL RESOURCES AND AIR QUALITY** Assess and where possible mitigate adverse impacts created to the natural resources of the site and adjoining area. Minimize production of greenhouse gases.

The design of the 203 Project embraces many energy efficiency technologies and green construction methodologies and has a LEED Gold equivalent score. The building site is located on a public transportation route and includes a bus stop.

**COMMUNICATION AND ENGAGEMENT:** Staff are continuing to engage the community and prepare for construction. Three public drop-in meetings were held the week of February 21st. A construction management meeting is scheduled for March 21<sup>st</sup> with neighboring businesses and residents. The project website is being updated on an ongoing basis.

**PARKING:** Supplemental parking has been acquired in the Downtown area to help relieve the temporary loss of parking at the 203 property. Staff have acquired a net of 37 spaces and are working to acquire an additional 18 spaces. Some improvements will need to be made to these lots in order to make them safer and more accessible for public parking.

**FISCAL & STAFF IMPACT:** The total project cost including design, construction, FFE and contingency is approximately \$41,174,840. The Town's share of the total project cost is approximately \$18,955,958. After reviewing different financing strategies with its Financial Advisor, First Tryon Advisors, we have concluded that a combination of cash and debt-financing should be used to cover the Town's share of costs. Our Financial Advisors have prepared a brief presentation on the financing strategy and timeline for issuance of the debt.

**RECOMMENDATION:** It is recommended that the council review and discuss the information contained in this report. The final GMP will be brought to Council for consideration and approval on March 15, 2022.