



## MEMORANDUM

**To:** Council Committee on Economic Sustainability

**From:** Mary Jane Nirdlinger, Assistant Town Manager  
Jabe Hunter, Assistant Police Chief

**Date:** March 5, 2021

**Subject:** Cost Considerations for Municipal Services Center

This memo provides an overview of projected costs associated with the construction of a Municipal Services Center (MSC) and is based on conversations with our project designers.

### 1. Project Vision

The vision for the Municipal Services Center is to co-locate key community services and to support interdepartmental collaboration. The project is also an opportunity to move departments out of facilities that are well-past their prime and for which there are significant repair costs today, and which will increase with delay.

The Municipal Services Center program includes new space for:

1. The Police Department
2. The Fire Department Administration & Emergency Management
3. The Parks and Recreation Department
4. Some Technology Solutions Department space
5. A replacement for Fire Station #4 and space for Orange County EMS at the Fire Station #4 site on Weaver Dairy Road.
6. Parking for the uses in the building

### 2. Cost of not Building MSC

Costs associated with *not* building an MSC include:

1. Repair/replace existing Police Department building,
2. Repair/replace existing Parks and Recreation building at Plant Road,
3. Replace Fire Station #4 ~5M (see #5 below),
4. Rental/upfit costs for Technology Solutions space.

Previously, we highlighted the need for improvements or replacement of various Town facilities. Most pressing are the police headquarters and fire station #4. The current police building needs significant repair. Replacing the roof and multiple air conditioning units are the most pressing

needs. Interior space has also been exhausted. At fire station #4, water intrusion and space needs are impacting operations.

### 3. Costs for Building MSC

Calculating building costs per-square-foot generally only refers to “hard costs” for construction. Hard costs can clarify what a building costs, however they do not typically reflect the all-in costs to develop a project. Below are some key project components that need to be considered and included in addition to the hard costs of a project.

- The Town’s upfront pre-development costs
- Design team fees (soft cost)
- Commissioning (CxA) fees (soft cost)
- OWASA/permitting fees outside of building permit.
- Site development costs
- Tabletop or structured parking (helps minimize site development area; may be included in hard costs)
- Construction delivery method- some methods are more expensive.
- Fixtures, Furniture, & Equipment (FF&E)
- Owner contingencies
- Escalation costs (8% annually)
- Relocation of police department during construction (if MSC is rebuilt at current site)

These costs vary depending on the project site (amount of site work and new infrastructure needed) and the business relationship (rental costs, property sharing costs, other business arrangements).

### 4. Cost-per-square-foot Estimates

We have provided cost estimates for the MSC at several locations as the project has evolved. It is important to remember that the budget developed a couple of years ago for this project was a total project cost as discussed above. To simplify things for comparison, the construction budget costs were based on hard costs for similar project types, and a cost/sf estimate of \$295/sf. for the shell and interior fit-out of a 75,000-sf building was recommended. At that time, the design team tested the cost/sf assumptions with construction partners within the region who validated that we were within the expected range. The recommended cost per sf of \$295 resulted in a projected building hard cost of \$22,125,000 at the time.

Given cost escalations in the construction market, \$295/sf is no longer a viable estimate as increases in both materials and labor costs have resulted in higher costs per sf. Escalation has been as high as 7% - 8% annually in our region since the start of this project and the pandemic has further exacerbated this increase. As a result, *our architects have suggested we use \$350/sf to estimate hard costs* in the current market for this project.

For a 75,000sf MSC, the hard costs would be approximately **\$26,250,000**.

### 5. Fire Station #4 Estimates

Council recently received information about placing the MSC at the current location of fire station #4 on the corner of Weaver Dairy Rd. and Martin Luther King Jr. Blvd. This location would support the program space planned for the MSC, would allow for the replacement of fire station #4 on the site, and would add space for Orange County EMS to operate an ambulance from the site. **The fire station replacement and EMS space would increase the MSC project size by 11,540 sf.**

Should Council choose to locate the MSC on another site, the need for replacement of station #4 will remain. With an estimated program area of 11,540 sf and \$450/sf costs, the replacement cost (hard costs) would be around **\$5,153,000.**

If Orange County EMS were a partner in the building, they would cover the costs for their portion, which could be about **\$1,000,000.**

Additional project costs would include:

- Soft costs/professional fees/Utility fees in the 7% to 8% of range (of total project budget)
- Fixtures, Furniture, and Equipment at 1% to 2% of construction budget (depending on how much furniture is purchased new)
- 5% Owner’s contingency

**6. Comparison Chart**

These three options have many variables making a side-by-side comparison difficult. The public engagement and entitlement processes for the two locations would also impact the time and cost of each option.

MSC + Fire Station #4 at Weaver Dairy Rd.	Fire Station #4 Replacement at Weaver Dairy Rd.	MSC at 828 Martin Luther King Jr. Blvd.
\$375/SF (hard costs) 82,500 SF	\$450/SF (hard costs) 11,500 SF	\$350/SF (hard costs) 75,000 SF
\$30.9M – Orange Co. Contribution + soft costs	\$5.15M – Orange Co. Contribution + soft costs	\$26,250,000 + soft costs