



MEMORANDUM

To: Finance Committee
From: Rich Olson, City Manager
Date: November 18, 2013
Re: Consideration - Middle School Renovation Project

BACKGROUND:

On October 22, 2013, City and County staff opened bids for the second time on the renovation of the Elizabeth City Middle School project. In an effort to lower the total project cost, City/County staff worked with the design engineer, Hyman and Robey, to do some value engineering. The scope of work in the second bid opening was limited to HVAC, electrical and cosmetic work to the structure. Mold abatement work was removed from the base bid and a separate contract was entertained. The low bid for the renovation work was \$910,330 from Burney & Burney out of Greenville, NC; and a low bid of \$138,785 from Palmetto Environmental Solutions was received for the mold abatement work. The savings we had hoped to realize from the value engineering work did not materialize.

ANALYSIS:

The total cost to renovate the Middle School is now \$1,099,115 with the following breakdown:

Design Engineering	\$ 50,000
Mold Abatement	138,785
Construction Work	910,330

Funding for the project was previously determined to be as follows:

CDBG	\$500,000
City (TDA funding)	75,000
County	75,000
Total	<u>\$650,000</u>

Staff has worked with the Boys & Girls Club and they will contribute \$150,000 to the project, bringing the total amount of funds available to \$800,000.

Based on the bids, which includes no contingency money, the project is \$300,000 short.

The Interlocal Agreement between the City and County calls for both entities to equally share in the cost. For the project to move forward, the City and County must each find \$150,000 of additional funding.

Staff has met with representatives of the County on several occasions to discuss the project and the cost overruns. This matter was not placed on the Council's November 12, 2013 agenda because we were waiting on the County (since the building is their asset) to find the additional funding. The County Finance Committee has now approved the project moving forward and awarding the bids to Burney and Burney and Palmetto Environmental Solutions.

City staff has identified \$187,226.26, which could be utilized for the project. The City will shortly reimburse itself from the Aviation Park account for funds previously invested in that project. A portion of those funds could be utilized. Staff is proposing the following revenue mix:

Tourism Development Authority	\$ 75,000
Sale of 709 Herrington Road	50,000*
Aviation Park Account Reimbursement	<u>100,000</u>
Total	\$225,000

*These would be restricted funds and must be used to benefit persons of low to moderate income since the building was originally purchased with grant funding. If the shelter is sold, funds must be used for an eligible activity.

STAFF RECOMMENDATION:

By motion, recommend that the City Council award the construction contract to Burney & Burney in the amount of \$910,330; and in addition, to award the mold abatement contract to Palmetto Environmental Solutions in the amount of \$138,785. A budget amendment will be required based on the Finance Committee's recommendation.

RCO/vdw