

GO COMMITTEE #5
April 25, 2016

MEMORANDUM

April 21, 2016

TO: Government Operations & Fiscal Policy Committee
FROM: ^{GO} Glenn Orlin, Deputy Council Administrator
SUBJECT: FY17-22 Capital Improvements Program: Council Office Building Renovations

Last spring the Council approved this project to replace the HVAC, lighting, windows, and much of the plumbing in the entire Council Office Building, and to renovate the 4th, 5th, and 6th Floors of the Maryland Avenue wing of the building, as well as the 1st Floor Auditorium. The Council approved a CIP amendment last spring that anticipated the construction to begin in December 2015 and completion in June 2017. However, the CAO decided that the project needed to be re-bid in order to combine the systems replacement portion of the project with the renovation portion. Subsequently, in July 2015, as part of the FY16 Savings Plan, the Council amended the project to reflect a 12-month delay, with construction anticipated to start in late 2016 and completion in June 2018. In his Recommended CIP the Executive proposed the project with the same schedule and cost as in the July 2015 amendment.

There are notable changes to the cost and schedule since last summer. Based on the bid that was received for this combined systems replacement/renovation project, the cost estimate of the project has increased by \$4,275,000 (from \$31,961,000 to \$36,236,000¹), a 13.4% increase. Furthermore, the Department of General Services (DGS) now estimates that the portion of the project that can be funded with Long-Term Financing (based on energy savings) is \$3,300,000, not \$6,000,000 that was assumed last summer.

The positive news is that DGS has reorganized the schedule so that its completion would be re-accelerated by nine months, resulting in only a three-month delay from the original schedule. Construction would begin once the Department of Housing and Community Affairs relocates to its new building in October of this year. The 4th Floor renovation would be sufficiently complete to allow the 5th Floor staff as well as the Public Information Officer's unit to relocate there in early January 2017. The 5th Floor would be renovated in the winter and spring of 2017, allowing the Councilmembers' offices to move there after the budget is approved in late May 2017. The 6th Floor renovation would occur over the following summer, with Central staff ready to occupy it in September 2017.

Council staff recommendation: Approve the project with the changes marked on ©1.

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¹ The full cost on the Council Office Building Renovations project description form is \$40,191,000, but this includes the \$3,955,000 spent for the renovation of the 3rd Floor Hearing and Conference Rooms that was completed seven years ago.

Council Office Building Renovations (P010100)

Category: General Government
 Sub Category: County Offices and Other Improvements
 Administering Agency: General Services (AAGE29)
 Planning Area: Rockville

Date Last Modified: 11/17/14
 Required Adequate Public Facility: No
 Relocation Impact: None
 Status: Bids Let

	Total	Thru FY15	Est FY16	Total 6 Years	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	6,209	669	334	1,550	2,420	550	1,840	0	0	0	0
Land	4	4	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	2	2	0	0	0	0	0	0	0	0	0
Construction	27,693	3,272	293	22,428	11,931	13,055	12,497	0	0	0	0
Other	2,008	8	0	2,000	610	0	2,000	0	0	0	0
Total	35,916	3,955	627	30,488	14,351	16,437	0	0	0	0	0

	Total	Thru FY15	Est FY16	Total 6 Years	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	Beyond 6 Yrs
FUNDING SCHEDULE (\$000s)											
Cable TV	952	900	0	52	0	52	0	0	0	0	0
G.O. Bonds	28,957	3,048	627	24,436	14,351	14,162	10,085	0	0	0	0
Long-Term Financing	6,000	0	0	6,000	3,300	0	6,000	0	0	0	0
PAYGO	7	7	0	0	0	0	0	0	0	0	0
Total	35,916	3,955	627	30,488	14,351	16,437	0	0	0	0	0

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 17	4275.0
Appropriation Request Est.	FY 18	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		35,916
Expenditure / Encumbrances		3,955
Unencumbered Balance		31,961

Date First Appropriation	FY 05
First Cost Estimate	
Current Scope	FY 16 35,916
Last FY's Cost Estimate	35,916

Description

This project is in two phases. The first phase renovated the hearing room, conference room, and anteroom on the third floor of the Council Office Building (COB) which had not been renovated in at least 30 years. The first phase was completed in 2009. The second phase replaces the HVAC system, the lighting systems, windows in the rest of the COB, upgrades restrooms to ADA standards, renovates the auditorium on the first floor, provides improved signage inside and outside the buildings, refreshes common areas, and reconfigures space on the fourth, fifth, and sixth floors for the Council Office and the Office of Legislative Oversight (OLO) staff.

Estimated Schedule

Design/Build/ESPC Contract Award expected in Spring 2016, construction starts in fall 2016, and completion in winter 2018. *fall 2017.*

Justification

Heating ventilation, and air condition in the COB function poorly, and most of the restrooms are not compliance with updated ADA standards or high performance building standards. The Council Office and OLO have far outgrown their space since it was last reconfigured more than 25 years ago. The 1st Floor Auditorium, which is used regularly for County Government staff training and as a meeting place by civic organizations, is extremely substandard.

Fiscal Note

The second phase of the project is partially funded with a \$184,000 unencumbered balance from the first phase and a FY15 transfer of \$2,993,000 in GO Bonds from the Montgomery County Government Complex (360901). A FY15 supplemental of \$296,000 in GO Bonds occurred. An audit by Energy Service Company (ESCO) has been conducted, and it has determined that \$3 million in savings can be anticipated from this project. An Energy Savings Performance Contract (ESPC) will allow for third-party funding to cover this portion of the contract, so that no General Obligation Bonds are required for it. A financing mechanism is initiated to cover the cost of the contract and the repayment of debt is guaranteed through the energy savings.

Disclosures

A pedestrian impact analysis has been completed for this project. *\$3.3 million*

Coordination

County Council, Department of General Services, Department of Technology Services, Legislative Branch Office, Office of Consumer Protection, Department of Housing and Community Affairs, Ethics Commission. Special Capital Projects Legislation was enacted on June 23, 2015 and signed into law on July 6, 2015 (Bill No. 27-15).

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