

MEMORANDUM

March 5, 2015

TO: Planning, Housing, and Economic Development Committee

FROM: Vivian Yao, Legislative Analyst *my*

SUBJECT: **Worksession–FY16 Capital Budget and Amendments to the FY15-20 Capital Improvements Program for the Department of Recreation**

The Planning, Housing, and Economic Development (PHED) Committee will review the FY16 Capital Budget and two amendments recommended by the County Executive to the FY15-20 Capital Improvements Program (CIP) for the North Potomac Community Recreation Center and the Ross Boddy Neighborhood Recreation Center projects.

Representatives from the Department of Recreation, the Office of Management and Budget (OMB), and the Department of General Services (DGS) are expected to participate in the discussion.

FY16 CAPITAL BUDGET RECOMMENDATIONS FOR RECREATION PROJECTS

The following table shows the recommended FY16 Capital Budget amounts for recreation projects reviewed by the PHED Committee.

Project	FY16 Recommended Capital Budget
North Potomac Community Recreation Center	\$ 100,000
Good Hope Neighborhood Recreation Center	\$ 8,055,000
Western County Outdoor Pool Renovation	\$3,443,000

EXECUTIVE RECOMMENDED AMENDMENTS

The Executive is recommending amendments for two recreation projects reviewed by the PHED Committee: North Potomac Community Recreation Center and Ross Boddy Neighborhood Recreation Center. The amendments shift funding from FY15 to FY16, reflecting delays in the implementation schedule for both projects.

North Potomac Community Recreation Center (\$000) (PDFs at ©1-2)

(in 000s)	Total	Total 6 years	FY15	FY16	FY17	FY18	FY19	FY20
Approved	37,462	25,877	19,251	6,626	0	0	0	0
Recommended	37,462	25,824	18,198	7,626	0	0	0	0

The recommended funding source is \$35.378 million in GO Bonds and \$2.084 million in PAYGO.

The requested FY16 appropriation is \$100,000.

The scope of the amended project and total project cost remains the same as the approved FY15-20 project. The recommended PDF shifts \$1,000,000 in funding into FY16 to reflect the current implementation schedule. Executive staff reports that the project is currently 30% complete. The contractor is expected to ask for time extensions because of a large amount of rock excavation and bad weather conditions encountered in the project. Final completion of construction is currently anticipated by the spring of 2016.

Council staff recommends approval.

Ross Boddy Neighborhood Recreation Center (\$000) (PDF at ©3-4)

(in 000s)	Total	Total 6 years	FY15	FY16	FY17	FY18	FY19	FY20
Approved	15,760	14,453	8,728	5,725	0	0	0	0
Recommended	15,760	14,328	5,603	8,725	0	0	0	0

Recommended funding source: \$14.515 million in GO Bonds and \$1.245 million in PAYGO

No appropriation is requested for FY16.

The scope of the amended project and total project cost remains the same as the approved FY15-20 project. The recommended PDF shifts \$3,000,000 in funding into FY16 to reflect the current implementation schedule. The PDF states that the project was delayed due to difficulties in acquiring easements for the installation of water and sewer lines to serve the facility. A timeline for acquiring the easements is provided at ©5-6.

Executive staff reports that the project is currently 5% complete. The contractor is expected to begin foundation excavation as soon as the ground is unfrozen. The estimated project completion date is late in the spring of 2016.

Council staff recommends approval.

UPDATES

Executive staff provided the following updates for FY15-20 recreation CIP projects:

- **Good Hope Neighborhood Recreation Center:** The project is on schedule and is currently in design. The existing building will be decommissioned in Fall 2015. Construction will commence in Spring 2016. It is anticipated that the facility will be opened in Fall 2017.
- **Western County Outdoor Pool Renovation and Modernization:** The project is on schedule and is currently in design. Construction will commence in Fall 2015. The facility will be opened in time for the summer 2016 pool season.
- **Recreation Facility Modernization:** The project authorizes funding for the commencement of facility planning for renovations/modernization of the Schweinhaut Senior Center on Forest Glen Road in Silver Spring. This effort is to begin in FY15 and will include the development of a POR with concepts and an order of magnitude cost estimate.
- **Kennedy Shriver Aquatic Center:** The project is scheduled for design in FY18. During review of the FY15-20 CIP, the Executive reported that the current schedule allowed for repairs at an appropriate time to avoid potential failure leading to closure, but said that the schedule would need to be reevaluated if conditions developed that suggested a worsening or impending failure.

DGS currently reports that roof leaks continue to be a problem, and it continues to repair roof leaks when they occur. The membrane is in poor condition and the roof needs to be replaced. The Department recently repaired three areas in the membrane at a cost of \$7,500. Condensation on exterior walls continues to be a problem; however, there is no apparent additional observable damage, and no action has been taken to minimize the condensation problem.

FY15-20 Approved Project

North Potomac Community Recreation Center (P720102)

Category: Culture and Recreation
 Sub Category: Recreation
 Administering Agency: General Services (AAGE29)
 Planning Area: Potomac-Travilah

Date Last Modified: 3/6/14
 Required Adequate Public Facility: No
 Relocation Impact: None
 Status: Final Design Stage

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	3,648	1,364	257	2,027	1,358	669	0	0	0	0	0
Land	9,644	9,644	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	5,434	18	0	5,416	5,129	287	0	0	0	0	0
Construction	17,370	287	0	17,083	11,946	5,137	0	0	0	0	0
Other	1,366	15	0	1,351	818	533	0	0	0	0	0
Total	37,462	11,328	257	25,877	19,251	6,626	0	0	0	0	0

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
FUNDING SCHEDULE (\$000s)											
G.O. Bonds	35,688	9,554	257	25,877	19,251	6,626	0	0	0	0	0
PAYGO	1,774	1,774	0	0	0	0	0	0	0	0	0
Total	37,462	11,328	257	25,877	19,251	6,626	0	0	0	0	0

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
OPERATING BUDGET IMPACT (\$000s)											
Energy				727	0	51	169	169	169	169	169
Maintenance				864	0	60	201	201	201	201	201
Offset Revenue				-244	0	0	-49	-65	-65	-65	-65
Program-Staff				701	0	33	167	167	167	167	167
Program-Other				151	0	19	63	23	23	23	23
Net Impact				2,199	0	163	551	495	495	495	495
Full Time Equivalent (FTE)					0.0	1.4	4.6	4.6	4.6	4.6	4.6

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	1,430
Appropriation Request Est.	FY 16	100
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		35,932
Expenditure / Encumbrances		11,716
Unencumbered Balance		24,216

Date First Appropriation	FY 05
First Cost Estimate	
Current Scope	FY 15 37,462
Last FY's Cost Estimate	37,878

Description

This project provides for the planning, design and construction of a 33,000 net square foot community recreation center and associated site of approximately 17 acres. The building will include typical elements, such as, a gymnasium, exercise room, social hall, kitchen, senior/community lounge, arts/kiln room, game room, vending space, conference room, offices, lobby, restrooms, and storage space.

Estimated Schedule

Design is being finalized. Building permit was filed in September 2012. Due to fiscal constraints, the project had been delayed. Construction is scheduled to start in Summer 2014.

Cost Change

There was a slight decrease in project cost due to estimated savings compared to prior estimates.

Justification

This region has no existing community recreation center facility. The Department of Recreation Facility Development Plan (FY97-10) has identified the need for a community center to serve this region. The July 1998 Park Recreation and Program Open Space Master Plan prepared by M-NCPPC has also identified the development of a community recreation facility to serve the Potomac-Travilah planning area as a key community concern. Project preliminary design was completed in the Facility Planning: MCG project, prior to the establishment of this stand-alone project.

Disclosures

A pedestrian impact analysis will be performed during design or is in progress.

Coordination

Department of General Services, Department of Technology Services, Department of Recreation, M-NCPPC, Department of Permitting Services, WSSC, PEPCO, Washington Gas, Upcounty Regional Services Center. Special Capital Projects Legislation [Bill No. 20-12] was adopted by Council June 26, 2012.

Executive Recommended Amendment 1/15/15
North Potomac Community Recreation Center (P720102)

Category Culture and Recreation
 Sub Category Recreation
 Administering Agency General Services (AAGE29)
 Planning Area Potomac-Travilah

Date Last Modified 11/17/14
 Required Adequate Public Facility No
 Relocation Impact None
 Status Final Design Stage

	Total	Thru FY14	Rem FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	3,673	1,661	0	2,012	1,093	919	0	0	0	0	0
Land	9,644	9,644	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	5,434	28	0	5,406	4,869	537	0	0	0	0	0
Construction	17,345	287	0	17,058	11,421	5,637	0	0	0	0	0
Other	1,366	18	0	1,348	815	533	0	0	0	0	0
Total	37,462	11,638	0	25,824	18,198	7,626	0	0	0	0	0

	Total	Thru FY14	Rem FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
FUNDING SCHEDULE (\$000s)											
G.O. Bonds	35,378	9,554	0	25,824	18,198	7,626	0	0	0	0	0
PAYGO	2,084	2,084	0	0	0	0	0	0	0	0	0
Total	37,462	11,638	0	25,824	18,198	7,626	0	0	0	0	0

	Total	Thru FY14	Rem FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
OPERATING BUDGET IMPACT (\$000s)											
Energy				727	0	51	169	169	169	169	169
Maintenance				864	0	60	201	201	201	201	201
Offset Revenue				-244	0	0	-49	-65	-65	-65	-65
Program-Staff				701	0	33	167	167	167	167	167
Program-Other				151	0	19	63	23	23	23	23
Net Impact				2,199	0	163	551	495	495	495	495
Full Time Equivalent (FTE)					0.0	1.4	4.6	4.6	4.6	4.6	4.6

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 16	100
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		37,362
Expenditure / Encumbrances		29,851
Unencumbered Balance		7,511

Date First Appropriation	FY 05
First Cost Estimate	
Current Scope	FY 15 37,462
Last FY's Cost Estimate	37,462

Description

This project provides for the planning, design and construction of a 33,000 net square foot community recreation center and associated site of approximately 17 acres. The building will include typical elements, such as, a gymnasium, exercise room, social hall, kitchen, senior/community lounge, arts/kiln room, game room, vending space, conference room, offices, lobby, restrooms, and storage space.

Estimated Schedule

The design of the project was finalized in 2013, and the project was bid, awarded, and the construction project signed. The notice to proceed to the contractor for construction was issued on June 16, 2014 and construction is well underway.

Justification

This region has no existing community recreation center facility. The Department of Recreation Facility Development Plan (FY97-10) has identified the need for a community center to serve this region. The July 1998 Park Recreation and Program Open Space Master Plan prepared by M-NCPPC has also identified the development of a community recreation facility to serve the Potomac-Travilah planning area as a key community concern. Project preliminary design was completed in the Facility Planning: MCG project, prior to the establishment of this stand-alone project.

Fiscal Note

\$1,000,000 shifted from FY15 to FY16 to reflect the current implementation schedule. The expenditure schedule for this project was adjusted to match the anticipated construction schedule and expenditures for the project based on the actual start of construction.

Disclosures

A pedestrian impact analysis will be performed during design or is in progress.

Coordination

Department of General Services, Department of Technology Services, Department of Recreation, M-NCPPC, Department of Permitting Services, WSSC, PEPCO, Washington Gas, Upcounty Regional Services Center, Special Capital Projects Legislation [Bill No. 20-12] was adopted by Council June 26, 2012.

FY15-20 Approved Project
Ross Boddy Neighborhood Recreation Center (P720919)

Category Culture and Recreation
 Sub Category Recreation
 Administering Agency General Services (AAGE29)
 Planning Area Olney

Date Last Modified 4/21/14
 Required Adequate Public Facility No
 Relocation Impact None
 Status Final Design Stage

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	2,270	1,003	287	980	543	437	0	0	0	0	0
Land	1	1	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	2,769	1	0	2,768	2,464	304	0	0	0	0	0
Construction	9,824	13	0	9,811	5,668	4,143	0	0	0	0	0
Other	896	2	0	894	53	841	0	0	0	0	0
Total	15,760	1,020	287	14,453	8,728	5,725	0	0	0	0	0

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
FUNDING SCHEDULE (\$000s)											
G.O. Bonds	14,927	187	287	14,453	8,728	5,725	0	0	0	0	0
PAYGO	833	833	0	0	0	0	0	0	0	0	0
Total	15,760	1,020	287	14,453	8,728	5,725	0	0	0	0	0

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
OPERATING BUDGET IMPACT (\$000s)											
Energy				160	0	8	38	38	38	38	38
Maintenance				190	0	10	45	45	45	45	45
Offset Revenue				-28	0	0	-7	-7	-7	-7	-7
Program-Staff				173	0	9	41	41	41	41	41
Program-Other				41	0	29	3	3	3	3	3
Net Impact				536	0	56	120	120	120	120	120
Full Time Equivalent (FTE)					0.0	0.4	1.7	1.7	1.7	1.7	1.7

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	0
Appropriation Request Est.	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		15,760
Expenditure / Encumbrances		1,327
Unencumbered Balance		14,433

Date First Appropriation	FY 09
First Cost Estimate	
Current Scope	FY 13 15,760
Last FY's Cost Estimate	15,760

Description

This project encompasses renovation of 15,900 gross square feet which includes basic repairs, reconfiguration, and expansion of 10,800 gross square feet to include the construction of a gymnasium and storage space, and site improvements including water and septic service and additional parking. A key component of the site and building infrastructure renovation is to upgrade the facility to conform to the Montgomery County Manual for Planning, Design, and Construction of Sustainable Buildings, including meeting green building/sustainability goals, Montgomery County Energy Design Guidelines, and the Americans with Disabilities Act (ADA). The project has been designed to comply with Leadership in Energy and Environmental Design (LEED) guidelines for eventual certification.

Estimated Schedule

Design is underway. Construction is expected to begin in Fall 2014 and be completed in Spring 2016.

Justification

In 2005, the Montgomery County Department of Recreation (MCRD), working with the then Department of Public Works and Transportation (DPWT), received approval in the Facility Planning: MCG project to proceed with master planning of five Neighborhood Recreation Centers, two Community Recreation Centers, and one Senior Center. A Program of Requirements was completed in September 2006. Septic system at this facility is failing. Funding will allow for the public sewer to be extended.

Other

This property required a sewer category change.

Coordination

Department of General Services, Department of Technology Services, Department of Recreation, WSSC, PEPCO, Department of Permitting Services. Special Capital Projects Legislation [Bill No. 15-13] was adopted by Council June 25, 2013.

Executive Recommended Amendment 1/15/15
Ross Boddy Neighborhood Recreation Center (P720919)

Category Culture and Recreation
 Sub Category Recreation
 Administering Agency General Services (AAGE29)
 Planning Area Olney

Date Last Modified 11/17/14
 Required Adequate Public Facility No
 Relocation Impact None
 Status Final Design Stage

	Total	Thru FY14	Rem FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	2,270	1,347	0	923	286	637	0	0	0	0	0
Land	1	1	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	2,772	1	0	2,771	1,697	1,074	0	0	0	0	0
Construction	9,764	21	0	9,743	3,600	6,143	0	0	0	0	0
Other	953	62	0	891	20	871	0	0	0	0	0
Total	15,760	1,432	0	14,328	5,603	8,725	0	0	0	0	0

	Total	Thru FY14	Rem FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
FUNDING SCHEDULE (\$000s)											
G.O. Bonds	14,515	187	0	14,328	5,603	8,725	0	0	0	0	0
PAYGO	1,245	1,245	0	0	0	0	0	0	0	0	0
Total	15,760	1,432	0	14,328	5,603	8,725	0	0	0	0	0

	Total	Thru FY14	Rem FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
OPERATING BUDGET IMPACT (\$000s)											
Energy				152	0	0	38	38	38	38	
Maintenance				180	0	0	45	45	45	45	
Offset Revenue				-28	0	0	-7	-7	-7	-7	
Program-Staff				164	0	0	41	41	41	41	
Program-Other				38	0	0	29	3	3	3	
Net Impact				506	0	0	146	120	120	120	
Full Time Equivalent (FTE)					0.0	0.0	1.7	1.7	1.7	1.7	

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		15,760
Expenditure / Encumbrances		1,799
Unencumbered Balance		13,961

Date First Appropriation	FY 09
First Cost Estimate	
Current Scope	FY 13 15,760
Last FY's Cost Estimate	15,760

Description

This project encompasses renovation of 15,900 gross square feet which includes basic repairs, reconfiguration, and expansion of 10,800 gross square feet to include the construction of a gymnasium and storage space, and site improvements including water and septic service and additional parking. A key component of the site and building infrastructure renovation is to upgrade the facility to conform to the Montgomery County Manual for Planning, Design, and Construction of Sustainable Buildings, including meeting green building/sustainability goals, Montgomery County Energy Design Guidelines, and the Americans with Disabilities Act (ADA). The project has been designed to comply with Leadership in Energy and Environmental Design (LEED) guidelines for eventual certification.

Estimated Schedule

Construction began in Fall 2014 and is expected to be completed in mid-2016.

Justification

In 2005, the Montgomery County Department of Recreation (MCRD), working with the then Department of Public Works and Transportation (DPWT), received approval in the Facility Planning: MCG project to proceed with master planning of five Neighborhood Recreation Centers, two Community Recreation Centers, and one Senior Center. A Program of Requirements was completed in September 2006. Septic system at this facility is failing. Funding will allow for the public sewer to be extended.

Other

This property required a sewer category change.

Fiscal Note

\$3,000,000 shifted from FY15 to FY16 to reflect the current implementation schedule. Project was delayed due to difficulties in acquiring easements for the installation of water and sewer lines to service the facility.

Coordination

Department of General Services, Department of Technology Services, Department of Recreation, WSSC, PEPCO, Department of Permitting Services. Special Capital Projects Legislation [Bill No. 15-13] was adopted by Council June 25, 2013.

Recreation CIP Questions

Please provide responses no later than Monday, March 2.

North Potomac Community Recreation Center -- #720102

1. Please provide a status and schedule update for the North Potomac CRC project. When is construction anticipated to be completed?
2. What accounts for the any delay in the implementation schedule since the PDF was approved?

Project is currently 30% complete. Contractor is expected to ask for time extensions for encountering a large amount of rock excavation and bad weather conditions thus far in the project. At this time, final completion of construction is anticipated by Spring 2016.

Ross Boddy Neighborhood Recreation Center

1. Please provide a status and schedule update for the Ross Boddy Neighborhood Recreation Center project. When is construction anticipated to be completed?

Project is currently 5% complete. Contractor is expected to begin foundation excavation as soon as ground is unfrozen. Estimated project completion date is late spring 2016.

2. Please describe the difficulties experience in acquiring easements for the installation of water and sewer lines to service the facility? How long did it take to acquire the easements? When did that process conclude?

Following is the timeline for acquiring easements.

- **October, 2010 – DGS learns from DED that the County Agricultural Preservation Advisory Board and MALPF Board of Trustees will have to approve any easements across the Brooke Run Tree Farm Property**
- **October, 2010 to July, 2011 – Coordination between DGS and DED**
- **July, 2011 – Agricultural Preservation Advisory Board Hearing, meeting with MALPF Board staff, and MALPF Board of Trustees Hearing. Both parties approved County's request.**
- **August, 2011 – Negotiations begin with owners of the Brooke Run Tree Farm property**
- **November, 2011 to February, 2012 – Property Appraisal for easement**
- **July, 2013 – Negotiations complete, easement acquired/recorded. Note, negotiations took over a year due to conditions requested by the property owners which DGS was unable to provide (owner wanted Kiddie Lots for their property which is an issue of Subdivision of Land)**

- **April, 2014 – WSSC informs the County that we must acquire additional easements across land within the Orchards of Sandy Spring**
- **April, 2014 to June, 2014 – Determine property owners impacted by water and sewer easement, prepare new water and sewer easement**
- **June, 2014 – Meet with land owners from the Orchards of Sandy Spring**
- **June, 2014 to November, 2014 – Negotiate terms, conditions and compensation for easement**
- **November, 2014 to December, 2014 – Acquire signed letters of agreement from all property owners**
- **February, 2015 – Easement acquired/recorded**

Status Updates

1. Please provide a status update for the following projects including the work completed or to be completed in FY15 and/or FY16, anticipated completion dates, and reasons for any projected delays from the approved FY15-20 CIP schedule:

- **Good Hope Neighborhood Recreation Center**

The project is on schedule. It currently is in design. The existing building will be decommissioned in fall 2015. Construction will commence in spring 2016. At this time, it is anticipated that the facility will be opened in Fall 2017.

- **Recreation Facility Modernization**

Project #P720917 authorizes funding for the commencement of facility planning for renovations/modernization at the Schweinhaut Senior Center on Forrest Glen Ave. This effort is to begin in FY15 and will include the development of a POR with concepts and an order of magnitude cost estimate.

- **Western County Outdoor Pool Renovation and Modernization**

The project is on schedule. The project is currently in design. Construction will commence in Fall 2015. The facility will be opened in time for the Summer 2016 pool season.

2. Please provide an update on the condition of the **Kennedy Shriver Aquatic Center**. What is the extent of roof leakage in the building and movement and condensation of indoor air through exterior walls? Have problems intensified or has there been any additional observable damage to the facility's walls in the last year? What, if any, efforts have been taken to address or minimize these problems? At what cost?

Roof leaks continue to be a problem and DGS recently repaired 3 areas in the membrane. Cost of roof repair was \$7,500.00. The membrane is in poor condition and the roof needs to be replaced. Condensation on exterior walls

continues to be a problem but there is no apparent additional observable damage. DGS continues to repair roof leaks when they occur and no action has been taken to minimize the condensation problem. DGS hired a consultant to look at the building exterior envelop including the roof in 2013. The consultant provided a report in August 2013 identifying several issues in the building envelop such as the lack of air/vapor barrier, excess moisture in exterior wall cavities, wall flashing etc.

CIP project#P721503 - Kennedy Shriver Aquatic Center Building Envelop Improvement project is approved with a design start in FY18. Total project cost is \$7,062,000.