



COUNTY ADMINISTRATOR
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TO: Conan Smith, Chair
Ways & Means Committee

THROUGH: Verna J. McDaniel
County Administrator

FROM: Verna J. McDaniel, Chair
Public Safety & Justice Oversight Committee

Dave Shirley
Facilities Management

DATE: June 2, 2010

SUBJECT: 14A Court/Jail Renovation Construction Project

BOARD ACTION REQUESTED:

It is requested that the Board of Commissioners allocate additional resources for the completion of the 14A Court/Jail Renovation Project to complete the project within the agreed upon scope in the amount of \$495,958.

BACKGROUND:

In August, 2005, the Board of Commissioners approved a resolution adopting the "County's Administrator's Revised Public Safety and Justice Recommendation" with authority for the County Administrator to take all action needed to implement the recommendation (Resolution 05-0129). The resolution in part created a five-person Oversight Committee (PS&JOC) which was charged with overseeing the construction of the capital projects contained in the County Administrator's Recommendation. The PS&JOC was given the power to review and approve contracts, bills and any other documents related to the capital projects contained in the Recommendation.

DISCUSSION:

The funding source for the Project is comprised of Bond Proceeds for the construction of the Court in the amount of \$12,813,638 (Gross Bond Proceeds \$12,822,519 less original issue discount \$8,881) and \$21,800,148 (gross bond proceeds \$21,675,000 plus original bond issue premium \$125,148) for the Jail Renovation Project, as well as interest earnings.

The project has sustained pre-award contract increases incorporated with standard construction changes and engineering adjustments all of which have significantly impacted the contingency budget. Both scope adjustments and value engineering were addressed to minimize the cost impact while maintaining the integrity of the project. It is estimated that an additional \$190,000 contingency funds are needed to complete the project within scope and timeline.

Additionally, the County has earned \$2.24 million in interest earnings to date on the project, however, it is projected that there will be a revenue shortfall of \$218,855 due to the interest revenue being less than originally estimated at the beginning of the project.

Lastly a budget adjustment is needed to address the \$87,103 reconciliation between the projects budgeted bond proceeds and actual revenue received. Therefore the Public Safety & Justice Oversight Committee is seeking assistance from the Board of Commissioners to authorize the County Administrator to advance funding in an amount not to exceed \$495,958 that is to be requested as needed by the Public Safety & Justice Oversight Committee for the reasons described above and as shown below:

Anticipated Contingency to Finish Project	\$190,000
Projected Interest Earnings Shortfall	\$218,855
Reconciliation of Records Adjustment	<u>\$ 87,103</u>
Total	\$495,958

It is recommended that the funding source for the projected budget shortfall in the amount not to exceed \$495,958 be the Facilities Operations & Maintenance fund balance (fund #6310). Currently, this fund has a balance of \$781,796, resulting in a remaining balance of at least \$285,838. This fund balance accumulated from operating surpluses in 2008 and 2009 due to staff reductions, contained energy costs and a shift to preventative maintenance. The fund balance is intended as a contingency on county capital needs. Using this fund balance, therefore, should have no negative impact on operations or projects moving forward. A summary of the contingency status and modifications is reflected on the attachment following this memo.

IMPACT ON HUMAN RESOURCES:

None

IMPACT ON BUDGET:

It is recommended that the funding source for the \$495,958 be the Facilities Operations & Maintenance fund balance (fund #6310). Currently, this fund has a balance of \$781,796, resulting in a remaining balance of at least \$285,838. Utilizing this fund balance, should have no negative impact on operations or scheduled projects moving forward.

IMPACT ON INDIRECT COSTS:

None

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

This is a collaborative effort of internal partners of the Public Safety & Justice Oversight Committee.

CONFORMITY TO COUNTY POLICIES:

This action conforms to the County's Policies and Procedures.

ATTACHMENTS /APPENDICES:

Resolution

Jail & 14-A District Court Construction Project 5/4/2010

TOTAL BUDGET	34,613,786	
ORIGINAL CONTINGENCY	1,753,076	5.06%

Contingency Expenses

Less: Pre-Awarding of Bids	(506,255)	
Less: Owners Soft Cost (Attachment A)	(547,190)	
Less: Requests associated w/Sheriff's Office (Attachment B)	(159,306)	
Less: Requests associated w/District Court (Attachment B)	(77,793)	
Less: Clark Construction Services (Attachment B)	(228,057)	
Less: Construction Changes (Attachment C)	(1,712,254)	
Total Contingency Expenses	(3,230,855)	

Contingency Additions

Plus: Early Savings Adjustments	420,639	
Plus: Value Engineering	999,844	
Plus: FF&E Change	100,000	
Total Contingency Additions	1,520,483	
REVISED CONTINGENCY	3,273,559	8.98%

REMAINING CONTINGENCY	42,704	
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Anticipated Contingency Need to Finish Project	(190,000)	
Interest Earnings Projected Shortfall	(218,855)	
Reconciliation of Records Adjustment	(87,103)	

Anticipated Amount Needed to Finish Project	(495,958)	-1.43%
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A RESOLUTION AUTHORIZING THE ADMINISTRATOR TO ALLOCATE AN AMOUNT NOT TO EXCEED \$495,958 TO THE PUBLIC SAFETY & JUSTICE OVERSIGHT COMMITTEE FOR THE PURPOSE OF COMPLETING THE 14A COURT/JAIL RENOVATION PROJECT

WASHTENAW COUNTY BOARD OF COMMISSIONERS

June 2, 2010

WHEREAS, the Public Safety and Justice Oversight Committee is requesting additional resources to complete the 14A Court/Jail Renovation Project; and

WHEREAS, the 14A Court/Jail Renovation Project is funded through the bond proceeds for a combined amount of \$34,613,786; and

WHEREAS, the project was anticipating \$2.4 million in interest earnings, however, to date has earning approximately \$2.24 million, thereby showing a shortfall of \$218,855 in revenue; and

WHEREAS, the project has sustained pre-award contract increased incorporated with standard construction changes and engineering adjustments all of which have significantly impacted the projects contingency budget; and

WHEREAS, both scope adjustments and value engineering were addressed to minimize the cost impact while maintaining the integrity of the project; and

WHEREAS, the allocation of \$190,000 to replenish the contingency budget, \$218,855 to cover the projected interest earnings shortfall and \$87,103 to reconcile the recorded revenue with the actual revenue received for a total allocation of \$495,958; and

WHEREAS, it is recommended that the \$495,958 come from the Facilities Operations and Maintenance Fund Balance (fund 6310) thereby leaving a fund balance of \$285,838; and

WHEREAS, the utilization of this allocation will be upon request of the Public Safety & Justice Oversight Committee documenting to the County Administrator the purpose of the utilization; and

WHEREAS, this matter has been reviewed by the Public Safety & Justice Oversight Committee, Corporation Counsel, the Finance Department, Human Resources, the County Administrator's Office and the Ways & Means Committee;

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby authorizes the allocation of an amount not to exceed \$495,958 from the fund balance of Facilities Operations & Maintenance for the 14A Court/Jail Renovation Project; and

BE IT FURTHER RESOLVED that the Board of Commissioners authorizes the County Administrator to advance funding in an amount not to exceed \$495,958 to be requested as needed by the Public Safety & Justice Oversight Committee for the reasons described below:

Projected Interest Earnings Shortfall	\$218,855
Reconciliation of Records Adjustment	\$ 87,103
Anticipated Contingency to Finish Project	<u>\$190,000</u>
Total	\$495,958