



Rosemary Parking Deck

Project Update and Authorization
Increase

November 2, 2022





The Vision

Potential of 800 new employees downtown (4/1000SF)

\$4.2 million in new support for downtown businesses
(\$102 per week times 800 employees)

New 200,000SF office with wet lab that contributes to
tax base annually

New centralized parking that frees up land for other
uses

Retention of researchers from UNC with wet lab space
Retention of other companies through UNC
partnership

Support for UNC Admissions building with parking
Adds parking to support downtown

More publicly managed parking so our policies affect
the good of downtown (currently only controlling 30%
of market)



Rosemary Parking Deck Update



FOUNDATION REDESIGN



SCHEDULE & BUDGET

Draft

Foundation Redesign

Why?

- Bedrock is lower than expected

Impacts:

- Delay opening to November 2023
- Costs – up to \$8.6M

Immediate actions

- Released sub to purchase materials & finish design
- Released sub to begin micropiles
- Released concrete redesign and production



Why?

Bedrock is lower than expected

Contractor's bid assumed bedrock at a certain level based on Feb 2019 Geotech report

Bedrock is variable; often 10' lower than anticipated

Third-party review of studies and decisions agreed Contractor proceeded with standard industry expectations and practices.



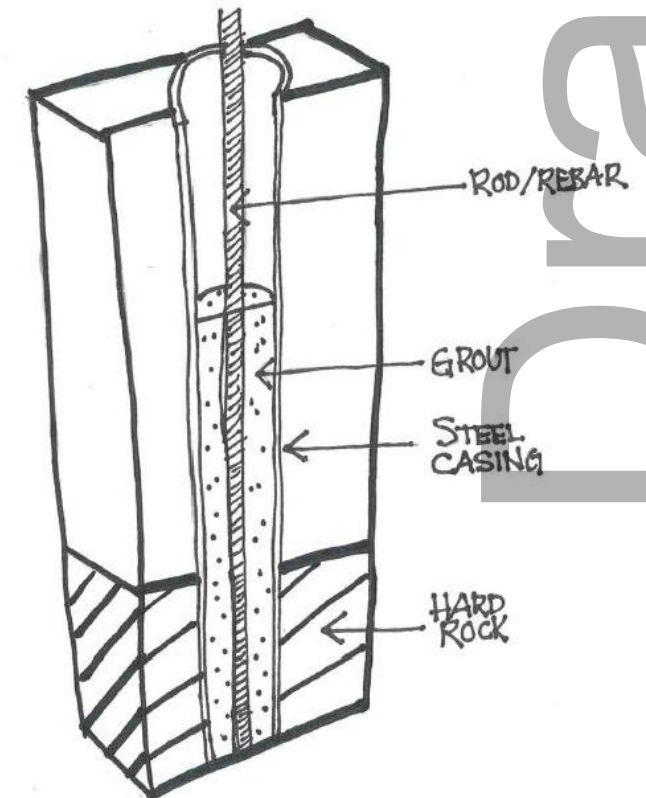
What is the solution?

Micropiles bridge the gap between foundation and bedrock

Other design options considered; micropiles were agreed-upon path forward

Supplies for basic materials are limited and price is highly market-sensitive

Delays increase costs; delays have ripple effects on other elements of the project.



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Impacts

Schedule:

Opening shifts from March/April to September 2023

Cost:

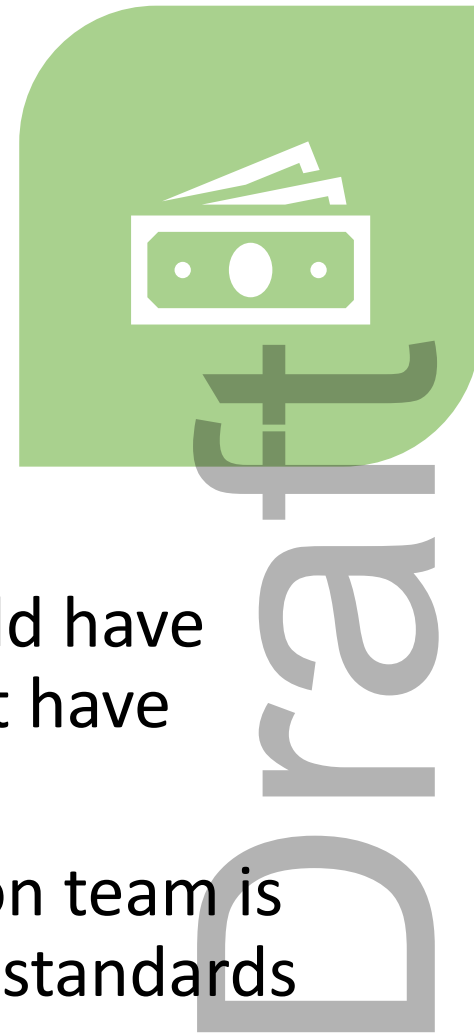
Known costs	\$5,387,138
Allowances and Exposures	\$3,628,173
Contingency	(\$391,000)
Project Increase	\$8,624,356



Cost Review

Town staff and Walker continue to evaluate individual costs

- If conditions had been known earlier, initial project bid would have included micropiles cost; some time/market increases might have been avoided
- However, there is general agreement among the construction team is that the due-diligence was conducted according to industry standards



Payment Options

1. Cash flow costs from Debt Service fund balance
2. Borrow now
3. Cash flow now; reimburse with future borrowing



Best Option -->

Cash Flow Now/Borrow Later

- Provides time we need to determine actual additional project costs
- Expands borrowing options (LOBS – combine with MSC issuance, installment financing, other projects) if needed



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Payoff and Debt Capacity

Due to time delay, project scope, and new costs -

- **Payoff** impacts scenario:
 - FY 2029 vs FY 2023 for positive annual cash flows
 - FY 2036 vs FY 2026 for positive cumulative cash flows
- **Debt capacity impacts** scenario:
 - Debt ratios (10-year payout, Debt to Assessed Value, and Debt Service to Expenditures) will be higher than policy level
 - May postpone ability to finance additional projects by 2-3 years





Recommendation

That Council increase the project authorization by up to \$9 million R-##