

## STAFF MEMORANDUM

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**Subject:** Rosemary Parking Deck Update  
**Date:** May 26, 2021  
**From:** Mary Jane Nirdlinger, Deputy Town Manager  
Dwight Bassett, Economic Development Director  
Amy Oland, Business Management Director  
Laura Selmer, Economic Development Specialist

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### Project Progress

In the last several months the Council, Town staff, and the construction team have accomplished the following tasks to keep the project moving forward on schedule:

1. **Confirmed the design** of the deck with the Council, including access lanes off Rosemary Street and a secondary access on North Street
2. **Acquired** the property on North Street
3. **Resubmitted** drawings to the North Carolina Department of Insurance (NCDOI) and the Town for demolition and construction permits
4. Held a **public information meeting** for interested residents and neighbors on May 10, 2021
5. Developed a **construction management plan** for the project
6. Identified opportunities to **support downtown businesses** during construction with grants and communication strategies
7. **Coordinated** the lease renewal and amendment with the USPS
8. **Authorized** the Letter of Intent with the University for the purchase of 100 spaces in the deck

### Overview

Tonight, the Council is being asked to make several interrelated decisions to maintain the project schedule.

1. Select parking technology for the deck
1. Approve the increased Guaranteed Maximum Price (GMP)
  - o Make a recommendation on the granite removal/increased height option to reduce project costs
2. Approve a resolution supporting an application to the Local Government Commission (LGC) for its approval of a Town financing agreement
3. Call a public hearing on June 9<sup>th</sup> for the issuance of Limited Obligation Bonds (LOBS)

The construction market has been unusually volatile and cost escalation for materials such as steel and concrete, a labor shortage, and global pandemic impacts have pushed the overall project cost up. The Town has also made some decisions that increased the initial project cost (parking technology selection, green design elements) but which should, over the life of the project, save time and money because of the higher cost to retrofit certain technologies and the ability of some features to pay for themselves through savings.

Tonight, we will offer the Council some options to reduce the project cost, but they cannot bring the overall project cost down to the earlier estimates because of the larger market forces at play.

Despite these increases, it is our continued recommendation that the Council authorize the higher project budget because: the Town has the financial resources and capacity available

to proceed with the borrowing; the project continues to achieve the Town's ultimate goals of supporting the downtown, capturing additional office and innovation enterprises; and delay will cost more in terms of lost opportunity or even higher costs. Should market conditions improve, we will capture reduced project costs, but should costs continue to rise, our ability to make this investment will become more difficult.

## **Additional Information**

### **1. Parking Technology**

In listening to Council during consideration of building East Rosemary parking deck, we heard a strong interest in having better data from our parking system so that we could better manage our resources. There are limitations with the Parkeon meters when combined with the ParkMobile app and weighing that data against gate counters that we currently operate with. As a part of the oversight work by Walker Consultants we asked that they look at technologies and consider how we progress.

Walker made a presentation to the Council Committee on Economic Sustainability in December 2020 and asked for guidance on how to proceed. (<https://www.townofchapelhill.org/home/showpublisheddocument/47573/637423356007870000> ) The Committee recommended further consideration of the PARCS and APGS system to provide the best data output and operation of the deck. The PARCS system was the primary choice with APGS being included if we decide it is critical.

Walker issued an RFP in December 2020 for parking technology proposals. The responses were analyzed, reviewed by Walker Parking, the Town's Parking and Technology Solutions staffs, ranked and interviewed.

The team recommends proceeding with the PARCS technology in order to install a fully functional parking technology system from the outset. Reasons for this recommendation include:

- The technology will pay for itself over time by guiding visitors to spaces efficiently.
- Retrofitting is more costly.
- APGS will communicate with the previously selected PARCS technology.
- The technology meets our needs for guiding visitors, managing leased spaces, meets our security interests, and provides fully functional data from the outset.

We are recommending an increase to the Guaranteed Maximum Price (below) and the Council could opt to go with a less expensive parking technology, but the savings from this choice would not significantly reduce the overall project costs. Additionally, we know that other parking decks in our area are retrofitting to include this technology or including it in their designs because of the financial benefits over time.

Walker Consultants will be on the Agenda for Council Committee on Economic Sustainability to review the technology with Council on June 4, 2021.

→ ***We recommend that the Council confirm the selection of the PARCS/APGS technology in the deck.***

## **2. Approve the increased Guaranteed Maximum Price**

Since the Council's last update on the Rosemary Deck, market costs have continued to rise. The Council may consider some options and trade-offs for reducing the overall cost, and the Council will need to authorize an increase in the project's overall cost (GMP) for construction to proceed this summer, as planned.

The initial Economic Development Agreement anticipated a maximum project cost of \$33.2 Million.

Samet Corporation received initial pricing and bids on May 21, 2021. At the June 2<sup>nd</sup> meeting, we will be able to provide more detailed information about those responses, but at the time of this memo, we are seeing a range of costs:

The most significant increases can be attributed to these specific factors:

- Rock removal and related traffic control
- Concrete, architectural precast
- Architectural steel
- Waterproofing, metal roofing and paneling
- PVC pricing
- Parking technology?

The project team has carefully evaluated the market and the bids and we believe there are factors beyond our control and a couple of options the Town could consider to reduce costs.

Although there is nothing we can do to manage or reduce the escalation in materials cost for the project, we have an opportunity to lock in pricing and move forward.

- Should prices continue to increase, this puts the Town in the best position to capture today's costs.
- If prices fall, Samet will have the ability to negotiate with contractors to capture those reduced costs for the project.

A representative from Samet will be available at the June 2<sup>nd</sup> meeting to help answer questions on the project and project budget.

→ ***We recommend that the Council authorize a GMP not to exceed the total project cost which should allow sufficient capacity to finance the project.***

### ***Rock Removal/Additional Height Option***

One option the Council could consider for cost reduction is to lift the garage up a story, which would raise the deck up an additional 12 feet, eliminating a significant

amount of the rock removal cost. Council could enact an ordinance change to the conditional zoning in June if this option if they choose.

The detailed site borings identified significant areas of granite that will need to be removed at a significant cost. Removal includes breaking up the rock and hauling it away from the site; this work takes about a month.

<b>Pros of Increasing Above-Ground Height/Reducing Rock Removal</b>	<b>Cons of Reducing Rock Removal</b>
Significant cost savings	Some savings would be spent on redesign
Save one month by not removing rocks	Use time to redesign plans (would not impact overall delivery date)
Reduces neighborhood impacts of rock removal (noise, vibrations)	Deck would be approx. 12 feet higher
Mostly eliminates the need to haul rock (heavy trucks) on MLK out to I-40.	none

**→ We recommend that the Council authorize the Town Staff to pursue entitlements for this option if they feel the benefit merits that choice. Reduced project costs would be within the GMP recommended above.**

**3. Approve a resolution supporting an application to the Local Government Commission (LGC) for its approval of a Town financing agreement**

There are certain steps related to financing of the project that require Council action, including the submission of an application to the LGC for its approval of a Town financing agreement and holding a public hearing on June 9, 2021.

As we have previously discussed with Council, in conjunction with issuing financing of up to \$39 million for the East Rosemary Deck, the Town will be including the Blue Hill District road improvements project in this borrowing for a total of \$6.48 million. In addition, the Town intends to refinance up to \$12 million in existing loans (140 West and Hargraves Center renovations) to free up collateral (Town Operations Center) to use for this financing and to take advantage of low interest rates.

Town staff will present revised project cash flows and an update on the resources available to pay for this project.

**→ We recommend that the Council approve the resolution in support of submitting an application to the Local Government Commission for its approval of a Town financing agreement for the 2021 Parking Deck Financing, Blue Hill Road Improvements, and Refinancing of Existing Loans.**

4. **Call a public hearing for June 9, 2021 to discuss the proposed issuance of Limited Obligation Bonds for the Rosemary Deck Financing, Blue Hill Road Improvements, and Refinancing of Existing Loans**

**→ *We recommend that the Council call a public hearing for June 9, 2021.***