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Agenda  
Marquette City Commission / Public Works Advisory Board  
Joint Work Session  
Public Works Service Center Project  
Tuesday, August 27, 1985  
7:00 p.m.

1. Introductions
2. Brief History of the Project - (Mike Etelamaki)
3. Review of Existing Facilities - (Don Klimmek / Steve Lawry)
4. Cost Estimate and Analysis of the Proposed Project - (Don Klimmek)
5. Economic Analysis - (Gary Gorsalitz)
6. Summary

- 1) Bond Consultant
  - A) Timing
  - B) Term & Variability
  - C) cm
- 2) Priorities - when - w/s

PRELIMINARY FEASIBILITY STUDY  
REVISED SUMMARY AND COMMENTS  
OF  
ECONOMIC ANALYSIS  
FOR THE  
CITY OF MARQUETTE  
PUBLIC WORKS SERVICE CENTER

REVISED AUGUST 23, 1985

	SERVICE LIFE	\$ INITIAL CAPITAL OUTLAY	\$ SALVAGE VALUE	ANNUAL COSTS/SAVINGS						TOTAL EQUIVALENT ANNUAL COSTS \$
				CAPITAL \$	MAINT./OP'NS. \$	ENERGY/UTILITIES \$	OUTSIDE MAINT. CONTR. \$	MANAGEMENT SEPARATION \$	(SALVAGE) \$	
A	15	291,731	0	38,356	1,274,061	43,300	21,000	33,075	0	1,409,792
B	33	1,261,731	970,000	131,851	1,232,600	38,950	21,000	39,000	(4365)	1,469,036
C	55	4,445,550	4,138,300	446,691	1,025,124	178,280	0	6232	(2191)	1,654,356

A = REMAIN IN EXISTING FACILITY  
B = REMODEL EXISTING FACILITY  
C = CONSTRUCT NEW FACILITY

NOTE: If we consider the salvage value of the existing facility as a present credit towards initial capital outlay, the equivalent annual cost of "C" becomes \$1,618,385

**TABLE I**  
EQUIVALENT ANNUAL COST ESTIMATES

NOTES REGARDING REVISED TABLE 1

1. If we remove the cost of money from the annual costs, the equivalent annual costs become

$$A = 1,371,436$$

$$B = 1,337,185$$

$$C = 1,207,665$$

This indicates an operating savings of \$163,771 over existing operations. If we assume 4% inflation, this means a savings of over \$31.3 million dollars over the life of the new facility.

2. More importantly, at the end of the life of each of the other alternatives, a new facility will need to be constructed. Assuming 4% inflation holds for those periods, and a building is constructed such as the one proposed, the construction cost factors would be:

$$15 \text{ year @ } 4\% \text{ inflation factor} = 1.801$$

$$33 \text{ year @ } 4\% \text{ inflation factor} = 3.648$$

After 15 years the building would cost

$$1.801 \times 4,445,550 = \$8,006,640.00$$

After 33 years the building would cost

$$3.648 \times 4,445,550 = \$ 16,217,370$$

These would both be 55 year useable life buildings.

## CHRONOLOGY OF PUBLIC WORKS SERVICE CENTER PROJECT

11/19/80

Public Works Advisory Board reviewed and approved list of long range goals developed by the public works staff.

02/23/81

Budget Capital Outlay form submitted requesting renovation and addition of 12,600 s.f. to existing structure at a cost of \$979,000. Submittal was part of 1981-92 fiscal year budget preparation.

03/04/81

Public Works Advisory Board directed a communication to the City Commission supporting the long-range goals of the Public Works Department as reflected in the six year capital outlay program of the 1981-82 fiscal year budget.

12/16/81

Public Works Advisory Board discussed siting and sizing of a new public works facility. They recommended that further investment in the existing structure be limited to correction of the most severe health and safety problems.

02/11/82

Budget Capital Outlay form from previous fiscal year resubmitted as part of 1982-83 fiscal year budget preparation.

09/09/82

Public Works Advisory Board revised its long-range goals to a 1983 Major Emphasis Program which included support for a \$250,000 expenditure for land acquisition and architectural/engineering services for a new facility during fiscal year 1983-84.

12/14/82

Sundberg, Carlson and Associates authorized to prepare a "Preliminary Feasibility Analysis of Alternatives for the Public Works Service Center."

01/10/83

Appraisal of 11.75 acres of Soo Line property on West Baraga Avenue completed. Land value was set at \$140,000.

01/19/83

Public Works Advisory Board reviewed appraisal of Baraga Avenue site and requested an economic analysis of that site vs. renovating existing Wright Street facility.

02/09/83

Budget Capital Outlay form requesting \$2,575,000 for construction of a new Public Works Service Center on W. Baraga Avenue submitted as part of 1983-84 fiscal year budget preparation. Alternate request for renovation of existing facility also submitted with cost now estimated at \$1,245,000.

03/02/83

Sundberg, Carlson and Associates presented feasibility study to Public Works Advisory Board. Board expressed support for the "construct new central facility" option with an initial capital outlay of \$2,000,000. Cost was based on 39,000 s.f. plus minimal site work.

02/13/84

Resubmittal of previous year's capital outlay request for \$2,575,000 for new facility on Baraga Avenue.

09/10/84

City Commission considered purchase of property on W. Baraga Avenue from Soo Line Railroad but tabled the matter after expressing reservations about aesthetic impact of locating Public Works Service Center on this site.

09/19/84

Proposal for private development and lease back arrangement for new public works facility submitted to Public Works Advisory Board by Northern Developers.

09/19/84

Public Works Advisory Board directed a communication to the City Commission reaffirming its recommendation of a new centrally located Public Works Service Center and supporting the concept of private financing.

09/24/84

City Commission reconsidered site acquisition and scheduled a joint work session with the Public Works Advisory Board to review the matter in more detail.

10/08/84

Joint work session of City Commission and Public Works Advisory

Board held to discuss site selection and project financing.

10/09/84

City Commission authorized purchase of Baraga Avenue site from the Soo Line Railroad for \$140,000 and directed City administration to prepare a request for proposals for design of the new facility.

11/21/84

Public Works Advisory Board directed letter to City Commission requesting delay of contract award for A/E services for new Service Center until Board could review selection committee recommendation and make a recommendation of its own.

12/05/84

Public Works Advisory Board met and elected to support the selection committee choice of Sundberg, Carlson and Associates for Service Center design.

12/10/84

City Commission awarded design contract to Sundberg, Carlson and Associates

12/84 - 04/85

City staff worked with Sundberg, Carlson and Associates to determine space requirements by compiling dimensions of all fixtures and equipment to be included in the new facility.

02/08/85

Progress report on facilities design delivered to Public Works Advisory Board. Report noted that estimated building cost had climbed to \$4.3 million due primarily to an increase in the required vehicle storage capacity calculated after all vehicle dimensions were supplied to the designers. Cold storage capacity was not yet finalized.

02/14/85

Revised cost estimate of \$5,984,437 received from Sundberg, Carlson and Associates as designers and estimators continued to refine their figures based on information furnished by equipment and material suppliers. Square footage requirements had also climbed to over 130,000 as layouts and traffic patterns were established.

02/15/85

Capital Outlay Budget request form submitted showing a total project cost of \$5,984,500.

03/08/85

Sundberg, Carlson and Associates presented alternate schematic designs to the Public Works Advisory Board. The Board directed the architect to proceed with refinement of "Option 2." The architect also pointed out that building size had doubled from earlier projections which led to increased site work as well.

04/12/85

Draft report and cost estimate comparing five structural systems presented to the Public Works Advisory Board by Sundberg, Carlson and Associates. Project costs varied from \$5.876 million for pre-engineered steel building to \$7.262 million for masonry construction on a steel skeleton. The Board expressed a preference for a pre-cast panel/steel skeleton option estimated at \$6.724 million. All revised cost estimates were based on 1987 construction and the report indicated that a 10% savings on any option could be anticipated through the use of construction management.

04/12/85

Sundberg, Carlson and Associates notified by Soil Testing Services that soil borings taken at the site on 4/4/85 revealed the presence of buried rubble under a portion of the building area.

04/15/85

Final copy of report and cost estimate as well as schematic drawings presented to the City Commission. Commission found project cost unacceptable and directed staff to find ways to cut project cost.

04/22/85

Soils report presented to City staff by Sundberg, Carlson and Associates.

04/24/85

Sundberg, Carlson and Associates directed by staff to reduce project cost by cutting salt storage capacity, cutting aggregate bins, decreasing stall width in vehicle storage, decreasing size of drafting area, providing for outside storage and revising internal parking and traffic patterns.

05/10/85

Public Works Advisory Board opposed cutting project size or quality of construction and requested joint work session with the City Commission.

08/09/85

Sundberg, Carlson and Associates reported to the Public Works Advisory Board that complying with directives of 4/24/85, total building size was reduced from 131,000 s.f. to approximately 88,000

s.f. This is expected to reduce total project cost by 20-25%. They were directed to prepare revised cost estimate for August 22 work session of Advisory Board and City Commission. (Later rescheduled to August 27).

Accident Analysis  
Workers Compensation Accidents in Public Works Dept.  
1980 - Present

Total Reported Accidents (67 months)		147
Accidents Occuring at Wright St. Site		50
Accidents Invloving Shop Personnel		28
Accidents Attributable to Facility Deficiencies		12
No Heavy Equipment Hoist	2	
No Loading Dock	2	
No Floor Pit	2	
Poor Floor Drainage	3	
Ventilation	1	
Structural Defects	1	
Lost Work Days	14	
Medical Payments	\$4,426.56	