

Borough Hall & Public Safety Facilities Project Overview, Update & the Homestretch

**Borough Hall & Public Safety Infrastructure Advisory Committee
August 14, 2023**

Agenda

Project History & Overview

Construction, Procurement & Schedule Update

Budget Update & Spending Authorization Request

The Homestretch

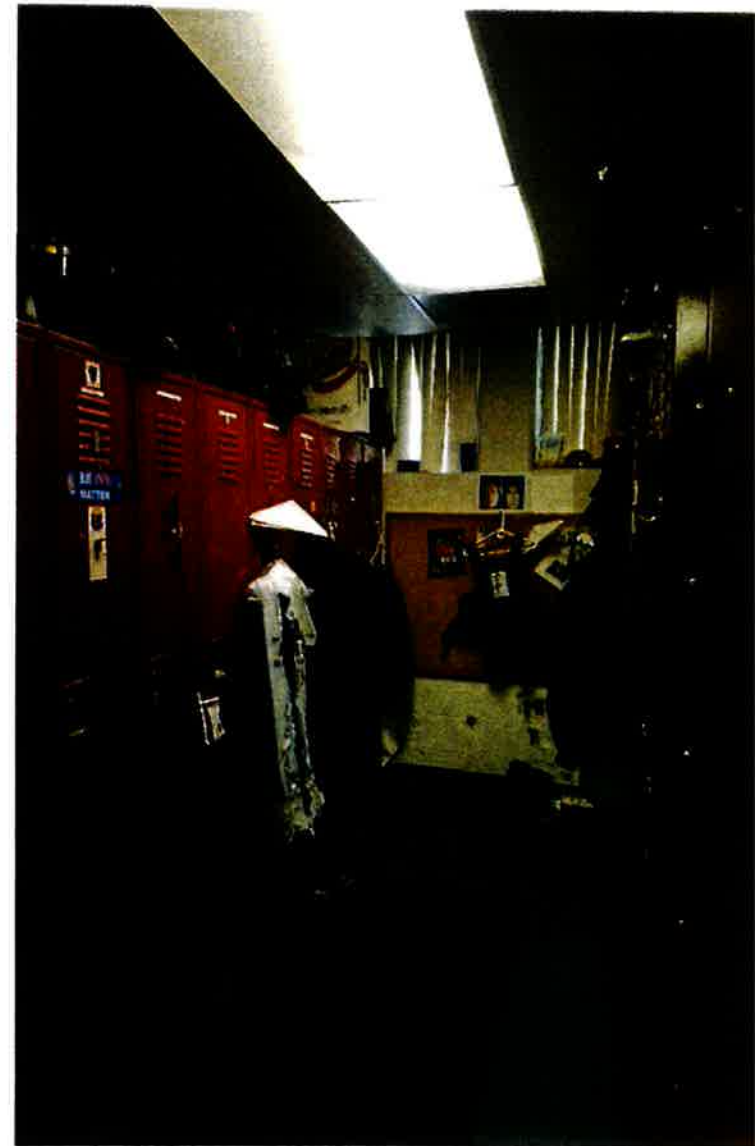
The Borough Hall & Public Safety Facilities Project was undertaken to fix serious deficiencies with the old building

- No ADA accessibility/compliance
- Lack of emergency exits
- Inadequate security
- Failure of core systems and infrastructure:
 - HVAC system
 - Electric & Plumbing
 - Roof
- Foundation water penetration and mold
- Lack of energy efficient building envelope
- Police Dept: Severe space constraints and failure to meet regulatory requirements
- Fire Department: Insufficient storage, administrative space and meeting space
- Inadequate & inefficient office space for administrative functions
- Insufficient technology infrastructure and file storage spaces

The old facilities, constructed in 1969, did not meet Borough needs and represented a safety risk to building users and a liability risk to taxpayers

These deficiencies were particularly severe in the ML Police Department

- No prisoner entrance separate from public entry
- Inadequate locker room space, including no facilities for a female officer
- Need for code compliant restroom facilities
- No prisoner holding area; no separation of adult/juvenile, male/female
- Lack of Internal affairs office as mandated
- Insufficient administrative facilities for officers and the specialized roles of Detective, School Resource Officer and Shift Supervisor
- Insufficient space for many police department functions: interview room, patrol room, roll call/training area, processing area, temporary and permanent evidence storage, weapons room/armory, and server room



The need to fix these problems had been discussed numerous times over several decades

- 1972** The Borough identified issues with the newly constructed Borough Hall & Public Safety facilities.
- 1980s/90s** Several discussions took place on how best to address deficiencies.
- 2004-2008** A committee was formed to address facility needs. The Borough engaged an architect to develop options for necessary improvements. The estimated project cost was \$5M in 2008.
- 2011** Borough Council set a goal of addressing needed facility improvements.

In 2017 Borough Council formed the Borough Hall & Public Safety Infrastructure Advisory Committee to tackle this issue once again

Mission: Advise Borough Council on improvements needed to provide employees and the public with a safe, healthy, functional, code-compliant operating environment – while minimizing the project cost

Membership: Has spanned two Borough Managers (Sheola & Stern) and four council members (Barnett, Happer, Holmberg & Menard), and includes representatives from the Police and Fire Departments. In addition, community members with professional expertise in planning, architecture, construction, and construction management have served on the committee

June 2018 Milestone: Borough Council approves Arcari & Iovino, a firm with deep experience in municipal and public safety projects, as Project Architect

December 2019 Milestone: Project design moves forward after lengthy delay as BOE deliberates whether to remain as a tenant in Borough Hall – BOE ultimately decides to re-locate to ML High School

Spring 2020 Milestone: Schematic Design Phase of project completed

Summer 2020 Milestone: Borough Council authorizes \$4.5M project spending

December 2020 Milestone: Demolition & excavation work commences

The Project Architect's \$4.5M cost estimate included Brick & Mortar spending, A/E fees, Lease payments, Bonding costs, etc.

- Minor renovations to the Fire Bay (1,914 sq ft)
- Major renovations to the rest of the existing building (7,355 sq ft)
- Two additions to the existing building (3,990 sq ft)
- Elevator Installation
- Architect & Engineering Fees
- Lease Payments & Other Relocation Expenses
- Limited Site Work
- Furniture
- Bonding Costs
- Contingency

Project Management

How is the project being managed? The Borough Hall & Public Safety Facilities Project is being managed in-house, an approach used successfully on the Birchwood Lake beach facilities project (completed in 2019) and the Island Beach facilities project (completed in 2020).

Why were the Birchwood Lake and Island Beach projects managed in-house? The Borough pulled management of these projects in-house after a series of failed bids in 2017 and 2018. The bids in 2017 ranged from \$2M - \$3M, 50% to 114% over the approved construction budget. The bids in 2018 failed again, despite an extensive effort to scale back the scope of the two projects. By managing the projects in-house, the Borough completed the two beach projects significantly under budget and with quality workmanship.

Why was this approach used for the Borough Hall & Public Safety Facilities Project? This approach was replicated for the Borough Hall & Public Safety Facilities project in order to save money (similar results to failed beach project bids were expected) and ensure quality craftsmanship. With the beach projects wrapping up, the Borough took advantage of its in-house capabilities to get the job done. The Borough had two years experience working with the Project Manager and was confident in his work. The Project Architect also had a long-standing relationship with the Project Manager and confidence in his work.

Project Management & Oversight

How does in-house management work? The Project Manager runs the project with hands-on Borough Manager involvement. The Borough acts as general contractor and follows all State of New Jersey procurement requirements (including public bidding and multiple cost estimates prior to purchase commitments).

How does project oversight work? The Borough engages professionals, including the Borough Engineer and a Project Architect with deep experience in municipal & public safety projects to help guide decision-making and provide oversight. The project committee acts in an advisory capacity, meeting regularly to review staffing, schedule, design, materials pricing, and budget – with a focus on minimizing cost and delivering quality work. Project finances are handled by the Borough's finance team with regular review by the Borough Manager, project committee and Borough Council. The Borough's auditor audits all Borough finances on an annual basis. Information on project expenses appears on every Council meeting agenda, which is available to the public.

Is this a heavy lift for the Borough? Yes, especially given the challenging supply chain, labor market and inflationary environment of recent years. However, the Borough is confident that the project has been managed responsibly, with appropriate oversight, and with keen attention to managing costs and delivering a quality end-product.

Where are we today?

Construction & Procurement Update

Completed since March 2023 Project Update

- ✓ Exterior Insulation & Stucco Prep for Final Finish Coat
- ✓ Exterior Emergency Stair Concrete Pour
- ✓ Exterior Door Delivery
- ✓ Interior Insulation
- ✓ Interior Partition Drywall
- ✓ Interior Partition Taping & Spackling
- ✓ Existing Ceiling Finish Preparation & Painting
- ✓ Interior Lighting Delivery
- ✓ Interior Finishes Review & Approval
- ✓ HVAC RTUs: Unit 2 & 3 Delivery (one unit arrived damaged & still missing accessories)
- ✓ RTU 2 & 3 Roof Placement

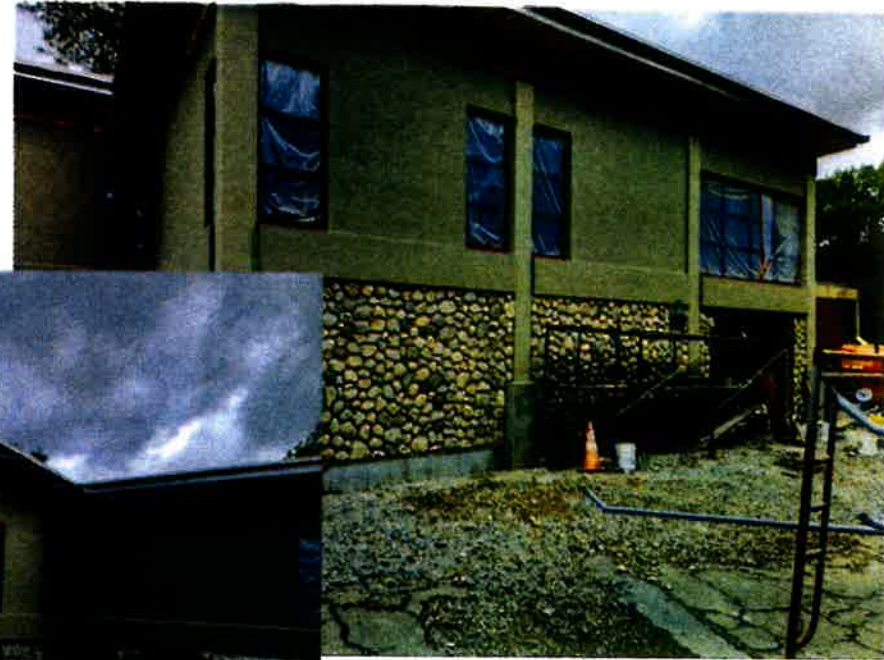
In Progress

- Exterior Stone Veneer Installation & Stucco Final Finish
- Interior Wall Skim Coating, Priming & Finish Painting
- Interior Finishes
- New Interior Ceilings
- Interior Lighting Installation
- Concrete Floor Polishing
- HVAC Equipment Installation

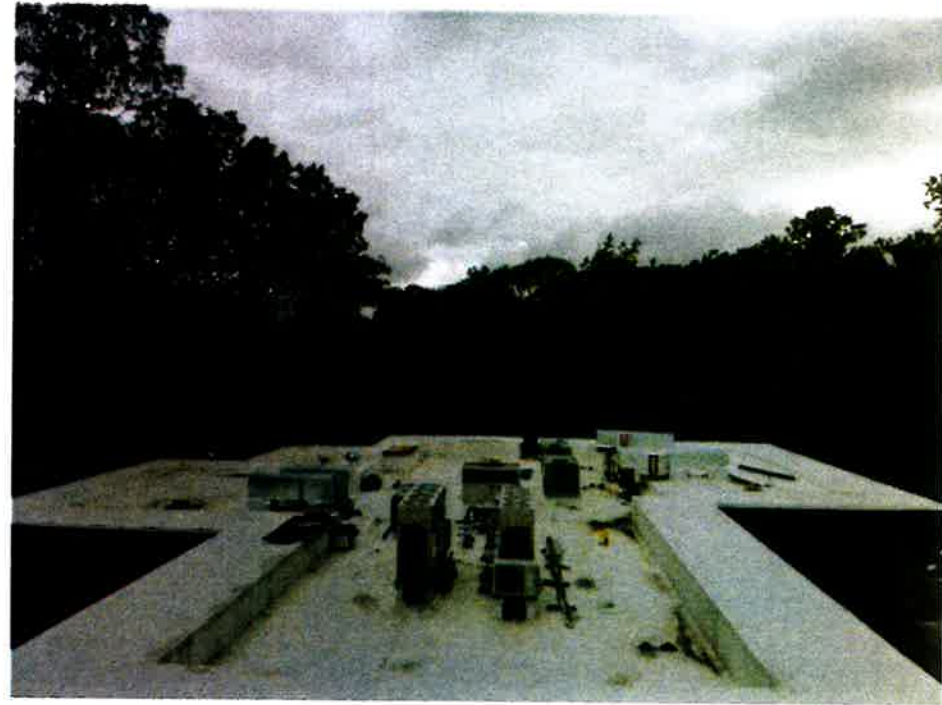
Looking Ahead to Year-End

- Exterior Finishes (Roof Cap & Soffits)
- Exterior & Interior Door Installation
- Site Grading & Concrete Walk Installation
- HVAC RTUs Hook-up
- Complete Interior Finishes
- Restroom Finishes & Plumbing Fixtures
- Carpet & Epoxy Floor Installation
- Life Safety Systems Completion
- Testing & Inspections
- Furniture Delivery
- Move-In

Exterior Finishes – In Process



Exterior Finishes & RTU Installation – In Process



Interior Finishes – In Process



Interior Finishes – In Process



Why is the project behind schedule?

1. Significant Supply Chain Issues, including:

- Exterior Windows: Over 9 months for manufacture and delivery.
- HVAC Roof Top Units: Over 18 months for manufacture and delivery. The final two RTUs were recently delivered. One RTU arrived damaged, and all accessory equipment and materials still have not been delivered.

2. A Tight Labor Market for Construction Workers

- A shortage of skilled, qualified workers slowed progress of both interior and exterior work.

3. Extra Time Sourcing Materials & Labor to Manage Expenses

- The project team has not simply accepted price increases due to supply chain issues and inflation. The team continues to work hard to find and evaluate cost-saving alternatives.
- In addition, numerous construction materials were value engineered to reduce project costs. These items included exterior windows & doors, lighting, and interior finishes.

Budget Update & Spending Authorization Request

Project Budget through 7.31.23

Total Budget	Expenses	Encumbered	Balance
\$4,515,000	(\$3,880,000)	(\$291,000)	\$344,000

Projected Project Cost	Projected Contingency
\$5,405,000	(\$890,000)

- A projected project cost of \$5.4M requires spending authorization of \$890K
- An additional \$155K is highly recommended for several public safety improvements

Why is \$890K needed?

Rising Costs

Several factors, including an extended period of high inflation, supply chain issues, labor shortages, and increased demand for construction, have significantly impacted the cost of materials and labor.

Additional Public Safety & Other Work Completed

Significant work has been completed to make additional Public Safety and other required / advisable improvements.

Several project line items account for \$890K+

STRUCTURAL STEEL	\$ 142,500	Cost Increase + Additional Work
HVAC	\$ 124,000	Cost Increase + Additional Work
IT/TECH	\$ 112,000	Cost Increase
ELECTRIC	\$ 83,500	Cost Increase
METAL STUD WALLS	\$ 70,000	Cost Increase
GENERATOR	\$ 70,000	Additional Work
PAINTING	\$ 69,000	Cost Increase
ALARMS	\$ 42,000	Cost Increase + Additional Work
DOORS	\$ 42,000	Cost Increase
STUCCO	\$ 41,500	Cost Increase
WINDOWS	\$ 41,000	Cost Increase
PROJECT ADMIN ASST	\$ 38,500	Additional Work
SITE WORK	\$ 34,000	Additional Work

Rising Costs

The Project Architect's original \$4.5M project cost estimate noted: "These amounts are preliminary in nature... based upon today's dollars without specific escalation to match a particular start date."

- US Inflation is up 18%+ since the Architect's cost estimate, a \$820K increase on a \$4.5M project

Cost increases in the construction industry are even higher.

- Construction costs are up 30%+, a \$1.35M increase on a \$4.5M project
- The cost of construction materials remain 38% higher than pre-pandemic costs

Many project line items have been impacted by rising labor & material costs, including steel, technology, HVAC, electrical, metal stud walls, doors, windows, exterior finishes, and painting.



Producer Price Index, January 2023

	1 Month % Change	12-Month % Change	Change Since Feb 2020
Inputs to Industries			
Inputs to Construction	1.3%	4.9%	37.7%
Inputs to Multifamily Construction	1.1%	5.4%	35.7%
Inputs to Nonresidential Construction	1.1%	4.9%	37.9%
Inputs to Commercial Construction	0.6%	5.2%	38.2%
Inputs to Healthcare Construction	0.8%	4.9%	38.0%
Inputs to Industrial Construction	1.1%	6.5%	32.7%
Inputs to Other Nonresidential Construction	1.2%	4.9%	37.9%
Inputs to Maintenance and Repair Construction	1.5%	5.4%	36.8%
Commodities			
Adhesives and Sealants	-0.2%	13.4%	31.3%
Brick and Structural Clay Tile	0.7%	12.9%	25.5%
Concrete Products	1.1%	14.8%	27.9%
Construction Machinery and Equipment	3.4%	12.2%	23.9%
Copper Wire and Cable	2.6%	-3.4%	33.0%
Crude Petroleum (Domestic Production)	2.2%	-10.0%	50.0%
Fabricated Structural Metal Products	0.0%	3.2%	52.5%
Gypsum Products	-2.6%	10.7%	42.7%
Hot Rolled Steel Bars, Plates, and Structural Shapes	-4.6%	-7.1%	56.6%
Insulation Materials	0.3%	9.6%	35.5%
Iron and Steel	0.5%	-23.0%	55.9%
Lumber and Wood Products	-0.6%	-12.3%	28.7%
Natural Gas	18.1%	7.9%	219.4%
Plumbing Fixtures and Fittings	0.5%	4.9%	17.5%
Prepared Asphalt, Tar Roofing and Siding Products	-3.2%	7.3%	33.4%
Softwood Lumber	-5.1%	-44.1%	17.0%
Steel Mill Products	2.3%	-30.1%	64.6%
Switchgear, Switchboard, Industrial Controls Equipment	0.2%	18.3%	33.5%
Unprocessed Energy Materials	-8.5%	3.0%	100.1%

Source: U.S. Bureau of Labor Statistics

Sources: US Inflation Calculator (US Government CPI data); PPI (Producer Price Index) for Construction Inputs, US Bureau of Labor Statistics; edzarenski.com.

Additional Public Safety & Other Work Completed

Significant work (\$335K+) has been completed to make additional Public Safety and other required / advisable improvements, including:

Public Safety Upgrades (\$170k+)

- New emergency generator
- Covid-related HVAC system upgrade*
- Addition of exterior emergency stairs to Fire Dept Training Room and Upper Level
- Upgraded fire alarm system
- Additional ballistic panels for Police Department

Other (\$165k+)

- Installation of new sanitary sewer line, and extensive work to storm drains
- Unforeseen excavation issues (antenna tower footing & septic tank removal)
- Unexpected asbestos abatement
- Additional steelwork
- Unforeseen structural issues

**Note: The original intent was to fund the HVAC upgrade with American Rescue Plan funds. Instead, all ARP funds are being used to purchase a new Fire Dept vehicle.*

An additional \$155K is recommended

The project scope includes minor renovations to the Fire Bay. It would be cost-effective to complete high-priority additional work while construction is underway, and workers and equipment are on-site.

\$ 100K	Replace three Fire Bay doors and complete surrounding wall work
\$ 45K	Additional parking lot improvements (drainage, small expansion, lighting)
<u>\$ 10K</u>	Concrete floor repair & polishing
\$155K	

With these additional public safety improvements, how does our project cost compare to the cost of similar projects?

Recent public safety & municipal facility projects:

\$5.56M	Borough Hall & Public Safety Facilities Project, Mountain Lakes, NJ (13,259 square feet, <u>\$419/sf</u>)
\$7.3M	Police & Court Project, Leonia, NJ (16,000 square feet, <u>\$456/sf</u>)
\$16M	Fire Department Project, Summit, NJ (32,000 square feet, <u>\$500/sf</u>) Projected cost up \$4M since 2021 estimate.
\$18M	Firehouse Project, Asbury, NJ (31,800 square feet, <u>\$566/sf</u>)
\$12.5M	Police & Administrative Facilities Project, Colts Neck, NJ (16,000 square feet, <u>\$781/sf</u>)
\$15M	Public Safety Facilities, River Vale, NJ (18,000 square feet, \$833/sf) July 2023 bids came in significantly over the \$15M budget. Project will be rebid.
\$27.5M	Police Facility Project, New Canaan, CT (32,000 square feet, <u>\$859/sf</u>) Projected cost has increased \$10.5M since November 2020 estimate.
\$42M	Police & Fire Department Project, Somerville, NJ (46,000 square feet, <u>\$913/sf</u>)
\$32.4M	Police Facilities Project, Lexington, MA (34,000 square feet, <u>\$953/sf</u>)

The Homestretch

- The project team is looking forward to completing the work necessary to obtain a Certificate of Occupancy and move in before year-end. While delays are frustrating, the project's in-house management approach has allowed the project team to navigate delays by juggling the work schedule to avoid employees sitting idle.
- Since the beginning of the project, costs have been managed responsibly. There have been significant project savings that have offset the potential for a larger spending authorization request, and there is a potential for additional savings as the project wraps up.
- **We are well on our way to completing a project that has been on the Borough's to-do list for decades. The renovated Borough Hall will provide employees and the public with a safe, healthy, functional, and code-compliant operating environment.**

Thank You