

Interurban Building Change Order #2

Economic Development and
Housing Committee

January 10, 2006



Office of Economic
Development
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Purposes

- The purposes of this briefing are to:
 - Detail the reasons for Change Order #2
 - Explain the funding history of the project
 - Recap M/WBE participation rates

Background

- Barker-Nichols, the developer for the Interurban Building, was awarded a development agreement on January 28, 2004 for \$5 million to reimburse them for eligible TIF expenditures
- The TIF commitment included both construction and “soft” development-related costs.

Background

Interurban
Building in July
2003



Background

- When the project was awarded on October 13, 2004, the developer added additional private funding of \$129,431 for a total of \$5,129,431 because the construction bid was higher than anticipated.
- TIF funding was capped at \$5 million.

Background

- The developer worked with the contractor, Andres Construction Services, LLC, in a Value Engineering process to maintain quality but obtain reduced cost.
- The intent was to reduce construction costs to allow for soft cost reimbursements and return the additional private funding of \$129,431.

The Interurban Building today



The Urban Market Cafe



The Urban Market



Interurban Building Change Order #2

- The Interurban lofts and Urban Market are now open.
- The developer waited until the end of the project as a logical time to determine the actual costs for the work and then present Change Order No. 2 for distribution of eligible TIF costs.

Interurban Building Change Order #2

- The streetscape work associated with Change Order #1 was funded out of the 2003 Bond Program and did not include any TIF-related changes.

Interurban Building Change Order #2

- Change Order #2 on the January 11, 2006 Agenda formally accounts for the change of scope and the reduction of construction costs.
- This restores the soft cost reimbursements allowed in the original development agreement, recognizes the return of private funding, and slightly reduces bond funding to actual costs.

Interurban Building Change Order #2

- As illustrated on the next slide, TIF construction and soft costs almost match exactly the projected estimates from the original development agreement.
- TIF funding has never exceeded the original \$5 million commitment.

Interurban Building Change Order #2

Funding Source	Jan. 2004 Development Agreement	Oct. 2004 Original Contract	Aug. 2005 Change Order #1	Jan. 2006 Change Order #2
2003 Bond Funds • Streetscape	0	0	722,639	675,315
TIF Funds Construction Costs • Façade • Environmental • Demolition	\$4,560,000	\$5,000,000	\$5,000,000	\$4,553,100
Soft Costs	\$440,000	0	0	\$446,900
Subtotal TIF Funds	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Additional Private Funds	0	\$129,431	\$129,431	0
Total	\$5,000,000	\$5,129,431	\$5,852,070	\$5,675,315

M/WBE Participation

- When the Council approved Change Order #1 in August 2005, there was considerable discussion of the M/WBE participation in this project.
- The M/WBE participation decreased because of changes in the scope and type of work that were necessary to bring construction costs within budget.

M/WBE Participation

- Change Order #2 slightly increases the M/WBE participation achieved after Change Order #1.
- The following slide summarizes the M/WBE participation rate throughout the project.
- Note that an August 5 memo to the City Council incorrectly referenced a 16.8% participation, which is a percentage of the \$5 million TIF cap, not of the contracted services.

M/WBE Participation

	Oct. 2004 Original Contract	After Aug. 2005 Change Order	After Jan. 2006 Change Order #2
R.O.C. (HM)	\$1,472,516	--	--
Azteca (HM)	247,660	351,610	351,610
Greenscaping (HF)	--	--	14,005
Subtotal (H)	\$1,720,176	\$351,610	\$365,615
S & J Electric (WF)	\$29,148	\$483,179	\$493,101
Paul Allen (WF)		5,176	5,176
Service Excellence (WF)	96,335	--	--
Subtotal (WF)	\$125,483	\$488,355	\$498,277
Total M/WBE	\$1,845,659	\$839,965	\$863,892
Total Contract Dollars	\$5,129,431	\$5,852,070	\$5,228,415
M/WBE Participation (%)	35.98%	14.35%	16.52%

Recommendation

- Recommended Committee action:
 - Approve Interurban Change Order #2 and recommend that the full Council also approve it.