

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: July 2, 2007

SUBJECT: Dana Elementary Phase II A&E Fees

ATTACHMENTS: Yes

1. June 19, 07 Correspondence from Dr. Page
2. June 14, 07 Correspondence from Bo Caldwell
3. May 2, 07 Correspondence from Dr. Page
4. Nov. 15, 06 Commissioners Meeting Minutes Excerpts

SUMMARY OF REQUEST:

County staff has been notified that the Henderson County Public Schools expects a cost overage of \$57,000 for additional architectural and engineering (A&E) fees for the Dana Elementary School Phase II project.

Attached are letters from School Superintendent Dr. Page to County Manager Steve Wyatt regarding the cost overage. In addition and in review, staff has attached excerpts of minutes from the Board of Commissioner's November 15, 2006 when the Board approved "architectural fees as requested by the School Board for the Dana Project in the amount of \$120,000". The recent request from the school system is in addition to this \$120,000 approved in November.

BOARD ACTION REQUESTED:

Staff recommends that the Board of Commissioners discuss and consider this request.

Suggested Motion:

I move that the Board of Commissioners _____ this request.

Suggestion Motion if Approved:

I move that the FY2008 budget be amended and authorize staff to take the \$57,000 in additional funds for architectural and engineering fees for the Dana Phase II project from fund balance (or other source).

Board of Public Education

Ervin W. Bazzle, *Chairperson*
Melissa L. Maurer, *Vice Chairperson*
Betsy J. Copolillo
Mary Louise Corn
Lisa T. Edwards
Deborah D. Ford
Jane S. Orwoll



**HENDERSON COUNTY
PUBLIC SCHOOLS**

Where Tomorrow Begins

Dr. Stephen L. Page
Superintendent

414 Fourth Avenue West
Hendersonville, NC 28739-4261
Phone (828) 697-4733
FAX (828) 697-5541 or 697-4738
www.henderson.k12.nc.us

June 19, 2007

Mr. Steven D. "Steve" Wyatt
Henderson County Manager
100 North King Street
Hendersonville, NC 28792

Re: Dana Elementary Phase II

Dear Steve:

Attached is an overview of the problem created by value engineering and re-design work to achieve a lower construction cost for the Dana Elementary Phase II construction project which I described to you by telephone recently. The \$57,000 is in addition to the \$120,000 but will be taken out of the \$2.5 million allocated for the entire project. We respectfully request that you ask your Board to approve this change so that the engineers can be paid for the additional work they have already completed.

Yours truly,

A handwritten signature in black ink that reads "Stephen L. Page". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Stephen L. Page, Ed. D.
Superintendent

SLP:bcb

Attachment--(June 14, 2007 memorandum from Bo Caldwell to Dr. Stephen Page)

pc: Members, Henderson County Board of Public Education
Bo Caldwell, Senior Director, Facility Management, HCPS

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Memorandum

To: Stephen L. Page, Ed.D., Superintendent

From: Bo Caldwell, Ed.S., Senior Director, Facility Management 

Date: Thursday, June 14, 2007

Subject: Dana Phase II A&E Fees

 **COPY**

Bowers, Ellis and Watson, the architects for the Dana Elementary School phase II project, had the construction documents completed in April, 2007. The plans were sent to a company specializing in construction cost estimates before bidding in order to get a construction cost projection. The estimate came back at \$2.8 million. There was \$2.5 million allocated for the entire project including A/E fees and contingency. The architect and engineers determined cuts and changes to reduce the costs as well as identified bidding alternates. Unfortunately, to cut over one-half million dollars from a renovation project was difficult. The changes and alternates required additional drawings and documents by the architect and engineers. This additional service was not in their original contract. The cost for the additional A&E services was \$57,000. The plan was to treat the additional A&E services like a construction change order and pay it from the \$2.5 million total Dana construction budget. Carey McLelland advised me that the County Commissioners approved \$120,000 for A&E fees on this project. The architect/engineer construction plans had to change in order to get the project under budget. There are no additional funds requested. I am requesting an approval to pay the additional \$57,000 A& E fees from the total construction budget.

Board of Public Education

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May 2, 2007

Mr. Steven D. Wyatt
Henderson County Manager
100 North King Street
Hendersonville, NC 28792

Dear Mr. Wyatt:

There is an issue developing that I want to bring to your attention concerning Dana Elementary School, Phase II. The County has committed \$2.5 million to this project. There is \$2.3 million for construction, \$80,000 for contingency and \$120,000 for A & E fees. From the experience at Mills River, we took the initiative to have a cost analysis done on the project from an independent/neutral cost estimator. The cost came back at a staggering \$3.2 million based on today's prices. My staff has attempted to "value" engineer the project and resubmitted the project with the changes and deletions. The current estimate is now \$2.8 million. We are continuing to work with the architect to further reduce cost and will bid the project with alternates that, hopefully, will allow us to get within the budget.

I am personally concerned that some of the cuts are too drastic to consider. One alternative includes a flat roof on the classroom renovations. I want you to have some prior knowledge of what is going on with the project. I hope you would agree that there has to be a limit on what will change. In the meantime, we will continue to hope that the bids will allow us to keep the project from being another controversy. I will be glad to meet with you and share the detail. We will press on with the process and keep you informed. The tentative bid opening date is June 21. Hopefully, we will have Board approval on June 29.

Yours truly,

A handwritten signature in black ink that reads "Stephen L. Page".

Stephen L. Page, Ed. D.
Superintendent

SLP:bc

pc: Members, Henderson County Board of Public Education
Senior Staff, HCPS

A ½ cent sales tax increase, regardless of action by the State on their sales tax rate. (This option was unanimously approved by the Task Force)

The concerns of the committee relating to Revenue Options were:

- \$300 million + needed for capital projects
- Additional tax burdens on county population
- Finding revenue streams to keep property tax increases to a minimum
- Finding a revenue source that was broad based and would generate revenue totals in the range of \$10 to \$11 million dollars
- Utilizing as many resources as possible to generate needed revenue
- Concerns of unfair or over taxation of homeowners who already pay property tax, sales tax, and revenue stamp tax when the home is sold
- Finding a revenue stream that's not only our local citizens but money spent by visitors to this area
- Finding resources that did not distinctively set us apart from surrounding counties in a way that would drive growth to the surrounding counties

Chairman Moyer stated that the Board of Commissioners would pursue this recommendation very aggressively with legislation.

Commissioners Messer and McGrady thanked the Alternative Revenue Task Force for a job well done.

Public Schools Architectural Engineering Resolution

Chairman Moyer requested that County Manager Steve Wyatt and County Attorney Russell Burrell cover this item.

County Manger Steve Wyatt explained that at the November 8 Joint Meeting with the Henderson County School Board the request was made for \$120,000 in architectural and engineering (A/E) fees for the Dana Elementary School phase II renovations and \$325,500 for A/E fees for the construction of a new Mills River Elementary School. The total of \$445,500 which is not in the 2006-2007 county budget. However, the County is holding \$600,000 in reserve, earmarked for the Mills River project whether it is a renovation or a totally new school. If the Board is prepared to move forward with these two projects, Staff recommends utilizing the source of funding being tapped for those two projects which is the capital reserve fund. That would, of course, prevent that money from being used for any debt service. The Board of Commissioners must address the question of previous plans to renovate and add versus the issue of a new school to give the architects clear direction.

The Board of Education is also seeking your approval to move ahead with A/E for the Hillandale Project. The estimate provided for A/E fees was \$994,000. It was stated that this number was likely high but is the only number we have at this time. It is important to remember that if the two projects mentioned were completed only \$154,500 will remain in the reserve fund. The source of the remaining funds will have to be determined and approved by the Board of Commissioners. Tapping the \$775,000 set aside for Sugarloaf and Dana Phase I furnishings, fixtures and equipment is not recommended. Approximately \$550,000 is Sugarloaf funding and when Sugarloaf opens in 2008 the money will be needed to furnish the facility. If this money is used now it will create a deficit in 2008-2009 budget. The furnishings will actually be procured in 2006-2007 which is the next fiscal year. There are no furnishings, fixtures or equipment included in any of the three projects currently on the table. The County will be asked for these funds which will likely be in the \$1,000,000 to \$1,500,000 range.

The issue of school capacity needs to be settled prior to any approval of A/E funding as again the architects must know what school capacity to design. As decisions are made regarding these projects, it is important to note that when Sugarloaf is occupied there likely will be a substantial cost to staff and operate that new

Chairman Moyer expressed that the Board of Commissioners needed to continue with the Dana project by approving the architectural fees and approve the resolution.

Chairman Moyer made the motion to approve the architectural fees as requested by the School Board for the Dana Project in the amount of \$120,000 and recognize that they are approving that bid to take it to project and expedite it as quickly as possible. All voted in favor and the motion carried.

Discussion followed.

Chairman Moyer made the motion that the Board of Commissioners provide direction to the Board of Education in looking to finance the Mills River and Hillandale projects and that the Board of Commissioners set the capacity of the school for core and classroom at no less than 700. The motion passed 4-1 with Commissioner Baldwin voting nay.

Chairman of the Board of Education Ervin Bazzle requested that the Board of Commissioners allow the Board of Education to make the bid as an alternative so that the Board of Commissioners could recognize the difference in cost before deciding to accept or decline.

Chairman Moyer made the motion to authorize the Mills River and Hillandale projects as suggested by the Board of Education go to a bond referendum as soon as possible taking them to the public for their approval and if the public comes back and says they want to spend that money the Board of Commissioners will go ahead with the project with the enlarged capacity. The motion passed 4-1 with Commissioner Baldwin voting nay.

Commissioner Messer stated that if this went before the public he felt it would pass.

Board of Education Chairman Ervin Bazzle noted that it was important that the Board of Commissioners support the Board of Education on the 2 projects and the bond referendum.

Chairman Moyer made the motion to authorize the Board of Education to use the \$600,000 toward architectural fees as necessary to the referendum between these two projects. Chairman Moyer amended the motion to authorize the Board of Education to use \$480,000 of the \$600,000 toward architectural fees, planning fees or as necessary to the referendum between these two projects. All voted in favor and the motion carried.

Chairman Moyer made the motion to authorize the Board of Education to make bids with Core Capacity of 700 and Operating Capacity of 700 as was the consensus of both boards, instead of Core Capacity of 700 and Operating Capacity of 600 previously discussed. All voted in favor and the motion carried.

BREAK

A five minute break was taken.

Facility Transition Planning

County Manager Steve Wyatt stated that with the construction and the occupation of the Human Services Building, vacancies have been created in the Administrative Building, and the old Public Health Department Building. The plan was to relocate the Sheriff's Department into the Administrative Building and to relocate Land Development into the old Public Health Building. After looking at the facilities, questions and concerns were raised. Mr. Steve Allen of Solutions for Local Government was retained to come in and look at the properties comprehensively to development a Space Needs Assessment and Facility Reuse Study with a charge to find the best approach and solution to addressing these issues.

Steve Allen, President of Solutions for Local Government, explained that in looking at a Space Use Assessment they were looking at use from 2006 to 2020 for these facilities and the departments that occupied