



City Manager's Office

MEMORANDUM

DATE: July 18, 2024

TO: Mayor and City Council

THROUGH: Jackie Bryant, Interim City Manager Approved Electronically

FROM: Kerrie Koski, Public Works Director

SUBJECT: Neil Road Facility Remodel and Expansion Project
Memorandum of Understanding, Project Schedule, and Estimated Project Costs

Council approved \$5 million in ARPA funds for the Neil Road Facility Remodel and Expansion Project under the access to healthcare priority category. The Neil Road facility is currently leased to the Community Health Alliance (CHA) to provide critical healthcare services to a traditionally underserved community.

At the April 10, 2024, Council meeting, the Council directed staff to:

- 1) Prepare a memorandum of understanding (MOU) outlining the City and CHA project obligations for the Neil Road Facility Remodel and Expansion Project.
- 2) Provide an update on the project schedule and estimated project costs prior to the advertisement for bids.

Both items are scheduled for the July 31, 2024, City Council agenda. Below is a summary description of each item.

1) MOU:

The city's obligation is project delivery through design-bid-build procurement, but this obligation is contingent upon CHA's obligation to cover any funding gap.

CHA's obligation is to provide funding to cover any gap over the allocated \$5 million at the time of bid award. This obligation is contingent upon the successful execution of a new long-term lease as described in the term sheet. The lease is scheduled to come to Council for approval on December 4, 2024.

The proposed term sheet includes the following:

- Twenty-year lease with two five-year options to extend
- One dollar per year rent
- The tenant pays all utility costs: electric, gas, water, sewer, telephone, communications, trash, fire security system, and burglar alarm.

- The tenant is responsible for day-to-day maintenance: repairs, snow and ice removal for CHA entrances, light bulbs, plumbing, janitorial, pest control, and window washing.
- The City is responsible for HVAC, mechanical systems, and roof repairs.
- The City is responsible for future capital improvements.

2) Project Schedule and Estimated Project Costs:

The design for this project will be completed in August 2024 to advertise for bids and award a construction contract in December 2024. The estimated project cost is \$6.2 million, which includes design, permitting, construction, and contingency. The project schedule and estimated cost breakdown are shown below in Tables 1 and 2.

Table 1. Project Schedule	
Award consultant agreement	April 10, 2024
Design	April - August, 2024
Construction cost estimate	July 2024
Plan review & permitting	August - September, 2024
Advertise & bidding	October - November 2024
Council award	*December 4, 2024
ARPA award deadline	December 31, 2024
Construction	January 2025 – October 2026
APRA expenditure deadline	December 31, 2026

*A new long-term lease will also be on the Council agenda on this date.

Table 2. Estimated Project Cost	
Design & construction administration	\$ 303,600
Site improvements	\$ 192,000
New expansion	\$ 2,080,000
Remodel existing space	\$ 1,943,825
Permitting and fees	\$ 919,714
Contingency (15%)	\$ 762,774
Grand Total	\$ 6,201,913