

Reference: Stantec Program Analysis Report – Courts

Summary of Revisions to Document:

Item	Change
Executive Summary – Page 1 - 4 th para. 1 st bullet point	Added \$500,000 to the New Baseline project costs as an allowance for segregated judges' parking at the Circuit Court, resulting in an increased cost from \$36.3M to \$36.8M.
- 4 th para. 2 nd bullet point	The above judges' parking for the Circuit also applied to the Reduced Levy Option, resulting in an increased cost from \$38.5M to \$39M.
Executive Summary – page 2 - 1 st bullet point	For Option 5, a typo was corrected to \$41.9M, which previously showed \$38.8M. The Reduced Levy Option cpst referenced again resulting in an increased cost from \$38.5M to \$39M. Total project costs for Option 5 were updated to reflect a ranged from \$50M to \$54.6M, with the average at \$52.3M. The variability in the range is attributed to the range of low and high site acquisition costs.
Construction Costs	Inserted explanation of \$500,000 cost for judges' parking in two places on page.
Option 1 and Option 5 Analysis (page 5)	Total project costs range, which includes costs for the Circuit Court renovation and the GD court new construction was adjusted on the upper limit from \$43.6M to \$44.2M as a result of adding the \$500k for judges' parking.
Page 6	Updated table of values of each option.

To:	Trevor Henry	From:	Xuan Phan
	FES, Albemarle County		Stantec,
File:	Albemarle – Courts Program Analysis	Date:	revised December 5, 2017

Reference: FINAL Stantec Program Analysis Report – Courts Options

Executive Summary

Over the past few months, the County administration has further evaluated the renovation and expansion of the Courts in downtown Charlottesville, commonly referred to as “Option 1” or the “Downtown Option.” The County hired Moseley Architects to first reevaluate the Circuit Court site in an effort to reduce its overall expansion requirement without compromising the programmatic goals and to minimize potential approval issues associated with proposing a larger addition to the building located in a historic district. Subsequently, Moseley investigated a conceptual plan for an alternative General District Court site to compare to the Levy site alternative. Stantec was tasked with comparing these variations of Option 1 against the conceptual plan for a relocation of the County Circuit and General District Courts to a new location in the County, commonly referred to as “Option 5” or the “County Option.”

Our goal is to provide an overview of the programmatic needs, constraints and opportunities that are associated with each option. We spend a lot of time discussing our assumptions and how they were derived or sourced and provide a comparison of the order-of-magnitude project costs.

Please note that we will also be analyzing Option 5 relative to the potential relocation of the Courts and/or the County Office Building (COB), but we are providing a program analysis of the COB in a separate, standalone memo. Our financial modeling will incorporate findings from each of the reports on the Courts and/or the COB, and we will then consider the question of relocating one or both of these civic buildings from a fiscal impact perspective.

Based on Moseley's report and Stantec's comparative analysis, we make the following conclusions about the updated Option 1 and Option 5 courts program and estimated costs.

- The New Baseline, which involves a reduced Circuit Court renovation/addition and the Levy addition totaling 91,900 GSF is the only downtown alternative that allows for true co-location of the County and City general district courts, and after accounting for the City contribution and sale proceeds, it's the least expensive on a cost per sf basis of \$480 psf (\$36.8M net).
- A reduced Levy Option, which involves a reduced size General District Court of 77,400 GSF at the Levy site, eliminates the City GD Court and Clerk components of the program but can still accommodate the County's GD Court needs and allow room for expansion. The net cost of \$39.0M to the County is higher than in the New Baseline scenario, which is a larger project, because there is a \$6.9M City contribution available to offset costs.
- The 4th & High Option refers to a conceptual plan to relocate the General District Court to a site at 401 and 407 East High Street adjacent to the current Juvenile & Domestic Relations court. The 4th and High Street location is not favorable for the site of the County General District Court due to its many limitations and constraints which are discussed below. Although

Reference: FINAL Stantec Program Analysis Report – Courts Options

the net cost of \$36.0M appears to be the least costly of the options studied, we do not recommend continuing to study this option for purposes of siting a courthouse.

- At 88,000 GSF, Option 5 can provide for a consolidated Circuit and GD program plus room for expansion, and can realize programmatic efficiencies at a net cost of \$41.9M (including hard and soft costs, after credits and deductions). That amount is comparable to the reduced Levy Option (County only), at \$39.0M, before any additional costs are taken into account for the relocation scenario. Additional costs would have to be factored in for site acquisition, if located on privately owned property, and potentially other extraordinary costs such as a parking garage. We estimate these costs could be an additional \$2.1M to \$6.7M for site acquisition plus \$6M for a 300-space garage, resulting in a total project cost ranging from \$50.0M to \$54.6M and averaging \$52.3M.
- The reduced Levy Option (County only) and Option 5 are the most comparable as neither scenario includes the City and both include expansion space.
- In terms of timing for these Options, the New Baseline and Reduced Levy Option could start quickly and deliver a project sooner, first the GD Court and second the Circuit Court. County staff would have to consider the logistical advantages and disadvantages, in consultation with Court stakeholders, of maintaining operations during an occupied renovation versus a temporary relocation.
- We estimate that Option 5 would add up to two years to the schedule depending on how quickly a developer and public-private partnership (P3) agreement can be negotiated and implemented. Overall, it does not add a significant amount of time to the schedule.

Assumptions and Sources of Information

The following assumptions and/or sources of information were used in our analysis.

		OPTION 1 (2016)	OPTION 1 (UPDATED 2017)			OPTION 5 (UPDATED 2017)
		Original	New Baseline (County & City)	Reduced Levy Option (County Only)	4th & High Option (County Only)	Incl. Expansion
LOCATION	Circuit Court	Court Square (original)	Court Square (reduced SF)	Court Square (reduced SF)	Court Square (reduced SF)	County Location
	General District Court - County	Levy Site	Levy Site (3-story bldg)	Levy Site (2-story bldg)	4th & High (2 to 3 story bldg)	County Location
	General District Court - City	Levy Site	Levy Site	not included	not included	not included
PROGRAM	# of Court Sets (Circuit + GD + GD Expansion + City)	2 + 2 + 1 + 1(City)	2 + 2 + 1 + 1(City)	2 + 2 + 1 + 0	2 + 2 + 0 + 0	2 + 2 + 1 + 0
	Circuit Court	36,000 GSF	31,600 GSF	31,600 GSF	31,600 GSF	-
	General District Court	60,350 GSF	60,300 GSF	45,800 GSF	41,250 GSF	-
	Combined	96,350 GSF	91,900 GSF	77,400 GSF	72,850 GSF	88,000 GSF

Reference: FINAL Stantec Program Analysis Report – Courts Options

Program for Option 1 (2016) – This program reflects the October 2016 program provided by County Staff which included a Circuit Court of 36,000 GSF, a co-located General District Court of 60,350 GSF and a combined program of 96,350 GSF.

Program for Option 1 (Updated 2017) – All programmatic assumptions and square footages were based on the conceptual plans provided by Moseley Architects in their attached letter dated October 24, 2017, *Consolidated Third Quarter 2017 Update, Albemarle Court Facilities*, which we will refer to herein as “Moseley Q32017 Update”. Moseley applied a more efficient floorplan and circulation pattern between the two existing buildings at Court Square, allowing for a renovated Circuit Court that is almost entirely within the existing footprint of the building, aside from a 460 SF connector addition. Moseley reduced the Circuit Court plan by 4,400 SF, mostly by eliminating the addition to the main building that had been recommended in the September 2012 Dewberry Courts Master Plan Study. The reduced Circuit Court program still accommodates two court sets, secure circulation for the public, defendants and judges, jury rooms and ample space for the Circuit Court Clerk on the basement, 2nd and 3rd levels. The distribution of the Circuit Court Clerk’s operations across three different floors may reduce space utilization and operational efficiency. The basement level holding area lacks a vehicle sally port, although one is incorporated into the design at the Levy site.

The base Option 1 assumes co-location of the County and City General District Courts, within a three-story, newly constructed building on the Levy site. The plans include two GD court sets for the County, one GD court set for the City, and one GD shell space for expansion. Additionally, the renovation of Levy Opera House will accommodate the Albemarle County Commonwealth’s Attorney’s office.

The Circuit Court combined with the three-story co-located General District Court on the Levy site becomes the “New Baseline” or benchmark against which the remaining options will be measured.

Moseley studied two additional variations for the General District court: 1) one variation called the “Reduced Levy Option” assumed a smaller, two-story building on the Levy site that would only be sufficient to serve the County’s (not the City’s) GD Court needs and would contain two court sets for the County and space for future expansion for a third court set; and 2) a second variation called “4th & High Option” assumed the County’s GD Court needs only and was based on what could be built on the parcel at 4th and High Streets that is technically comprised of three lots co-owned by the County and the City and a lot that is wholly owned by the City. While the Reduced Levy Option included expansion space, the 4th & High Option did not have any expansion space.

Program for Option 5 (“Relocation”) – Our Option 5 program of 88,000 GSF is a slight adjustment from the 2016 Option 5 analysis provided by County staff, which estimated a program of 85,000 GSF for a new court facility to be located in the county. The 85,000 GSF was a reduction of 10,000 GSF of space that had been allocated to the Juvenile & Domestic Relations Court in the Dewberry Study. We made three further adjustments: a) we reduced the 85,000 GSF by an approximate 4,070 GSF of space to eliminate Court Services and Probation, which had been tied to the J&DR court but not previously eliminated; b) we reduced the 85,000 SF by another 1,524 NSF (2,675 GSF) to eliminate a small court set that had been inadvertently imbedded in the 2016 analysis; c) we added another court set for future expansion; and d) we added 3,000 GSF to accommodate a modest below-grade dedicated parking area for judges.

Reference: FINAL Stantec Program Analysis Report – Courts OptionsConstruction Costs

- Option 1 Circuit Court Renovations – The Circuit Court construction costs were based on an August 2017 cost estimate provided by Downey & Scott of \$276 psf for renovation costs and \$426 psf for the small addition. These costs include contractor markups (general conditions, overhead, bonding, insurance), plus a 15% design contingency, and an allowance for interim moves of the Circuit Court. Construction costs also include a \$500,000 estimate for segregated judges' parking at the Circuit Court. In addition, Downey & Scott's estimate was based on Q3 2017 construction costs and included two-years of escalations to 2020. For purposes of this analysis, we escalate all construction cost estimates to 2020 but do not escalate beyond 2020. It may be necessary to escalate the Circuit Court construction costs to include another two years of escalations to 2022.
- Option 1 GD Court New Construction – The GD Court construction costs for the Levy site was \$330 psf for the new building and \$220 psf for renovations to the Levy Opera House, based on Moseley's Q32017 Update. These costs included contractor markups (general conditions, overhead, bonding, insurance), as well as \$500,000 for judges' parking. These figures also included a 10% escalation of the costs of \$300 psf and \$200 psf, respectively, originally from Moseley's Feasibility Study dated August 2015. This escalation factor was vetted by Downey & Scott during the course of preparing their cost estimate for the Circuit Court, although a formal cost estimate for the GD Court was not prepared.
- Option 5 Construction Costs are \$300 psf. This assumption is derived from three conceptual estimates for courts projects that Moseley is currently working on (\$301, \$302 and \$306 psf including contractor markups), and from escalated actual cost numbers for the Hanover Courthouse (\$265 psf, escalated). Taken together, these projects had an average construction cost of \$294 psf, and we have rounded this up to \$300 psf. The \$300 psf construction cost assumption for a "greenfield" site contemplated under Option 5 is notably less than the \$330 psf construction cost assumption for a new General District Court building on the Levy site, reflecting the constraints around construction access, staging and logistics for Levy's tighter site and more urban location.
- Option 5 Site Costs were assumed to be \$350,000 per acre, and a 5-acre site was assumed for this option. A range of \$250,000 to \$350,000 per acre was recommend by Moseley, recognizing that the actual cost could be higher and will depend on the condition of an actual site, availability of utility connections to the site, need for demolition, amount of roadways, environmental issues, site accessibility and other factors specific to the land that cannot be known at this time.

Soft Costs

- The Option 1 soft cost assumptions were calculated in Moseley's Update (see Appendix). Note that an overall 10% project budget contingency is added to each Option.

The Option 5 soft cost assumptions were calculated applying the same assumptions as in the above Option 1 soft cost assumptions. In addition, a modest amount was included for legal

Reference: FINAL Stantec Program Analysis Report – Courts Options

and transaction related costs that could arise from a P3 structure. We established a target for soft costs to total 30% of the Project Costs.

Proceeds from Sale/Credits

- Valuation of potential sale proceeds from buildings are based on prior estimates from the County and City's appraisal of the co-owned Levy Site, Levy Building, Jessup House and 7th and Market Parking lot. The proceeds represent the county's share from the appraisal information. Updated figures will be incorporated into the (separate) Fiscal Impact Analysis.

Acquisition Costs

- Acquisition costs under Option 5 are meant to be a placeholder figure reflective of current assessed land values in the presumptive Rio/29 area in order to take into consideration the cost of buying land in order to relocate to a desired location in the County. Using a sample set of 9 assessed land values within the Rio/29 area varying from vacant parcels to improved commercial lots, we established a low land value of \$421,000/acre, which represented the average of the lower tercile in the set, and a high land value of \$671,000/acre, which represented the average of the upper tercile in the set. We applied these low and high land values per acre to provide an order of magnitude for site acquisition costs.

Structured Parking

- Structured parking costs have been added as a potential additional cost in the Option 5 scenario in anticipation of the possibility that creating a more walkable development area may require a structured parking solution that could consolidate parking, free up surface lots, and create a shared parking arrangement with a mixed-use development. Costs are assumed to be \$20,000 per space (including soft costs) for precast structured garage and are in line with the Charlottesville market for this type of parking.

Option 1 and Option 5 Analysis

Option 1 was updated from 2016 to 2017 to reflect three alternatives for the downtown location, with total project costs ranging from \$36.0M to \$44.2M (before proceeds from sale or credits), and we discuss the relative merits of each.

Reference: FINAL Stantec Program Analysis Report – Courts Options

		OPTION 1 (2016)	OPTION 1 (UPDATED 2017)		
		Original	New Baseline	Reduced Levy Option	4th & High
Combined GSF		96,350 GSF	91,900 GSF	77,400 GSF	72,850 GSF
PROJECT COSTS	Circuit Court Costs	\$16,800,000	\$14,156,000	\$14,156,000	\$13,656,000
	General District Court Costs	\$30,770,000	\$29,997,400	\$24,564,000	\$22,295,000
	Total Project Cost (Current Costs, Escalated 2 yrs)	\$47,570,000	\$44,153,400	\$38,720,000	\$35,951,000
	Additional Costs				
	Plus Acquisition Costs (Low)	\$0	\$0	\$0	\$0
	Plus Acquisition Costs (High)	\$0	\$0	\$0	\$0
	Structured Parking (Average)	\$0	To be negotiated with City		
	Additional Project Costs - Low	\$0	\$0	\$0	\$0
	Additional Project Costs - High	\$0	\$0	\$0	\$0
	Total Project Costs	\$47,570,000	\$44,153,400	\$38,720,000	\$35,951,000
	(Less Proceeds from Sale - prior estimate)	(\$500,000)	(\$500,000)	\$300,000	(\$3,100,000)
	(Less Credits - City Contribution)	(\$6,900,000)	(\$6,900,000)	\$0	\$0
	Net Project Costs Before Acquisition & Parking	\$40,170,000	\$36,753,400	\$39,020,000	\$32,851,000
	Net Project Costs - Order of Magnitude	\$40.2 M	\$36.8 M	\$39.0 M	\$32.9 M
	Cost Increase/(Savings)		(\$3.4) M	\$2.3 M	(\$3.9) M
	Cost Increase/(Savings)		(7.2%) vs Original	6.2% vs New Baseline	(10.6%) vs New Baseline

The New Baseline is the only downtown alternative that allows for true co-location of the County and City general district courts, and after accounting for the City contribution and sale proceeds, it is the least expensive on a cost per sf basis of \$480 psf (\$36.8M net). As the largest option, at 91,900 SF, the New Baseline has the highest gross cost at \$44.2M, attributable to the cost of the City GD court. This already represents a savings of \$3.4M over the original 2016 costs, as a result of the reduced scope for the Circuit Court, which eliminated 4,400 SF from the original plan and provided a more efficient floorplan. It should be noted that the 2016 figures did not include construction cost escalation to the construction mid-point and did not include a 10% project budget contingency. After accounting for the City's \$6.9M contribution and sale proceeds, the New Baseline's net project cost is \$36.8M or \$480 psf, the lowest cost per GSF of all the options. One of the disadvantages of the New Baseline is the inability for the County to derive any direct economic benefits from any commercial activity generated by a court complex.

The Reduced Levy Option reduces the size of the project by excluding the City GD Court and City GD Court Clerk components of the program, while still being able to accommodate the County's GD Court needs and allowing room for expansion in a smaller building with a reduced cost of \$38.7M. Perhaps because the Reduced Levy Option is smaller, at 77,400 SF, it has one of the highest cost per SF of \$500 psf. One disadvantage of this scenario is the lack of funding contribution from the City; on the contrary, the County will have a net payment of \$300,000 to the City for the use of the City's portion of the Levy site after accounting for the sale of the remaining jointly owned buildings. The net project cost would \$39.0M. And, although this is not necessarily a problem for the

Reference: FINAL Stantec Program Analysis Report – Courts Options

County, the Reduced Levy Option would limit the expansion/modernization of the City GDC but have no impact on the City's current operations.

The 4th & High Option is the most constrained at 72,850 GSF and while we studied the 4th & High scenario, it was not considered a favorable option for use as a General District Court. Moseley identified several limitations with this location that are not apparent from the plans or the costs above, making the 4th & High site less feasible for development as a GD Court facility.

- First, this option would require demolition of two existing, occupied buildings that are currently used by the J&DR Court Services Unit and a new location has not been identified nor additional costs accounted for. There would be acquisition costs to-be-determined to purchase the City's share of the Preston and Wheeler buildings along with the city small parking lot.
- Second, the two houses are within the Historic District and although they are not registered buildings, their removal would require approval by the City's Board of Architectural Review.
- Third, the new courts building at 4th and High would crowd the existing historic jail and its proximity to the wall enclosing the jail yard would detract from the character of the jail yard.
- Fourth, the opportunity for future expansion would be limited to vertical expansion. Not only would this be highly disruptive to court operations, but the resulting height of three stories on one end and four stories at the north end would be higher than the neighboring buildings.
- In addition to the site planning and design challenges associated with the 4th & High option, f

The Reduced Levy Option and Option 5 (Relocation) are the most comparable as neither scenario includes the City and both include expansion space. With 88,000 GSF, Option 5 can provide for a consolidated program plus room for expansion, and can realize programmatic efficiencies at a net cost of \$41.9M that's comparable to the Reduced Levy Option, at \$38.7M, before any additional costs are taken into account. The Relocation Option allows the County to sell its interests in the co-owned properties for an approximate \$3.1M (based on an older appraisal) to help offset the cost of building new and relocating, although it will forgo the City contribution.

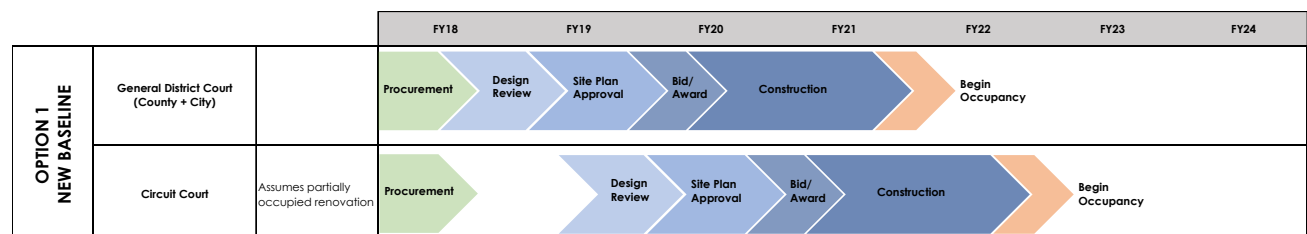
In addition to the above project costs, Option 5 is expected to come with additional costs that are associated with site acquisition and a potential P3 transaction. It is difficult to ascribe a value without a specific site in mind, and so we've estimated a range of acquisition costs that are tied to the size of a parcel and the assumption of the assessed land value per acre. For Option 5, we've estimated a range of 5 to 10 acres at \$421,000 to \$671,00 per acre, resulting in a site acquisition cost of \$2.1M to \$6.7M.

Reference: FINAL Stantec Program Analysis Report – Courts Options

		OPTION 5 (UPDATED 2017)
PROJECT COSTS	Combined GSF	Relocation 88,000 GSF
	Circuit Court Costs	-
	General District Court Costs	-
	Total Project Cost (Current Costs, Escalated 2 yrs)	\$41,861,363
	Additional Costs	
	Plus Acquisition Costs (Low)	\$2,105,000
	Plus Acquisition Costs (High)	\$6,710,000
	Structured Parking (Average)	\$6,000,000
	Additional Project Costs - Low	\$8,105,000
	Additional Project Costs - High	\$12,710,000
	Total Project Costs	\$52,268,863
	(Less Proceeds from Sale - prior estimate)	(\$3,100,000)
	(Less Credits - City Contribution)	\$0
	Net Project Costs Before Acquisition & Parking	\$49,169,000
	Net Project Costs - Order of Magnitude	\$49.2 M
	Cost Increase/(Savings)	\$12.4 M
	Cost Increase/(Savings)	33.8% vs New Baseline

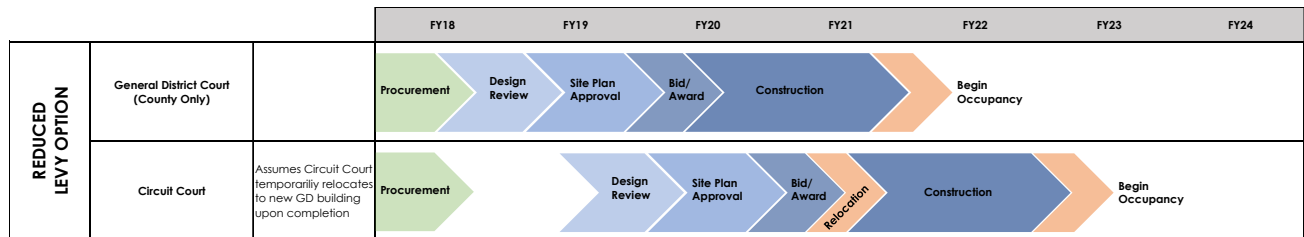
Timeframes

We compared a conceptual timeframe for the three main alternatives: Option 1 New Baseline, Reduced Levy Option and Option 5 (Relocation). In the Baseline scenario, it is assumed that the Circuit Court will undergo an occupied renovation and therefore, its timeline could be largely concurrent with the construction of the GD court on the Levy site, resulting in delivery of the GD court by 2022 and the Circuit Court by 2023. One of the risks to this scenario is that occupied renovations can be more expensive and can end up taking longer because work is scheduled off-hours to avoid disruption.

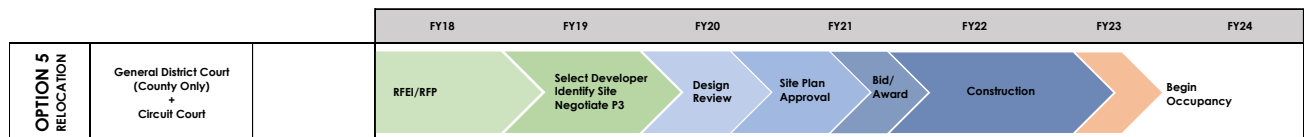


Reference: FINAL Stantec Program Analysis Report – Courts Options

In the case of the Reduced Levy Option below, it's also possible to wait for the new GD court to be completed in 2022, temporarily relocate the existing Circuit Court into the new GD facilities and renovate the existing Court Square. This scenario would involve pushing construction out further for Court Square, which can introduce pricing risk. The cost of interim moves has been included in the hard cost figure for the Circuit Court renovation.



Interestingly, a “greenfield” construction under Option 5 could result in similar timing for final delivery of the Circuit Court as in the Reduced Levy Option scenario above. The benefits of the Relocation Option timing is not having to deal with the logistics of interim moves. One of the drawbacks in terms of schedule is the uncertainty around an RFP process and a P3 negotiation process.


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Attachments: Moseley Consolidated Third Quarter 2017 Update
Stantec Option 5 Conceptual Budget Estimate