

TOWN OF PALM BEACH

Information for Town Council Meeting on: March 10, 2020

TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

FROM: H. Paul Brazil, P. E., Director of Public Works

RE: Town Marina Project – Establish Overall Project Budget

DATE: February 21, 2020

STAFF RECOMMENDATION

Town staff recommends that Town Council review the proposed budget and approve an overall project budget for this project of \$37,658,753 to include the construction contract award and contingency, the owner's budget, and contingency.

GENERAL INFORMATION

Now that the bid phase of the project is concluding, a recommendation to award RFP 2019-35 and a construction contract is being presented as one of the action items. Although that is the largest project element, there are several other budget items that are being presented for the Town Council review and approval as essential parts of the overall project budget. Those project costs are summarized as follows:

Construction Contract Award	\$32,968,000
Construction Contract Contingency (10%)	\$ 3,296,800
Mitigation Work (Permit Requirement Estimated Cost)	\$ 250,000
Owner Furnished Equipment/Materials (Outfitting/FFE)	\$ 772,230
FPL Electrical Upgrade Costs (Town Portion)	\$ 130,000
Utility Connection Fees (Estimated Cost)	\$ 50,000
Builders Risk Insurance	\$ 15,000
Owner Contingency (10% for non-construction contract items)	\$ 121,723
Parking Alternatives (concepts only)	\$ 55,000

TOTAL PROJECT BUDGET **\$37,658,753**

Note this amount does not include any design or construction costs associated with revised parking alternatives, that will be addressed separately in the coming months as those decisions are made.

The Town Council had previously approved \$1.8M for the permitting, engineering and design of the Town Marina project. That amount included \$1,187,635 for permitting, engineering and design services by the consultants, and \$612,365 for construction phase services by the consultant.

The overall project budget is recommended to be established at \$37,658,753 subject to the Town Council approval.

The project budget also includes the cost associated with the electrical upgrades to provide power to the new marina, and the agreement with FPL to accomplish those upgrades is provided as a separate action item for approval. Similarly, the mitigation work to provide habitat required by the environmental permits is provided as a separate action item for approval.

FUNDING/FISCAL IMPACT

Funding has been established through the project financing addressed in last month's Town Council actions (\$31M approved at the February 11, 2020 meeting). The overall project budget is established at \$37,658,753 to include the construction contract, and the owner's budget and contingency for each.

The attached slide summarizes the results of the US Marina Group review of future revenues and expenditures related to the new Marina. The investment in the Marina is based on the contract award and estimates for owner's costs plus contingencies less the cost of the bulkhead construction which is funding through the coastal protection fund. The straight line depreciation calculation is based on the investment in the Marina amount over a 30 year period.

The annual return on investment (ROI) is calculated taking the yearly net income and dividing it by the Investment in the Marina. Over the course of the first five years, based on the expected results of the marina operations, the marina is projected to have a 59.78% return on investment. We also have calculated the number of years it would take to recoup the investment in the marina with the net income. Based on the expected results, a 7 year payback period is likely.

PURCHASING REVIEW

The Purchasing Division has reviewed this item and recommends approval.

Attachments

cc: Jay Boodheshwar, Deputy Town Manager
Carolyn Stone, Director of Business Development and Operations
Jane Le Clainche, Director of Finance
Eric Brown, P.E., Assistant Director of Public Works
Dean Mealy, Purchasing Manager
Patricia Strayer, P.E., Town Engineer
Jason Debrincat, Senior Project Engineer