

Amy Johnson

From: Brian Hines <brianhines1@gmail.com>
Sent: Monday, February 20, 2017 12:37 PM
To: citycouncil
Cc: Jerry Moore; John Hawkins; Bach, Jonathan; A.P. Walther; CityRecorder
Subject: Advance testimony for Feb. 21 work session on a new police facility bond measure

DATE: February 20, 2017

TO: Mayor Bennett, City Councilors, City Manager Powers, Police Chief Moore, and other City of Salem officials

FROM: Brian Hines

RE: Analysis of the 115,000 square foot police facility proposals from the City of Salem and Salem Community Vision, with the goal of finding common ground and a consensus on a PLAN B May bond measure

I'm submitting this as advance testimony for the February 21 City Council work session on the police facility.

My hope is that these ideas will stimulate some productive thinking and discussion prior to, and at, this meeting, as the work session will be a pivotal moment for the Council as it decides how (and whether) to move forward with a new police facility bond measure plan that could be put before voters in a May 2017 election.

I want to stress that I'm writing this on my own. Yes, I'm a member of the Salem Community Vision steering committee, but this message is personal from me.

I'm also a leader of Salem Can Do Better, which was the organized opposition to Measure 24-399, the original police facility bond measure. Again, this message is personal from me and shouldn't be taken as a firm sign of how Salem Can Do Better will view a new bond measure.

(As discussed below, that depends on what a new bond measure consists of, which obviously hasn't been determined yet.)

My central theme is this:

The proposals from the City of Salem and Salem Community Vision for a smaller and less expensive 115,000 square foot police facility really are not all that far apart. Differences between them can be bridged, resulting in a community consensus that would markedly increase the chance of a May PLAN B ballot measure being approved by voters.

Here is the current Salem Community Vision (SCV) proposal, which is a modification of the City of Salem (City) plan prepared by the DLR Group and CB Two architects. I realize that Geoffrey James, an architect on the SCV steering committee, has met with City staff and consultants, and will be talking again with them on Tuesday.

REDUCED COSTS BASED ON B

THIS MODIFIED COST ESTIMATE INCLUDES 115,000 POL

Salem Police Project Budget Analysis

ALTERNATIVE PROGRAM WITHOUT WVO

Date: February 13, 2017

A	Building Construction (current dollars)	
B	Parking Structure Construction (current dollars)	red
C	Site and Demolition Construction (current dollars)	
D	Solar Allowance (required per OAR 330-135)	
E	Off-Site Construction (eg: Intersection Improvements)	
F	Fixtures, Furniture and Equipment	
G	Art Allowance (required per SRC 15)	
H	Development Costs	
J	Property Acquisition Budget	
K	Bond Issuance Expenses (required)	
L	Escalation	Execute a design-build contract within 6 mo
M	Contingency	Beaverton used 5% of the total construction

Project Budget Total

LET'S PASS THIS \$66.3M E

Note:

- 1 Contingency EXCLUDES Escalation
- 2 Line J - Budget provided by City of Salem based recent a
- 3 Off Site Construction would be funded through Urban R
- 4 Line B: structured parking cut in half to 50 police ca
5. SWAT vehicles to stay at Window To West (5 mins.
- 6 Line A: set goal of \$250 per sq ft. instead of \$200. I

But since my understanding is that neither SCV nor the City has changed their figures in the document above, my analysis uses those numbers. Which, **for a 115,000 square foot police facility alone total to \$64 M (million) for the City plan, and \$46 M for the SCV plan.** I'm rounding to the nearest million, as I will do pretty much throughout this analysis for clarity.

I'll now work my way step by step through a look at these numbers. Note that **at first I'm only talking about a new police facility, not seismic retrofitting of City Hall and/or the Library.** That discussion will come later.

(1) There is an **\$18 M difference** between the City and SCV plans (\$64 M minus \$46 M).

(2) **Three budget items account for virtually all of that \$18 M difference:**

General construction (A, B, C) on image above — \$9 M

Escalation and Contingency — \$7 M

Development costs — \$2 M

These total to \$18 M.

Other budget items such as Fixtures, Furniture, and Equipment basically move up or down with the overall budget; thus they are important, but only account for about half a million of the \$18 M difference between the City and SCV plans, essentially a rounding error when the numbers are expressed to the nearest million.

(3) **The most contentious issue is the \$9 M difference in General Construction.** In part this is explained by the SCV plan using a \$270 per square foot construction budget target, while the City plan uses a \$299 per square foot construction budget target. This \$29 difference (\$299 minus \$270) arises from the City's claimed additional cost for special program requirements: Crime Lab, SWAT, Special Teams.

As noted above, the construction budget consists of items A + B + C in the image above. This information, plus a cost analysis of the Beaverton facility prepared by City consultants in the middle column of the image below, allows for a construction cost per square foot comparison between the 115,000 square foot City and SCV plans, and the Beaverton plan approved by voters there last November.

The City plan has a construction budget of \$40.0 M, which includes an expensive parking structure. This results in a construction cost per square foot **for the City plan of \$348** (\$40 M divided by 115,000 square feet). The SCV plan has a construction budget of \$31.2 million. The parking structure is reduced from 100 stalls to 50 stalls. This results in a construction cost per square foot **for the SCV plan of \$272**. The Beaverton plan has a construction budget of \$25,300,000. Given the police facility size of 90,000 square feet, this results in a construction cost per square foot **for Beaverton of \$281**.

Note the **\$67 difference** in the square foot construction cost **between the City plan and Beaverton**. This is much greater than the claimed \$29 difference due to Salem's special program requirements. The parking structure and other additional costs in the City plan are the reason for this.

ALTERNATIVE PROGRAM WITHOUT WVCC & NO GROWTH & REDUCED PKG STRUC

DATE February 6, 2017

				O'Brien Site SITE 13	BEAVERTON FACILITY w/o PKG STRUC + LAND + SITE	ADDITIONAL COSTS FOR SALEM FACILITY VS BEAVERTON Description of Additional Salem Scope not Including Land Acquisition
A	Building Construction (current dollars)	115,000 GSF	\$299 per SF	\$34,385,000	90,000 \$ 270 \$ 24,300,000	\$3,335,000 Salem additional cost of \$29/SF for special program req
B	Parking Structure Construction (current dollars)		100 STALLS	\$2,645,000		\$2,645,000 Salem Project has a Parking Structure
C	Site and Demolition Construction (current dollars)		215 STALLS	\$2,991,000	\$ 1,000,000	\$1,991,000 Salem redevelopment site with additional constraints
D	Solar Allowance (required per OAR 330-135)	1.50%		\$600,000	\$ 400,000	Proportionally comparable
E	Off-Site Construction (eg: Intersection Improvements)			\$0	0	Not in the project scope
F	Fixtures, Furniture and Equipment	5%		\$1,852,000	estimate 4.5% \$ 1,100,000	Proportionally comparable
G	Art Allowance (required per SRC 15)	0.5%		\$200,000	1% \$ 200,000	Proportionally comparable
H	Development Costs	13.75%		\$5,840,000	\$ 4,800,000	Proportionally comparable
J	Property Acquisition Budget			\$5,473,000	0	Not included for comparison purposes
K	Bond Issuance Expenses (required)	1%		\$540,000	Included in Line H	Proportionally comparable
L	Escalation	9.18%		\$4,503,000	5% \$ 1,600,000	\$2,077,350 Salem Project is 9.18% vs Salem at 5%
M	Contingency	9%		\$4,907,000	5% \$ 1,600,000	\$2,481,350 Salem Project is 9% vs Salem at 5%
Project Budget Total				\$63,936,000		\$12,529,700 TOTAL DIFFERENCE
Project Budget Total without Land Acquisition				\$58,463,000	TOTAL \$389 \$ 35,000,000	

Note:				ADDITIONAL COSTS FOR SALEM PROJECT	
1	Contingency EXCLUDES Escalation			Additional Program Req's	\$29.00 \$3,335,000
2	Line J - Budget provided by City of Salem based recent and comparable sales			Site Construction Difference	\$1,991,000
3	Off Site Construction would be funded through Urban Renewal for Liberty & Division Intersection			Parking Structure	\$2,645,000
				Escalation at 9.18% vs 5%	\$2,077,350
				Contingency at 9% vs 5%	\$2,481,350
Sub Total				\$399	\$45,933,300
				per square foot	
				Total \$389 \$ 35,000,000	
				per square foot	
COST ANALYSIS SHOWN FOR COMPARISON ONLY BETWEEN SALEM AND BEAVERTON					

(4) I'm going to leave aside the question of whether the \$29 additional cost per square foot due to "special program requirements" for construction of the police facility in the City plan is justified. Basically, SCV asserts that regardless of these requirements a Salem police facility can be built for about the same construction cost per square foot as a new Beaverton police facility by reducing costs in other budget items — both within the Construction area (such as reducing the size of the parking structure) and in other areas discussed below.

(5) So while the City Council needs to closely look at the \$9 M difference in General Construction costs between the City and SCV plans, I want to focus on the "low hanging fruit," so to speak: **the other \$9 M difference in Escalation, Contingency, and Development costs.**

(6) Seemingly this is a place where the differences between the City and SCV plans can be minimized, if not eliminated. SCV uses the Beaverton figure of 5% for contingency, and reduces escalation from 9.18% to 3.5% by assuming a design-build contract is executed within 6 months. And the SCV reduction in Development assumes a 1% cost reduction (12.75% from 13.75%) by eliminating out-of-state consultants and hiring the Beaverton architect on an hourly basis to advise local architects.

(7) Thus while \$9 M of the \$18 M difference between the City and SCV police facility plans, the General Construction budget, is rather difficult to reach a consensus on, **the \$9 M cost reduction in the SCV budget by reducing the cost of Escalation, Contingency, and Development appears to be much easier to reach an agreement on.**

(8) For the purpose of this analysis, I now assume that the **City budget for a new police facility is reduced by \$9 M to \$55 M** (\$64 M minus \$9 M). This brings me to the question of seismically retrofitting City Hall and the Library, which is budgeted at \$20 M in the SCV plan.

(9) **That \$20 M is only for actual seismic retrofitting** to make these buildings earthquake-safe for people in them when the Big One Cascadia Subduction Zone quake hits, a matter of when, not if. The \$44 M in the City budget for renovations to City Hall and the Library includes a lot of money (about \$24 M) for repairs, deferred maintenance, and improvements unrelated to seismic retrofitting.

(10) At the February 21 work session I plan to testify about the moral and "political" (using that word in a broad sense) reasons to include seismic retrofitting in a potential May PLAN B police facility bond measure. This would make the measure significantly more likely to pass, since evidence shows that saving lives via seismic retrofitting is desired by most citizens.

(11) Here is where things begin to get tricky, because **the SCV plan is \$66 M for both a 115,000 square foot police facility (\$46 M) and seismic retrofitting of the Library and City Hall (\$20 M). Without any cost reduction the City plan would be \$84 M for both** — \$2 M more than the \$82 M bond measure rejected by voters.

And even with the above-mentioned \$9 M cost police facility cost reduction, the City plan would be \$75 M for both (\$55 M for the police facility; \$20 M for seismic retrofitting).

(12) A new bond measure of either \$84 M or \$75 M would be uncomfortably close to the \$82 M cost that was turned down in the November election.

This is why the \$66 M SCV plan is appealing: it gets the total cost into the 60 M range, and it includes an attractive extra that wasn't part of Measure 24-399: saving the lives of visitors/employees at City Hall and the Library by seismically retrofitting the buildings — which also takes away an argument used against the \$82 million bond measure:

“If it is important to save the lives of Police Department staff by having them in an earthquake-safe building, it is equally important to save the lives of everybody who works at or visits City Hall and the Library.”

(13) So the **wisest approach would be to submit a \$66 M plan to voters** that includes money for both a new 115,000 square foot police facility and seismic retrofitting of City Hall and the Library. I feel the SCV plan has the best chance of being approved by voters.

(14) **However, the City Council may want to discuss a fallback plan.** In that case, here's a suggestion. Again, I emphasize that this is my personal opinion, not the position of Salem Community Vision or Salem Can Do Better.

(15) **Assuming the City plan for a new police facility was reduced from \$64 M to \$55 M** (lower would be better, but I'm assuming just a \$9 M reduction), as noted above this would put the cost of a bond measure that included seismic retrofitting of both City Hall and the Library at \$75 M (\$55 M plus \$20 M).

(16) **Alternatively, only seismic retrofitting of the Library could be included in a May bond measure.** If this is assumed to cost about \$10 M (City budget for Library seismic retrofits is \$6.5 M), **the bond measure would be \$65 M (\$55 M plus \$10 M).** This should appeal to voters, since so many people like and use the Library, and the prospect of children at Storytime being crushed to death was used effectively by opponents of the previous bond measure (such as me).

(17) **Thus for only \$1 M more than the current \$64 M City plan for a new 115,000 square foot police facility alone, voters could be presented with a \$65 M bond measure that includes money for a police facility AND making the Library earthquake-safe.**

(18) The \$65 M cost to do this is pleasingly lower than the \$79 million cost of the police facility + library renovations option that the City has presented, since it is based on a \$9 M reduction in the cost of the police facility and a \$5 M reduction in the City's \$15 M budget for Library renovations by excluding items unrelated to seismic retrofitting.

(19) **Those other items — repairs, deferred maintenance, and improvements — should be funded outside of a May police facility bond.** Including them would muddy the waters of a public safety proposal that consists of money to move the Police Department to a seismically-safe building and also seismically retrofit the Library. (Ideally City Hall also, but Library-only would be the back-up plan.)

(20) City Hall retrofitting is more complicated, so there are decent reasons to postpone asking citizens for money to do this until a November 2017 election. The original City police facility plan (for a building on the Civic Center campus) included funds to both seismically retrofit and remodel City Hall. But that renovation plan would take time to review, update, and get citizen input on.

(21) **IMPORTANT:** Keep in mind that **the John Hawkins-led group, mostly composed of conservatives and “Powers That Be” types** recommended at the previous Council work session that a proposal for a 115,000 square foot police facility AND seismic retrofitting of the Library be put on the May ballot. Similarly, **Salem Community Vision** has recommended a 115,000 square foot police facility AND seismic retrofitting of both the Library and City Hall.

Further, currently the results of Facebook and Survey Monkey online polls that I publicized on behalf on Salem Community Vision are **showing that about 2/3 of respondents favor a plan for the May ballot that includes a 115,000 square foot police facility AND seismic retrofitting of City Hall and/or the Library.**

(22) So if the City Council chooses a different plan, citizens will be justified in concluding that City officials are **living in a “City Hall bubble” and not listening to the community** — since it is clear that **conservatives, liberals, and people in-between/other strongly favor a PLAN B police facility proposal that includes seismic retrofitting.**

Here's a screenshot of the current Facebook survey results (275 responses so far). The \$66 M SCV plan is favored by 54% and 13% favor the \$79 M City plan. **So over two-thirds, 67%, favor a police facility plan that includes seismic retrofitting of City Hall and/or the Library.** The two standalone police facility plans are only favored by 7% of respondents.



(23) Remember that, as I recall, the DHM polling consultant said, prior to the November election, that the \$82 million bond measure needed about 60% support prior to the election and would fare best with no organized opposition.

(24) **Given the Measure 24-399 results, you're basically starting out at 48% support.** (See screenshot below.) And you're facing the headwinds of breezes such as "Didn't we just vote on this?", "This is still too expensive," and "I'm so irritated at politicians these days I'm voting no on them wanting more money for anything extra they want to do."

24-399: City of Salem \$82 Million Police G.O.B.

Choice	Party	Election Day Voting		
Yes		24773	47.67 %	24773
No		27200	52.33 %	27200
Cast Votes:		51973	100.00 %	51973
Undervotes:		4104		4104
Overvotes:		4		4
Write-Ins:		0		0

(25) Also, if the City Council ends up putting a PLAN B bond measure on the May ballot that doesn't include seismic retrofitting of at least the Library, **there WILL be organized opposition to the measure this time also. That's virtually guaranteed. Because I would do the organizing.** I feel strongly that saving lives of employees and visitors to the Civic Center is much more important than, say, padding the police facility budget with excessive Escalation and Contingency costs.

There. I'm done. It took more than 2,000 words to say what I needed to say. Now it is up to City officials, notably including the City Council, to consider what I've said — which I believe reflects the view of most people in Salem who are familiar with this issue. Which is...

Pare down the cost of a 115,000 square foot police facility as much as possible to show that you have heard the message from the defeat of Measure 24-399 that the previous plan was too large, too expensive, and cost too much per square foot compared to other recently-built Oregon police facilities.

Include money to seismically retrofit at least the Library to show that you have heard the message that "If it is important to save the lives of Police Department employees when the Big One earthquake hits, it is equally important to save the lives of EVERYONE who works at or visits City Hall and the Library."

Make an iron-clad commitment to put another bond measure for renovations to City Hall, both seismic and other, on the November 2017 ballot. This measure could include money for deferred maintenance and repairs to the Library that aren't seismically-related.

I look forward to hearing your discussion at tomorrow's work session and responding to any questions you might have about this message and the other testimony I'll be presenting at the work session.

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