



## Memo

DATE: February 8, 2018

TO: The Mayor and Common Council

FROM: Nic Sparacio  
Community Development Director

RE: Report on Expenditures Toward Demolition of the Former Mirro Plant 9,  
1512 Washington Street

With the demolition project complete and all final invoices paid, City staff would like to report on the use of the project funds and performance against budget expectations. A summary table is attached showing project revenues, planned expenses (based on awarded contracts), and actual expenses (as tracked to the project over 2016 and 2017).

Overall, the final result is positive for the City. The actual expenditures were just over \$7,000 less than the funds available. Due to contractor bids and State tipping fee taxes coming in higher than anticipated at the beginning of the project, there was potential that additional funds would be needed beyond the original budget. A contingency was established in a separate account as part of the 2017 City budget, but those funds were ultimately not needed for the scope of this work. There were a few change orders that became necessary to approve, but ultimately lower than anticipated landfilling costs saved enough of the funds to finish in the black.

There were three revenue sources: the borrowed City funds of \$2.4 million, the WEDC Idle Sites grant of \$500,000, and the EPA revolving loan sub-grant of \$398,000 providing total available funds of just under \$3.3 million. The attached table shows detail on the City and WEDC funds together, detail on the EPA sub-grant (CDA) funds, and a summary of all funds regardless of source.

The following provides explanation of the project variances including contractor change orders.

- **Demolition Management** went over the planned amount by \$19,835. This was a “time and materials” item under the contract with Stantec that was difficult to estimate at the beginning of the project. In the opinion of City staff, the final cost was justified by the scope of work.
- **Fencing and Signage** went over the planned amount by \$18,633. This was a decision made by City staff to purchase the fencing from Becker Fence. This decision was made considering that the need to secure the site would be an ongoing cost to the City, that the City would have use for the fencing for other projects or locations in the future, and that the project funds could bear the cost.
- **Abatement** (of the asbestos wall coating and other hazardous building materials) went over the planned amount by \$11,450 in total. Some of this cost was shifted to the EPA sub-grant (CDA) funds as there was a surplus in Abatement Oversight, so it appears that there is a surplus under City funds, and a larger deficit under CDA funds. This overage reflects one approved change order from Holian, the abatement contractor. City Attorney McDaniel then negotiated a final

reduction of \$5,000 in Holian's fees due to multiple extensions of the project timeline, which helped offset the cost of the change order.

- Holian Change Order 1: Additional asbestos removal (\$16,450)
- **Demolition** went over the planned amount by \$23,273. This overage reflects three approved change orders from Brandenburg, the demolition contractor. Some additional material quantities were also included in the request for change order 4, but this was denied. (Change Order 1 was for extension of contract time only.)
  - Brandenburg Change Order 2: Additional restricted waste items founds (switches, door closures, batteries, fire extinguishers, etc.) (\$6,991)
  - Brandenburg Change Order 3: Sludge pit cleanout, sampling of unknown containers, salvage the 16<sup>th</sup> Street entrance (\$15,187)
  - Brandenburg Change Order 4: Disposal of sludge pit water (\$1,095)
- **Disposal and Taxes** were under the planned amount by \$205,986. This reflects the actual building material volume coming in under the estimated amount and the aggressive recycling of steel by Brandenburg. Building materials landfilled at the Waste Management facility in Whitelaw totaled about 37,000 tons. The bid quantity was 45,000 tons, so 8,000 fewer tons than expected were landfilled.
- **Miscellaneous** expenses were unplanned but necessary, and came in at about \$1,265. This reflects the advertising of bid requests, the purchase of a fire hydrant, and electricity for the web-cam.
- **Abatement Oversight** was under the planned amount by \$19,255. This was a "time and materials" item under the contract with Stantec that was difficult to estimate at the beginning of the project. Stantec and Northstar worked to reduce these costs to offset some of the other challenges that were experienced in the abatement phase of the project.

While this was a costly project for the City, staff are glad to report that the expenditures remained within budget. There are many steps ahead including soil and groundwater sampling and eventual removal of the building foundations. I will continue to seek other funding sources for these tasks, but I would also encourage the Council to maintain the unused contingency as matching or seed funds for continued work on the site in order to maintain momentum toward our ultimate goal of redevelopment.

The City does not normally oversee demolition projects, and our engineers are more accustomed to building streets. Additionally, a demolition project of this size includes many unknowns. So I want to thank the interdepartmental team that made this possible, especially Dan Koski and Kathleen McDaniel. Many others contributed to the effort as well, from Police, to Fire/Building Inspection, to Finance. We are grateful for the consultants that provided the expertise in the field and the responsible contractors that got the work done. Finally, thank you to the Mayor and Common Council for having the vision to make this project a priority and to provide the necessary funds.

CC: Dan Koski  
Kathleen McDaniel  
Steve Corbeille

## Mirro Abatement, Demolition and Disposal Budget

		City Funds			
4500-19900-521800		Revenue	Planned Expense	Actual Expense	Variance
	Bond Issue	\$ 2,400,000.00			
	WEDC Idle Sites Grant	\$ 500,000.00			
	Abatement Management		\$ 44,000.00	\$ 44,000.00	\$ -
	Demolition Management		\$ 150,000.00	\$ 169,834.61	\$ (19,834.61)
	Fencing and Signage		\$ 15,000.00	\$ 33,633.07	\$ (18,633.07)
	Abatement		\$ 261,490.05	\$ 253,685.02	\$ 7,805.03
	Demolition		\$ 1,402,841.50	\$ 1,426,114.37	\$ (23,272.87)
	Disposal and Taxes		\$ 1,170,060.00	\$ 964,073.96	\$ 205,986.04
	Miscellaneous		\$ -	\$ 1,265.32	\$ (1,265.32)
	Contingency		\$ -	\$ -	\$ -
		\$ 2,900,000.00	\$ 3,043,391.55	\$ 2,892,606.35	\$ 150,785.20
		CDA Funds			
4500-62550-521800		Revenue	Planned Expense	Actual Expense	Variance
	RLF Reimbursement	\$ 398,000.00			
	Abatement		\$ 322,027.00	\$ 341,282.03	\$ (19,255.03)
	Abatement Oversight		\$ 69,130.00	\$ 49,874.97	\$ 19,255.03
	Waste Characterization		\$ 6,843.00	\$ 6,843.00	\$ -
	Contingency		\$ -	\$ -	
		\$ 398,000.00	\$ 398,000.00	\$ 398,000.00	\$ 0.00

Totals - all accounts

		Totals, All Sources			
	Revenue	Planned Expense	Actual Expense	Variance	
Bond Issue	\$ 2,400,000.00				
RLF Reimbursement	\$ 398,000.00				
WEDC Grant	\$ 500,000.00				
Abatement Management		\$ 44,000.00	\$ 44,000.00	\$ -	
Demolition Management		\$ 150,000.00	\$ 169,834.61	\$ (19,834.61)	
Fencing		\$ 15,000.00	\$ 33,633.07	\$ (18,633.07)	
Abatement		\$ 583,517.05	\$ 594,967.05	\$ (11,450.00)	
Abatement Oversight		\$ 69,130.00	\$ 49,874.97	\$ 19,255.03	
Waste Characterization		\$ 6,843.00	\$ 6,843.00	\$ -	
Demolition		\$ 1,402,841.50	\$ 1,426,114.37	\$ (23,272.87)	
Disposal and Taxes		\$ 1,170,060.00	\$ 964,073.96	\$ 205,986.04	
Miscellaneous		\$ -	\$ 1,265.32	\$ (1,265.32)	
Contingency		\$ -	\$ -	\$ -	
	\$ 3,298,000.00	\$ 3,441,391.55	\$ 3,290,606.35	\$ 150,785.20	
		Planned	Actual		
Final (Deficit)/ <b>Surplus</b>		\$ (143,391.55)	\$ <b>7,393.65</b>		