



MEMORANDUM

Date: April 3, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Pima Animal Care Center 2014 General Obligation Bond Election, Facility Cost Estimate**

There has been much discussion about the cost model information provided to the Board of Supervisors for this project and whether the estimated costs as outlined are reasonable.

Unlike the typical commercial building, modern animal shelters are complex facilities equipped with sophisticated technology – from plumbing to air filters, climate control, acoustical ceilings and sanitation adaptations – to decrease the transmission of illness and increase the durability of a building that is literally in use seven days a week, 24 hours a day.

The Pima Animal Care Center (PACC) requires even more careful design because of its scope of work. Aside from its sheltering function for approximately 24,000 animals annually, PACC also requires facilities for intensive medical and surgical interventions, as well as public areas for licensing and community gatherings and areas to house its law enforcement arm. Finally, an adoption center is a key component of this proposed facility, since a facility inviting adoption has proven to increase adoption rates.

The New Hampshire Humane Society's (NHHS's) facility is an excellent example of how a quality, inviting facility can significantly increase adoption rates. Since opening its newly constructed center in 2006, the NHHS adoption rate has increased to nearly 90 percent of animals taken in and has the fourth highest adoption rate in New England. This is a significant achievement, given that only 16 percent of individuals in the US obtain their pets from shelters.

Voters will receive comprehensive, detailed information about this project, as they do for all bond proposals in the coming months and well in advance of the election. Some background, however, is helpful to explain the origin of the cost model.

Cost Model Development – A Standard Process for Facility Development

It is important to remember that although the facility cost model was developed carefully and thoughtfully after a planning and programming study, it is, nevertheless, simply a starting point. This model was completed after designing and implementing modifications at PACC authorized by 2004 General Obligation bonds in the amount of \$3 million. These modifications were completed in January 2010.

The original PACC facility was constructed in 1967 with exposed concrete floors, block walls, and metal cages. By 2004, the facility was in a state of significant disrepair. A large portion of the 2004 bond funding was spent on infrastructure improvements such as floor drains, waste collections facilities, epoxying the concrete floors, upgrading electrical and mechanical systems, improving ventilation, and the addition of 30 new kennels. During the 2009 and 2010 period when renovations were being performed at PACC, our Facilities Management Department was tasked with creating a planning and programming study, complete with a cost model, for future bond fund project consideration. It is this cost model that was transmitted to the Board of Supervisors on March 17, 2014, with the caveat that the model is now five years old and there will be a need for more refinement given the significant transformation in the shelter's service model in those ensuing years.

Understanding the Facilities Management Cost Model

Confusion has arisen from a number of sources comparing construction cost to total cost. Such is inappropriate. Every cost model developed has a common basis – total project cost. Total project cost amounts are driven primarily by project information developed in space planning and programming study documents. These documents outline the project scope of work, which includes total gross square footage; construction methods; materials; building type; and extraordinary conditions or site constraints. The model includes not only the cost associated with actual construction but also the costs necessary to design and successfully implement a project. The total project cost model is divided into the six major categories outlined below.

1. Land Acquisition. In this particular model, no funds were allocated for land acquisition, as the site is owned by the County. However, it is likely that between \$50,000 and \$110,000 could be spent on land acquisition based on the County acquiring an adjacent three-acre site owned by Tucson Electric Power Company. This acquisition would significantly expand the size and footprint of the County's ownership and provide a reasonable buffer and an internally controlled location owned by the County for animal exercising and management.

2. Construction Costs. These are costs associated with actually building the specialized facilities identified in the programming study. The cost is based on the building

type; and in this case, PACC has medical and public access adoption facility components. There is also a cost associated with renovation of older areas, which is generally more expensive and includes major utility upgrades. Hence, a cost component, given this mix of uses, including an expensive medical component, is roughly \$250 per square foot.

3. Professional Fees Associated with Employment of Consultants. Normal architecture and engineering fees are about 12 percent of costs for complex projects and 10 percent for a relatively simple project such as an office building. The cost model selected a 14 percent architectural and engineering fee because of the complexity associated with the project. Extensive civil engineering design will be necessary to improve access and prepare the site for expansion. Furthermore, the design will be required to meet Board-mandated LEED Silver energy conservation standards and also comply with the Board's public art policy. This cost category also takes into account all anticipated consultants that would be utilized on this type of specialized building, including an architect, mechanical, electrical, structural, and civil engineers, and plumbing designers, fire and life safety designers, landscape architects, LEED experts, medical equipment consultants and interior designers. An additional fee was added to the typical consultant fee for cultural and archeological investigation and observation during site disturbance activities. Given all of these factors, the percentage of fees for architectural and engineering services is reasonable and estimated to be at the higher end of actual anticipated expenditures.

4. Additional Project Costs. Furniture, fixtures and equipment (FF&E); technology systems; and other miscellaneous costs are included in this category. The FF&E allocation is 10 percent of construction cost and includes equipment related to the medical and clinical component of the PACC, including specialized medical equipment for spay/neuter services, sick bays and other specialized equipment. It also includes the cost of internal kennel construction within the facility. This item is larger than a simple office building allocation, primarily due to the required medical component. The other major costs in this category are associated with technology, which would include data, telecommunications, telephone, audio/visual and security systems that will monitor the buildings and functional components of a modern animal care facility.

5. Contingency Fund. The contingency fund is for the design phase, as well as the construction phase. At the very early project stage, before any actual design occurs, it is important to develop a contingency fund to cover unanticipated costs. One cost element that will likely be incurred that would be included in this category is design services that may be required due to the need to remain functioning throughout the construction period. Such will require construction phasing plans from the architect and engineers and will require the contractor to construct the project in phases to ensure the public has continuous access to animal care services during the construction period.

6. Inflationary Adjustment. From the period when a project cost estimate is conceptualized to the construction implementation period, an inflationary adjustment is necessary. In this, the amount is a moving average of typical Construction Cost Index inflationary factors over the period of years to implementation. Using the previously described methodology, total project cost with inflation is estimated at approximately \$22.5 million, or an average cost of \$506 per square foot.

Summary of Cost Model

The cost model is simply a model – not actual final cost. It is quite possible and quite probable, given past construction bidding experiences, that the cost will be less. If voters authorize the construction of a new facility, we will issue a formal request for proposals for professional services. The most qualified respondent will be selected by a panel that includes representation from outside Pima County.

It is likely construction will be implemented via an open design/bid/build process resulting in the lowest and most responsible bidder being awarded a contract for construction. This is the same process that was used successfully to implement the construction of 1,048 capital projects totaling over \$2.26 billion since 1997. In all cases to date, actual cost has been less than the architect's/engineer's estimate.

Pima County continues to experience a favorable bid climate for large scale capital projects. In 2006, a year before the economy peaked, the overall average construction award was three percent more than the engineer's estimate. The County's most recent semiannual analysis reflects the typical bid is, on average, 85 percent of the engineer's estimate, which is 18 percent below pre-recession levels. There is every indication this trend will continue in the near term.

Guarantee That Money Cannot be Transferred or Used for Any Other Purpose

It has been claimed that these bond funds, if approved by the voters, can be moved around to anything with a simple majority vote of the Board. This is not true. The bond language, which appears on the ballot, will specify that the improvements are for an animal care facility within Pima County and will specify the amount. Placement of the expenditure on the ballot ensures that any funds authorized by the voters can only be spent for animal care facilities and cannot be spent for any other purpose. For example, bond funding cannot be transferred for pothole filling, pavement preservation, parks, or to construct other County buildings or assets. All funds must be spent on animal care facilities.

In addition to this legal limitation, there is the County's own bond implementation ordinance, known as the Truth in Bonding Code. This is the only such code in the Southwest that assures transparency and guarantees voters that what they vote for is

what they are going to get. Recently, an independent, comprehensive audit by the Arizona Auditor General praised this system of transparency and openness and concluded that voter-authorized bond funding in Pima County has been spent for what the voters approved, and nothing more. By our own regulation, the Board is required to adopt a Bond Implementation Ordinance prior to voting so that voters are again assured that bond funds, if approved, will be spent precisely for the purposes described in the bond implementation plan. The combination of the ballot question and bond implementation plan will not allow the Board to take voter approved bonds and spend it for other purposes. It is important to note that such an issue has not arisen in decades of County bond implementation. The recent audit confirms such has not occurred.

Facilities Suggested at Lower Costs

There have been some suggestions that a number of comparable facilities demonstrate that the facility can be developed at significantly lower costs. Staff performed a cursory review of several of the suggested alternative facilities such as the Fresno County Animal Shelter, Peninsula Regional Animal Care Center and the Berkeley Animal Care Center. Below is a synopsis of each of these facilities, none of which are comparable to the size and scope of our own operation and none of which are appropriate for emulation or duplication.

Fresno County Animal Shelter. Fresno generally shelters their dogs outdoors, with some protection from weather, and is now attempting to upgrade their facilities with pre-engineered metal buildings to house offices and kennels. They want to mirror a neighboring facility that is in a pre-engineered metal building of approximately 4,000 square foot that houses 35 to 40 cats and up to 50 dogs. For the size of their population, the facilities are very small, and Fresno has only recently taken this action after a dispute with the American Society for the Prevention of Cruelty to Animals. In their first year of operation, Fresno handled 3,942 animals; reunited only 208; adopted 532; 493 went to rescue groups and 2,363 animals were euthanized.

Peninsula Regional Animal Care Center. This facility is 30,000 gross square feet and cost approximately \$7.1 million, or \$239 per square foot. The architect of record reports that the true cost is more likely to be in the range of \$8.2 million, or \$273 per square foot; since there are some substantial soil issues that have adversely impacted the construction cost. They are also behind schedule on delivery of the facility. None of the costs noted above include FF&E or any other soft costs. Hence, when completed, the cost of this facility will likely be similar to what we are now projecting for our facility.

Berkeley Animal Care Center. The building itself is 11,777 gross square feet, which cost \$12.7 million, or \$1,078 per square foot. The City of Berkeley's original bond election was for only \$7.2 million and was at least 12 to 14 years old before the project was completed.

Clearly, we are not interested in using these examples for developing our animal care facility.

Most Likely Comparable Facilities

Among the comparable facilities County staff reviewed was the new Sacramento County Animal Care and Regulation Facility, a LEED gold standard facility. The construction cost for this facility was \$14.5 million. This cost did not include FF&E, kennels and cages, or the cost of site improvements and the dog park. The main building is approximately 39,000 square feet; the clinic is about 3,400 square feet; and the barn is approximately 1,800 square feet, which totals 44,200 square feet. The clinic building was built freestanding in anticipation of a possible splitting of services with a veterinary services provider for low cost spay and neuter.

The total project cost of the Sacramento facility was \$23,740,000, or \$537 per square foot. This cost includes design, programming, and demolition and cleanup of the old site.

Other comparable facilities are Contra Costa at 35,000 square feet; San Diego at 38,000 square feet; Palm Springs at 22,000 square feet and Merced County at 39,000 square feet. Each of these facilities was built within the \$300 to \$350 per square foot construction cost range. Soft cost information for these projects was not readily available to Pima County staff.

Another facility that was reviewed in developing the 2009 cost model was the new (at that time) Maricopa Animal Care and Control Center, southwest of downtown Phoenix. It is a 43,520 square foot facility, includes 24,000 square feet of kennel, and was constructed at a cost of \$16,088,900, or \$370 per square foot.

A study analyzing facility needs for the City of Irvine Animal Care Center in 2010 indicated total project cost for a 28,000 square foot facility would be approximately \$490 a square foot, which relied on a smaller contingency fund and only one year of inflationary costs.

The Kern County Animal Shelter in Bakersfield, California is in the process of scoping a new facility at 49,379 square feet, with 135,029 square feet of site improvements. Total project cost is approximately \$20,212,492, or \$436 per square foot.

The new state-of-the-art Denver Municipal Animal Shelter is 36,000 square feet. This project was completed in the summer of 2011. Construction cost was \$11,001,374, or \$305 per square foot; with another \$733,164 spent on outfitting the building with

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furnishings, technology, permits and utilities. The total project cost is \$16,220,610, or approximately \$450 square foot.

Denver's new facility helps the shelter promote responsible pet ownership, including adoption, sterilization and training; enforcement; education; and outreach. To support all of these programs, the new shelter combines the functions of a secure site; animal hospital; animal boarding house; education center; adoption center and office building.

The benefits of these modern updated facilities are illustrated in reporting from the Clovis, California Animal Care Center, which states that once they opened their new adoption center, adoptions more than doubled and continue to increase. Other facilities note similar dramatic increases in adoptions. The primary reason for increased adoptions is that the new facilities are pleasant, visitor-friendly environments that showcase the animals in spaces that are bright, cheerful and inviting; in contrast to the old style barns with rows of excessively loud kennels.

Additional Research Underway for Development of a Modern Animal Care Facility

In my March 17, 2014 memorandum to the Board of Supervisors, I indicated the County would review our evaluation of state-of-the-art animal care facilities, both private and public, that had been constructed in the United States since the 2009 cost model was developed. This review is underway and will evaluate the final programming of space and improvements after the review. Such an additional review is standard practice. It is possible the cost model and space allocation will change based on our findings. Clearly, we intend to build a state-of-the-art facility consistent with our animal care mission and that will foster a long-term solution to animal overpopulation. This means significant attention will be paid to the clinical and medical areas of the facility such that high-volume, low-cost spay/neuter programs can be facilitated within the new facility.

Evaluation of every bond issue is desirable; but it should be based on factual, accurate comparisons and thoughtful analysis, not speculation and unsubstantiated information.

CHH/mjk

c: Chair and Members, Pima County Board of Health
Chair and Members, Pima County Animal Care Advisory Committee
Steering Committee, Pima Alliance for Animal Welfare
Jan Leshner, Deputy County Administrator for Medical and Health Services
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