



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: DON REIMER, COMMUNITY DEVELOPMENT DIRECTOR
**RE: EXTENSION TO WORKFORCE HOUSING PLANNING AGREEMENT BETWEEN COLORADO
DEPARTMENT OF TRANSPORTATION (CDOT) AND THE TOWN OF FRISCO**
DATE: JANUARY 25, 2022

Summary and Background: The Town of Frisco entered into a partnership with CDOT to develop a workforce housing project on the lot owned by CDOT located at 619 Granite Street, Lots 18-24, Block 12 in the Town of Frisco. The agreement was first approved in 2020, with an amendment in January 2021 to increase the funds that could be spent under the agreement. Under the agreement, the design team selected by the Town and CDOT would complete 80% construction drawings and a project cost estimate prior to December 31, 2021. The amended agreement authorized each party to expend up to \$150,000 each (\$300,000 total) for the design and related services necessary for the design, such as surveys and title research.

The Town entered into a design contract for the 80% construction drawings with Studio Architecture in January 2021, and the design team completed the 80% drawings and cost estimate in December 2021, meeting contract requirements. As the project evolved, both CDOT and Town of Frisco have confirmed the need for this project and affirmed their commitment to get the project built and occupied as soon as possible. The Town and CDOT are currently working on a Project Agreement that memorializes the roles and responsibilities for construction, and future operation and ownership of the property; however the project will not be able to go to bid until that agreement is executed and 100% construction drawings are completed as the bid drawings.

Studio Architecture has estimated 6-8 weeks will be required to complete the 100% construction drawings. This time frame tracks with the time likely required for the Town and CDOT to negotiate and execute the Project Agreement. Because of the urgency associated with workforce housing, completing the 100% construction drawings will expedite the bidding and ultimately the construction process by approximately two months.

Analysis: The contract for 80% construction drawings was awarded to Studio Architecture January 26, 2021 in the amount of \$259,275, with an ad-alternate bid of \$37,900 for completion of 100% drawings. So, while the amended agreement between the Town and CDOT committed to funding at a level which would cover the 100% drawings, the agreement also specified only completing to 80%, and a contract end date of December 31, 2021. This contract amendment would extend the partnership to complete the 100% construction drawings while a final project construction and operating agreement is negotiated and executed.

The latest budget estimate for the project is included for information in Attachment 3. As part of the completion of the initial contract with Studio Architecture, sub-consultant Taylor Kohrs prepared a cost estimate based on the 80% construction drawings. The estimate, dated December 20, 2021, was \$6,747,017. The prior estimate provided, prepared at Major Site Plan review and dated September 28, 2021, had an estimate of \$6,202,480. Increases in material costs and site work account for the majority of the increase in costs. Additionally, an appraisal for the property has been completed and provided a land value of \$2,438,694, giving a current project cost estimate of just under \$9.2 million.

Based on the current project cost estimate, and apportioning the value of the land to CDOT's half of the cost, the Town's portion of the \$6.75 million construction cost would be \$4,592,855. Recognizing that material and labor costs remain unstable, as we move forward in investigating financing options Town staff will add contingency funds to account for potentially increasing costs.

Financial Impact: This amendment to the agreement will not have a financial impact, as funding up to \$150,000 was previously committed for project design in January 2021. Additionally, \$5 million was included in the 2022 budget for the 619 Granite Project.

Alignment with Strategic Plan: Increasing the number of workforce and affordable housing units remains one of the Town Council's highest priorities. Implementation of the Town Council's goals requires addressing housing through multiple channels including the proposed agreement between two public agencies. Continuing to move this project forward will propel the construction of a much-needed housing project in the Town's central core area.

Staff Recommendation: Staff recommends approval of the attached amendment to the Agreement, which will extend the contract to allow for the development of 100% construction documents.

Reviews and Approvals: This report has been reviewed and approved by:
Leslie Edwards, Finance Director
Diane McBride, Acting Town Manager

Attachments:

Attachment 1: Draft Amendment to the Agreement
Attachment 2: Executed Agreement between CDOT and Frisco
Attachment 3: 80% Construction Estimate