

PART IV

COST REVIEW

Projected hypothetical range of ~\$4.4m – \$7.3m.

Any estimate for a project this early in the design effort with so many options for design consideration will be, effectively, premature.

However, to assist the Town in getting the proverbial handle on the range such a project might span, we reviewed nine projects of varied but similar scope (*fire stations, garages, municipal storage, EMS, maintenance facilities, etc.*) located in temperate zones including Design Cost Data (DCD) and took into consideration the following aspects of this particular project:

The estimates are aimed at a *lowest* possible efficiency. In other words a “*worst possible*” or *least* efficient construction strategy, none of which is expected to be pursued, obviously, but this helps see a likely maximum range below which a project of this scope is likely to fall:

1. Four separate, new buildings.
2. Four separate mechanical systems, etc.
3. All single-story construction.

Advantageous strategies and factors which favorably impact CoC are:

1. Town constructing much of- or all site work.
2. No cost for any property purchase.
3. Passive and moderate green construction, but not necessarily LEED rated design.
4. Fire & EMS sharing electrical, mechanical.
5. Police renovation using existing electrical, mechanical in Town Hall; affecting only finish electrical/mechanical.
6. Incorporation of natural lighting in apparatus bays (*this has numerous advantages besides energy/cost efficiency*).

Once allowance is considered for Police Department renovation and Fire/EMS consolidation, the range shown above may be *substantially* lower.

In even the earliest stages of design, once a general configuration is known, the range will be able to quickly narrow to with about 15% of CoC.

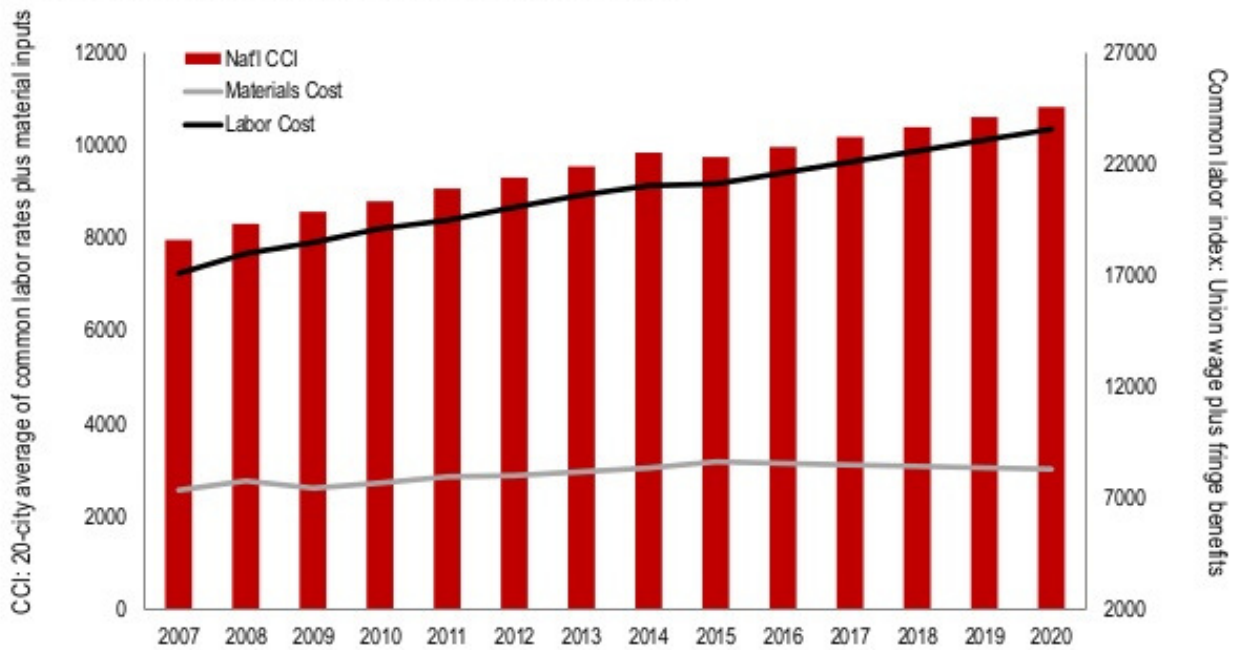
A recommended strategy which we propose is that towards the completion of the Schematic Design phase of the design process to secure an updated estimate of Cost of Construction. Far more clarity will characterize the constraints and intentions of the project even at that point.

Important: See Appendix II pp's 11&12 for process of calculations.

Some critical concerns well outside the jurisdiction of the community must also be considered.

Labor costs are leading the growth in construction cost.

A decline in available construction workers in the workforce, due to a lack of job training and general frustration with the market, leads to an increase in costs.



Source: JLL Research, ENR, Gilbane



First, the fact that construction material and labor costs are inflating. Labor shortages are in part a cause. This is expected to worsen

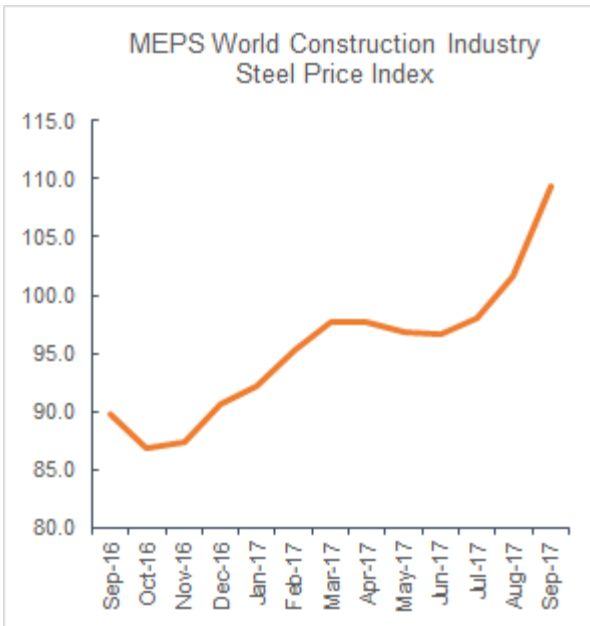
substantially with the advent of continuing constriction of the immigrant labor market. The inflation, in turn, is expected to diminish commitment to projects, nationally resulting in further departure of labor from the market. In short, time is not an ally regarding these variables.

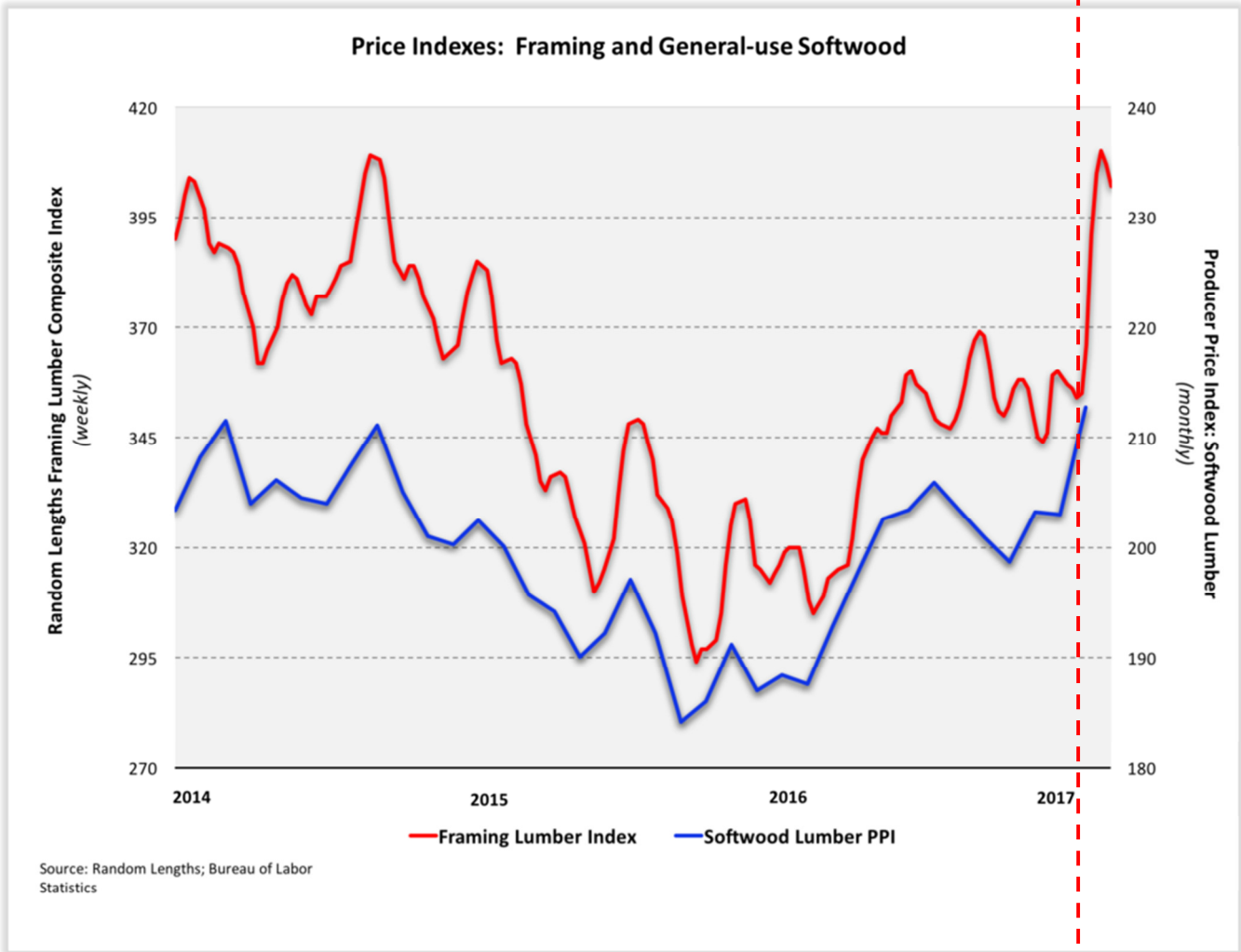


The second concern is an unknown. If the Federal Government pursues tariffs with both Mexico and Canada (*in April, 2017, US slapped a duty on Canadian lumber imports. Lumber prices have been rising, substantially as can be seen in the BLS chart, below*) the cost of lumber and steel is expected to rise, also substantially.

As of this writing (*January, 2018*) Canada has indicated it is considering a complaint against the US with the WTO and possible slowing of supply, in protest.

The situation with steel is little more encouraging as the World Steel News graph suggests, here. The trend is clear. Time is not on the Town's side regarding this project's consideration.





Federal duty slapped on Canadian lumber imports, April, 2017