



City Hall Renovation/Addition Update

July 14, 2025

Industry Market Factors/Trends

- **Budget impacts from \$400M of other VMG managed projects currently in progress.**
 - \$220M Campus Project in FW experienced 15% cost increase from 2/25 – 6/25.
 - \$17M Surgical Hospital addition/remodel project experienced 10% cost increase in Phase II budgets from 1/25 – 4/25.
 - Hospitality renovation project in FW experiencing budget increases of 15% from 12/24 – 5/25.
 - \$100M Hospital Campus project in West Texas experiencing 30% cost increases from 12/24 – 6/25.

Budgetary Estimating History by Turner Construction

- Approved Construction Cost Budget – 1/22/24 \$ 12,200,000
- 100% Schematic Design Budgetary Estimate – 7/31/24 \$ 12,357,546 (within acceptable budget range)
- 100% Design Development Budgetary Estimate – 10/22/24 \$ 12,433,392 (within acceptable budget range)
- 50% Construction Design Budgetary Estimate – 1/29/25 \$ 13,519,506 (within acceptable budget range)
- 100% CD GMP Forecast – 5/16/25 \$ 16,279,000 (\$ 4.1M over budget)
- 100% CD GMP – 5/30/25 \$ 16,930,597 (\$ 4.7M over budget)

Budgetary Overrun Factors

▪ Unforeseen Site/Building Conditions

- During demolition, the contractor encountered the original 1950 addition foundation system that extended beyond the exterior walls of the building and original pier system not installed per the 2000 as-built drawings. This unforeseen condition required the complete redesign of the addition's foundation, steel structure, portions of the building envelope, elevator system, internal stairs, and site.
 - Cost for redesign (structural steel, foundation, internal floor plan design).
 - Cost for new foundation system, additional piers/grade beams, etc.
 - Cost for additional steel structure.
 - Cost increase for elevator changing from single entry to two-sided entry.
 - Schedule impact, 4 months additional general conditions.
 - East entry location changed requiring additional piers.
 - Existing roof drains had to be relocated and extended since the original path is blocked by the pier caps.
 - Sub-surface drain system had to be redesigned and enlarged to accommodate the existing piers/pier caps.
 - Stairwell design change.
 - Additional building envelope deterioration since original assessment, 6/22.
 - Total Cost Impact \$1,396,000
- Phase I and II ESA – Contaminated Soil Discovery and Remediation
 - Total Cost Impact \$56,200

Budgetary Overrun Factors

- **Design Team Assumption**

- During the design process, the design team discovered that the 1911 Post Office and 1950's addition needs to have a fire sprinkler system installed. The design team assumed during the conceptual design/budget process, the only area needing a fire sprinkler system would be the new addition.
 - *Cost for expanded Fire Sprinkler system is \$233,000*

Budgetary Overrun Factors

- **Unforeseen Market Conditions (*per Turner Construction*)**
 - Unprecedented construction labor costs increases in Q1/Q2 2025.
 - Construction commodity material increases to real and “anticipated” cost increases do to current and potential tariff impacts. Domestic market has adjusted to the real and potential Tariff increases.
 - Material and labor increases being passed along all tiers of the construction trades
 - Material suppliers
 - Transportation cost increases (fuel)
 - Labor cost increases (fewer skilled tradespeople, not being back filled)
 - Sub-contractor tier passing along increased labor/material costs to the general contractors.
 - Total cost increases of \$2.3M from 1/29/25 – 5/30/25.

Summary

Cost due to unforeseen conditions	\$ 1.7M
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Cost due to current market trends	\$ 2.3M
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Total Additional Funding Needed	\$ 4.0M
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