



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: January 29, 2025

SUBJECT: Courthouse Expansion Budget Request

RECOMMENDED MOTION:

Move approval of increasing the Courthouse Expansion Project budget by \$2.9 million to a total project budget of \$46.8 million.

BACKGROUND AND POLICY IMPLICATIONS:

The Oregon Judicial Department appointed two additional Deschutes County Circuit Court Judges in 2022. This created a need to expand the main courthouse to meet the State Law requirements for counties to provide adequate courtrooms for Circuit Courts. The new three-story, 50,933 square foot expansion will include two courtrooms, court security screening, court administration offices, secure parking, and facilities for in-custody transport. Additionally, the existing main courthouse will be remodeled to add a security office, hearing room, and expanded court administration offices.

Pence Contractors was contracted by Deschutes County in May of 2022 to perform Construction Manager/General Contractor services for the Deschutes County Courthouse Expansion project. The initial contract for pre-construction services was \$62,040, which includes but is not limited to: cost estimates, constructability reviews, project management, logistics planning, and development of the Guaranteed Maximum Price (GMP).

In September of 2023, the Board of County Commissioners approved Amendment No. 1 for \$4,513,562 to authorize Early Work construction services prior to establishing the GMP. The scope of Early Work includes but is not limited to: early procurement of equipment, courtroom mock-up, site logistics, site utilities, demolition, and earthwork.

In November of 2023, Pence Contractors publicly advertised the project and went through a competitive subcontractor bidding process to establish the GMP. The total GMP provided by Pence Contractors was \$36,722,789 for preconstruction fees and hard construction costs. The GMP included costs for salvage and demolition of the AJ Tucker building, which is budgeted separately from the Courthouse Expansion budget. In February of 2023 the Board approved the GMP provided by Pence Contractors and raised the total project budget from \$42 million to \$43.9 million to account for the higher than anticipated GMP.

Construction of the courthouse expansion and remodel began in the spring of 2024 and is anticipated to be completed in the summer of 2026. There are several factors that have led to increased costs for the Courthouse Expansion project after approving the GMP, including unforeseen site conditions, construction schedule delays, and design revisions. These factors and their associated costs are summarized here:

Unforeseen Site Conditions	<ul style="list-style-type: none"> • Structurally insufficient soil conditions discovered during removal of drywells required underpinning of the existing courthouse building foundations • Removal of an underground storage tank near the former location of the AJ Tucker building • Greater than anticipated costs for construction and removal of the temporary public courthouse entrance • Cost: \$180,000
Construction Schedule Extension	<ul style="list-style-type: none"> • The duration of the design and permitting phase was longer than anticipated resulting in a 6.25-month extension to the construction schedule • Cost: \$1,520,000
Design Revisions	<ul style="list-style-type: none"> • Development of design documents resulting in changes to scope or additional scope • Code-required revisions to design documents • Cost: \$1,200,000
Total Costs	\$2,900,000

The Facilities Department is requesting a \$2.9 million increase to the Courthouse Expansion project budget from \$43.9 million to \$46.8 million. To date, \$1.2 million of contingency for change orders have been approved that were time-sensitive due to rising commodity prices. With approval of the proposed budget increase the contingency would be replenished to \$1.6 million, or about 5% of the remaining construction costs. The remaining \$1.7 million would address the additional project cost increases.

BUDGET IMPACTS:

In coordination with the Finance Department, the Facilities Department has identified reserves within Campus Improvements Fund 463 to cover these additional costs which result from a combination of factors—interest earnings and reduced scope and cost savings from previously completed projects. Fund 463 was established to provide resources for new capital construction and major remodels.

ATTENDANCE:

Lee Randall, Facilities Director
Eric Nielsen, Facilities Capital Improvement Manager
Wayne Powderly, Cumming Group