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3 September 2014

**Memorandum**

**DRAFT FOR REVIEW**

Attn: **Christian Sigman**  
Re: **Cincinnati Union Terminal Budget Reconciliation**

Present: John Plumb, David Robinson – Hines  
Tony McDaniel – Messer Construction  
Vic Gephardt – Turner Construction  
Steve Kenat – GBBN Architects

The above team was convened with the goal of understanding reconciling the 1.29.2014 Langan report, which reported a construction improvement budget of 197,700,000, with the additional detail to the Hines Report of 7.21.2014, supplemented by the individual budget differentiations that made up the recommended additions of \$6,755,000 below:

<b><u>Union Terminal</u></b>	
Lintel Replacement	\$ 340,000
Parapet Replacement	\$ 525,000
Expansion Joint Replacement	\$ 250,000
Roofing Membrane	\$ 400,000
Envelope Restoration Consultant	\$ 275,000
Fountain Renovation	\$ 1,275,000
Dalton Street Repairs	\$ 1,475,000
Elevator Modernization	\$ 565,000
Temporary Protection & Security	\$ 1,000,000
Ice Plant Redesign	\$ 300,000
Utility Consumption during Construction	\$ 350,000
<b>Total</b>	<b>\$ 6,755,000</b>

We began the conversation with the intent to understand if the additional \$'s were the result of which of the 3 categories:

- Estimating or Unit Cost variations / inaccuracies
- Additional Scope that had previously been removed in the V-E work by the CFTF
- Additional recommended scope that had not been previously documented.

Similarly, we needed to determine whether the recommended additions by Hines were consistent, from a cost perspective with what Messer & Turner's experience would propose for a local market allocation. In almost every case, the recommended additions by Hines are recommended additional scope or higher quality that they believe appropriate for this type of legacy building, and based upon their experience with facilities across the country.



Christain Sigman  
Re: Cincinnati Union Terminal Budget Reconciliation  
3 September 2014  
Page 2

With the benefit of a conversation of the estimating teams, all parties believed that the recommended additions to the budget are appropriate, assuming the funds could be made available, there is an absolute benefit to include the Hines recommendations as a beneficial investment in the building, that will enable this proposed renovation to add quality beyond Value-Engineered CFTF budget. In fact, many of these items are described in some detail in the original Master Plan, although Hines was unable in the time provided to create a thorough line-item budget for all items, to the level of detail that Messer & Turner had previously performed.

The primary areas of concern we wish to bring to the attention of the Commissioners and the Project Team are the Dalton Street overpass, and the assumptions made for the closure and defining maintained access to the building – clarifying the purpose(s) of that access.

While eliminating a portion of the Dalton Street work is possible, it may not be advisable, as previously described in a Memo of 7.29.2014. The work above the deck, including repairs to waterproofing under the apron and drive approach to the Museum entry, the landscaped area, and that area under the fountain has been proposed immediately West and East of the Dalton Right-of-Way. Leaving the existing conditions and not making repairs in that 60' ROW might, in effect, render the improvements on both sides useless. Water infiltration will find the path of least resistance, and unless protected as an envelope, the overpass will simply remain the weak link. Hines, in fact, has recommended that we assume the entire 100% of the deck waterproofing be budgeted for repair, instead of the initially less conservative approach of Turner and Messer. Similarly, avoiding the repairs to stone and cement plaster above the Dalton ROW poses an ongoing and increasing threat of damage to vehicles and traffic that utilize the underpass, especially since further deterioration of those areas would likely be caused by the proposed adjacent work, vibration, etc.. On the other hand, the work associated with the painting of the underside of the deck, building storefront replacement, new lighting, and new roadbed asphalt work could be deferred, understanding that the storefront removal was partially being funded through Historic Tax Credits, and that the storefront itself, even if not restored, cannot be removed or compromised. So, as a liability, it may be worth considering an additional enclosure that protects it, but that also increases the budget.

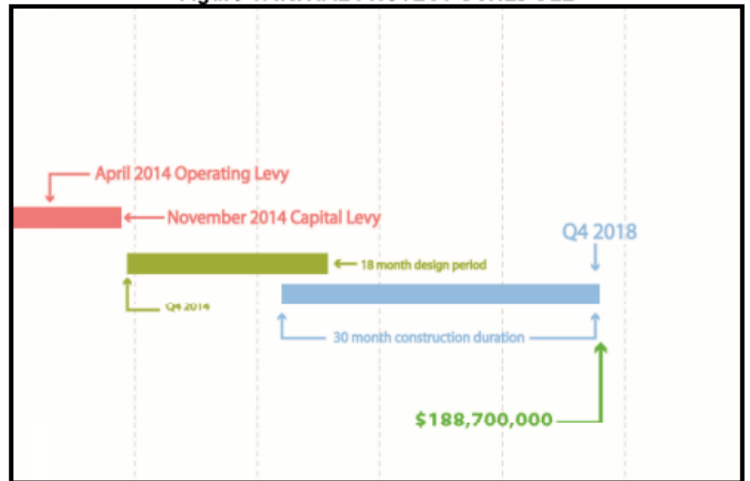
Temporary Access and Security was a line item added \$1,000,000 in the Hines budget. This was intended to cover the costs for the ongoing operation and protection of access to the Amtrak station, and phased continued operations of individual spaces and galleries in the Cincinnati Museum Center. This needs to be carefully reviewed. As presented in excerpts from the 1.29.2014 Langan report, extending the occupancy of the building during construction adds a premium of 10 months and \$10.6M to the construction budget, dependent upon that phasing, which is yet to be determined.

If determined that maintained access to an operating Children's Museum, or Traveling Exhibit space during the 30 month construction is necessary, upon conversation this team believed the \$1,000,000 premium described by Hines is inadequate – to which Hines representatives agreed. While the \$10.6M budget and 10 month extension may be

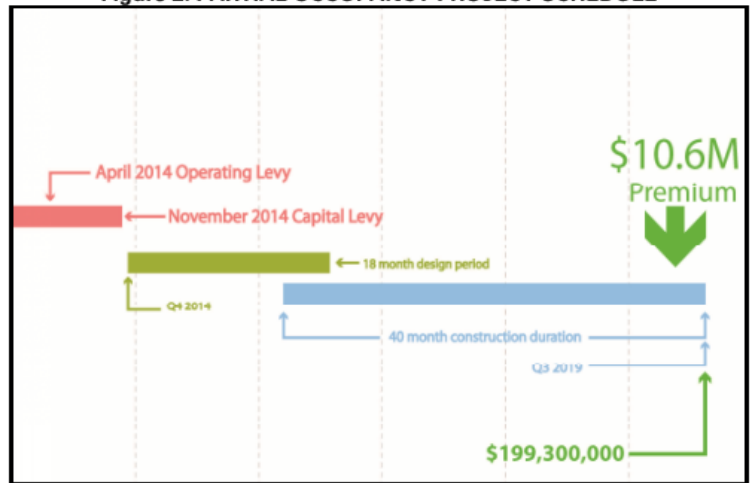
conservative, we believe the short-term next steps should include establishing a phasing strategy – and applying an appropriate cost.

Note that the adjacent reference to \$188,700,000 construction budget for the Initial Project Schedule from the 1.27.2014 Langan report also included a rebate of \$9,000,000 in funding from the Operating Levy, which was not pursued. Similarly, the same \$9,000,000 needs to be added to the Partial Occupancy Schedule & Budget.

**Figure 1: INITIAL PROJECT SCHEDULE**



**Figure 2: PARTIAL OCCUPANCY PROJECT SCHEDULE**



The remaining differential budget and line items described in the Hines report can be summarized as a good, better, best approach. If the available funds permit, replacing all loose lintels in the building façade, an upgrade to the initially recommended 45 mil roofing to a 60 or 80 mil thickness roof, alternative details to the parapet repairs, improved elevator – specifically including ADA accessibility to Tower A, and a higher allocation for expansion joint replacement, we would fully support those inclusions. In fact, each of those items had been described in the original Master Plan, but had been deemed a lesser priority in the CFTF VE-E process. The proposed



Christain Sigman  
Re: Cincinnati Union Terminal Budget Reconciliation  
3 September 2014  
Page 4

additional costs for the Ice Plant is an evaluation that should be performed by the Mechanical Engineer brought on board to design the balance of the project, and based on an efficiency evaluation and payback metrics.

We believe that compensation for the Envelope Consultant, which we agree would be a vital member to the A/E team, should be included in the pre-established estimate for the A/E budget, and therefore not an additional increase. Messer and Turner are also comfortable that the Fountain Budget initially presented in a \$5,000,000 allowance, originally researched and vetted with local trades, can be managed to that scope of work.

In summary, if the approach remains consistent with the original 30 month construction window, even including a portion of the Hines recommendations (initially budgeted at \$6,755,000), the budget impact would be increased by a reduced amount of \$3,500,000, for a total of \$201,200,000. We would recommend these additional funds be placed in the contingency category until the completion of Design Development drawings and the establishment of a Guaranteed Maximum Price that takes into account select investigation by the A/E and CM teams to be selected. Beyond these costs for Construction, construction-related professional services, and Owner's costs, the soft costs of Debt Service, Bond Issuance, Financing, and Tax Credits implementation should be added.

We hope this information is valuable in your further assessments of the building, and providing direction working with the Commissioners and County leadership. Thank you for the opportunity to advise your team in the preservation of Union Terminal, as a vital building to Hamilton County and Cincinnati's history, and to our collective future.

Sincerely,

A handwritten signature in black ink, appearing to read "S.T. Kenat".

Steven T. Kenat AIA LEED AP  
GBBN Architects

cc: John Plumb, David Robinson; Hines  
Tony McDaniel; Messer Construction  
Vic Gephardt; Turner Construction