



Memo

Date: April 22, 2016

To: David Billingsley, David Dunn, Laurie Botts, Karen Elzy

From: Doris Wasson

RE: Project Mgmt fees

Owens Realty Services has been asked by David Dunn and Laurie Botts to co-manage, and in some cases manage portions of the City Hall energy upgrade and remodel project. These projects, running concurrently, will take 18-24 months to bring to conclusion.

With the approval of these division managers, we are respectfully petitioning for fee increase. In the chart below, I've detailed how we arrived at the fee and how it measures against our current fee structure.

Project	Project value	If @ contracted rate	Proposed fee
Energy upgrade	\$5,500,000	\$550,000	\$96,250 (1.75%)
Remodel	\$1,300,000* <i>*projected cost</i>	\$130,000	\$48,750 (3.75%)

TOTAL \$145,000.

To be invoiced quarterly at \$24,166.67, six invoices total. The invoice amounts will vary as the quarterly expenditures for the FFE will vary.

Industry-wide, the typical project management fee structure is between 2%-10%. We project to incur a minimum of 4160 man-hours toward project management of these initiatives; including security & access, coordination & scheduling, inspections, reporting, etc. At an hourly rate, the requested fee is \$34 an hour. The industry average hourly rate is typically \$36 and up.

This increase in fee cannot be assigned to an M/WBE firm so the good-faith goals in our current contract are not applicable. It is worth noting, however, that all the electrical and low voltage work associated with the systems furniture install is assigned to an MBE firm.

We would like to invoice quarterly for this fee on a Mar/June/Sept/Dec schedule in order to coincide with the current annual operations contract which runs Dec1-Nov30. Providing all is approved, we would present the first invoice on June 1st.

We are so honored by your trust and grateful to be part of the City Hall upgrade project. Thank you for your consideration.