

<b>SUBJECT:</b>	<b>Amersham Multi Storey Car Park Development Project</b>
<b>REPORT OF:</b>	<b>Cabinet Portfolio: Environment - Councillor Michael Smith</b>
<b>RESPONSIBLE OFFICER</b>	<b>Chris Marchant - Head of Environment</b>
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<b>WARD/S AFFECTED</b>	<b>Amersham on the Hill</b>

## **1. Purpose of Report**

The purpose of this report is to:

- Update Members on the current position regarding the development of the Amersham Multi Storey Car Park to provide a total of 1,046 car park spaces, an increase of 366 on the current 680 spaces.
- Present the final business case for approval.
- Seek Members approval that the capital programme for this project be amended to £10,800,000 .
- Seek Members confirmation that contracts for construction under the SCAPE Framework agreement can be signed.

## **RECOMMENDATIONS**

1. To note the current position.
2. Members agree the final business case for the project.
3. That Cabinet recommends to Council that £10,800,000 be added to the capital programme for the construction of this project.
4. Subject to the Planning Committee decision Members are requested to authorise the Head of Environment, in consultation with the Portfolio Holder and Director of Services, to conclude the delivery agreement between Balfour Beatty and the Council for the construction phase.
5. That the Head of Finance be authorised to carry out the necessary arrangements to obtain the loan finance.
6. That the Head of Environment be authorised to negotiate and conclude any necessary agreements to allow the development to proceed through to completion.
7. That the 18/19 revenue budgets include the additional revenue operating costs of a larger car park operational from September 2018.
8. To note and agree the cost increase of the pre-construction costs from £591,000 to £617,000 for delay due to planning and Scape fees.

## **2. Executive Summary**

- 2.1 Members will be aware of the parking problems that exist at Amersham on the Hill and in particular at the Amersham Multi Storey Car Park which is regularly operating at capacity during the week. This capacity issue has been highlighted in a recent capacity survey which has recommended that by 2036 additional spaces of between 339 and 520 will be required to meet anticipated growth from new housing and rail travel.
- 2.2 The proposed solution to the problem is to extend the existing multi storey car park by building on the adjacent surface car park. This development should provide capacity for an additional 366 spaces.
- 2.3 Following Cabinet approval on April and December 2016, through the use of the SCAPE Framework, this Council has procured the services of Pick Everard to act as client Project Manager and Quantity Surveyor, and Balfour Beatty to manage the pre-construction stage through design planning and detailed costings.
- 2.4 The proposed structure has been designed using the principles of a steel frame and concrete plank construction. Subject to a regular and adequate maintenance regime, the structure is designed to provide a life-span in excess of 40 years. This does not extend to finishing materials such as painting, finish coatings (including waterproofing), or the M&E installation and lift, which will need to be replaced in accordance with the manufacturer's recommendations or agreed maintenance programme for the building
- 2.5 To enable this project to proceed it will be necessary for the Council to invest £10,800,000 for the construction and any associated fees if planning is granted.
- 2.6 The proposal is to finance this by way of a Public Works Board loan. The Business case indicates that the car park will be operating in profit (including covering interest and loan principal repayment) in 9 years and that profit from the car park will be more than sufficient to repay the capital expenditure over the lifetime of the asset.

## **3. Reasons for Recommendations**

- 3.1 A clear need has been identified for additional parking capacity within Amersham on the Hill to cover both the current and future demand. The existing car park site would seem to be the most suitable location. The experienced lead contractor has designed the car park in accordance with good practice, to deliver

maximum number of additional spaces and to keep construction costs as low as possible through competitive tendering of works packages, for example, for procurement of steel and concrete pre-cast units. An external Quantity Surveyor has advised the Council on costs.

#### **4. Background**

- 4.1 The site is shown edged in black on the plan at **Appendix A**. A full chronology of Member decisions is attached at **Appendix B**. The current AMSCP has a total capacity of 680 spaces including 185 on the adjacent surface level car park.
- 4.2 At CAMG on 2<sup>nd</sup> March 2016, a report detailing a high level proposal for 378 spaces (an additional 240 spaces) car park over 3 storeys was suggested at an early estimated cost of construction in the order of £6 million. Members expressed concern as to whether this proposal would meet future need and suggested extra deck / capacity was added. £110,000 was agreed for initial design work.
- 4.3 At Cabinet on 5<sup>th</sup> April 2016, Members considered and agreed the report that had been to the CAMG meeting on 2<sup>nd</sup> March 2016. Members agreed for pre-construction work to commence to enable design, costing and planning to be completed to enable officers to report in due course with a full business case. Note – It was not possible to provide cost certainty on any future development until the design and relevant surveys, etc had been concluded.
- 4.4 At CAMG on 21<sup>st</sup> November 2016, Balfour Beatty attended the meeting to explain the potential procurement approach that the Council could take to deliver this project. Whilst Members agreed that more car parking capacity was required there were concerns about the costs and possible escalation. The construction costs at this stage, following detailed work by the contractor and QS, was estimated at £8.8 million for an additional 502 spaces with the net extra spaces increased to 366 spaces over 4 floors from 240 originally envisaged. Members agreed to the total predicted pre-construction costs of £591,000 to allow the detailed design and planning to be applied for. It was anticipated at this time planning would be submitted in November 2017.
- 4.5 At Cabinet on 13<sup>th</sup> December 2016, Members considered and agreed the report that had been to the CAMG meeting on 21<sup>st</sup> November 2016. Members expressed concerns as to how this project now appeared to supersede the original Cabinet decision for the guttering and PV's for the existing AMSCP and requested a further report.

- 4.6 At Cabinet on 7<sup>th</sup> February 2017, Members considered an update report and confirmed that the scope of the AMSCP project does not now include an over roof, extra PV's or new guttering.

## Discussion

### Costs

- 4.7 Since the initial reports the majority of the pre-construction steps have been completed using the SCAPE Framework procurement process which ensured that best value and the most appropriate design was achieved. 100% cost certainty on Tender Price has now been achieved and a letter from Quantity Surveyor, **Appendix F**, is attached which summarises the how best value is achieved using the SCAPE approach.
- 4.8 The report to Councillors on 21<sup>st</sup> November 2016 indicated the estimated build cost of £8.8 million which included the preconstruction cost of £591,000. Therefore at that time the anticipated build cost was £8.2 million. Any further variations would be at the contractors risk apart from any changes the Council requested. The build-up of cost changes and the details are as follows;

### Project Cost

Item		Cost
1	Pre-construction Costs	£591,000
2	Estimated Construction Costs brought forward 06 Mar 2017 (excluding pre-construction cost)	£8,187,620
3	Forecast Project Management, Quantity Surveyors & H&S Team (Pick Everard) Fees & other costs (excluding pre-construction cost)	100,726
4	Forecast Construction cost changes by appointed Quantity Surveyor at 06 Mar 2017	
4.1	<i>Additional deck of 126 parking spaces</i>	£579,000
4.2	<i>An additional deep bore soak away for surface water is required. The current deep bore soak away for the existing car park is located where the new building will be constructed so has to be moved.</i>	£307,000
4.3	<i>Intrusive site investigations are required to accurately establish the utilities locations on the site because utilities surveys were inconclusive.</i>	£13,700

4.4	<i>Relaying the surface on the top floor of the existing car park to provide waterproof barrier for 30 + years. Cheaper painted on solutions have a very limited life.</i>	£313,000
4.5	<i>The costs involved in Re-siting the PVs on the new building</i>	£20,000
	Sub-Total	£1,232,700
5	Forecast Construction cost changes reported by appointed Quantity Surveyor post 06 Mar 2017	
5.1	<i>Additional larger and deeper pile foundations were found to be necessary following detailed design development following ground condition investigation.</i>	£450,000
5.2	<i>Programme extended associated with additional works – increase prelims</i>	£60,000
5.3	<i>Market testing – difference between estimate and tender price</i>	£100,000
	Sub-Total	610,000
6	Estimated Additional Fees during Pre-construction stage	
6.1	Additional Consultant Scape fees, not previously accounted	£7,700
6.2	Additional time spent due to delay getting to planning during pre-construction phase	£18,000
	Sub-Total	£25,700
7.0	Client internal management fees	£37,000
	Building Control Fees	£11,000
	<b>Forecast Total Project Cost</b>	<b>£10,793,213</b>

- 4.9 The forecast total project cost of £10,800,000 does not include a project risk figure of £370,000 which includes for project risks on the risk register such:
- If any further works are required by TfL - this is not anticipated as we have a signed agreement in place with them
  - If any archaeology is discovered during excavations – this is not expected
  - ordinance, contaminations judicial review cost, planning condition discharge or condition on unreasonable working hours.

#### Planning

- 4.10 A Planning application for the proposed development has been submitted to provide 4 levels of parking with a capacity of 502 spaces, a net increase of 366

spaces. This application will be considered by the Planning Committee once issues raised by Buckinghamshire County Council Highways Development have been resolved. The planning officer has indicated that they are minded to support the proposal when the application is formally submitted. The consultants feel the highway junction capacity issues can be addressed and it is anticipated at the time of writing this report that the application can be considered by the planning committee on 22<sup>nd</sup> June. The plans will be displayed ahead of this meeting for Members to review.

There has been a delay of several months whilst discussions and responses were received from Highways which has delayed the project. The pre-construction cost expenditure has increased slightly from £591,000 to £615,000.

There have been interest rate increase and Members have agreed to an increase in parking charges across the estate which will have a beneficial effect on the business case.

#### Expected increase in parking demand

- 4.11 An updated capacity study was recently commissioned for Amersham Multi Storey Car Park which has highlighted the considerable increased usage in this car park. In 2013 when the study was previously carried out the average capacity was at 85%. The latest study shows an average capacity of 91%. Latest figures show that for 80% of the working week the car park reached 100% capacity. On the weekdays when full capacity was not reached (normally Fridays) then the average capacity was at 87.75%. The Institute of Highways and Transportation recommended that an efficient operating level for car parks is 85%; it can therefore be seen that we already have a serious overcapacity issue and no room for growth.
- 4.12 The study looks forward to 2036 taking into account both rail passenger growth and housing development. The additional space goes part way to meet future demand.
- Rail: In the year to 2015 Chiltern Rail showed a growth of 3.1%. Both Network Rail and the Rail Delivery Group predict a 3.3% annual increase with passenger demand doubling in the next 30 years. Because of the proximity of the railway station it is anticipated that the growth in demand for the car park will depend mainly on the passenger growth. The only limiting factor is the train capacity and with line and signalling improvements planned to be in place for 2023 to increase train frequency this will only benefit Amersham Station and facilitate additional demand.
  - Housing/Population Growth: The study looked at the Joint Chiltern and South Bucks Local Plan 2016 to 2036 which is currently being prepared and using

figures available for Chiltern and following discussions with officers developed a range of growth options for consideration. Using the medium growth scenario for 2036 to the study indicated an increased requirement for between 339 and 520 additional spaces over the next 20 years.

- 4.13 It is clear from the study that there is an existing and a future demand for parking at this car park. It should be noted that this study does not take into account other potential demands for increased capacity at AMSCP from proposed developments on other Council sites that could cause the loss of parking capacity as these developments proceed.

Business case

- 4.14 Investing in the construction of the new AMSCP will generate a financial return from the resulting additional car parking income. The estimated cash flows from this development have been modelled and are shown in **Appendix C**.
- 4.15 This shows that the car park will be operating in profit (including covering interest and loan principal repayment) in 9 years and that profit from the car park will be more than sufficient to repay the capital expenditure over the lifetime of the asset.
- 4.16 During construction access will be maintained to the majority of the existing multi storey car park although a reduction in income of £104,000 is possible due to the disruption. In an effort to keep this loss to a minimum, it is proposed that the 135 staff members currently using the AMSCP will be allocated alternative parking. This action will ensure that the paying public have preference over CDC staff. Additional 58 spaces have been provided at Sycamore Road and 29 spaces are being aimed to be provided at KGVH.
- 4.17 The Net Present Value (NPV) **Appendix C** base model has been drawn up using current figures available and based on various assumptions. Inflation is 3% per annum and this is also the discount rate used.
- 4.18 Car park charges are increased in line with inflation i.e. 3% per annum. This percentage is in line with the Governments RPI figures published in the Autumn Statement up to 2020/21. The standard initial daily car park charge is £6.00 per day in line with the agreed increased charges for 17/18.
- 4.19 Sensitivity Analysis is at **Appendix D** and the financial model is only an estimate and changing any of the assumptions will affect the return. For instance if the loan rate goes up, the profitability goes down, if charges increase the profitability goes up and if take up increases the profitability goes up and of course vice versa

#### Funding

4.20 The method of funding was raised in a previous report to Cabinet and at the time the option of funding this construction by way of borrowing was discussed. It is now clear that with interest rates at the current low level borrowing to fund this project would be the recommended option. To this end it was agreed at the Budget review in December and in the Treasury Management Strategy that CDC should be allowed to borrow if required.

4.21 It is proposed that the Council will raise a loan with the Public Works Loan Board. The financing cost is based on borrowing from the PLWB, on an annuity basis, over 40 years.

#### Usage

4.22 It is anticipated that the additional capacity from this car park will steadily increase. For the purpose of the Business case we have taken the average growth over the last 3 years written down to 5%.

Year	Growth
2013/2014	9%
2014/2015	2.2%
2015/2016	7.3%

#### Programme

4.23 The current proposed programme if the project continues is detailed at

**Appendix E.** The key dates would be:

- Planning Committee 22<sup>nd</sup> June 2017
- 6 weeks allowed for any JR challenge
- Sign delivery agreement 10th August 2017
- Start on Site September 2017
- Completion October 2018

## **5. Consultation**

5.1. Consultation has taken place with interested parties which include the Town Council and Amersham Action Group.

5.2. A public event was advertised and held in the Council Office reception. This event was not well attended but general feedback from the consultations recognised that increased capacity is needed in the area although local residents



commented on the design and impact on their property and these comments were noted by the designers.

- 5.3. Under the planning process a further public consultation has been carried out and few objections were received. Where practicable the design is being amended to mitigate these objections.
- 5.4. Once planning approval has been received consultation will take place with all parties likely to be affected by the works to ensure that disruption is kept to a minimum. Parties to be consulted will include Amersham Town Council, Local residents and businesses, Transport for London.

## **6. Options**

- 6.1 Members are requested to consider in view of the updated business case, the final design and the 100% Tender cost whether they would like to continue this project and construct the additional 366 car park spaces.

## **7. Corporate Implications**

- 7.1 Financial – See above and the business case.
- 7.2 Legal – the Council has power under the Road Traffic Act 1984 to erect buildings for the provision of off-street parking. There is a small piece of land that for some reason is not registered to Chiltern and that is being rectified.
- 7.3 Risks – The remaining risks to this project include:
  - Planning and any conditions that could be imposed that may have cost implications. Allow 6 weeks after consent issues for any JR period before contracts signed for construction
  - Programme changes that could extend the period of reduced car park income
  - Construction costs are currently 100% certain following the works package tender process and Balfour carry the risk once the delivery agreement is signed. The only cost increases for the Council would be if the Council requested any changes on site to the design.
  - Future usage is predicted in the business case

**8. Links to Council Policy Objectives**

8.1 This matter is related to the Council's corporate aims to deliver cost effective, customer focused services, and to promote local communities.

8.2 This report also progresses the aims of the Council's asset management plan.

**9. Next Step**

9.1 If Members consider the business case acceptable then subject to planning approval being granted and allowing for any possible JR then a delivery agreement could be completed and works would commence on site end September 2017 with completion end October 2018.

<b>Background</b>	Officer working papers
<b>Papers:</b>	Cabinet Report 05 April 2016 Cabinet Report 13 December 2016