

Executive Summary

In all, a total of 62 buildings participated in the study between Cambridge City, Centerville, Hagerstown, and Richmond. While subject to change over time based on building modifications, those 62 buildings represent 97 different addresses, each a separate opportunity for a business or residential use and taxable income to each town and the county. The following table represents a summary by town for the building Owner’s that chose to participate in the study:

| Town | Building Included in Study | Unique Addresses |
|----------------|----------------------------|------------------|
| Cambridge City | 7 | 12 |
| Centerville | 18 | 25 |
| Hagerstown | 19 | 28 |
| Richmond | 18 | 32 |
| Total | 62 | 97 |

While a number of viable business and residential uses are active in each downtown, there is significant deferred maintenance impacting the functionality of each downtown to varying degrees. The result, to borrow an urban planning phrase, are “missing teeth” in these downtowns that leave gaps in the downtown fabric. Whereas the phrase “missing teeth” in urban planning typically refers to whole buildings that are missing within an otherwise continuous area of buildings, in this case it is functionality that is missing rather than the physical building. In buildings with significant deferred maintenance, the buildings are unoccupied and represent a gap in the pedestrian experience of walking through a downtown area.

Cost to restore functionality to these missing teeth are divided into three Priority categories, with Priority #1 being most urgent and Priority #3 being least urgent. Additional information on these Priorities can be found further down in the report. The following is a summary of the total cost by town for those buildings included in the study:

| Town | Priority 1 | Priority 2 | Priority 3 | Total Cost | Total SF | \$ per SF |
|----------------|-----------------|-----------------|-----------------|-----------------|----------|-----------|
| Cambridge City | \$5,130,694.94 | \$2,165,998.96 | \$2,255,048.11 | \$9,551,742.01 | 75,238 | \$126.95 |
| Centerville | \$972,396.31 | \$2,287,462.87 | \$2,651,004.38 | \$5,910,863.56 | 73,003 | \$80.97 |
| Hagerstown | \$1,480,148.68 | \$2,949,123.01 | \$3,744,453.43 | \$8,173,725.12 | 103,549 | \$78.94 |
| Richmond | \$6,548,298.28 | \$9,505,136.02 | \$16,035,391.46 | \$32,088,825.76 | 262,246 | \$122.36 |
| Total | \$14,131,538.21 | \$16,907,720.86 | \$24,685,897.38 | \$55,725,156.45 | 514,036 | \$108.41 |

For rough estimating at the early stage of project evaluation, cost can be considered in four broad categories: light interior renovation, medium interior renovation, heavy renovation, and

new construction. Depending on the scope of project and project type, the following are guidelines for commercial renovation and new construction work:

| | |
|-----------------------------|--|
| Light interior renovation: | \$75 – 125 per square foot |
| Medium interior renovation: | \$125 – 175 per square foot |
| Heavy interior renovation: | \$175 - 250 per square foot |
| New Construction: | \$375 per square foot (including site and FFE) |

The above costs are general guidelines that can be used to give a sense of context to understand how realistic an estimate is against replacement costs for a commercial structure. As with all things, commercial renovation and new construction costs can vary greatly, depending on what is included in the project, site requirements, systems affected, etc. The above costs are based on LWC's recent experience with commercial projects, such as Historic Renovation and Civic projects. While commercial construction costs for a standalone "spec building" can be significantly lower than these costs, we anticipate that any significant work of the scale contemplated to make a major impact in these downtown areas will be grant funded with requirements that will likely drive the costs into the ranges noted above. Some of these costs could include Davis-Bacon (aka prevailing wage) requirements, additional documentation for grant administration, and historic requirements.

Study Purpose

The purpose of this study was to evaluate the condition of downtown buildings in Wayne County. The scope of the study includes Cambridge City, Centerville, Hagerstown, and Richmond. For the purpose of defining scope, each town defined the limits of their downtown core. Only commercial buildings located directly on and facing Main Street within the downtown core defined by each town were eligible to participate. Some building, while residential in nature, were included in the scope of the study due to the commercial functions operating on site. In addition, some commercial building buildings were excluded that were part of larger organizations and/or newer building, such as banks, gas stations, etc. The intent was to provide assistance to individual Building Owners by offering a subsidized preliminary building and cost assessment.

Each Main Street organization was responsible for coordinating Building Owners within each area were then given the opportunity to include or exclude their building.

Methodology

For those buildings who elected to participate, each was visually assessed. Each assessment typically involved one to two reviewers, with one review focused on collecting images and data on the a building while the other focused on a conversation with the building owner, when available. The goal was to generally review the existing condition and effort required to restore the following back into service:

- Site (including parking)
- Roof
- Building exterior
- Ceilings
- Floor
- Building interior
- Plumbing
- Mechanical
- Electrical
- Building Type
- Code compliance

Each review took approximately one-hour per building, on average.

Estimate of Probable Cost

Following the on-site review, a cost-summary was conceptual estimate of probable cost was created. The estimate was based on historic cost data from ongoing projects adjusted for inflation to current dollars, Means estimating software, and other available pricing resources. Square foot costs were assigned to each component of the building. The cost assumed that the current functions, spaces, and finishes would generally remain as-is without major modifications. The exception were those spaces that were in some intermediate condition of modification with missing components. In those cases, the cost estimate assumed the missing components (walls, doors, trim, etc.) would be rebuilt or replaced.

In many cases, the order of magnitude cost of the recommended repairs can be overwhelming. However, not all recommended repairs are necessary required for occupancy. To provide building Owner's guidance on timing for the repairs, the costs were broken into three areas:

- **Priority #1** – Includes all Life Safety and Code Compliance issues that require attention. This also includes components in need of repair to make the space occupiable. Timeframe for work to components included in this category: Immediately.

- **Priority #2** – Includes any repair, maintenance items or upgrades that could lead to Life Safety or Code Compliance issues or, if delayed, could lead to repair, maintenance or increased operational costs. Timeframe for work to components included in this category: 2-5 Years.
- **Priority #3** – Includes remodeling, renovation, and building upgrades that can improve function, extend the life of a building, increase energy efficiency, enhance visitor’s experience, improve ADA compliance, and benefit occupants. Timeframe for work to components included in this category: 5+ years.

While this breakdown of components into the three areas noted above is intended to help guide timeline and budgeting for building repairs, additional considerations typically come from the building Owners and/or occupants that consider operations, ongoing maintenance strategies, or upcoming projects that are already planned. Because follow-up conversations to assess building Owner considerations was not included as part of the building evaluation process, such consideration should be given by building Owners when reviewing the proposed costs within each category. Depending on each Owner’s goals and priorities, costs may need to be considered for inclusion to other Priority categories.

In addition to costs for each system, the following were added to each cost estimate:

- **General conditions (18%):** This cost includes things that are not included in specific building component categories above and is figured as a percentage of the construction costs for each Priority total. Costs such as permits, dumpsters, fencing, and temporary facilities are included. These costs are typically budgeted at 12% of construction costs. The costs have been escalated to an average of 18% for these projects given the inherent challenges of working in a downtown setting on a small project. Depending on the size and complexity of a project these costs can run as high as 25-30% of construction, with smaller and more complex projects being the most expensive.
- **Design Contingency (30%):** This cost is added to the total of construction costs and general conditions. The purpose of this amount is to cover the cost of unknowns that are typically defined and resolved in later stages of the design process. High cost issues such as unique details of the plumbing, mechanical, and electrical or a wall system that may require more cost to repair or replace than is readily evident from an initial visual review are covered by this cost. Preliminary costs can range from 20-40%, depending on the relative uncertainty of the design and cost estimate. This amount is reduced to zero as the design process progresses and unknowns are clarified. The cost in this category are either added to the construction budget or not required and eliminated.
- **Construction Contingency (10%):** This cost is added to the total of the construction costs, general conditions, and design contingency. The purpose of this amount is to cover the cost of unknowns that invariably arise during construction. Items that can’t be known during design, such as conditions inside a wall or roof assembly, are covered



by these costs. For a large projects, this amount is more generally closer to 3-5%. For a smaller project, this among can range up to 10-20%, depending on what issue is encountered.

All of the above items are considered hard-costs, which are generally defined as those items that go into building construction. Another category known as soft-costs are not included in these budgets. Soft-costs include items necessary to complete a project but that do not necessarily contribute directly to building construction, such as attorney's fees, special inspection fees, grant administration, and design fees. In addition, no escalation costs for delayed or phased construction have been included. Historically, 3% is typically a good budget for annual inflationary costs for a future project. However, during COVID, year-over-year inflationary pressures on construction projects averaged closer to 30%. And recently, inflation in the construction industry has continued to remain closer to 8-10%, annually.

Next Steps

This study was intended to be a first-step towards promoting rehabilitation of buildings in Wayne County. The next step for any individual building Owner would be a more detailed analysis of their building with a specific program of intended uses for the building. The current study does not consider alternative uses for any of the buildings included. All analysis was based on replacement in-kind, assuming the layout and function of the building did not dramatically change. Changes to layout and use can have a significant impact on the actual renovation cost. In addition, what type of renovation and/or rehabilitation work is planned can also impact potential grants for which a particular property might be eligible. A detailed review of each building with its Owner is the best way to determine the next steps to move forward.

In addition to providing individual building Owner's information about their buildings, the aggregate information provided in this report should also provide opportunities for town, county, and regional planners to consider wide-scale grants for the area. By understanding the order of magnitude funding needed to repair the functional missing teeth in Wayne County's downtowns, area organizations should have a better understanding of the scale and types of funding required to help make a meaningful impact, as well as data needed to support funding requests.