PARAGON
MANAGEMENT

CITY OF PORTLAND, MAINE · RESURGAM
Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

August 31, 2016

Richard Nason
Office of the State Fire Marshall
Public Safety Inspector II
45 Commerce Drive
Augusta, ME 04333-0165

RE: 3 and 5 Spring Street, Portland Renovations

Dear Mr. Nason:

Our firm represents the owners of 6 City Center in Portland, Maine as its property manager and construction manager. I am also one of the building owners and a CPA who has specialized in real estate taxation, management and development for my 30+ year career. Mike Charek, our architect for the renovation projects at 6 City Center, and at the rear of the building (aka 3 and 5 Spring Street), met with you this past Thursday to review the ADA disproportionality rule as it relates to the renovations to the building for a 3,433 SF restaurant and 1,568 retail store in the ground and first floors at the rear of the building.

Per your request as a follow up to that meeting, we are providing this letter to set forth a spreadsheet analysis of the "alteration" construction costs related to the "primary function areas" and "paths of travel" for the two spaces, identify exempt alteration costs and the specific ADA compliance costs. Over the past three months we have conferred with the two general contractors involved, D&D Builders and Landmark Construction, to obtain realistic estimates of these costs. Mike and I met and conferred several times to review the application of the ADA definitions, regulations and interpretations of the 2010 Standards as they apply to this project. Mike is co-signing this letter to confirm that we are both in agreement with the results.

I would note at the outset that we acquired the building on February 24, 2015, so we are including all alteration costs to these two primary functions areas and paths of travel since we acquired the building. We have attached a schedule of all building improvement costs incurred since that time. The vast majority of such costs relate to other floors of the building and totally separate paths of travel and primary function areas accessed solely from the front of the building along Free Street.

PO Box 17536 Portland, ME 04112 T 207.221.2359 C 207.415.3829 F 207.775.4440 www.paragonmgmnt.com

CITY OF PORTLAND, MAINE RESURGAM
Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

The amounts related to the rear of the building were minimal because one space was vacant awaiting a tenant and the other was a functioning nightclub. These two spaces are accessible only from the rear of the building (one {3,433 SF} has been vacant since we acquired the building and the other {1,568} has been a ground floor nightclub), and therefore the prior year costs are minimal because these are new primary function areas and paths of travel. We are attaching an existing conditions and as complete floor plan for each floor for your review so you can see the different spaces and different paths of travel.

With respect to the prior years and as noted in the Q & A section of the ADA website at, https://www.ada.gov/reachingout/title3l3.html

> ".... Can an entity limit its path of travel obligation by engaging in a series of small alterations? No. An entity cannot evade the path of travel requirement by doing several small alterations (each of which, if considered by itself, would be so inexpensive that adding 20 percent would not result in addition of any path of travel features). Whenever an area containing a primary function is altered, other alterations to that area (or to other areas on the same path of travel) made within the preceding three years are considered together in determining disproportionality.... In other words, all of the alterations to the same path of travel taken within the preceding three years are considered together in deciding whether the 20 percent has been reached.
>
> > ILLUSTRATION: On February 1, 1992, a nursery school with several steps at its entrance renovates one of its classrooms. The renovations total $500, triggering up to $100 worth of path of travel obligations (20 percent of $500). Because $100 will not buy a ramp and because no other accessible features needed in that particular nursery school can be added for $100, no path of travel features are added. On October 1, 1992, more renovations are done at a cost of $1,000, this time triggering path of travel obligations of up to $200. As before, no path of travel features are added. Then, on March 1, 1993, another minor renovation ($2,000) is made to the same area, this time triggering path of travel obligations of up to $400. Had the nursery school done all three small renovations at the same time, the cost would have been $3,500, triggering a path of travel obligation of up to $700. For $700, an accessible ramp could have been installed...."

On the attached spreadsheet analysis, we have taken the prior year costs of $5,871, to which we have added the construction costs to be incurred by the landlord and the tenant over the next year. We have then broken the costs down by the floor and space and then characterized them as repairs, exempt, ADA costs and all other construction costs related to "alterations."

You will note that we have excluded all costs related to the second floor construction costs. We have done so consistent with the 2010 Standards because those costs are for an office tenant that is accessed from the front of the building; a totally separate path of travel and separate primary function area. We have therefore treated all of the second floor costs as exempt under the 2010 Standards from the 3 and 5 Spring Street cost analysis. I would note that on the second floor, we are making the entrances, bathrooms, flooring and kitchen ADA compliant for that 2nd floor office space.

CITY OF PORTLAND, MAINE · RESURGAM
Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

Returning to the 3 and 5 Spring Street project, we have also treated as exempt all the window replacement and installation costs for the ground and first floor consistent with the requirements in the Standards. Similarly we have excluded all ordinary and necessary repair costs to the floors, paint, roofing, etc. in those two spaces.

To facilitate a reading of the spreadsheet, the third column from the right provides comments related to the reasons for inclusion or exclusion under the 2010 ADA Standards.

Based on the attached information, we have arrived at the conclusion that the 20% disproportionate rule will come into play in this project and will limit the costs that must be spent on ADA accessibility to the amounts set forth in the ADA Costs column of $54,718+/-. The landlord and tenant are estimating we will jointly spend $58,000+/- on ADA accessibility costs. Thus, the estimated costs to install incline lifts or an elevator to both spaces of approximately $90,000 to $100,000 would be disproportionate and therefore not required under the 2010 Standards.

Please don't hesitate to call Mike or me to discuss this in greater detail or to ask questions with respect to the amounts and allocations spreadsheet.

Thank you for your time and assistance in this matter.

Sincerely,

Drew E. Swenson, CPA

Michael R. Charek, AIA

Enc.

Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

ADA Disproportionate Cost Analysis

6 City Center aka 3 and 5 Spring Street Renovations

Renovation Cost Detail	Ground Floor D&D	2nd Floor D&D	Basement D&D	Combined Costs	Comments	Primary Function Area & Path of Travel Non-ADA Costs	Function Area & Path of Travel ADA Costs
Ground Floor and Basement							
Demo Ground Floor Vacancy & Veillleux space to brick walls for windov	750	0	0	750	Exempt costs	0	0
Demo Ground Floor Vacancy & Veillleux space for primary function spac	750	0	0	750	100% Primary Function Area Costs	750	0
Install window openings in walls with steel support	23,357	25,952	5,190	54,500	Exempt costs	0	0
Install Window Framing	10,286	11,429	2,286	24,000	Exempt costs	0	0
Acquire and install 21 Windows	27,379	30,421	6,084	63,885	Exempt costs	0	0
Replace damaged 2 Doors at Fire Escape (interior + exterior) (repairs)	2,900	0	0	2,900	Repairs	0	0
Cut in and install 2 Doors to Spring Street (Grnd & Bsmnt)	1,250	0	1,250	2,500	100% Accessible Entry Costs	0	2,500
Repair Gaps in Wood Flooring on ground floor (repairs)	3,500	0	0	3,500	Repairs	0	0
City Permits for all of the contstruction components	1,667	1,667	1,667	5,000	Exempt costs	0	0
Install Basement ADA Patio, Deck & 2 Stairways into ground and basem	12,000	0	10,000	22,000	100% Primary Function Area Costs	0	22,000
Install new fire exit stairs (repairs)	6,000	0	0	6,000	Repairs	0	0
Veilleux wall installation & move his new restroom for restaurant areas	6,000	0	0	6,000	67% Primary Function Area Costs	4,000	2,000
General Contractor Profit & Overhead	5,333	5,333	5,333	16,000	Use 50% as Construction Costs	8,000	0
Electrical Contractor plugs, equipment, panel switch 400, etc.	10,600	16,112	1,060	27,772	2nd floor Exempt & 50% of Balance	5,830	0
Central Maine Power upgrade service to building	15,000	0	0	15,000	75% Restaurant Primary Function Area	11,250	0
Phone Line Contractor stub into space for office and front desk	1,000	0	0	1,000	100% Primary Function Area Costs	1,000	0
Data Line Contractor stub into space for office and front desk	1,000	0	0	1,000	100% Primary Function Area Costs	1,000	0
Painting Contractor to clean up walls	550	400	300	1,250	Repairs	0	0
HVAC Contractor	32,388	16,301	18,409	67,098	100% New System for Restaurant	32,388	0
Lifts, shafts, power, alarms, etc ($90K to $100K if installed)	0	0	0	0	Lifts, shafts, power, alarms, disconnects	0	0
Soundproofing in basement ceiling	0	0	0	0	Repairs	0	0
Separate water meters for basement and grnd flr (repairs)	4,000	0	2,000	6,000	Repairs	0	0
Costs from past three years (Alarm strobes from other spreadsheet)	5,871	0	0	5,871	Path of Travel + Primary Function Area	4,371	1,500
Engineer (windows only)	3,333	3,333	3,333	10,000	Exempt costs (window related only)	0	0
Architect (windows and primary function)	15,000	5,000	0	20,000	25% Related to Alerations	5,000	0
Tenant General Contractor Costs for Primary Function Area & Path of Tr	170,000	0	30,000	200,000	Bar + Dining Area and Path of Travel	200,000	0
Tenant/Owner Supplied Equipment	100,000	0	0	100,000	Exempt Restaurant & Retail Costs	0	0
Tenant General Contractor Costs for Kitchen, Storage & Other Exempt C	100,000	0	20,000	120,000	Exempt Restaurant & Retail Costs	0	0
Tenant General Contractor Costs for 2 ADA Bathrooms, ADA flooring, et	30,000	0	0	30,000	Bar + Dining Area and Path of Travel	0	30,000
Second Floor Fit up for Tenant (different primary area and access)							
Carpeting 2nd Floor, Tile bathrooms, kitchen, reception	0	29,000	0	29,000	Different Path & Primary Function Area	0	0
Add on Costs to be paid by Tenant		0			Different Path & Primary Function Area	0	0
Painting 2nd Floor	0	9,200	0	9,200	Different Path & Primary Function Area	0	0
Glass Entry Door and Transom Light	0	2,100	0	2,100	Different Path & Primary Function Area	0	0
Sprinklers new offices, bathroom, front conf. room, etc.	0	5,500	0	5,500	Different Path & Primary Function Area	0	0
Reception Area and Entry remove office, windows & 2 angles	0	3,000	0	3,000	Different Path & Primary Function Area	0	0
Move front conference room wall back to entry door point		1,500		1,500	Different Path & Primary Function Area	0	0
Kitchen move to office, change kitchen to powder room w door	0	2,500	0	2,500	Different Path & Primary Function Area	0	0
Three new offices on Cross Street, drop ceilings	0	10,000	0	10,000	Different Path & Primary Function Area	0	0
Four offices on Spring Street, drop ceilings		10,000		10,000	Different Path & Primary Function Area	0	0
Bathrooms upgrade fixtures	0	2,500	0	2,500	Different Path & Primary Function Area	0	0
Frost office windows	0	2,000	0	2,000	Different Path & Primary Function Area	0	0
Brokerage Commission	0	0	0	0	Different Path & Primary Function Area	0	0
Miscellaneous	0	7,800	0	7,800	Different Path & Primary Function Area	0	0
	589,915	201,049	106,912	897,876	Total respective Costs	273,589	58,000
					20% of Total Costs Required by ADA	54,718	
					Accessible Entrances (2)	-2,500	
					Accessible Route (Stairs & Deck)	-22,000	
					Accessible Bathroom (3)	-30,000	
					Accessible Telephone	0	
					Accessible Drinking Fountain	0	
					Accessible Parking/Storage/Alarms	-1,500	
					Accessible Other	-2,000	
					Remaining ADA Costs to be Incurred	-3,282	

6 City Center Building Improvement Costs 02/24/15 to 08/30/16

Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

Name	Memo	Amount	Same Tra Pr Funct
Pine State Elevator	Modernize existing OTIS elevator	16,916.00	0.00
Reflections	repair/repaint window trim on front of building	10,000.00	0.00
D&D Builders, LLC	Painting	350.00	0.00
Michael R. Charek, Architect	Architectural services-measured floor plans: 34.5 hrs@ $125/hr	4,312.50	0.00
Nadeau's Refrigeration	10% deposit for HVAC upgrade. Bryant heat pump/air handler install	7,434.00	0.00
Reagan and Company	Turn file cabinets in to office re: trim	5,673.00	0.00
Nadeau's Refrigeration	Bryant heat pump/air handler install	20,000.00	0.00
D&D Builders, LLC	paint removal from bricks	400.00	0.00
Nadeau's Refrigeration	Bryant heat pump/air handler install	3,000.00	0.00
Pine State Elevator	Modernize existing OTIS elevator	18,000.00	0.00
Reflections	Repointing and Façade repairs	5,000.00	0.00
Keeley Electrical Contractors	3rd floor: New lighting	18,980.00	0.00
Pine State Elevator	Modernize existing OTIS elevator	7,374.00	0.00
Keeley Electrical Contractors	Renovations work including: elevator, water heater, relocated walls, and HVAC units	7,489.43	0.00
Nadeau's Refrigeration	Bryant heat pump/air handler install	10,000.00	0.00
D&D Builders, LLC	Materials deposit for third floor painting	500.00	0.00
D&D Builders, LLC	Interim payment requested via text message	1,500.00	0.00
Nadeau's Refrigeration	Bryant heat pump/air handler install	10,000.00	0.00
D&D Builders, LLC	Painting third floor	1,500.00	0.00
D&D Builders, LLC	Cleaning	300.00	0.00
Reflections	Recaulked side and rear windows. Painted exterior rear enclosure. Repointed and and fasterened l...	6,155.00	0.00
D&D Builders, LLC	Final payment for painting 3rd floor	1,000.00	0.00
Nadeau's Refrigeration	Bryant heat pump/air handler install	18,000.00	0.00
Keeley Electrical Contractors	Performed work for HVAC interior handlers and rooftop compressors. Installed innerduct for fiber...	17,205.64	0.00
D&D Builders, LLC	Paint for stairwell	250.00	0.00
Steamatic of Greater Portland	Air conveyance system cleaning	7,400.00	0.00
D&D Builders, LLC	All change orders from original contract-post all to contingency on draw budget	1,075.00	0.00
D&D Builders, LLC	partial payment of stairtower and lobby contract of $1,575 +$350. $250 paid already	500.00	0.00
Reagan and Company	Built office walls, removed cabinets, installed new door	17,260.00	0.00
D&D Builders, LLC	Lobby painting	825.00	0.00
Nadeau's Refrigeration	Bryant heat pump/air handler install	5,906.00	0.00
Reflections	Power washed and sealed deck on Spring Street	1,527.00	0.00
D&D Builders, LLC	punch list items, railings, holes in walls, etc.	652.00	0.00
D&D Builders, LLC	performance bonus	500.00	0.00
Reflections	Scraped, primed, and painted the trim for all retail space (1st-4th floor). Repaired and replace...	8,877.00	0.00
Reflections	Scraped, primed, and painted exterior rear enclosure. Re-caulked side and rear window. Repointed...	6,155.00	0.00
Reflections	Repaired dormers and windows	4,315.00	0.00

6 City Center Building Improvement Costs 02/24/15 to 08/30/16

Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

Name	Memo	Amount	Same Tra Pri Funct
Reflections	Mason Preservation Association subcontractor invoice	3,060.00	
Reflections	Cleaned exterior windows floors 2-4. Cleaned interior windows	1,865.00	0.00
Reflections	Sealed brick along Cross Street and Spring Street	3,682.00	0.00
Paul G. White-flooring	Bathroom tile floor	1,336.00	0.00
Paul G. White-flooring	Kitchen tile flooring	3,213.00	0.00
Cunningham Security	New strobe and fire alarm system (allocate by SF of total restaurant and retail SF to building)	19,504.37	3,805.30
Reflections	Filled voids in masonry along brick wall on Cross St.	2,877.00	0.00
Keeley Electrical Contractors	Efficiency Maine	-6,840.00	0.00
Keeley Electrical Contractors	Performed work for renovations. 6/1/15-6/30/15.	5,983.49	0.00
D&D Builders, LLC	Cleaning	229.00	0.00
D&D Builders, LLC	Cleaned out 1st and 4th floor	820.00	410.00
Cumberland County Glass	Skylights on 2nd floor	4,900.00	0.00
Reagan and Company	Built deck and restroom with shower. Cut in kitchen sink, plumbing, and eating counter.	10,277.00	0.00
Michael R. Charek, Architect	Architectural services-meetings, area plans, consulting on new rear stair	1,250.00	0.00
Keeley Electrical Contractors	Lighting fixtures on second floor	19,980.00	0.00
D&D Builders, LLC	2nd floor deck staining and pergola - 2 coats	1,200.00	0.00
Keeley Electrical Contractors	Lighting fixtures on fourth floor	18,420.00	0.00
Keeley Electrical Contractors	to reduce AP by amount to be paid for by H&A for 4th floor	-18,420.00	0.00
Keeley Electrical Contractors	Efficiency Maine Rebate	-8,180.00	0.00
Keeley Electrical Contractors	Ran circuits for 1st and 2nd floors	1,909.64	0.00
Keeley Electrical Contractors	Isolated Men's Room electricity via separate metered panels	3,311.95	1,655.98
D&D Builders, LLC	Cleaning	200.00	0.00
Hopkinson & Abbondanza	Accounting entry for disposition of portion of improvements related to 4th Floor condo	-57,425.59	0.00
Keeley Electrical Contractors	Efficiency Maine. Reimbursement to be made to Hopkinson & Abbondanza.	-7,010.00	0.00
Hopkinson & Abbondanza	Reimbursement for Efficiency ME check dated 10/7/15. Keeley electrical work	7,010.00	0.00
Michael R. Charek, Architect	Architectural services-schematic design, computer modeling. 30 hrs @ $130/hr	3,900.00	0.00
Michael R. Charek, Architect	Architectural services-Design development, presentations, meetings, site investigation. Ground f...	5,950.00	0.00
Michael R. Charek, Architect	Architectural services-Structural consultation-study and report on masonry wall. Ground floor. 5...	1,915.00	0.00
D&D Builders, LLC	Second Floor renovations down payment6ccr201609041	1,500.00	0.00
D&D Builders, LLC	2nd floor demo work	2,000.00	0.00
D&D Builders, LLC	waste hauling and materials interim test invoice	1,000.00	0.00
D&D Builders, LLC	2nd floor demolition work	3,142.87	0.00
D&D Builders, LLC	2nd floor conf room and reception	600.00	0.00
D&D Builders, LLC	permit costs and materials for D&D work on the second floor	800.00	0.00
D&D Builders, LLC	second floor	2,880.00	0.00
D&D Builders, LLC	2nd floor framing materials	2,000.00	0.00
D&D Builders, LLC	2nd floor	2,002.90	0.00
Total Building Improvement		287,175.20	5,871.28

CITY OF PORTLAND, MAINE
RESURGAM
Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

MICHAEL CHAREK ARCHITECTS PORTLAND, MAINE			
BUILDING RENOVATIONS 6 CITY CENTER PORTLAND, ME 04101			
FIRST FLOOR PLAN PROPOSED			
BY	CKD	SCALE 1/8" = 1'-0"	DATE 9/1/16
JOB NO.		DWG.	

Reviewed for Code Compliance
Inspections Division
Approved with Conditions
Date: 09/20/16

GRAPHIC SCALE: 1/8" = 1'-0"

MICHAEL CHAREK ARCHITECTS PORTLAND, MAINE			
BUILDING RENOVATIONS 6 CITY CENTER PORTLAND, ME 04101			
GROUND FLOOR PLAN PROPOSED			
BY	CKD	SCALE 1/8" = 1'-0"	DATE 9/1/16
JOB NO.		DWG.	