

RTM Meeting
May 13, 2013

Additional Explanatory Comments

Board Of Education Request for
Greenwich High School Music Instructional Space and Auditorium Appropriation

The Board of Education (BOE) is requesting an appropriation of \$9,866,000 to provide full funding to the GHS Music Instructional Space and Auditorium project (MISA), its highest capital priority. The RTM has appropriated \$33,815,000 to date, of which the Building Committee has expended \$6 million on architectural and engineering planning, initial phase of site work, renovation of the GHS technical educational classrooms and unexpected environmental clean-up costs. Last year, the Building Committee identified to the RTM that they expected to need an additional \$3.1 million to complete the project funding; however the delays for regulatory approval caused the project to miss the favorable bidding window and actual bids resulted in \$5.4 million higher project costs than expected. Additionally, the BET added \$1.2 million to the contingency for the project, raising total contingency to 11.1%. Thus, the total project cost is projected to be \$43,681,000. A big impact on this cost has been the environmental issues that have increased total project cost by over \$6 million, including the cost of clean-up, project re-design, and project delays. *Approval of this appropriation allows the project to start in June, eliminating further delays and cost escalations.*

The quality of Greenwich's school system is an integral part of the value of Greenwich as a community. It is important for the Town to invest in and support its schools as a way to maintain and enhance Greenwich as a desirable community in which to live. Strong schools connote vibrancy and growth and a commitment to future generations. Greenwich High School is the cornerstone of the public schools as our only high school. Each public school student benefits from the facilities and educational offerings at the high school. The current music and theater facilities do not reflect the excellence of these programs and, after 8 years of planning to overcome the previous design flaws and budget cuts, it is time to begin construction and making the necessary investment in these important assets. This investment will benefit generations of students and community members and, while the BOE considered making changes to the features of the spaces, it determined it is not in the interests of the current and future students to change the overall functionality of the spaces. With the current construction timeline, the auditorium would be completed by early 2015 and the instructional space in 2016.

The BOE has proven that it is a good partner with the BET and RTM in developing budgets and negotiating labor contracts. It has crafted operating budgets that are aligned with guidelines. It has lowered headcount in response to the fiscal crisis in 2008. It has negotiated labor contracts to meet the Town's objectives and help address growing healthcare costs. It has worked cooperatively with the First Selectman through the CIP process in developing capital budgets. While the BOE has an important role to identify the necessary funding and investment in education, it will continue to be a partner in the discussions with BET and RTM in determining the appropriate level of school funding.

The Educational Specifications for MISA were initially approved in November 2007 and have been modified twice to meet the design and budget challenges (October 2009 and November 2010). As designed, MISA will add over 50,000 square feet of space as well as renovate the current music suite; increasing the instructional space for the music program to meet the demands of student enrollment in these programs as well as add a full functioning auditorium that is sized to meet the enrollment and designed to provide the flexibility and supporting spaces necessary to meet the wide variety of programmatic needs. Further changes to the Educational Specifications were deliberated by the BOE to address the higher project cost, but the BOE could not justify making changes. The BOE believes the project should be done right so that it will be available for future generations.

Current Status

- The MISA project was bid in January 2013. The bids came in significantly over budget, resulting in a total project cost increase of \$5.4 million over the expected \$37 million total project cost estimate made and communicated to the RTM in March 2012. Further, the BET added an additional \$1.3 million of contingency, raising the contingency to \$3.8 million or 11.1%. This results in a revised project cost of \$43.7 million.
 - This budget reflects the total project cost – not just construction costs. It includes the original feasibility study, the architectural and engineering funds, the phase 1 site work, environmental clean-up during phase 1 site work, constructions costs, additional environmental costs related to this project, soft costs, and contingency (see attached).
 - This budget does not reflect offsets from State Reimbursement for this project estimated at up to \$4.1 million, and contributions from the Campaign for MISA, which has \$1.2 million in pledges. These will lower the Town’s cash outlay by over \$5 million.
 - The Construction Manager researched the bid results and spoke with bidders. Their analysis is that the project missed the favorable bidding environment of the past few years and encountered general construction escalation. The most recent delay was caused by the discovery of contamination on the site. To enable the project to qualify for State reimbursement, the BOE needed to get regulatory approvals from the EPA and CT Bureau of School Facilities, which impacted MISA’s schedule by about 15 months. The bidding environment changed in that time with several large municipal projects let out for bid just before MISA, impacting the pool of bidders and competitiveness of the bids. In total, 23 trades were bid. Several of those trades have some opportunity for lowering cost by being re-bid; however most bids are deemed favorable (in the current environment) and should be accepted.
 - The Town has received EPA approval on the Remedial Action Plan for the MISA footprint and the construction budget includes the funds to implement that plan. There is a single consultant, AECOM, being used to work with the BOE, Department of Public Works and the Building Committee on the environmental issues at the high school which ensures consistency and coordination. The approved remedial plan only addresses the

MISA construction site; the next step is to develop a plan for the remainder of the site. The project team continues to work closely together on the construction schedules and coordination of all on-site efforts. The option being recommended by AECOM for the rest of the GHS site is expected to cost in the range of \$13 million - \$20 million and would be implemented during 2-3 summers. More information on the GHS site recommendations can be found on the Greenwich Schools website (<http://www.greenwichschools.org/page.cfm?p=10019>).

- o The Building Committee has value-engineered the project throughout the planning and bidding cycle. Further changes to lower the cost impact either the project scope as defined by the Educational Specifications (Ed Specs) or regulatory requirements. Both the Building Committee and the Board of Education have reviewed the project to evaluate alternatives that might lower project cost.
- o The proposed site has been vetted by the engineers and architects as well as Town regulatory agencies. The size and mass of the building, driven by the size of the student body, provide few alternatives. This includes the concept of retrofitting the current auditorium; it cannot be renovated to provide the functionality specified in the Ed Specs (e.g., size of stage, wing space, seating capacity, volume to provide adequate acoustics).
- o Timing delays have played a large part in the cost escalation of this project. The Building Committee has completed the bidding cycle for the project. These bids are valid until July 7, 2013. Changes to project design or timing or the introduction of a phased project could require rejection of these bids, which adds a further cost risk to the project. The Construction Manager told the BET Budget Committee that there continue to be a steady stream of large projects being let out, which would negatively impact project cost. This same risk is true for changes requiring CT Bureau of School Facilities or land use agency approvals. These risks need to be factored into any decisions for project modifications at this juncture.
- o The Board of Education met on April 10, 2013 to review several alternatives to reduce the cost of the project. The Board reviewed the impact on the project cost, timing, usability of existing bids, impact on regulatory approvals, and impact on educational program. After reviewing the alternatives to eliminate the orchestra pit, removing the balcony and re-using the existing auditorium building for the instructional space, the **Board of Education determined that the project scope should not be changed.** The BOE document provides more information on the pros/cons of each alternative (http://www.greenwichschools.org/uploaded/district/Board_of_Education/meeting_materials/2012-13_meetings/4-10-13_meeting/4-10-13_BOE-_Actn_MISA_EdSpecs_wCVR.pdf) Additional information can also be found in the documentation submitted to the BET Budget Committee for its April 18, 2013 meeting.
- o The BOE believes it is an important component of its role in Town government to work cooperatively with the BOS, BET and RTM to find the appropriate level of school funding. The BOE is committed to continuing these relationships, being responsive to the needs of the schools while also working to make the needs fit within the financial

constraints of the Town. The BOE has a record of this action – working to meet budget guidelines, working with the CIP committee to fit the needs of the consolidated capital budget, negotiating the latest GEA labor contract to address total cost of contract that slowed growth in healthcare costs and led the other unions into HSA plans. A recent example of BOE’s fiscal responsibility is the decision made by the BOE in shaping the 2013-14 operating budget. The BOE identified operating efficiencies as it addressed the additional expense for the digital learning initiative, which was part of the BOE operating budget at that time.

With an appropriation of \$9.866 million, the Building Committee can commence construction on the full scope of the project – a project which has been justified on student need. The BOE recommends this appropriation.

GHS MISA COST PROJECTION UPDATE BY PHASE					
		Phase 1 Planning/ Site Work	Phase 2 <u>Auditorium</u>	Phase 3 Instructional <u>Spaces</u>	<u>Total</u>
	<u>Completed Planning/Site Work</u>				
(1)	Feasibility Study	100,000	0	0	100,000
(2)	Pre-Construction	2,130,000	0	0	2,130,000
(3)	Phase 1 Site Work and VoTech Alterations	2,040,000	0	0	2,040,000
(4)	Phase 1 Environmental Costs	1,750,000	0	0	1,750,000
(5)	Subtotal -- Completed	6,020,000	0	0	6,020,000
	<u>Projected Construction Cost</u>				
(6)	Trade Contracts	0	23,000,000	5,800,000	28,800,000
(7)	General Conditions/CM Fee	0	2,020,000	500,000	2,520,000
(8)	Construction Contingency (5% plus \$500,000 for site)	0	<u>1,751,000</u>	<u>315,000</u>	<u>2,066,000</u>
(9)	Subtotal - hard costs	0	26,771,000	6,615,000	33,386,000
(10)	Furniture, Fixture & Equipment	0	1,030,000	250,000	1,280,000
(11)	Soft Costs	0	1,040,000	260,000	1,300,000
(12)	Additional contingency (5%)	0	1,355,000	340,000	1,695,000
(13)	Subtotal- construction cost	0	30,196,000	7,465,000	37,661,000
(14)	Total Project Cost	6,020,000	30,196,000	7,465,000	43,681,000

March 14, 2013

MISA – Project Layout

