

Lincoln School Project Town Meeting 2020 Warrant Article 8 Overview

Timeline

Date	Activity
December 2019	The Lincoln School project went out to bid.
February 2020	Construction bids came in \$3.5M over budget. The School Building Committee (SBC) reduced the scope of the project to keep the project on budget.
Early March 2020	SBC votes to give residents the opportunity to approve funding at Town Meeting to restore key elements totaling about \$2M
March 12 th	Governor declares a State of Emergency due to COVID-19; Annual Town Meeting is postponed.
May 20 th	SBC votes to ask residents to consider a revised funding request (~\$829K) at the re-scheduled Annual Town Meeting (Article 8).
June 4th	SBC Virtual Community Forum #1, 1:00pm via Zoom (details TBA)
June 8th	SBC Virtual Community Forum #1, 8:00pm via Zoom (details TBA)
June 8 th	Renovation of the Lincoln School officially begins!
June 13 th	Annual Town Meeting @ 9:30am, Hartwell Parking Lot

Background

Throughout this project, the SBC has used the community's **five core project goals** to stay focused on what is important and to guide us through difficult decisions:

- 1) support innovative education
- 2) prioritize the environment and sustainability
- 3) enhance the use of the school as a community resource
- 4) respect the feel and history of the campus
- 5) make decisions that have long-term value

Through several rounds of value engineering (VE), the SBC felt it could make the necessary reductions without impinging (too deeply) on those core values. Between June 2018 when residents chose concept "L3" and a budget of \$93.9M and February 2020, when the construction bids came in, about \$14M had already been VE'd out of the project.

The options for the latest round of VE were limited. No parts of the project contained in the filed sub-bids (e.g. HVAC, roof, insulation) could be eliminated without triggering an entirely new bid process. The choices we had to make in February to take \$3.5M out of the project deeply impacted aspects of the project the SBC has worked hard to protect.

Prior to the pandemic, the SBC had carefully identified ~\$2M of eliminated items it felt were important to the long-term values of the project and planned to ask residents to consider expanding the budget at the March Town Meeting to reinstate these items.

As we convene a June Town Meeting in the COVID-19 era, the Committee is very sensitive to the changing budget landscape and the uncertainty the next couple of years is likely to bring. In early May, the SBC took another close look at all of the items recently eliminated from the project and re-examined them based on the following:

- 1) What is the deadline for deciding on each item?
- 2) Is it work that could be done at a later date?
- 3) If the work can be done later, what is the expected cost impact?

On May 20th the SBC voted to ask the town to add \$829K to the project budget to restore 7 items plus a portion of the budget needed for furniture and technology replacement (FF&E).

What are the items we're voting on and why are they important?

- Auditorium Divider: Current divider is the 1963 original and replacement parts are no longer available. It is used regularly, and it is estimated to need replacement within the next 5 years. Replacing it later will require us to undo new finishes that are being paid for by a private donation, making future replacement more disruptive and expensive.
- Exterior Sun-control Louvres: Because of the orientation of the building, it is hard to control solar glare in the Smith school. To control the glare, window shades are pulled down and artificial lights turned on. Natural light is proven to help with learning; the louvres help control the glare and reduce the need for and cost of artificial light. They also help reduce the solar load in those classrooms, making the heating and cooling more efficient.
- Restore Glass Wall Between K-4 Science Room and Hallway and Interior Lite & Built-In Bench at K-4 Art Room: Grades preK-2 will not have hubs. These two items provide interior glass that allows a visual connection between the classrooms and hallway spaces, giving this end of the school some "hub-like" characteristics. Teachers will be able to allow students to use the hallway as a workspace while maintaining a visual connection for supervision. The interior glass helps bring natural light into the hallways.
- Concrete Walkways & Drop-Off Area: The walkway up to the main entrance and the walkway to the auditorium are the two main entry points for students and the public and will be high-traffic areas. The CASE entrance is heavily used for student drop off/pick up and as a turnaround spot for student vans. Concrete is more durable than bituminous pavement and will last longer, reducing future repair and replacement costs.
- FF&E: This funding would start to address two needs: 1) Replacement of an outdated phone system; and 2) Replacement of the oldest furniture. Spending for these items has been deferred well over a decade as the Town worked to approve a school project. The funds should be included now so that there is sufficient time to place orders in time for the re-opening of the Brooks School (Fall 2021).
- Cable Funds: Town Meeting will be asked to approve the use of Cable Revolving Funds for technology upgrades in the Auditorium. *Note: This is not a new request. This was a planned use for cable funds because it is technology that will support community uses such as Town Meeting.*

What IS NOT included in Warrant Article 8?

- Bike Paths – current cost is \$31,740
- Playground Equipment – current cost is \$147,034
- Concrete Courtyards outside Learning Commons – current cost is \$67,477
- Theatrical Rigging – current cost is \$91,093
- Interior Built-in Benches (Dining Commons & Reed Connector) – current cost is \$24,666
- Replacement Trees – current cost is \$56,084
- Balance of FF&E – remaining budget is \$755,958
- *Granite Curbing – This was part of the original proposal in March, but has since been included in the project by the sub-contractor (~\$15K)*

Will the SBC come back to the Town for more funding? When?

The SBC believes in the importance of the items we are not including in the warrant. They have a direct impact on our core educational mission, and it is in the interest of the school and the town to consider them again at some point. Some of the items not included in the warrant

could be eligible for alternate funding such as Community Preservation Act funds, Complete Streets grants, or private fundraising may be options. It is also possible that the SBC or the School Committee will make requests at a future Town Meeting, but no final decision has been made. The economic environment and town finances will be a major factor in any future plans.

I thought this had to be decided at a Special Town Meeting?

With the postponement of Annual Town Meeting due to COVID-19, towns were given the ability to limit the scope of Town Meeting agendas to focus on financial warrant articles. The Selectmen signed a new warrant on May 20th that includes the FY21 budget, Capital Planning Committee and Community Preservation Act items, Water Department capital items, and the SBC's request.

Cost Escalation FAQs

Why did the construction bids come in over budget?

- ***Lower Bid Response:*** The renovation complexity contributed to a lower-than-hoped-for bid response. The SBC pre-approved 109 sub-trade contractors and just over half chose to submit bids.
- ***Escalation:*** The pre-bid cost estimates included an “escalation contingency” of about 6%. The annualized industry rate of escalation in January and February was closer to 8%.
- ***Complexity:*** Our project is a complex, phased renovation in an occupied building. The school was built in 11 phases over almost 50 years.
 - June 2018: We voted on a concept (20% design completed) and a budget. In subsequent phases, we learned more about existing conditions and about the work needed to achieve our community's goals. There were three independent cost estimates at the end of each phase.
 - December 2018: Prior to the bond vote, the SBC had to reduce the cost/scope of the project by about \$10M.
 - 3 more rounds of cost estimates and 2 more rounds of value engineering reduced the scope by about \$4M.
- ***Competition:*** New construction projects are more predictable and straightforward. When we bid, we were in one of the hottest construction markets in the country. Contractors had their choice of work, and new construction is more attractive.

Didn't we know all of that before we went out to bid?

As our construction manager Consigli noted, you don't really know what the cost will be until “the market speaks to you.” We built in contingency and escalation factors that were slightly higher than industry norms, but the cost and complexity of renovating an existing building to meet our education and net zero goals, while competing with new construction projects in nearby towns, proved to be more expensive than expected.

What about going forward? What are the cost controls?

- ***Guaranteed Maximum Price:*** The GMP was signed in April. This price covers all the work in the bid documents and there is shared responsibility between the contractor (Consigli) and the owner (Town of Lincoln) to meet that price.
- ***Contingencies:*** A construction contingency of 2.5% is carried by Consigli and 5% is carried by the Town. These contingencies are meant to conservatively account for the kinds of routine events that can occur in a project (for example, if drawings need slight modification to respond to an existing condition, or if additional work is needed to implement the modification). *What is or is not covered, and who is responsible? (some examples)*

- If a subcontractor makes a mistake, the cost of fixing the mistake is borne by Consigli (for example, workmanship is not of the quality specified, or materials are damaged).
- If the Town wants changes to the project after the GMP is set, it comes out of our contingency (for example, if we choose a different material for the floors, or if we require additional outlets in a classroom).
- If there is a high-impact unforeseen situation that is outside the realm of the contingency (for example, if as we excavate, we discover dinosaur bones, uranium, or oil), then we either need to value engineer more items out of the project to stay on budget or explore our options with the Town.

What about COVID-19?

After negotiations, the GMP includes a COVID-19 clause that shares potential financial impacts between our general contractor, Consigli, and the Town. The key aspect of the agreement is that ***the Town's liability for COVID-related expenses is capped at \$425K.***

- Consigli has a construction contingency of \$1.7M built into its contract. The new agreement allows them to use the contingency for COVID-related expenses. Any expenses Consigli identifies as being due to COVID-19 will be submitted for approval to Daedalus, our Owner's Project Manager, in consultation with the SBC.
- If all of Consigli's contingency is used, they can go through the change order process to be reimbursed for COVID-related expenses by the Town for a maximum amount of \$425K.
- Goal: COVID expenses get covered either by Consigli's contingency or by the Town's contingency (\$3.8M).

For further information about the Lincoln School project, visit www.lincolnsbc.org
For further information about the June 13th Town Meeting, visit www.lincolntown.org