



Belmont Middle & High School Project

Building Committee Meeting # 139, 3/2/22 at 7:00 PM

Review of Budget Accountability Process to Stay on Budget

- 1. Cost Exposure Log – This was established in the past two months as a comprehensive log to capture all Change Orders to Date as well as any potential costs that Skanska or any other member of the team identifies that could be realized. This process draws on the “Lessons Learned” from Phase 1 as to whether similar issues and costs could occur in Phase 2, and if so, can they be eliminated or mitigated to a lesser impact and cost. The Total Exposure Log is constantly being updated by Skanska as new issues arise. The most complete log at the end of any given month is now being incorporated into CHA’s Monthly Financial Report presented at the Building Committee Meeting. It will be included in the report prepared for the 3/9/22 Building Committee Meeting.**
- 2. Review of Cost Exposure Log – the log is being updated continually by Skanska. CHA will take the log through the previous week and present to the Chair and Vice Chair on Monday of each week. That updated log will then be reviewed by the Project Team in the section of the Tuesday weekly OAC meeting dealing with financial review for discussion and determination on whether to proceed with any new items.**
- 3. All items identified as a potential added cost, whether on the Cost Exposure Log or not, are reviewed in detail. Currently twice a week there is a standing meeting with CHA, P&W and Skanska to discuss any new potential cost items. In addition to those meetings, any time any new potential cost item is identified, it is brought to the attention of the team immediately for discussion – we are all on site and now with Covid lessening, can and do meet on site to discuss. For any new potential cost item, It is first determined if this is an item of work that must occur, or if it is discretionary and not an absolute requirement. This includes:**
 - A. AE’s (Allowance Expenditures) or Holds – an amount held related to a trade item of work in anticipation that added costs might be incurred. These are treated the same as a PCO that is submitted as to whether the expenditure is warranted, and the pricing is appropriate.**
 - B. OME’s (Order of Magnitude Estimate) are submitted in advance of proceeding with any work item. They are evaluated as to whether the potential added cost is warranted and whether a CCD should be developed to allow the work to proceed.**
- 4. In general, if there is a proposed added cost not currently identified on the Cost Exposure Log, that would result as an added cost to the project, we look for ways to offset that cost – what other line item identified as potential added cost on the Exposure Log can be reduced or eliminated to offset that added cost. With this approach, we have tighter control on maintaining the overall project budget. Any added cost goes through a comprehensive review process to not only review cost, but impact to the project, and then is presented to the Chair and Vice Chair for review, including a new VE effort if needed to offset any new added cost**

5. All new items are then reviewed with the Chair and Vice Chair before official approval to proceed is given. This review also includes a recommendation regarding the specific line-item funding source. Any added cost identified on the Cost Exposure Log is reviewed to consider funding from the Owner's Construction Contingency, where the Chair and Vice Chair can approve up to \$50,000 and anything above that must be approved by the Building Committee.