



## *Town of Belmont* **Belmont High School Building Committee**

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### Notes for January 23, 2018 meeting

*After meeting is called to order*

We are here tonight because we want to be here, because we are all interested in our own way for the betterment of Belmont. Throughout the past two years the Belmont community has engaged in this High School Project discussion with a respectful approach even though we may not all agree on the information being presented, the options being considered, or the selections being made. It has allowed for open dialogue and continued collaboration and I am very proud that we have been able to share ideas, opinions and concerns through this inclusive atmosphere. We are by no means done, and I hope we can continue to discuss this project with the energy and enthusiasm that has contributed to the good work we have accomplished thus far. The civic process of open meeting discussions allows for dialogue from all residents and this Committee has worked very hard to encourage that communication. I am proud of the accomplishments this Committee has made to get information out to the Belmont residents and to encourage healthy dialogue. I speak for the Building Committee when I say that we look forward to our continued work on this Project with the engagement of the Belmont community.

*After Belmont Resident comments*

Last week we presented a detailed discussion regarding costs for the project. We had a presentation on how the costs were prepared, how the MSBA reimbursement contributes to Belmont's financial obligation to the Project (we called that the Belmont cost), and what that Belmont cost means on our tax bills. There wasn't much dialogue following these presentations and I was surprised but when I asked someone on the Committee about that this weekend she said because she wasn't familiar with construction costs, she was a bit overwhelmed and it wasn't until a few days later when she was thinking about it more that she started having questions. But she wasn't alone because I heard a lot of questions and I suspect many of you did also. So I thought we would spend our first agenda item on costs again and I give you this summary after discussions with our consultant team.

Here are some questions I heard this week. What is total cost verses cost per square foot? What are other HS costs trending? Is there a difference between HS costs today and in 2020? Can we compare HS costs from our project with other districts? Is the architecture of our HS project driving up costs? What is in our HS costs?

I will start by saying that comparing our costs to other HS projects, both past and present, is not a wise choice. There are many factors that make direct comparisons invalid. Those factors can include, design enrollment, extent of renovation/addition, Chapter 74 (tech ed), year of construction start, does the HS contain a MS, site costs, foundations, hazardous abatement, phasing, and finally are you looking at project costs or construction costs.

Let's start first by saying we have two costs to consider and they are construction costs and project costs. Construction costs include that which we will be engaging a

contractor to perform under a construction contract. That will include bricks and mortar, foundations, site development, utilities, roadway improvements off site, phasing, demolition, hazardous abatement, and any other costs assigned to the construction contract such as contractor project management and overhead. Project costs are the entire costs of the Project, including construction costs. The other costs that contribute to the project costs are referred to as soft costs and include professional fees for designers, OPM, legal, geotechnical, environmental, construction testing, HVAC commissioning, FF&E (furniture, fixtures and equipment), incidental cost such as reproducing and printing, temporary relocation costs such as modular spaces, and moving fees. These other costs vary from project to project but at the feasibility study phase a common practice of estimating is to carry 25 percent of the construction cost as these soft costs that, when added to the construction cost, creates the total project costs. Clearly the driver of soft costs at the feasibility study level is the value of construction costs.

So how is the construction cost estimated at the feasibility study level? We don't have building systems designed. There are no wall elevations, no wall sections, no structural system defined, no HVAC systems defined. That all comes in the Schematic Design Phase. At this feasibility study level the costs are mainly derived from the square footage that defines the building. The square footage can consist of new square footage, major renovation square footage where most everything is removed and replaced except for the structure, or minor renovation where most of the structure and walls are preserved and the HVAC and ceiling may be new and finishes are being upgraded. So to each of these square footage components a cost factor is applied that is consistent with current estimating practice in the local industry. We heard those numbers are high for public HS projects, relative to the general construction market due to a combination of the current economy, prevailing wages required for public projects, and the immense complexity of a HS project with

all types of construction spaces included such as gymnasiums, locker rooms, auditoriums, cafeterias, kitchens, science labs, and many different spaces for classrooms, storage, teacher spaces, and offices. High school projects also include demolition, hazardous abatement, and phased occupancy.

To this base square footage cost number is then added costs for unique project factors and specific to this project those include the additional costs for significant hazardous abatement, additional costs for deep foundations, the additional costs for large site improvements, and the additional costs for ZNE systems (with the expectation that the capital investment in ZNE systems will pay for themselves through life cycle analysis that will be explored in Schematic Design). Then to the total construction cost one must apply a factor for escalating construction costs since estimates are carried out in current cost dollars. That factor must account for increased construction costs that will be experienced when we go out to bid in 2020. On top of that is another estimating factor called design and pricing contingency to account for the variability in pricing based on this preliminary phase of design.

These costs are applied to the building total square footage that is generated through the MSBA space matrix which is populated by combining the educational plan prepared specifically for this project by the School Department with the design enrollment that was previously agreed upon by Belmont and MSBA. The square footage is strictly controlled by the MSBA and validated by the School Department to ensure that the Project is fiscally responsible and educationally appropriate. The MSBA will not allow reduction in square footage simply to reduce area nor will they allow additional square footage for something that we may want to have in the future. All building area must be programmed and extensively utilized based on the submitted educational program.

So by combining the square footage with the typical construction cost per square foot for high schools in this location, the additional costs for specific project factors, the escalation costs, and contingency we then have our construction cost. Then to that we apply a factor for soft costs and add them together to create the total cost for this project.

Thus by the size of this building, it will have a large project cost. There are similar large high school projects ongoing in MA and they too have large price tags. Again to compare this project with another district will be inaccurate. I can say to those that question if we are building an opulent building, the answer is no. Today there is no definition of the walls, ceilings and finishes. Mechanical systems are not defined yet. So one cannot characterize this project as excessive. The Building Committee continues to focus on cost effective solutions to remain fiscally responsible and not just in capital costs but also in operating costs.

How and when do costs get better defined? Very soon is the answer. Following our submission of the PSR (Preferred Schematic Report) to the MSBA next month, we will be into Schematic Design. It is in this phase that all systems of the building and site get defined. That includes not only architecture, but structure, foundations, HVAC, lighting, site, and ZNE solutions. In addition to these hard costs we will define the costs associated with phasing, moving, designer's fees, OPM's fees, testing fees and all other project-related fees. We will also explore and define the budgets for furniture, fixtures and equipment including technology. The schedule is also defined that confirms the anticipated escalation costs and project durations.

The next time we are examining costs in a big way will be near the end of Schematic Design when all of this is defined. No longer are we using overall square footage costs. These costs are much more defined because they become the costs used for

our Project Funding Agreement with the MSBA. And this is where the MSBA reimbursement is fully defined. At that time we can confirm with much more clarity the Belmont Cost for this project since it will be defined in this Agreement.

The Belmont Cost is the third cost to discuss tonight and that is the cost burden that Belmont must pay after the MSBA provides their reimbursement commitment. From the start of the Feasibility Phase we have been working under an agreement with the MSBA where they have committed to reimburse Belmont for 36.89 percent of eligible costs. Where does that percent come from and what is eligible costs? Eligible costs are uniform costs across the State that the MSBA agrees to reimbursement Districts so that they are fair to all the 351 cities and towns. What that means for Belmont specifically is that there are exclusions where costs are not reimbursed at the stipulated rate. The largest of these for Belmont will be the cap on construction costs. That number is currently \$326 per square foot. All other construction costs above that value will be paid by Belmont 100 percent. Others include a cap on site costs at 8 percent of the building construction cost. Costs excluded are hazardous abatement for floor systems, spaces not included in the educational program but part of our building such as the Facility Department workshop in our High School. The pool is excluded as will a portion of the field house that is in excess of the allowable size of a new high school gymnasium. Relocation costs are not reimbursable and that includes the costs of modular buildings, both to install and remove.

The MSBA reimbursement rate for cities and towns is based on Mass Law and annually updated by the Office of the Treasurer. It starts with a base rate and to that is added three factors; income factor, property wealth factor, and poverty factor. The higher the rate the more the MSBA will contribute to assist that District. Therefore you will see that all cities and towns have different reimbursement rates based on the

local demographics. Belmont has a low reimbursement rate and that should not come as a surprise. The MSBA will make one more adjustment to our rate before locking it in to the Project Funding Agreement later this year. At that time we will look to gain incentive percentage points for good capital maintenance practice (which we will gain the full 2 points allowed), high efficiency designed school (which we will gain the full 2 points allowed), and possibly one point for retaining a portion of the existing building and possibly another point depending on the procurement method chosen for contracting services. We will have these figures confirmed for the Project Funding Agreement at the end of Schematic Design this year.

Because those details are not all defined today our consultants have reviewed historical data for similar large high schools recently and found that a reasonable ratio of eligible project costs to total project costs coupled with the anticipated MSBA reimbursement rate for Belmont will levy an estimated 74 percent of total project cost to Belmont taxpayers, with MSBA picking up the balance. We have carried that number in the estimates that have been distributed to you.

So today's discussion of costs are more relative than exact. Our project estimators tell us that they are likely within about 5 to 10 percent accuracy based on their experience at this feasibility study phase. Well, all the costs listed for each of the scenarios are within that range. We will move on from this evening's decisions to go work on defining the project and cost, starting over in a sense, with a much clearer design with much more detail and a new estimate based on that design. I am optimistic that by working through this schematic design effort we will find ways to reduce the project cost from the numbers we have been discussing.

*After discussion with P+W on site design options*

After the School Committee selects a grade configuration for the Project the Building Committee will be choosing a site option to advance into Schematic Design. The vote does not have to be unanimous but will have a majority of BHSBC members in favor of the selected option. The merits of this Committee should ensure that Committee members will support the decision, even if the design site selection does not go his/her way. The Project will not benefit in the long run from disparaging remarks from Committee members regarding the selected option, today, tomorrow, or three months from now. The process of selection can begin with simple elimination of an option or options that are not supported by the majority. Ultimately the Committee must select one option and that option must be confirmed with a vote.