

In the wake of the February 12 meeting when the SBC had to cut \$3.5M of scope out of the project to keep it on time and on budget, the SBC met this past Monday morning to discuss options. At that meeting, the SBC voted to pursue funding for the restoration of key project elements.

This vote launched a round of communication with the School Committee, Board of Selectmen and the Finance Committee to request, and plan, for a Special Town Meeting to be held on the same day as the Annual Town Meeting (March 28). Following is a set of FAQs that provide an overview of where we are and how we got here. In addition, please mark your calendars for a **Community Forum on Wednesday, March 18, 7:30pm, Hartwell Multipurpose Room.**

**Lincoln School Project
Special Town Meeting, March 28, 2020
Frequently Asked Questions**

The Lincoln School project will transform our educational and community spaces. The project is the first net zero school renovation of its kind in the state. And the recent need to remove \$3.5M from the scope of the project does not change what it will achieve. Throughout the design process, the School Building Committee (SBC) has used the community's five core project goals to stay focused on what is important and to guide us through difficult decisions. Those goals are:

- 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

All along, as we went through the value engineering (VE) process, the SBC achieved necessary reductions in the project without impinging on those core values. But the need to reduce the construction budget by \$3.5M as a result of the construction bid process has impacted aspects of the project that the SBC has worked hard to protect.

We did not believe that we would ever be in a position to have to compromise core values to keep the project within budget. The SBC promised a fully renovated, educationally transformative net zero school for \$93.9M, which we have achieved. In this last round of value engineering, the SBC had to reduce or eliminate some items that we know are important to many members of the community, such as: Bike paths/walkways; playground equipment; outdoor learning and community spaces; optimization of natural daylight (reduced interior glass and the exterior sun controls for classrooms); tree replacement; new furniture and technology infrastructure that supports our building's innovative learning environment.

The timing of the bid process did not afford sufficient time to fully consider the implications on the project within our annual budget and planning cycle leading up to Town Meeting. The Special Town Meeting is the community's opportunity to decide whether some or all elements will be restored.

When is the Special Town Meeting?

The same day as the Annual Town Meeting: Saturday, March 28, 2020 at 9:30am.

Why is the Special Town Meeting on the same day as the Annual Town Meeting?

The warrant closed on January 26, and the only way to consider a new item is to call a Special Town Meeting. On February 24, at the request of the School Committee, the Board of Selectmen voted to call a Special Town Meeting for the purpose of considering additional capital requests for the Lincoln School building project.

What is being decided at the Special Town Meeting?

Residents will consider approving items that the SBC has prioritized. About \$2M in additional funds is required to reinstate key features of the school project that had to be eliminated to close the gap between the final estimates and the actual construction bids. The SBC is exploring options that use existing Free Cash and/or Stabilization funds.

Why did the bids come in over budget?

1. **Escalation:** re-bid cost estimates included an “escalation contingency” of about 6%. According to our project team, the annualized industry escalation rate in January and February has been closer to 8%. **Complexity:** Our project is a complex renovation that will create cohesion in a building complex that was built in 11 phases over almost 50 years. When we set the budget in June 2018, the design and drawings were 20% complete. As we progressed through Schematic Design, Design Development, and Construction Documents stages, we learned more about existing conditions and about the work needed to achieve our community’s goals. We received three independent cost estimates at the end of each phase:
 - a. Before the bond vote in December 2018, the SBC reduced the scope of the project by about \$10M. As the project went on, we had three more rounds of cost estimates and two more rounds of value engineering, which further reduced the scope of the project by about \$4M. The last VE exercise before the project went out to bid in December cut \$1.5M to keep the project on budget. As we went through those exercises, the SBC felt confident about how the building would look and perform for the next 30-plus years. *Unlike the VE reductions in other phases, the size of this most recent estimate and budget gap left the SBC with little discretion about what to remove. We were forced to make cuts that impact our project values.*
 - b. There are many new construction projects out there (schools, commercial buildings, and housing) which are more predictable and straightforward. Contractors have their choice of work, and new construction is more attractive.
2. **Lower Bid Response:** This renovation complexity contributed to a lower-than-hoped-for bid response. While the SBC pre-approved 109 sub-trade contractors, just over half chose to submit bids.
 - ***Didn’t we know all of that before we went out to bid?*** We built in contingency and escalation factors that were slightly higher than industry norms, but as our construction manager Consigli noted, you don’t really know what the cost will be until “the market speaks to you.” 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, has proven to be more expensive than expected.

What about going forward? What are the cost controls?

1. **Guaranteed Maximum Price:** After March 28, when we have the final word from the community about what will be included in the project, the guaranteed maximum price (GMP) will be set. This price covers all the work that is in the bid documents and there is shared responsibility between the contractor (Consigli) and the owner (Town of Lincoln) to meet that price.
2. **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).
3. ***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, the workmanship is not of the quality specified, or if 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.
4. ***Are we confident that there is enough contingency built into the project?*** Yes. The SBC has asked this question many times and in as many ways it can think of, and the project team says that we have built in enough contingency.

What is on the warrant?

1. About \$2M of priority items related to the educational program, quality of the interior and exterior environment, community use of the building and the campus, and the long-term value of our investment. The SBC and the Finance Committee are discussing whether this request will come forward as one or more motions. The SBC will update the community as soon as that information is finalized.
2. Funds from the Cable Revolving Fund to be used for technology upgrades in the Auditorium (*note: This is not a new request. Originally this was on the Annual Town Meeting warrant. It has been moved to the STM to keep all project-related items together.*)