

CITY COUNCIL WORK SESSION

REQUEST FOR ADDITIONAL APPROPRIATION FOR MIDDLE SCHOOL PROJECT

March 18, 2013 – 6:00 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Spear, Assistant Mayor Lister, Councilors Coviello, Kennedy, Novelline Clayburgh, Lown, Dwyer, Smith and Thorsen

Staff Present: City Manager Bohenko, Robert Sullivan, City Attorney, Suzanne Woodland, Assistant City Attorney and Steve Bartlett, School Business Administrator

Also Present: Dexter Legg, Chair, School Board and Joint Building Committee member and Jim LaPosta, JCJ Architects

Mayor Spear called the Work Session to order at 6:00 p.m. and introduced School Board Chair Legg and Councilor Chris Dwyer, members of the Joint Building Committee, to give a brief presentation regarding the Middle School renovation project and the need for additional funding.

School Board Chair Legg gave an overview powerpoint presentation beginning with project background stating that in 2009 the City Council funded \$37.5 million for the Parrott Avenue Site which was selected after a lengthy, comprehensive and public evaluation. This amount was less than the \$40.8 million estimated cost to fully renovate the building and which was approved by the State Dept. of Education. He stated that if the City hadn't acted at that time, the State wouldn't have funded their portion and it would not have gotten done. He continued that the State gave conditional use approved because of the condition of the school and now we know that the condition was even worse than anticipated. Mr. Legg continued with reviewing the accomplishments thus far including building the multi-use synthetic turf field at Portsmouth High School; removal of the of Wentworth School and re-use of site for the Alumni Wentworth Softball field; upgrade of the Library and Parrott Avenue parking area including drainage issues; replacing the outdated Connie Bean Center with the new Youth Recreation Facility and finally, completion of the new classroom and media center wing with 7th and 8th graders occupying in the 2012-2013 school year.

Councilor Dwyer continued the presentation by reviewing the Cost Overview. She stated that this project was the last to be approved by the State and was approved at \$40.8 million with 40% reimbursement with an additional 3% if school is NHCHPS certified. She continued that the JBC was tasked to complete the project for \$37.5 million which was challenging but believed to be doable. She stated that subsequent events have proven the \$40.8 million estimate accurate with the completion of the project building Phases 2 and 3 estimated at an additional \$2.9 million. She concluded they are requesting up to \$3.3 million to allow for contingencies.

Jim LaPosta of JCJ Architecture reviewed the Construction Phasing of the project with Phase I, new building constructed and occupied; Phase II renovation of existing school and Phase III, student commons, music area, cafeteria and performing center. He continued by reviewing the Value Management – pre bid which included reductions that maintained academic program but reduced the cost by \$1,077,900.00 by eliminating or modifying various aspects of the original plan. Next, he reviewed additional project scope reductions since the project was awarded totaling \$919,800 which still maintain the academic program but eliminates or modifies additional aspects of the plan. Also, there were cost reductions during construction which totaled an additional \$140,000. He stated that an additional issue contributing to the cost overrun was the assumption at the time of the bidding process that the construction market was depressed and it was assumed that this project would

receive benefit from that but that was not the case. The total project scope reductions that maintain academic program is \$2,857,700.00. He reviewed the various issues that arose during each phase of the project to cause the current delay and the need for remediation of the deteriorated concrete. He further explained that it is more expensive to bring the contractors back to a project due to remobilization of their equipment and staff. He concluded with the slides illustrating the current state of the project and of the completed design.

Councilor Dwyer stated that School Department Business Director Steve Bartlett has distributed documents showing the original School Building Aid Preliminary Application and the NHDOE Preliminary Approval of Project for Building Aid. Also distributed were the Long-term debt service forecast model, the Issued Debt Related Revenues, Projected Future Debt and Projected Future Debt related Revenues of the Middle School and School Building Aid and the amortization and payment Schedule for 20 years of the \$3,300,000 bond at 3.50% Interest.

City Manager Bohenko referred to the amortization and payment schedule stating that the first payment of \$280,500 is due in FY15 with 40% reimbursement of \$66,000 for a net payment of \$214,500 and continues through FY34.

Councilor Novelline Clayburgh asked how much did this add to the tax rate. City Manager Bohenko stated 5 cents additional.

Councilor Coviello asked about the difference between the pre-bid and the guaranteed maximum price. Assistant City Attorney Woodman explained that there are ongoing negotiations based on what has been found, then bids come in, then they review the bids and the guaranteed maximum price is determined.

Councilor Kennedy asked what are the options if the Council votes not to give this additional money. Mr. LaPosta stated there are no specific options developed but there have been some discussion with Gilbane and they would finish the front part of Phase II and not do any of Phase III. He stated that the larger question is that the project was approved by the State as an entire project so the reimbursement by the State will be in question. Councilor Dwyer stated that the State would also be reimbursing 40% of the additional funding.

Councilor Kennedy asked if the artwork is still in. Councilor Dwyer stated no. Councilor Kennedy asked why the choice was made to do the turf and extra gym. Councilor Dwyer stated that the gym was a separate project and is already completed. She continued that the turf was a condition associated with requirement to provide fields and the fields were done first as it was opportunistic to do it prior to the construction work. Mr. Legg concurred stating that there was a requirement to provide field space and was leveraged for student use as well as the broader population.

Assistant Mayor Lister thanked everyone for their work to this point stating this has been a long process. He thanked Middle School Principal Stokel and the teachers for their patience. He stated he wishes we were here to talk about this project being completed on time and on budget and is very disappointed that we are here and that we are taking things away from the kids. He stated that when this was beginning we knew that there may be more issues and is why some people wanted new construction, but the middle school on Parrott Avenue is going to be a focal point in the community. He asked if there are any issues with the new gym floor or bleachers. There were none to anyone's knowledge. Assistant Mayor Lister continued by asking about the occupancy schedule. Mr. Legg stated that the 7th and 8th graders are in the new section now and the 6th

graders will stay put until the end of this school year. He stated that final completion of the demolition of the 1970's portion should be done this summer and final completion in December 2013, which is an approximately 4 month delay from the original schedule set 3 years ago. He stated they decided to keep the kids in place at the school and they didn't have to bring in any temporary trailers thereby avoiding an additional \$200,000 - \$300,000 cost for that. Assistant Mayor Lister stated that the list of reductions included some items that were supposed to be sustainability benefits, so what happens to the sustainability now. Councilor Dwyer stated that it still may be sustainable and that some of the items removed were not necessary but that a lot of discussion went in to these decisions. Mr. Legg stated that the school will still be CHPS certified and will still have a "green" roof. Councilor Dwyer stated there are still 40-50 other features that are still in place. Assistant Mayor Lister concluded stating that he is especially disappointed because his name is on the School Building Aid Preliminary Application signed in 2008.

Councilor Thorsen stated he liked the presentation and the overall viewpoint on the project. He then discussed the costs and the purpose of the contingencies. Councilor Dwyer stated that the bottom line is that there should have been a larger contingency from the beginning.

Councilor Coviello asked for clarification of the Previous Assumptions slide regarding construction costs. Mr. LaPosta explained that those numbers were provided previously and were just building construction costs. He stated that different agencies look at things differently.

Councilor Kennedy stated she would like a letter from the Dept. of Education explaining what would happen if the additional funding is not approved. She stated she is also a little let down and has been a part of this process in another community and couldn't imagine having to go back and ask for more money. She stated that there shouldn't have been any surprises in finding lead paint and crumbling concrete etc., and feels it really is \$6 million overage because \$2.8 million was cut from the project and now we need an additional \$3.3 million to finish it. She stated that the community is upset because of the delays and now we are being penalized for it. She concluded by stating that she is concerned that the turf field was put in before finishing the renovation because that was an "extra".

Discussion ensued regarding the various types of concrete and blocks used in the middle school building over the years.

Mr. Legg stated regarding the turf being an "extra", it was actually a requirement of the State to add the field and was done at the beginning because the construction manager had to lay down the space right from the beginning and was a conscious decision. He then stated that he is sorry that the Council is disappointed and assured them that the JBC is as well. He stated they have been managing an aggressive budget with the goal of having a safe building with a 50+ life span. He concluded that he is representing the School Department in asking the City to complete the project as it will benefit the entire city.

Councilor Coviello stated that Monday morning quarterbacking is easy but there was no way of knowing what they would find until they started the project. He stated that the budget also could have gone entirely the opposite way with drastic cuts to keep the cost low, but then wondering why certain things weren't included. He stated he is not disappointed and feels they have done a good job.

Councilor Novelline Clayburgh asked how the original contingency has been spent. Mr. Legg stated that there is a budget in place and assumes that the money has been committed to what has been done thus far, but there is no contingency going forward. He stated they feel strongly that this can be brought in under \$2.9 million but don't want to have to come back if it goes over that.

Councilor Novelline Clayburgh stated she has been on the JBC since January 2013 and thanked Mr. Legg and Councilor Dwyer for all of their work as well as all of the other people who have been involved.

Mayor Spear stated that JCJ Architects were chosen because of their experience and asked how often has this come up before on other similar projects and how does it relate to renovation versus new construction.

Mr. LaPosta stated that projects always run into unforeseen issues and that they try to do as much investigation as possible prior to the project, but there is always the need for contingency. He stated that since they began this project they have done 2 more similar projects that have also had issues but they did not have to go back for additional money because the contingency was in place. He stated he is also disappointed but this was unforeseeable. He stated that have worked with the JBC to find other alternatives but they are fully committed to finishing the project.

Mayor Spear stated that the slides showing the erosion are unsettling and asked if after the appropriate funding is in place will they feel better about the finished product and that it will be safe in 50 years. Mr. LaPosta responded yes.

Mayor Spear closed the Work Session at 7:40 p.m.

Respectfully submitted by:

A handwritten signature in black ink, appearing to read 'V. French', written in a cursive style.

Valerie A. French,
Deputy City Clerk