

# IAC MEETING (Teleconference)

Wednesday, April 6, 2016

2<sup>nd</sup> Floor Conference Room

2 pm – 2:30 pm

## AGENDA

### ITEMS FOR APPROVAL AND DISCUSSION

#### INTRODUCTION

Section I – Approval of Minutes.....	<b>NONE</b>
Section II – Discussion Items and Deferred Items	
A. Allegany High School – Increase of Maximum State Construction Allocation.....	1
Section III – Approval of Contracts .....	<b>NONE</b>
Section IV – Approval of Sites .....	<b>NONE</b>
Section V – Approval of Property Transfers .....	<b>NONE</b>
Section VI – Approval of Accounting Adjustments .....	<b>NONE</b>
Section VII – Approval of Other Items .....	<b>NONE</b>
Section VIII (A) – Information: Change Orders .....	<b>NONE</b>
Section VIII (B) – Information: Property Transfer .....	<b>NONE</b>
Section VIII (C) – Information: Other/ Name Change/Educational Function.....	<b>NONE</b>
Section IX Fund Adjustments .....	<b>NONE</b>

**A. Allegany High School – Increase of Maximum State Construction Allocation**

This item seeks IAC approval to recommend to the Board of Public Works an increase in the Maximum State Construction Allocation for the replacement of Allegany High School in Allegany County. An increase of \$3.5 million is warranted due to the essentiality of the school facility and the unusual circumstances that surround the procurement of the project.

**Background**

Allegany High School in Allegany County, originally constructed in 1925 with a series of poorly coordinated additions in 1933, 1940, 1957, 1982, and 1995, is one of the oldest high school facilities in the state. The facility is highly unsuitable for contemporary education due to the age of the infrastructure, the deficiency of the educational spaces, and the convoluted circulation pattern that is difficult to supervise and is not accessible under Americans with Disabilities Act (ADA) guidelines. Despite its age, the facility has been well maintained, as evidenced by a 2007 rating of Superior and a 2013 rating of Good under the IAC's Maintenance Inspection Program.

In recognition of the need to replace the existing school, the Board of Public Works approved planning in FY 2013 and funding allocations in FY 2014, 2015, and 2016. Due to increases in the cost of construction, Allegany County Public Schools was advised in September 2015 to request rescission of the prior funding allocations and to re-submit for funding in the FY 2017 Capital Improvement Program. This action would lead to an increase of \$9.916 million in the Maximum State Construction Allocation. The request for rescission was approved by the IAC on November 16, 2015. \$5.8 million of the total FY 2017 request of \$24.242 million was approved by the BPW on January 27, 2016. On February 18, 2016 the IAC recommended an additional \$1.618 million for the project.

For every major project in the annual Public School Construction Capital Improvement Program (CIP), the IAC develops a Maximum State Construction Allocation per the methodologies outlined in regulation and the *Administrative Procedures Guide* (COMAR 23.03.02.06; APG Section 102). Following the IAC approval to rescind prior funding for the Allegany High project, a new Maximum State Construction Allocation of \$36.692 million was calculated (worksheet, Attachment A). Under unusual circumstances, there is justification for adjusting the Maximum State Construction Allocation. The specific circumstances are outlined in COMAR 23.03.02.07:

***.07 Changes to the Maximum State Construction Allocation.***

*After the Board [of Public Works] sets the maximum State construction allocation in the State capital improvement program:*

- A. The IAC may reduce the maximum State construction allocation if a local board changes a decision that was a reason for setting the approved scope of the project; and*
- B. The Board of Public Works may increase the maximum State construction allocation upon a recommendation of the IAC based on all the following:*
  - (1) The project is within a "One Maryland" jurisdiction as defined in COMAR 24.05.23;*
  - (2) The LEA documents that the:*
    - (a) Project has critical impact on the LEA's budget;*
    - (b) LEA has taken reasonable actions to reduce construction costs; and*
    - (c) Construction costs have resulted from exceptional circumstances different from those that confront most projects in the State or region; and*

- (3) *The State Superintendent of Schools determines that:*
  - (a) *The educational impact of the project extends beyond the school and its immediate community; and*
  - (b) *There are no alternatives to resolving the educational facility problem that the project addresses.*

**Project Cost**

The Construction Document Submission was completed by the architect in April 2015. The cost estimate prepared as part of the submission far exceeded the available funds. At the request of the LEA the architect initiated a value engineering review of the design. The V/E review was completed in May 2015. As a result the cost of the project was reduced by \$1,500,000. In September 2015 the Board of Education took bids from five contractors for replacement of the school on a former hospital site in Cumberland, Maryland. As the bids were substantially over the budget, the Board again undertook a thorough value engineering process that reduced the estimated cost by approximately \$2,650,000.

New bids taken from three of the original contractors on February 24, 2016 delivered a low cost of \$50.783 million, consisting of the base bid and five add alternates. The following table summarizes the available funding and the current and anticipated costs of the project:

**Summary of Funding and Expenditures**

**Total Funding**

State allocation	\$36,692,000
County funding	\$13,200,000
Program Open Space	\$500,000
Board of Education funds	\$3,239,444
Misc. Asset Sales	\$3,137
<b>Total</b>	<b>\$53,634,581</b>

**Total Costs**

Expenditures made (A/E, site preparation)	\$4,659,810
Construction bid (2/24/16; Attachment B)	\$50,783,000
Additional (contingency, FF&E, Ineligibles, A/E and Inspections)	\$2,676,000
<b>Total</b>	<b>\$58,118,810</b>

**Variance**

**-\$4,484,229**

The total cost of the project is approximately \$4.5 million above the State and local budget for the base bid and the five add alternates. As a result, the Board of Education, the Allegany County delegation, and the County Commissioners have requested the State to provide an increase of \$3.5 million to the funding for the project (Attachment C; meeting of March 3, 2017). The Commissioners will assume the balance of the cost increase.

**Justification for an Increase to the Maximum State Construction Allocation**

The enhancement of State funding can be achieved by increasing the Maximum State Construction Allocation, which will be reflected in the CIP allocations in FY 2018 and FY 2019 (the FY 2017 request of \$24.242 million will be covered through reversion of \$16.113 million from rescinded prior year allocations and an additional allocation of \$8.129 million in new bond proceeds).

The Designees support this approach, as the replacement project meets all of the criteria outlined in regulation .07.B to justify an increase of the State Maximum Construction Allocation:

- The project is within a One Maryland jurisdiction.

- The LEA has provided documentation (Attachment D) showing that:
  - The current facility has a disproportionate impact on the operational budget because of its energy inefficiency and the difficulty of maintaining its aged building systems.
  - Working with the architects and others, the LEA has taken very thorough actions to reduce the cost of the project. Actions include elimination of programmatic elements and associated square footage; decisions to use less expensive (but still durable) building systems; use of in-house resources to accomplish some aspects of the work, e.g. the playing fields; and a large number of add alternates to allow the scope to be adjusted to the available budget. The site for the replacement school was acquired at no cost to the local government through a land swap with the local hospital.

Value engineering began well before the first bids were taken in September 2015. Further value engineering and a refinement of the add alternates were undertaken between May 2015 and January 2016 when the second solicitation was issued.

- The exceptionally high costs shown in the AHS bidding result in part from the remote location of the project, and are consistent with results seen in 2005 when Mountain Ridge High School in Frostburg was solicited. We understand that there is no contracting firm within at least a 50 mile radius of Cumberland which has the bonding capacity for a project of the size of Allegany High. The Frostburg project drew responses in 2005 from three contractors, located in Winchester, VA, Frederick MD, and Pittsburgh, PA. The initial solicitation for the Allegany High project drew five responses, three from Pittsburgh, one from Altoona, PA, and one from Ijamsville, MD. While higher prices due to reduced competition in school construction bids has been experienced across the state due to the economic recovery, the situation is compounded in Allegany County due to the distances that contractors must travel.
- The project will have an impact on the education of students throughout the county, in part because it houses a regional special education program for highly challenged children, in part because the current condition of the school degrades the attractiveness of Cumberland as a location for households or businesses to consider for relocation. In addition, the facility perpetuates a significant educational inequity by housing students in a facility that is highly deficient in comparison to the other two high school facilities in the jurisdiction.
- No reasonable alternatives exist to the replacement of the current facility:
  - A feasibility study conducted in 2011 and reviewed by the IAC found that renovation of the existing facility would be more expensive than replacement and would still result in a facility that would not meet contemporary standards. For example, the renovation could not correct the circulation pattern of the school, which is a major detriment to delivering the educational program efficiently and in fact presents a safety concern with respect to supervision and egress.
  - Consolidation of Allegany High School with Fort Hill High School in a central location in Cumberland is unfeasible because it would require acquisition of a large site in a built-up area of the city, and would entail an even larger and more expensive facility than the current replacement proposal.
  - Closure of Allegany High School and redistricting of its students into the other two high schools would require additions at both high schools, with the acquisition of adjacent properties.

**SECTION II-DISCUSSION ITEMS AND DEFERRED ITEMS - cont'd**

**Recommendation**

Given the condition of the existing facility, the efforts made by the school system to contain the costs of the replacement facility, and the absence of viable alternatives, the Designees recommend an increase of the Maximum State Construction Allocation by \$3.5 million, from a formulaic total of \$36.692 million to a new total of \$40.192 million.

Motion:

TO RECOMMEND TO THE BOARD OF PUBLIC WORKS AN INCREASE OF \$3.5 MILLION IN THE MAXIMUM STATE CONSTRUCTION ALLOCATION FOR THE ALLEGANY HIGH SCHOOL REPLACEMENT PROJECT IN ALLEGANY COUNTY WITHIN THE ANNUAL CAPITAL IMPROVEMENT PROGRAM, FOR A TOTAL STATE ALLOCATION OF \$40.192 MILLION.

IAC ACTION: THE ABOVE REFERENCED ITEMS WERE:					
	Approved	Disapproved	Deferred	Abstain	Recuse
Dr. Jack R. Smith	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Craig	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Gail Bassette	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Barbara Hoffman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. John Bohanan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STATE OF MARYLAND - PUBLIC SCHOOL CONSTRUCTION PROGRAM  
COMPUTATION WORKSHEET - STATE ALLOCATION FOR FY 2017

Allegany County - PSC NO. 01.038

Project Priority #1 (F)

Allegany H - Replacement

MAXIMUM GROSS AREA ALLOWANCE	Educ. Type	Approved Projected Enrollment	s.f. per student	Total s.f.	Construction Cost	State Share 83%
	Regular	772 x	160 =	123,520		
	Special Education	10 x	200 =	2,000		
	C/TE	x	=	0		
<b>ADDITION</b>				<b>125,520</b>		
New s.f.		125,520 x	282.00		35,396,640	29,379,211
Cooperative Arrangement		3,000 x	282.00		846,000	702,180
Site Development		x	19%		6,886,102	5,715,464
					43,128,742	35,796,855
<b>RENOVATION</b>						
Age of Structure	Construction Year	s.f. to be Renovated	Cost per s.f.	Percentage to be Covered	Cost	
40 & older		0 x	282.00 x	100%	0	
31-39		0 x	282.00 x	85%	0	
26-30		0 x	282.00 x	75%	0	
21-25		0 x	282.00 x	65%	0	
16-20		0 x	282.00 x	50%	0	
0-15		0 x	282.00 x	0%	0	
Cooperative Arrangement		0 x	282.00		0	0
Site Development			5%		0	0
					0	0
Contingency			2.5%		1,078,219	894,921
<b>TOTAL COST</b>					44,206,960	36,691,776
Less Prior State Funds for Related Projects						
<b>NET STATE FUNDING</b>						224
Rounding						
<b>NET STATE FUNDING</b>						36,692,000
Less CIP Allocations for the Project						(5,800,000)
<b>BALANCE</b>						30,892,000

Date Planning Approved: 5/12 - FY '13  
Date Revised: 12/31/15  
Date of State Approval:

**Additional Notes:**  
The "Net State Funding" on this worksheet is an estimate of the maximum State allocation for this project, but may be reduced based on the costs of the approved contract(s), ineligible items, and change orders. Project consists of 161,512 sf new, per CD submission. Disposition of the 173,892 sf existing facility is to be determined. IAC rescinded the FY 2014, FY 2015, and FY 2016 allocations totaling \$16 M, per local request.

February 24, 2016, 1:00 p.m.  
Bid Tabulation  
Allegany High School Replacement, Phase II  
Construction

Bidder	Dustin Construction, Ijamsville, MD			Leonard S. Fiore, Inc., Altoona, PA			P.J. Dick Incorporated, Pittsburgh, PA		
	1	2	3	1	2	3	1	2	3
Addendum	X	X	X	X	X	X	X	X	X
Bid Bond			X			X			X
Affidavit of Qualification to Bid			X			X			X
AIA A305			X			X			X
MBE Attachments	A	X		A	X		A	X	
	B	X		B	X		B	X	
Base Bid		51,487,000			50,275,000	✓		51,377,000	
Alternate 2D Football/Soccer field		500,000			812,000			552,000	
2E Running Track		235,000			236,000	✓		226,000	
3 Welded HVAC Piping		16,000			16,000			16,000	
5 Geothermal Admin Heat Pumps		193,000			195,000			193,000	
7A Terrazzo Flooring Vestibule & Commons		51,000			52,000	✓		50,000	
8 Decorative Metal Railing		115,000			127,000			96,000	
10 Lighting, Rigging, Dimming in TV Studio		25,000			25,000			25,000	
11 Data Wiring at Computer Labs		16,000			17,000	✓		16,000	
14A Auditorium Seating		90,000			96,000	✓		94,000	
14B Auditorium Acoustic Cloud System		120,000			107,000	✓		112,000	
15 Top Soil		157,000			272,000			305,000	
					50,783,000				

Shared/Allegany New/Bids/Phase 2/Bid Tab



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ATTACHMENT C

IAC Meeting

April 6, 2016

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*Members of the Board of Education*

Edward L. Root, Ed.D., President

Laurie P. Marchini, Vice President

Sara-Beth Bittinger

Wayne T. Foote

Nicholas T. Hadley

*Superintendent of Schools*

David A. Cox, Ed.D.

February 26, 2016

Senator George C. Edwards  
James Senate Office Building  
11 Bladen Street, Room 323  
Annapolis, MD 21401

Dear Senator Edwards:

On behalf of the Allegany County Board of Education, our staff, and especially our students who will attend Allegany High School, I would like to thank you and our Legislative Delegation for your support and efforts to make this school a reality. Also, thank you for taking time from your busy schedule yesterday afternoon to speak with Dr. Root, Mrs. Marchini, Mr. Montana and myself as we discussed the results of the bids we received on February 24, 2016.

The apparent low bidder was Leonard S. Fiore, Inc., from Altoona, PA, with a base bid of \$50,275,000. As you are aware, there were 11 add alternate bids in addition to the base bid. Although our Board has not yet had an opportunity to formally consider awarding a bid or consider which add alternate bids the Board would include, our staff has engaged in discussion to formulate a recommendation regarding the add alternate package. In the interest of time and for the Delegation's purpose to leverage additional state resources for the project, we share our current recommended and necessary add alternates that would be in addition to the base bid as listed below:

- Finished Running Track at \$236,000
- Terrazzo Flooring Vestibule and Commons at \$52,000
- Data Wiring for Computer Labs at \$17,000
- Auditorium Seating at \$96,000
- Auditorium Acoustic Cloud at \$107,000

The total of these add alternates increase the base bid by \$508,000, equaling \$50,783,000. Additionally, we need funding resources for project contingencies, furniture, A&E/inspections, and other "ineligible" costs such as permitting. We estimate that these additional project costs would add approximately \$2.7 million amounting to a total estimated project cost of \$53,483,000. We currently have committed available funding of \$48,974,771, leaving a need of approximately \$4.5 million in additional funding.

*"Great Teaching. Great Learning. Every Student. Every Day."*

Senator George C. Edwards

February 26, 2016

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Enclosed are informational sheets to detail the figures represented in this letter. Again, we appreciate your care and concern for our students who will attend this new school replacing an outdated and inadequate facility, and your advocacy for additional funding to make this project a reality.

We stand ready to provide you with any additional information you may require and to speak or to meet with you at your convenience.

With warm regards and sincere thanks,

A handwritten signature in blue ink, appearing to read "D. Cox", written over a horizontal line.

David A. Cox, Ed.D.  
Superintendent of Schools

Enclosures

DAC/dmh

c: Delegate Wendell R. Beitzel, District 1A  
Delegate Jason C. Buckel, District 1B  
Delegate Michael W. McKay, District 1C  
President Jacob C. Shade, Allegany County Board of Commisioners



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*Members of the Board of Education*  
Edward L. Root, Ed.D., President  
Laurie P. Marchini, Vice President  
Sara-Beth Bittinger  
Wayne T. Foote  
Nicholas T. Hadley

*Superintendent of Schools*  
David A. Cox, Ed.D.

March 29, 2016

Dr. Jack Smith, Chairperson  
Interagency Committee on School Construction  
200 W. Baltimore Street  
Baltimore, MD 21201

Re: Allegany H Replacement PSCP #01.038.14

Dear Dr. Smith:

The Board of Education of Allegany County received bids for construction of the new Allegany High School on February 24, 2016. The project was originally bid in September 2015. As in September 2015, the bids received in February, despite our exhaustive efforts, exceeded the available funding. It is our opinion that the extensive effort to reduce the cost of the project has reached its maximum value.

There is no question that the replacement of Allegany High School is one of the highest priority school construction projects in the State of Maryland, since it is one of the oldest operating high schools in Maryland having been in continuous operation since 1926. The Board of Education commissioned two studies of secondary school facilities within the City of Cumberland beginning with the Comprehensive Utilization Study of Cumberland Secondary Schools which was completed in 2010. The more specific Feasibility Study of Cumberland Area Schools was completed in 2011 and provided options for Allegany High School along with the City's two middle schools. After thorough analysis, both studies concluded that the only solution to provide a viable educational facility for the Allegany students was replacement of the facility on an alternate site.

Given the overwhelming documented need for the replacement of Allegany, we feel that the only alternative to complete this project, which is so imperative to the delivery of instruction to our students, is to request an increase in the maximum State construction allocation as permitted under COMAR 23.03.02.07.B.

Dr. Jack Smith  
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03/29/16

The following information is submitted as required by COMAR 23.03.02.07.B.(2).

07.B.(2)(a) Project has critical impact on the LEA's budget:

Allegany High School is the most costly of county's 22 facilities to maintain. The outdated coal fuel boilers require 24 hour monitoring throughout the heating season. Environmental regulations are expected to require replacement of the system within ten years at an estimated cost of \$1.5 million. Most of the building systems including windows, doors, public address, restrooms, fire suppression, and HVAC are beyond their expected life and or do not meet current regulations. Replacement of the systems is cost prohibitive, and it would still be on an inadequate site.

07.B.(2)(b) LEA has taken reasonable actions to reduce construction costs:

- Cost control was a major concern from the inception of this project. Every expense was evaluated beginning with the development of the Education Specifications, which were completed in 2012. Throughout the Ed Spec process, the size of the building was reduced by 7,000 square feet.
- The cost estimate completed by the architect as part of the Construction Document Submission was received in April 2015. This construction cost estimate significantly exceeded the available funds. At the request of the LEA, the architect initiated a value engineering review of the design. The V/E review was completed in May 2015. As a result, the cost of the project was reduced by an estimated \$1.5 million which does not include the cost of 25 items that were removed from the base bid to be included as Add-Alternates.
- The bids that were received in September 2015 substantially exceeded the available funds. The Board again instructed the architect to begin a second V/E review of the project that reduced the estimated cost by approximately \$2,650,000 along with the elimination of many of the Add-Alternates.

07.B.(2)(c) Construction costs have resulted from exceptional circumstances different from those that confront most projects in the State or region:

- Allegany County is considered by most major contractors to be too remote. This fact was demonstrated when Mountain Ridge High School was bid in 2005. There is no contractor in western Maryland who has the bonding capacity for a project of the size of Allegany. The Frostburg project drew bids from three contractors located in Winchester, VA; Frederick, MD; and Pittsburgh, PA. The initial solicitation for Allegany drew five responses: three from Pittsburgh; one from Altoona; and one from Frederick County, MD. The added expense due to the distances the contractors must travel along with the cost of transporting materials which are unique to this type of construction are factored into the contractors' bids.

Dr. Jack Smith  
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03/29/16

Considering the condition of the existing school, the efforts made by the Board of Education to contain the costs of the project, and the absence of alternatives, we are compelled to request that the Interagency Committee on School Construction recommend to the Board of Public Works an increase of the Maximum State Construction Allocation by \$3.5 million to a total of \$40.192 million. Thank you in advance for your consideration.

Sincerely,



David A. Cox, Ed.D.  
Superintendent of Schools



Edward L. Root, Ed.D.  
President, Board of Education

DAC/dmh