

State of Maryland
Interagency Committee on School Construction
MEETING MINUTES – October 2, 2014

AGENDA (2014 - 313)

<u>SECTION</u>	<u>Page</u>
I - APPROVAL OF THE MINUTES	NONE
II - DISCUSSION ITEMS AND DEFERRED ITEMS	1
III - APPROVAL OF CONTRACTS	NONE
IV - APPROVAL OF SITES	NONE
V - APPROVAL OF PROPERTY TRANSFERS	NONE
VI - APPROVAL OF ACCOUNTING ACTIONS	
A. Audit Exceptions	NONE
B. Project Allocation Reversions	NONE
C. Cancellation of a Contract Award	NONE
D. Report on Closed Projects	NONE
E. Funding Amendments	NONE
VII - APPROVAL OF OTHER ITEMS	NONE
VIII - INFORMATION	
A. Change Orders	NONE
B. Property Transfers - 1 acre or less	NONE
C. Other	NONE
IX - FUND ADJUSTMENTS	NONE
SIGNATURE PAGE	NONE
 <u>APPENDICES – SECTION II</u>	
A. Additional Information – Maryland Stadium Authority	2-4
B. Additional Information – IAC Letter	5-6

The Interagency Committee on School Construction (IAC) meeting was held on October 2, 2014 at the Nancy S. Grasmick State Education Building, 200 West Baltimore Street, Baltimore, MD 21201. The IAC member present at the meeting was: Dr. Lillian M. Lowery; members who called in were: Ms. Amanda Conn (as proxy for Mr. Richard Hall), Mr. Alvin Collins, and Mr. Thomas Lewis. The meeting was chaired by Dr. Lillian M. Lowery.

BALTIMORE CITY PUBLIC SCHOOLS ANNUAL REPORT

The *Baltimore City Public Schools Construction and Revitalization Act of 2013* (Chapter 647, Laws of 2013; §10-645(L)) requires that

On October 1, 2013, and each October 1 thereafter, the Authority, Baltimore City, the Baltimore City Board of School Commissioners, and the Interagency Committee on School Construction jointly shall report to the Governor, the Board of Public Works and, in accordance with § 2–1246 of the State Government Article, the fiscal committees of the General Assembly, on the progress of replacements, renovations, and maintenance of Baltimore City public school facilities, including actions:

(1) taken during the previous fiscal year; and

(2) planned for the current fiscal year.

The *Memorandum of Understanding for the Construction and Revitalization of Baltimore City Public Schools* (MOU), dated October 16, 2013, assigns the development of the Annual Report to the Executive Committee. MOU Section II.1.D. An overview of actions taken in the last year is provided in the Executive Summary of the Report.

Attachment: MEMORANDUM OF UNDERSTANDING FOR THE CONSTRUCTION AND REVITALIZATION OF BALTIMORE CITY PUBLIC SCHOOLS

ANNUAL REPORT ON THE PROGRESS OF REPLACEMENTS, RENOVATIONS, AND MAINTENANCE OF BALTIMORE CITY PUBLIC SCHOOL FACILITIES, dated September 23, 2014

Motion:

TO APPROVE THE ANNUAL REPORT BY THE PARTIES TO THE *MEMORANDUM OF UNDERSTANDING FOR THE CONSTRUCTION AND REVITALIZATION OF BALTIMORE CITY PUBLIC SCHOOLS* DATED SEPTEMBER 23, 2014 TO THE GOVERNOR, THE BOARD OF PUBLIC WORKS, AND THE FISCAL COMMITTEES OF THE GENERAL ASSEMBLY ON THE PROGRESS OF REPLACEMENTS, RENOVATIONS, AND MAINTENANCE OF BALTIMORE CITY PUBLIC SCHOOLS.

IAC ACTION: THE ABOVE REFERENCED ITEMS WERE:					
	Approved	Disapproved	Deferred	Abstain	Recuse
Dr. Lillian M. Lowery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Richard Hall	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Alvin Collins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Thomas Lewis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Tim Maloney	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Martin O'Malley
Governor

Michael J. Frenz
Executive Director

Members

John Morton III
Chairman

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Joseph C. Bryce
John P. Coale
Weldon H. Latham
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October 1, 2014

Dr. David Lever
Public School Construction Program
200 West Baltimore Street
Baltimore, MD 21201

**Re: October 1st Report
Additional Information- Square Foot Costs**

In response to questions from members of your board at the IAC board meeting on September 26, 2014, please consider the following information.

The eleven (11) schools identified in the first year of the Baltimore City School program have been estimated by two (2) separate and distinct construction professionals, the Forella Group and City School Partners (CSP). The Forella Group is based in Maryland and their primary core business is estimating schools in the mid-Atlantic region. CSP is a joint venture between Brailsford & Dunlavey and McKissack & McKissack. CSP, our program manager, has managed numerous large school construction programs around the country.

These estimates were reconciled and have produced the final numbers that are contained in the report.

Analysis #1 – Base Construction Cost vs. IAC Allowances

MSA has analyzed the cost estimates from three (3) perspectives, in order to better understand where these numbers align with surrounding district school projects and with the Interagency Committee (IAC) process.

The following is a breakdown of the average \$/ft² for the Baltimore City School program:



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<u>Item</u>	<u>\$/sq.ft</u>
Base Construction Cost	\$ 262.00
Contingencies (18% on base):	
Construction Manager (3%)	\$ 7.86
Design (7%)	\$ 18.34
Owner (5%)	\$ 13.10
Phasing (3%)	\$ 7.86
Subtotal w/Contingencies	\$309.00
Soft Costs (15% on base):	
A/E Fees (7%)	\$ 18.34
FF+E Allowance (2%)	\$ 5.24
Utilities (0.5%)	\$ 1.31
Demolition/Hazmat Abatement (3.5%)	\$ 9.17
Commissioning/LEED (1%)	\$ 2.62
Testing & Inspection (0.5%)	\$ 1.31
Third-Party Inspection (0.5%)	\$ 1.31
Subtotal w/Contingencies & Soft Costs	\$348.00
Escalation (7% on base)	\$ 22.00
Total Project Cost	\$370.46

The base construction cost estimate of \$262/ft² is comparable to the IAC established funding formula. The current allowance for fiscal year 2016 is \$233/ft². The IAC allows for a 12% site factor that raises the allowance to \$261/ft². This amount is used for projects that are expected to be bid around July, 2015. As the bidding for the first round of Baltimore City schools will not occur until the fall 2015/winter 2016 and continue until spring/summer of 2016, it would be reasonable to escalate the \$262/ft² base construction cost by 2-3% for this analysis.

Analysis #2 – Market Analysis

The market analysis developed in Exhibit #3 (attached) of the second annual schools report was performed by CSP. This research included investigation and interviews to ascertain the most accurate information as cost reporting from different jurisdictions does not always contain the same information and scope. The inclusion of areas such as DC Public Schools and Prince George's County are important as their projects include similar attributes to the Baltimore City School program. These include tight sites with limited construction staging areas, phasing, etc. As requested, the MD Stadium Authority (MSA) has instructed CSP to gather additional data including Baltimore City and Howard County representative projects. This report is pending.



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Analysis #3 – Total Project Cost Analysis

Below are some of the recent projects that have been recommended by the IAC for the Board of Public Works (BPW) approval in fiscal year 2015. These amounts represent total project budgets.

These projects are at various levels of design, procurement, or construction and would need to be escalated for a true comparison to the Baltimore City School average estimate of \$370/ft². However, this is more evidence that the City School's estimates are in line with the surrounding jurisdictions.

County	School	Total Cost	sq.ft	\$/sq.ft
Howard	Patapsco Middle	\$ 25,009,000	71,635	\$ 349
Prince Georges	Glen Arden Elementary	\$ 26,218,000	74,695	\$ 351
Prince Georges	Tulip Grove Elementary	\$ 22,902,000	64,878	\$ 353
Montgomery	Weller Road Elementary	\$ 26,077,000	75,205	\$ 346
Montgomery	Clarksburg/Damascus Middle	\$ 44,808,000	127,880	\$ 350
Montgomery	William H. Farquhar Middle	\$ 43,150,000	108,405	\$ 398

The MSA has a reputation of completing projects on time and on budget. One of the main factors associated with this is that we establish conservative but fair estimates. Based on advice from two (2) construction professionals, as well as our own in-house expertise, we believe that the programmatic costs/ft² supplied in the second annual Baltimore City Schools report are justified at this early phase of the program. The MSA Board approved the report on September 29, 2014. Various members of the board commented on the need to be conservative at this early stage, especially considering the number of renovation projects projected to be performed. Renovation projects carry the highest degree of risk from a cost and schedule viewpoint due to the unknown conditions associated with the existing building.

Senior Vice President,

Gary McGuigan

Cc: Michael Frenz
Eric Johnson



MARTIN O'MALLEY
GOVERNOR

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INTERAGENCY COMMITTEE ON SCHOOL CONSTRUCTION

DAVID G. LEVER
EXECUTIVE DIRECTOR

LILLIAN M. LOWERY
CHAIRPERSON

October 1, 2014

IAC Members

Re: Annual Report on Baltimore City Public Schools 21st Century Building Program

Dear IAC Members

On September 26, 2014, the Interagency Committee on School Construction (IAC) met to consider the Annual Report to the Governor, the Board of Public Works, and the legislative committees required by the *Memorandum of Understanding for the Construction and Revitalization of Baltimore City Public Schools* (MOU). At that meeting, members of the IAC requested additional information on several points of the Annual Report.

IAC Members Timothy Maloney and Thomas Lewis noted that in the "Cost Comparisons" section on page 4 of the Report, the Baltimore City Schools Average figure of \$309/sf was higher than the costs for Baltimore County (\$259/sf) and Montgomery County (\$282/sf). Mr. Gary McGuigan, Senior Vice President of the Maryland Stadium Authority (MSA), explained the process used to establish the sample, which includes two highly urbanized school districts (DC Public Schools and Alexandria City Public Schools) as well as two other large Maryland school systems (Anne Arundel County and Prince George's County Public Schools) and one small school system (St. Mary's County Public Schools). Mr. McGuigan also explained that the figure of \$309/sf includes contingencies totaling an increase of 18% over the base cost: these contingencies apply to the construction manager, design, owner-initiated changes, and phasing. The figure of \$309 is for program budgeting purposes; actual project costs may be higher or lower.

In the enclosed letter, Mr. McGuigan provides a breakdown of the 18% contingency figure. We have reviewed the figures with Mr. McGuigan and his associates, and believe that the contingencies reflect the risks that are inherent in project budgets at the early stage of development. Mr. McGuigan notes that the base cost before contingency is \$262.00/sf, comparable to the IAC FY 2016 cost / sf of \$260.96/sf applicable to projects that bid around July 2015 (new vertical construction, inclusive of 12% for site development, exclusive of contingency). If MSA's \$262 figure is projected forward to July 2015 at 3%/annum, one arrives at a projected base cost of \$269.86/sf, an increase of \$8.90/sf over the IAC figure for the same time period. This difference is not unreasonable in light of the densely urbanized setting of the Baltimore City school projects and the very small sites of the schools, which impact construction logistics and require phasing of construction in many instances. Likewise, if the IAC figure is projected forward at 3%/annum for an additional six to nine months (to the anticipated bid dates for the first MSA-funded projects) the base figure will be \$268.79/sf.

If the projected cost per square foot that has been developed by MSA is reasonable, the critical factor in controlling costs will be the quality of the construction and the size of the projects. It is our understanding that the projects will be built using standard construction materials and systems, similar to those used by other school systems in Maryland. The second factor, the size of the projects, has been a subject of intensive review not only by MSA but also by the IAC staff.

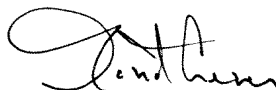
As noted on page 3 of the report, MSA tasked its program management consultant to develop recommendations to reduce the square footage; a number of these have been adopted by the Baltimore City Board of School Commissioners and others are under consideration.

IAC staff found that several of the conceptual designs for early projects included excessive square footage for cooperative learning spaces, teacher planning spaces, and especially circulation. The staff made note of these issues in review letters sent to City Schools staff; we fully expect that the excesses will be addressed in the development of the schematic designs for the projects. We are keenly interested in seeing projects built that will be economical in scope and design, without compromising the educational program needed for children in City Schools.

At the meeting of September 26, the IAC members also requested that Howard County Public Schools be included in the sample for comparison purposes, and that the educational specifications for Baltimore City Public Schools 21st Century Building Program be compared to those of other jurisdictions. Both investigations are underway, but the results are not available at this time; the information will be provided to the IAC as soon as it has been reviewed by MSA and our staff. However, it is worth noting that in a study conducted by MSDE Facilities Branch in May 2014, 27 major projects approved in the FY 2015 CIP were found to have a design area that averaged 29% larger than the gross area allowance established by the IAC for funding purposes. This suggests that the typical educational specifications of the LEAs lead to building areas that are larger than the figures used by the State. Waverly PK-8 in Baltimore City was 61% larger than the IAC figure for the school; Montgomery County had two schools that were 58% larger, two that were 54% larger, and one that was 50% larger. Anne Arundel County and Frederick County also had schools that were more than 40% larger than the State figure. With the reduction measures being implemented by MSA and the design review that will be exercised by the IAC staff, we expect that the gross area overages for Baltimore City will be reduced.

Please call if you have any questions about the attached materials from the Authority, or the remarks in our letter.

Sincerely,



David Lever
Executive Director
Maryland, Public School Construction Program

Enclosures

cc: Mr. Michael Frenz, MSA
Mr. Gary McGuigan, MSA
Mr. Eric Johnson, MSA
Dr. Gregory Thornton, City Schools
Mr. Keith Scroggins, City Schools
Ms. Dawn Kirstaetter, City of Baltimore
Ms. Rachel Hise, Department of Legislative Services

ANNOUNCEMENT

No announcements.

Respectfully submitted,

Helen McCall
Recording Secretary

APPROVED: _____
David Lever
Executive Director