

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

SPECIAL MEETING

WITH PUBLIC FACILITIES AND PROGRAMS & SERVICES COMMITTEE

MONDAY, JUNE 26, 2006

Finance members present: Ald. Coletti (Chair), Linsky, Gentile, Parker, Schnipper and Lipof;
absent: Ald. Lennon and Salvucci

Programs & Services members present: Ald. Johnson (Chair), Merrill, Hess-Mahan, Sangiolo,
Coletti, Parker, Baker and Lipof

Public Facilities members present: Ald. Schnipper (Chair), Weisbuch, Albright, Gentile and
Yates; absent: Ald. Salvucci, Mansfield and Lappin

Also present: Ald. Harney and Danberg

City officials: Mayor David Cohen, Nicholas Parnell (Commissioner of Public Buildings), Sandy
Pooler (Chief Administrative Officer), Arthur Cabral (Budget and Project Specialist; Public
Buildings) and Rob Juusola (Project Manager, Turner Construction)

REFERRED TO PROG. & SERV., PUB. FAC. AND FINANCE COMMITTEES

#230-06 HIS HONOR THE MAYOR requesting authorization for the issuance of long-
term debt in the amount of \$3,648,750 for the purpose of completing the design
phase of the Newton North High School Project.

ITEM DIVIDED INTO A & B AT 6/19/06 BOARD MEETING

ITEM A - CONSTRUCTION MANAGEMENT AND PROJECT

**MANAGEMENT @ \$1,076,250 RECOMMITTED TO PROG. & SERV.,
PUB. FAC. AND FINANCE COMMITTEES**

***ITEM B - DESIGN SERVICES @ \$2,572,500 POSTPONED TO A DATE
CERTAIN OF 07/10/06 BY VOICE VOTE***

ACTION: **PROGRAMS & SERVICES APPROVED 5-0-3 (Johnson, Parker and**

Sangiolo abstaining

**PUBLIC FACILITIES APPROVED 3-0-2 (Albright and Weisbuch
abstaining)**

FINANCE APPROVED 4-0-2 (Linsky and Parker abstaining)

NOTE: Ald. Coletti spoke on the item. The City continues to spend money every month
for project and contract management but the project has not started to move forward to the point
where the project manager is fully engaged. This means that at the back end of this project the
City is going to run out of money. It is important that the Board discuss how the City utilizes the
project manager's time right now, whether we should be more careful about what kind of costs
are being racked up, and what kind of product we are achieving. It is Ald. Coletti's hope that
there will be an update from Commissioner Parnell and Turner Construction on how their time is

being spent. The City has already paid Turner Construction around \$468,000. It is also important that the Board is aware of what the Construction Manager at Risk will do and how much has been spent to put together the application that was sent to the Inspector General. Ald. Baker pointed out that it is important to distinguish that the project management is what Turner Construction does, which is different from the construction manager at risk, which is similar to a contractor in this new configuration. It is very important to make that distinction because as we talk about contracts it is important to keep those two definitions separate. The funding request that is being made addresses the project management piece and getting the construction manager at risk contract. Ald. Coletti pointed out that the City has spent \$818,000 for Gund and it is going to spend somewhere in excess of \$500,000 for Turner Construction. The City is almost paying Turner as much as it is paying the architects and Ald. Coletti would like to know where that money is going and how the City is going to monitor the project manager. Ald. Coletti would like to see a project report from the project manager as they are paid. If you read the contract and you look at the documents for Turner's contract, there are certain requirements, submissions and reports that the Board should get.

Mayor Cohen addressed the Committees and agreed that there was a need to clarify and understand what the project manager does and what a construction manager at risk does. Commissioner Parnell and Rob Juusola will give the Committee a detailed explanation, but the Mayor gave a brief overview as a layman understands of what both do. Both are critically important to the Newton North project. It is the project manager's job to manage the project, as the architect has a role in designing the building, the construction manager or the contractor has a role in building the building, the School Department has a role in coming up with the educational specifications, the Board of Aldermen has a monitoring role and legislative role, the Mayor's Office has a role. It is the job of the project manager to make sure that the project keeps moving forward and that all of the players in their roles are interacting and integrated, so that the project moves forward. For example, right now the project manager is making sure that the way the building is laid out meets the educational specifications and works. The project manager has an excellent understanding of the educational needs of the School Department and works with the architect to make sure that the architect comes up with a realistic and affordable solution that will meet the needs of the School Department. The project manager is doing critically important coordination work that goes on now. In many ways the work that is going on now in planning out the way the school fits together is at least as important, if not more important, than later in making sure that it is built to the same specifications. The project manager has and continues to play a critically important role in moving the project forward, and as the coordinator making sure that everyone involved is working together.

The Mayor then gave an overview of the construction manager at risk. The Mayor explained that the construction manager is the company that is going to construct the building. The City is doing something radically different from what has been done before in public construction. This is because the legislature changed the rules. The legislature understood that the system of lowest qualified bidder was not working. Before the change, contractors put bids in on projects and the lowest bid got the project. The construction manager at risk allows the City to look at the quality of construction, working relationship, quality of personnel and records of accomplishment before hiring a construction manager. There is a small committee appointed

who review the various contractors and the City gets to choose the contractor who is best qualified for the job. One very important component is that they are brought on to the project early. In the old system all of the architect's plans needed to be completed, everything was set, and it was very difficult to change anything. It is the administration's hope that by taking advantage of the new legislation and bringing the construction manager in early, the City will get their input into the plans. The construction manager then becomes part of the team and can make suggestions on the plans that could save time and money. The construction manager is looking at the project from the point of view of their construction operation and their construction costs and working with the City to make the project work. Commissioner Parnell and the project manager are working on an RFP for a construction manager at risk. Since this is very new, the City must have the approval of the Inspector General and the City has hired Palmer and Dodge to prepare the application for permission from the Inspector General for using the construction manager at risk. It is the hope that within the next week or two the City will receive the okay to go forward and at that point, the RFP will be ready to go out. This will allow the City to hire the construction manager at risk and begin working with them as soon as possible in order to have a building that not only works educationally but works from a construction point of view. The Mayor went on to add that he had read the memo from the Ward Two Aldermen regarding the initial appropriation and they are correct that the ordinances are quite clear that before funds can be voted for construction documents the site plan approval has to be given. The administration has separated any funds that dealt with work on the construction documents. This request is for funds to get the construction manager and have the project manager continue to work with the School Department, architect and the construction manager to get the best possible drawings for the building.

Commissioner Parnell began the discussion by explaining the role of the project manager and contributions that they have made to the project. The project manager attended every Design Review Committee meeting and coordinated all of their efforts, as being the point person for information, the different iterations of drawings the committee might need when meeting would take place and that type of thing. Recently the project manager has been coordinating the City's efforts to do all of the site work. The project manager, Rob Juusola, oversaw the 22 borings, 12 test pits that were conducted by McPhail Associates on the site. Project management is a very complex job and is the Commissioner's right hand person during the project. The project manager is the coordinator of a very large team that includes the architects, cost estimators, all of the different disciplines that work with the estimator and the Design Review Committee. Commissioner Parnell will be providing a monthly report to the Board of what the project manager is doing and where the project is.

Ald. Coletti asked how the City apportions out the funds for the project manager throughout the project. Ald. Johnson would find it very helpful to know at what phase of the project the construction manager, clerk of the works and the project manager begin to contribute to the project, what they do and how they intersect. Right now, the project manager is overseeing the architect and when the construction manager starts, he will be overseeing that as well. Mr. Juusola informed the Committees that it is his responsibility to manage from the big picture down to the details. He manages the whole process including what the architects are doing and what is happening on the City side. He makes sure that the architect is making the

right decisions and that progress is moving forward. It also entails making sure that Commissioner Parnell makes decisions on a daily basis in order to keep the architect moving forward and working with the School Department. Mr. Juusola is the point of contact for everyone involved with the project. He meets with the architect at least once a week but more usually two to three times a week to see what progress is being made. There have been over 133 meetings on the project and 66 of them have been official faculty meetings. The educational program was started in September and approved by the School Committee in January. There are over 500 spaces within the site, which the architect began working with the program to come up with a schematic design, which fit each of the pieces of the program. This process is not yet completed. There have been meetings with faculty including one last week to keep defining the educational specifications. The program does not specify adjacencies, location within the building, access or any kind of special conditions that the architects need to know to design the best possible plan.

Mr. Juusola has taken the design team and about a dozen consultants through Newton South High School to see what materials were used, what can be improved on and what worked. One of Mr. Juusola's interactions with the design team can be seen in the early designs, which had a three-story atrium in the corners of the building where students could be up three stories and drop things down. Mr. Juusola explained that the design would not work for a public high school. A lot of the project manager's job is to keep the architect focused on what is important to the City and school and who the users are. Mr. Juusola has been doing all of the minutes for the Design Review Committee meetings. Including doing the follow-up work and informing the architect of the work generated at each meeting. The project manager also worked with the architect on their presentations and what is included in the presentation to help them get their message across clearly and concisely, as they are presenting to a public group. He has met with the neighborhood groups, the City development team, the High Performance Building Coalition, the LEED team and the Sustainable Resources Committee to work on meeting the various needs of the school and community.

Commissioner Parnell pointed out that the project manager also has other responsibilities such as being the point person on the questions that have come up recently on the site plan, overseeing the boring and drilling in response to issues about site drainage and he is aiding in the preparation of the construction manager at risk application. Commissioner Parnell and Mr. Juusola start communications at about 7:30 a.m. every morning. There is a constant stream of communication between the project manager and the administration. You cannot do a project of this size without owner's representation. Ald. Coletti asked if Mr. Juusola is putting more time in at the front of the project than usual, which is going to impact what is going to happen at the back end. Ald. Coletti then asked Commissioner Parnell if too much of the project manager's time is being used to assuage people. Ald. Coletti is concerned that if the same amount of effort is expended before construction is started how much money will there be to support what needs to be done at the back end. The Commissioner responded that the Board needs to keep in mind the dynamics of the job; the numbers that have been quoted to the Board of Aldermen that will be spent on this job and the amount of interest on the money to do this type of job. It is incumbent on the City that the job keeps moving, which is happening. Mr. Juusola's time and level of effort continues. When you look at the contract, there is over \$1 million dollars for

construction management, which is where the City is going to get what it is paying for. Commissioner Parnell would like to see the project break ground by this time next year. With the construction manager on board earlier rather than the traditional design bid and build, we have the construction manager on board to look at the information now and if he comes up with ideas that are not disruptive to the educational program that are going to save us money we have to bring it to the table.

Ald. Coletti pointed out that having the construction manager start early may cause a shortfall in funds at the end of the project and the City may end up paying additional money before the building is complete. Mr. Juusola responded that the project manager's payments are on schedule because the payments are broken out into phases. Mr. Juusola also stated that he is not putting more effort in than what he thought he would be or should be for this phase of the project. There is a lot of work and there is a lot going on at this phase but it was scheduled out appropriately. Mr. Juusola does not think there is a danger of running out of money part way through the project. Mayor Cohen stressed how important the planning phase of the project is, not only in terms of the quality of the final product but also in terms of the cost of the final product. The money that the City is spending on planning and making sure that the solutions that the architect comes up with will work is critically important and will not only save time but money. It is going to lead to a better product in the end. Arthur Cabral stated that what has been paid to Turner Construction is in line with the contract. The City has not paid them more than what is provided for in the contract. Ald. Coletti understands this but the project is behind schedule and his big question is how can we not know where the placement of spaces within the school are, when there are drawings displaying spaces within the building. Commissioner Parnell explained that when you look at those drawings it gives you a conceptual idea of how many spaces there are going to be and where they are located. Those spaces are most likely going to be moved around because when we get the overlay of the construction documentation you will not be able to see the spaces because of all of the detail needed for utilities and mechanicals. This is information needed by the construction manager in order to build the school and these spaces will probably be adjusted. There will need to be a code person brought on board to make sure there are enough spaces, that they are in a reasonable location and that they can be utilized.

Ald. Gentile asked about the plan to give the Board monthly updates and who would be putting that information together. Mr. Juusola will be handling the project manager reports and Arthur Cabral already prepares the financial spreadsheets on the project. Ald. Gentile asked why the funds in the request are not broken down into how much for the project manager and how much for the construction manager at risk. There is about \$450,000 for the project manager and the balance going to the construction manager at risk. There is a technical piece that the construction manager gets up to that point that he gives the guaranteed maximum price to the City. The City is budgeting approximately \$650,000 to do the preliminary in order to look at things early on in the project. The construction manager coordinates, schedules and cost estimates. Ald. Gentile asked how quickly the RFQ and RFP would be sent out. The whole process should take six to eight week to get a construction on board. Ald. Gentile than asked if there has been any interest in the construction manager at risk. The Commissioner responded he get daily calls regarding the construction manager at risk from both companies within the state

and out of state. The Mayor stated that one of the advantages of going with a construction manager at risk is the City will get companies that do private sector work that would not touch the public low bid work. The City will get companies of a far higher quality than the companies that typically bid on public work. Ald. Gentile suggesting considering including an Alderman on the committee to select a construction manager at risk.

Ald. Harney also is very concerned that the cost of the project manager is not going to be close to the original amount of the contract. There are provisions within the contract to increase or decrease the dollar amount and the contract seems to be vague with a lot of wiggle room. Ald. Harney would like to know where the dollar amount came from and where we are in the contract calendar. He also asked where the \$450,000 for selecting the construction manager at risk falls in the schedule of payments and was the \$450,000 factored into the contract scheduled originally. The Mayor stated that it has been the administrations purpose to try to include the Board as the project moves through various stages. This is why the initial request for funds was just for money to reach this stage. The City is now reaching the next stage, and even though the money is in the contract, before the City is obliged to spend it and before Turner Construction has a right to any of it the Board needs to approve the funds. This is part of the process and not something that is supplementary to the process. Commissioner Parnell explained that the fee was derived from the level of effort put forth in order to oversee the design from nuts to bolts, working with the architect and working with the construction manager to get the job done. The Commissioner had the benefit of having David Rogers of Palmer and Dodge, who has negotiated a number of these types of contracts to consult with on both pricing and competition. The Commissioner also went to competitors to find out what are reasonable fees on these types of jobs and are they commensurate with the level of effort that the City is requesting. Ald. Coletti asked the Commissioner to clarify that although the project is behind schedule the outflow of money is approximately at the same percentage of the scope of work that Turner is expected to do. He also pointed out that Mr. Juusola is assuming the Commissioner's role on the North project and communicating what is happening to the Commissioner directly. Mr. Parnell stated that this is a role that as a registered architect he is unqualified to do without the necessary training to provide those services. He believes that the State mandates a project manager. Mayor Cohen felt that the important thing to realize is that it would be great if the Commissioner had access to cost estimators and all of the other specialties and if he did not have to run a department at the same time. The point Ald. Coletti is making is a good one and that is why the State has required communities to follow the project manager model. All of the project management money for pre-construction I has been spent and the City is \$100,000 into pre-construction II.

Ald. Linsky asked if the city would begin payment to the construction manager, as soon as they begin work. The Mayor responded that the City will pay the construction manager at an earlier point and the construction manager will be doing things that an old contractor never did in the old style. In the old style, the City would come up with a set of plans and instruct the contractor to build it to those specifications. What the City is doing now is having the contractor help plan and work with the City to come up with the most efficient way to construct the building. When the City gets to the point where the construction documents are ready to go, the construction manager will be able to give the City a better guaranteed maximum price.

Commissioner Parnell pointed out that the construction manager will be available to coordinate the work. It provides another level of oversight during review of the plans and enables the construction manager to provide corrections and comments. Ald. Baker felt that money spent on good management is a good thing, if it means the City is going to have a better product at a better price. Secondly, during the construction of the library, there was a client team that included a representative of the Board and Ald. Baker would expect a similar team for the construction of the high school.

Ald. Albright asked why the request for the project manager is for \$450,000, when the cost of the pre-construction II phase is \$650,000. The City has already paid Turner \$100,000 of the pre-construction II funds. Sandy Pooler explained that the City still has to get to the final construction documents and these funds will not bring the City to that point. There will be more work that Turner will be doing to get the final construction documents, which is part of the \$2 million appropriation request. Ald. Albright asked when the Executive Department is planning to come to the Board for the rest of the money. As soon as the Board votes the site plan, the money will be requested. Ald. Albright asked how far the \$450,000 would go in terms of time. Mr. Pooler stated that it would be about nine months.

Ald. Johnson understands that there is just shy of \$2.1 million that is left over from the previous appropriation of \$3.8 million. She questioned why the City is not using that money for the project manager and construction manager at risk, as the money has already been appropriated. Mr. Pooler responded that there is no authorization to spend that money on the construction manager and there is not enough money in total to get through the next phase. Ald. Coletti explained that with the rescission of the bond authorizations, the Board has cut all of the money the Administration could use. The excessive funds have been cut and the Administration needs to come to the Board for additional money but it was not the intent to have the Administration make a request every time any money is needed. Ald. Danberg asked what the construction manager's motivation is to keep the guaranteed minimum price down once they have been hired. Ald. Coletti explained that there is no motivation and the City is going to have to trust the project manager. The City has to look at the construction manager's quality of standards, how much it costs to build that quality into the building and work that figure into the financial plan. The construction will make a profit if the job is done right and on schedule. The Mayor explained that if the City and the construction manager cannot come to an agreement on price, the City can select the next construction manager on the list. However, if the City is at 60% on the working drawings, it is not an easy thing to change. Ald. Coletti pointed out that one of the nice things about having Turner as the project manager is that they have worked as construction managers at risk.

Ald. Danberg asked if the money set aside for commissioning is a true figure. The City will be using an independent commissioning company and it will have a separate RFP. Mr. Juusola stated that the figure of \$343,000 is based on the effort it would take to commission a 399,000 sq. ft. building. The City wants to get the commissioning agent in early when the systems are being designed.

Ald. Parker commented on the construction manager at risk model and he is supportive of the Mayor's decision to use the model. However, he does not think it is automatically going to solve all the problems associated with public bids. There will be new sets of problems that arise but it is worth trying. He is a little troubled about the timing of hiring a general contractor before the Board approves the site plan based on the explanation that there will be negotiation on the price cap. The price cap is based on the best estimate after the City has the site plan and the City wants to have a paper trail to keep the price as low as possible. Right now, there is a large price range, when the City enters the negotiation stage it should have narrowed the price range. If the City still has a large range, the construction manager at risk will give the largest figure as the price. The City can achieve significant savings during the site process by, for example, not relocating the stadium, getting rid of some of the zigs and zags in the proposed building, taking up less lot area and so forth. Ald. Parker also felt that the project manager funds are premature, because the project manager has spent time doing things such as working with faculty at Newton North High School to determine how different spaces in the building will be allocated and that is all predicated on Board of Aldermen approval, which has not been given. He feels it is premature to spend a lot of time allocating spaces when it is unclear whether the proposed building will remain as designed. He would like to see this appropriation voted on after the Board has voted on site plan approval.

Ald. Sangiolo asked if the construction manager at risk would comment on the site plan before it is approved. She is concerned that if the site plan is approved and the construction manager comes in and says what is driving the price is where the building is sited. Ald. Coletti assumes that the construction manager is going to be a qualified construction company, who loves the drawings and will deliver a building that will make the City proud. The construction manager wants to make a 20% profit and wants to give the customer a building they are satisfied with. Ald. Sangiolo asked who is going to tell the City that if you make this decision, this is how much it is going to cost. At some point, the Board and administration needs to give direction to the Commissioner and project manager, as to how much is going to be spent. The Commissioner and the project manager need to make sure that the architects design the building and save some money to put some quality things on the inside. The estimator will give the costs after the design is completed and provide alternates. Ald. Sangiolo asked if it was possible for the project manager to give cost estimates on different aspects of the project. The Mayor stated that he would make every effort to give the Committee dealing with the site plan everything they need. Ald. Coletti explained that once the building is designed and prices are estimated, the City would decide whether to implement all parts of the design or start looking at alternatives. Ald. Gentile pointed out that the Board has a fair amount of detail in front of it. There is a model, the design of the building is clear, and the architects have located the academic core. Ald. Gentile thought that Ald. Sangiolo is asking if someone is going to tell us that due to the shape of the building the City is paying a certain premium to build it this way. For instance, the athletic facility could have been designed differently, which would create a building similar to what is there now. One of the reasons that the building is not being designed that way is because it would tower over the Hull Street neighbors. Ald. Gentile assumes that the project manager has been weighing in on some aspects of the design and if there were something that carries an exorbitant price tag, would have tried to get the architects to change it. Mr. Juusola stated that is the case. Ald. Baker stated that it is important that the Board have the tools available to get input but the Board cannot be

the equivalent of the project manager. The Board is looking at the whole project to see if the team is on board and they have the resources to do their jobs. The Board has the site plan review function and approval of funds for various stages of the project. Ald. Baker felt that the money needed to be approved as soon as possible, so the project is not stalled due to a lack of resources.

Commissioner Parnell offered to share the RFP with the Board, which details the construction manager's responsibilities. Ald. Weisbuch asked if the \$100,000 for legal services has been spent and if there will be further legal costs. The Commissioner responded that all of the funds have been spent and there will be additional expenses on the construction manager at risk document.

Ald. Baker moved approval of Item A in Programs and Services. Ald. Parker spoke on the motion. Although he would like to see the project move forward he does not want to see money wasted when it is being spent because we do not have an approved site plan. Therefore, Ald. Parker will abstain on the motion in hopes that there will be a move to postpone the item. The motion carried 5-0-3 in Programs and Services. Ald. Yates made a parallel motion to approve Item A. Ald. Weisbuch asked if the project manager would provide the Board with an evaluation of other sitings and their costs. Ald. Schnipper responded that she did not believe so, as there is a site plan before the Board. The item was approved in Public Facilities by a vote of 3-0-2. A motion to approve in Finance carried by a vote of 4-0-2.

Respectfully submitted,

Paul E. Coletti, Chairman