

Mattacheese Middle School



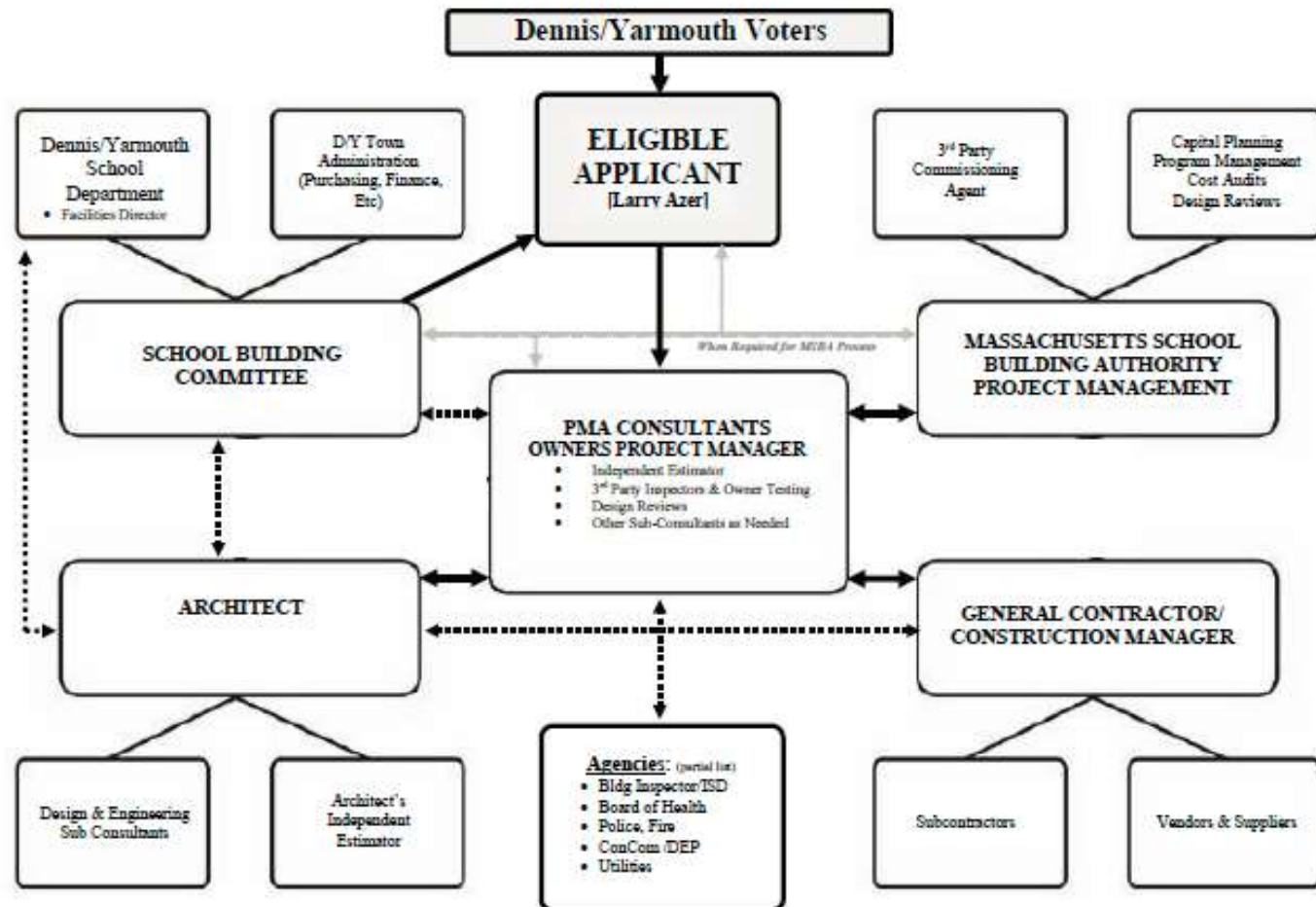
MMS Building Committee Meeting
March 15, 2017 – Market Data Eligible Cost Presentation



Communication Flow Diagram

MATTACHEESE MIDDLE SCHOOL PROJECT

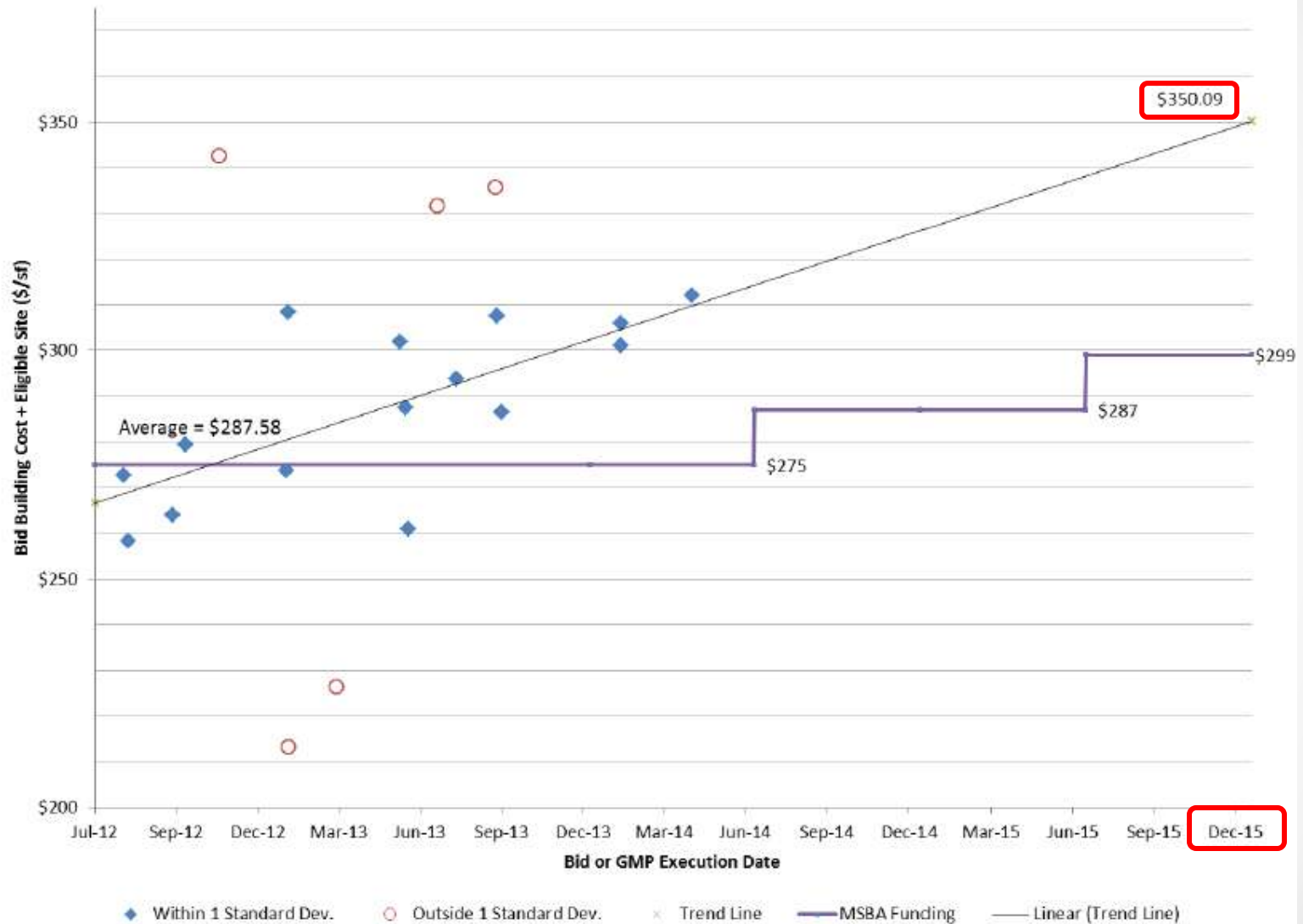
COMMUNICATION FLOW DIAGRAM



Current Market Data

- **MSBA Data** indicates **Average** School Project Cost has increased from **\$280/SF** at the end of 2012 to an average of **\$458/SF** for Middle School projects which have completed Schematic Design from 2015-2017.
- **Vermeulens 2016 Q3 Market Outlook states**
“Construction Price increases for 2016 are trending towards 6% per year depending on location.”
- **Gilbane’s 2016 Economic Report** suggests **4.5-6.5% escalation through 2018** vs just 1.5% to 2% in 2011, indicating anticipated increased project costs for the foreseeable future.

MSBA Data – Cost per SF Trends



MSBA Data – Cost per SF Trends

Fiscal Year	No.	Marked Up Building + Eligible Site Cost (\$/sf)			
		Schematic Design Estimates		GC Bid or CMR GMP	
		Average	Range	Average	Range
2010	6	\$294	\$256-\$359	\$226	\$197-\$261
2011	13	\$267	\$241-\$294	\$242	\$188-\$279
2012	14	\$264	\$242-\$292	\$259	\$224-\$289
2013	11	\$286	\$243-\$317	\$274	\$213-\$343
2014	8	\$312	\$275-\$339	\$309	\$286-\$336
2015	9	\$349	\$312-\$441	-	-

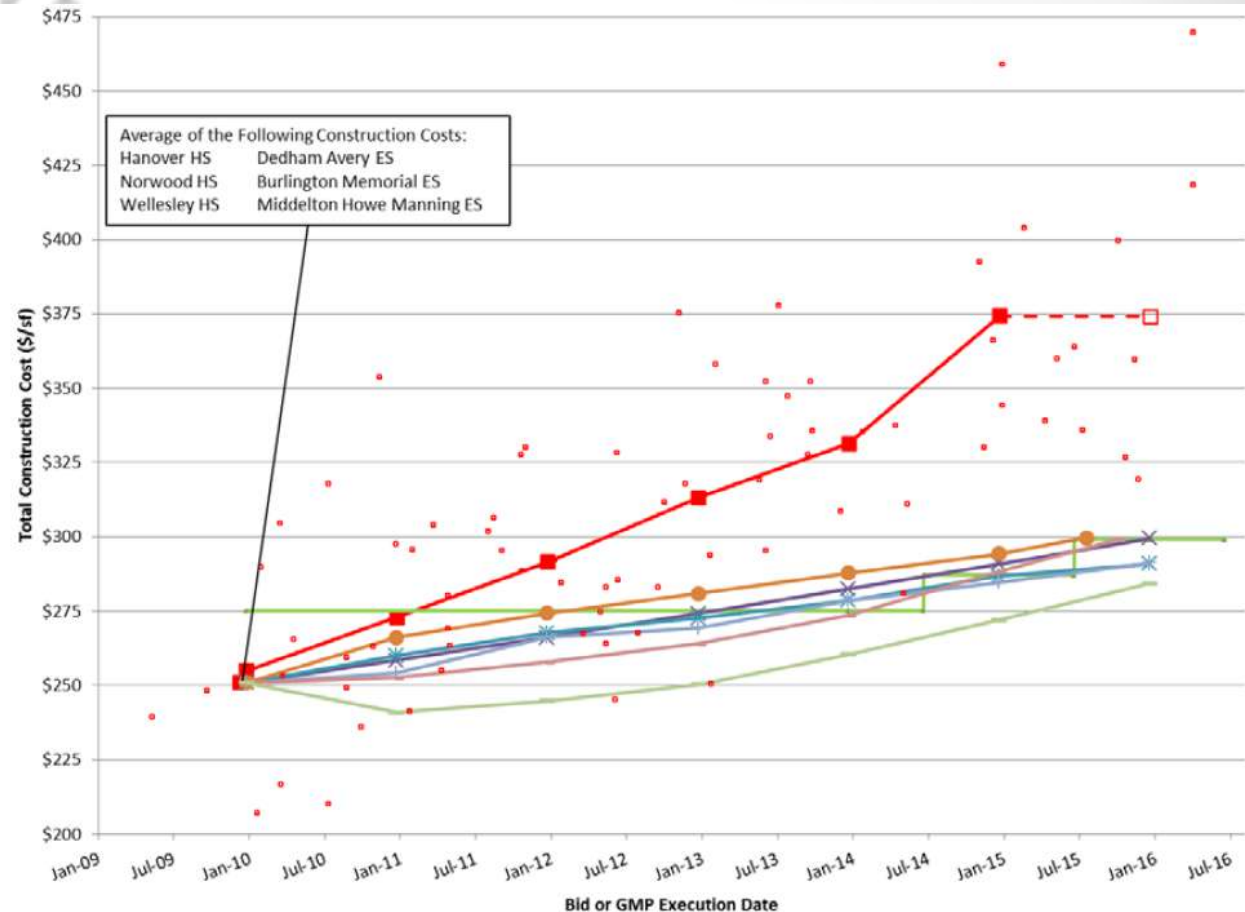
Estimates are presented by GC Bid or CM-R GMP execution dates.

www.MassSchoolBuildings.org

Building Cost Index by Building Type (2009 – 2016)

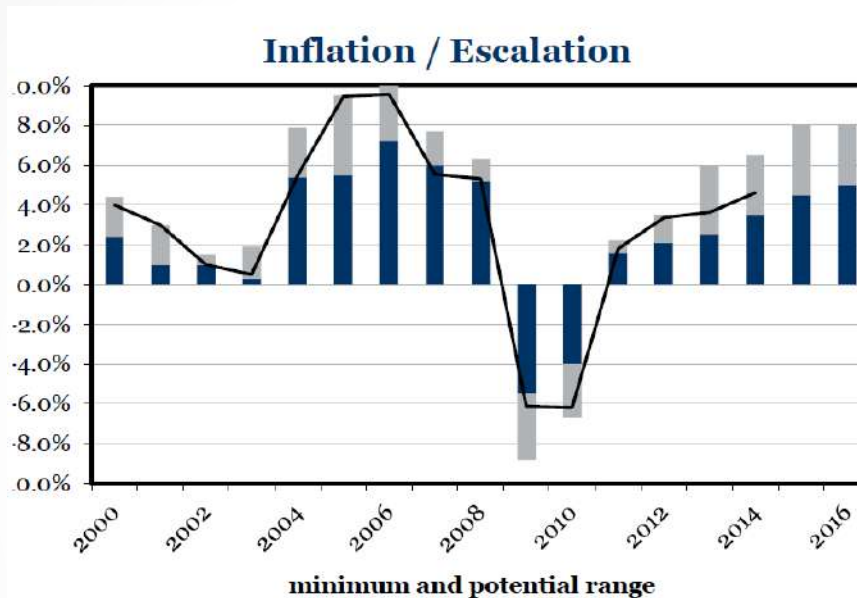
- Updated based on Total Construction Cost anticipated for this fiscal year
- Present at April 20, 2016 FAS Meeting

- Ave. Total Construction Cost
- 3% Escalation
- BLS PPI Schools
- Total Construction Cost
- Prel. Ave. Total Construction Cost
- ENR National
- RLB National CCI
- MSBA Construction Funding
- ENR BCI
- Turner Building Cost Index



Credit: MSBA May 2016 Board Meeting Presentation

Forecasting Inflation/Escalation



Prior to economic expansion and then downturn, long-term escalation averaged 3.5% for 20 years. I do not see any scenario which has us return to escalation as low as that long-term average at least for several years beyond the above noted predictions.

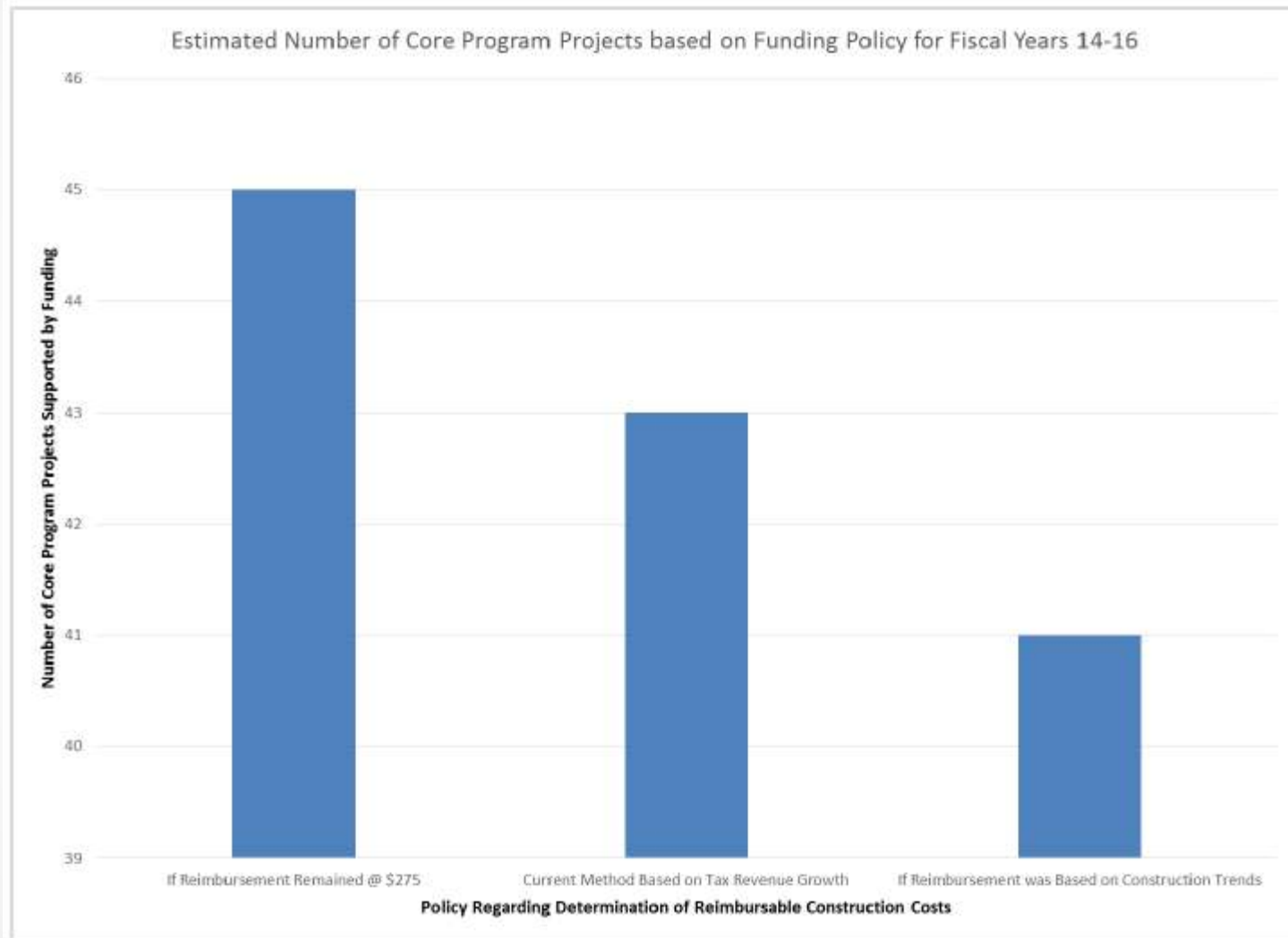
Potential inflationary periods, declining productivity and even slight continued margin growth for several years lead me to recommend a minimum long-term escalation beyond 2016 of no less than 4%.

	Escalation (low range)	Escalation (high range)	Low Range Cost/SF	High Range Cost/SF	
2015			\$ 312	\$ 441	(MSBA Data)
2016	4.50%	8.00%	\$ 326	\$ 476	
2017	4.50%	8.00%	\$ 341	\$ 514	
2018	4.50%	8.00%	\$ 356	\$ 556	

Sample of MSBA “Ineligible Costs”

- Vinyl Asbestos Floor Tile Abatement
- Moving Costs, Storage Containers, Swing Space, Student Transportation
- Athletic equipment, bases, balls, bats, racquets, uniforms, helmets, gloves, and all other related equipment.
- The costs of local building permits, inspection fees, and any other such fees.
- Construction Contingency Expenditures in Excess of 1% of the Construction Contract Value (2% for Renovations)
- Site Costs in excess of 8% of Direct Building Cost
- Soft Costs (Consultants, FF&E/IT, Misc.) in excess of 20% of Construction Cost
 - Architect & Consultants
 - OPM & Consultants
 - Furnishing, Fixtures and Equipment, and Information Technology
 - Miscellaneous
- **Gymnasiums over 6,000SF**
- **Auditoriums** (MS Cafetorium allowance of 15SF per student w. two seatings)
 - *HS allows 2/3 enrollment * 10SF per seat, Maximum 750*
- **Construction Costs over \$312/SQFT** (subject to change)

MSBA Data – Funding Policy Impact



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Project Funding Scenario - EXAMPLE

PROJECT FUNDING SCENARIO (EXAMPLE)

200,000SF Urban High School at \$500/SF = \$100,000,000 Construction Cost

\$312/SF Cost Cap * 200,000 Eligible SF = 62,400,000 Eligible Cost

Common Misconception:

~~\$ 100,000,000 Total Construction Cost~~

~~75% Reimbursement Rate~~

~~\$ 75,000,000 Grant~~

~~**\$ 25,000,000 District Share**~~

Actual MSBA Funding Calculation Example*:

\$ 100,000,000 Total Construction Cost

\$ 62,400,000 ELIGIBLE Construction Cost

75% Reimbursement Rate

\$ 46,800,000 Grant

\$ 53,200,000 District Share

*Example only, does not capture many ineligible costs

Case Study, Recent MSBA Urban Project



Project Scope and Budget | Brookline

Edward Devotion School

- Year Opened: 1922
- Current Grade Configuration: K-8
- Agreed Upon Grade Configuration: K-8
- Agreed Upon Enrollment: 1,010 students
- Scope of Project: Addition/Renovation
- Existing Square Footage: 162,051
- Proposed Square Footage: 227,087
- District Total Project Budget: \$120,150,000
- Estimated Basis Total Facilities Grant: \$67,775,172
- Reimbursement Rate*: 38.30%
- Estimated Maximum Total Facilities Grant: \$25,910,852

Only 56% of project
was eligible for
reimbursement

* The MSBA has provisionally included one (1) incentive point for the Construction Manager at Risk construction delivery method, subject to the District receiving approval from the Office of the Inspector General to utilize this method. The MSBA also has provisionally included two (2) incentive points for energy efficiency, subject to the District meeting certain sustainability requirements for the project. If the District does not receive approval for the Construction Manager at Risk delivery method and/or does not meet the energy efficiency requirements, the District will not qualify for these incentive points, respectively, and the MSBA will adjust the reimbursement rate and grant amount accordingly.

Next Steps / Schedule



Mattacheese Middle School Project - Plan/Decision Matrix



Responsibility	Action Required	Due Date	Status
PMA	Designer RFS Available to Interested Firms	Wednesday, March 22, 2017	On Target
PMA & District	Pre-Proposal Meeting (3:15PM)	Thursday, March 30, 2017	
PMA	Issue Designer RFS Addendum (if applicable)	Monday, April 3, 2017	
District (Larry)	Receive Designer SOQs (3PM Deadline)	Friday, April 7, 2017	
PMA & District	Precursory Review of Designer SOQs	Wednesday, April 12, 2017	
PMA & Building Committee	SBC Meeting Overview of Applicants	Wednesday, April 12, 2017	
PMA	Deliver Design Submissions to MSBA (Due at NOON)	Friday, April 14, 2017	
PMA	Deadline to Submit All Reference Checks to MSBA	Friday, April 21, 2017	
Building Committee	Local Review of Applications (no ranking per MSBA!!)	Wednesday, May 3, 2017	
District & PMA	Designer Selection Panel Meeting - Shortlist Firms	Tuesday, May 9, 2017	
District & PMA	Designer Selection Panel Interviews - Interview Shortlisted Firms	Tuesday, May 23, 2017	
District & PMA	Contract Negotiation (after DSP selection)	Wednesday, May 31, 2017	
District	Contract Execution (after Contract Negotiation)	Tuesday, June 6, 2017	
Architect, PMA, District	"Kick-Off" Meeting with Designers	2 Weeks after Contract	
Architect, PMA, District	Education Program Refined with Designer Input	Monday, July 3, 2017	
Building Committee	Final Acceptance of Education Program	Tuesday, July 11, 2017	
Architect	Draft Initial Space Summary	Tuesday, July 18, 2017	
Architect, PMA, District	Preliminary Evaluation of Alternatives	Tuesday, July 25, 2017	
Architect, PMA, District	Cost & Schedule Analysis of PDP Alternatives	Tuesday, August 8, 2017	
Architect, PMA, District	Final Evaluation of Alternatives	Tuesday, August 15, 2017	
Building Committee	Recommend Preferred Solution (SBC VOTE REQUIRED!)	Tuesday, August 15, 2017	
Architect, PMA, District	Finalize & Submit Design Program to MSBA	Tuesday, August 22, 2017	
MSBA	MSBA Review Period	Tuesday, September 12, 2017	
Architect, PMA, District	Respond to MSBA PDP Review Comments	Tuesday, September 26, 2017	

Questions & Discussion



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