NEW MIDDLE SCHOOL AT STRATFORD
RENOVATION AND ADDITION
ARLINGTON PUBLIC SCHOOLS

SCHOOL BOARD INFORMATION ITEM:
FINAL DESIGN AND CONSTRUCTION CONTRACT AWARD-FULL GMP
MARCH 22, 2018
PROJECT PARAMETERS

• New neighborhood Middle School
• Support Strategic Plan Goal #4 – Provide Optimal Learning Environments
• Address capacity needs by providing 1,000 seats
• Open by start of school in 2019
• Three-story addition to the west end of the existing building
• Existing building renovations to support the new Middle School program
PROJECT TIMELINE

• APRIL 2015 - Begin BLPC/PFRC
• NOVEMBER 2015 - School Board action to approve Concept Design
• MAY 2016 - School Board Action to support Local Historic District Designation
• JUNE 2016 - County Board Action to approve Local Historic District Designation
• JUNE 2016 - School Board Action to approve Schematic Design
• MARCH 2017 - County Board Action to approve the Certificate of Appropriateness (COA) and Use Permit U-3470-16-1
• MARCH 2018 - School Board action to approve Final Design
• APRIL 2018 - Begin construction
• SEPTEMBER 2019 - First day of school
SITE IMPROVEMENTS

NEW MARKINGS
NEW CURB EXTENSIONS AND MARKINGS
NEW ACCESSIBLE PATH TO SCHOOL AND STRATFORD PARK
NEW SIDEWALK
NEW CROSSWALK
EXPANDED BUS LANE
NEW CROSSWALK
NEW CURB EXTENSIONS AND MARKINGS
NEW SIGNALIZED INTERSECTION
BASEMENT PLAN

NEW ARTS AND TECHNOLOGY SUITE

LIBRARY  FOOD SERVICE  PHYSICAL EDUCATION  THEATER/ARTS  MUSIC  TECHNOLOGY  WORK & FAMILY STUDY  BUILDING SUPPORT

TEACHER & STORAGE  ADMIN  COUNSELING/CLINIC  CORE CLASSROOMS  TEACHING AND LEARNING SUPPORT  ELECTIVE CLASSROOMS  CIRCULATION  ENTRANCE
Construction Management at-Risk (CMR) is a qualifications based selection process and an alternative to competitive sealed bidding consisting of two phases:

– Phase 1: Pre-Construction Services
– Phase 2: Construction Services

On December 3, 2015 the School Board approved a contract award to the Turner Construction Company to provide Pre-construction Services.

Construction Services is contingent on reaching an agreed Guaranteed Maximum Price (GMP).
WHAT IS GMP?

- GMP stands for Guaranteed Maximum Price
- GMP is the total amount for which the Construction Manager at Risk (CMR) agrees to build the project
- The CMR, the architect, and APS must collaborate through the design process before agreeing on a GMP
- The CMR is engaged early on in the design process which allows many potential misunderstandings, errors, and omissions in the plans and specifications to be resolved before the GMP is set
- The CMR negotiates with subcontractors during the pre-construction phase to inform the GMP
- Once GMP is agreed on, the CMR must build the project for that price, barring any major unanticipated changes
Guaranteed Maximum Price (GMP) scope was based on completed construction documents and competitively bid among several subcontractors for each trade package.

November 2017 GMP submission exceeded previous estimates by several million dollars.

Much of the overage was because market escalation has outpaced the rate included in design estimates—consequences of unexpected increases in material costs and subcontractor labor shortages.

APS pursued various strategies to reduce the overall project costs:

- Selective re-bidding
- Refining estimated owner (soft) costs
- Value engineering (VE) and scope reductions
EVALUATING VALUE ENGINEERING (VE) OPTIONS

- Quantity of teaching spaces, outdoor play area, student capacity and parking spaces were maintained throughout the VE process.
- Over 160 individual VE items were evaluated over the last several months.
- Priorities when considering VE include:
  - Minimize impact on teaching and learning
  - Minimize impact on community improvements discussed during the public process
  - Maintain flexibility for items to be easily added at a later date
  - Minimize impact on future maintenance/operation costs
STATUS OF GUARANTEED MAXIMUM PRICE (GMP)

• November 2017 preliminary GMP submission exceeded the Target Value by $4.68 million (17%).

• VE process and continuing negotiations resulted in significant savings realized by low-to-no impact VE.

• Additional savings are possible, but require revisions to the approved Use Permit, Certificate of Appropriateness (COA), and/or impacts on teaching and learning.
Examples of VE items considered to have low-to-no impact:

- Simplify and/or standardize interior design elements
- Revise flooring and other interior finishes
- Revise built-in casework
- Modify roofing materials
- Use alternative manufacturers
Examples of scope change items that would impact the approved COA and/or Use Permit:

- Modify exterior materials
- Modify/remove canopies
- Eliminate portions of new Vacation Lane sidewalk
• Examples of scope change items that would impact teaching and learning and/or functionality of the new middle school, some more than others:
  – Eliminate renovations to create Arts and Technology Suite
  – Eliminate new elevator
  – Eliminate renovations to teacher collaboration rooms
  – Eliminate renovations to cafeteria entrance
  – Eliminate new gymnasium bleachers
  – Eliminate painting of all remaining existing rooms
STAFF RECOMMENDATION

• To avoid impacts to the approved COA, Use Permit, teaching and learning spaces, and functionality of the new middle school, provide additional funding from the Capital Reserve.
Virginia historic rehabilitation tax credit program is a state program that was created to incentivize the rehabilitation of certified historic structures.

The program offers a Virginia tax credit to project sponsors of 25% of a project’s Qualified Rehabilitation Expenditures.

Project sponsors like tax-exempt entities cannot utilize the tax credits but can set up a legal structure that allows a third-party investor to utilize the historic tax credits in exchange for an equity payment into the project.

Owners can expect net benefit of 17-20% of renovation costs (potentially more) from the use of VA Historic Tax Credits.

Stratford project is expected to qualify because of its historic designation.

Preliminary estimates indicate that APS could net $1.5 to $2.0 million in credits, pending final audit at project completion.

Any funds received could be used to replenish the Capital Reserve.
## PROPOSED PROJECT FUNDING

<table>
<thead>
<tr>
<th></th>
<th>Schematic Design¹</th>
<th>Proposed Funding</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Construction Bonds</td>
<td>$ 31,280,000</td>
<td>$ 31,280,000</td>
<td>$ -</td>
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<tr>
<td>Capital Reserve</td>
<td>$ 250,000</td>
<td>$ 2,450,000</td>
<td>$ 2,200,000</td>
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<tr>
<td>Other (Operating)²</td>
<td>$ 800,000</td>
<td>$ 800,000</td>
<td>$ -</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$ 32,330,000</td>
<td>$ 34,530,000</td>
<td>$ 2,200,000</td>
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**ACG/APS Jointly Funded Items**

<table>
<thead>
<tr>
<th></th>
<th>Schematic Design¹</th>
<th>Proposed Funding</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>APS Funding</td>
<td>$ 2,110,000</td>
<td>$ 2,310,000</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>ACG Funding</td>
<td>$ 2,110,000</td>
<td>$ 2,310,000</td>
<td>$ 200,000</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$ 4,220,000</td>
<td>$ 4,620,000</td>
<td>$ 400,000</td>
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**Grand Total**

<table>
<thead>
<tr>
<th></th>
<th>Schematic Design¹</th>
<th>Proposed Funding</th>
<th>Change</th>
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<tr>
<td>Grand Total</td>
<td>$ 36,550,000</td>
<td>$ 39,150,000</td>
<td>$ 2,600,000</td>
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**Notes:**
1. Approved by the School Board on June 2, 2016.
2. Furniture and equipment that cannot be bond funded.
## Proposed Project Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMP (Construction Costs)</td>
<td>$30,423,369</td>
</tr>
<tr>
<td>Owner (Soft) Costs¹</td>
<td>$8,726,631</td>
</tr>
<tr>
<td><strong>Project Total</strong></td>
<td><strong>$39,150,000</strong></td>
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</tbody>
</table>

**Note:**
1. Owner costs include design, project management, and other professional services fees, utility/permitting fees, furniture, equipment, and project contingencies.

## Proposed Jointly Funded Items

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Amount¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Driveway Connection Between Vacation Lane and Old Dominion Drive Including Fire Access Improvements</td>
<td>$1,900,000</td>
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<tr>
<td>2</td>
<td>Vacation Lane Improvements</td>
<td>$1,170,000</td>
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<tr>
<td>3</td>
<td>Signal at Old Dominion Drive</td>
<td>$670,000</td>
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<tr>
<td>4</td>
<td>Utility Undergrounding</td>
<td>$210,000</td>
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<tr>
<td>5</td>
<td>Emergency Responder Network</td>
<td>$160,000</td>
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<td>6</td>
<td>Publically Accessible Restroom adjacent to Stratford Park</td>
<td>$60,000</td>
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<tr>
<td>7</td>
<td>Utility Infrastructure Replacement</td>
<td>$450,000</td>
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<tr>
<td></td>
<td><strong>Project Total</strong></td>
<td><strong>$4,620,000</strong></td>
</tr>
</tbody>
</table>

**Note:**
1. Costs listed include construction, soft, and contingency costs.
RECOMMENDATIONS

• Approve the final design as described in Exhibits A through F.

• Approve total project budget, funding available, and jointly funded items as described in Exhibits G and H.

• Award Phase 2 – Construction Phase Services contract to the Turner Construction Company in the amount of $30,423,369.
THANK YOU