



TOWN OF NEEDHAM

TOWN HALL

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Public Safety Building Supplemental Funding Frequently Asked Questions 2021 Special Town Meeting Article 37 April 21, 2021

Why is supplemental funding needed?

There are two key reasons. First, the project cost increased by \$1.01 million to address unforeseen contaminated soil clean up at Fire Station #2. Second, the Town was required to cover costs related to COVID-19 protection at the job sites to keep the construction project moving during the period of the pandemic. This cost is estimated to be \$340,000.

Is the PPBC requesting the full \$1.7 million as listed in the warrant?

The PPBC voted to reduce its request to \$1.4 million. This amount should avoid a possible project shutdown and allow sufficient funds to finish the project.

What was the original cost of the project?

The total project cost is included in the debt exclusion override was \$69,995,000 (plus \$390,000 in previously appropriated cash articles for feasibility).

What buildings are included in the project?

The project includes the Public Safety Building on Chestnut Street, Fire Station #2 on Highland Avenue, and a completely new communications system and supporting tower infrastructure at four locations. Temporary quarters have also been set-up at the Hillside School for Fire Station #2 apparatus and staff and Police Department operations.

What is the status of the project?

The construction contract for the Public Safety Complex and Fire Station #2 was awarded to Consigli Construction in February 2018. Site preparation for the new Fire Headquarters on Chestnut Street began in March 2019. Fire Headquarters was completed in August 2020, along with the new dispatch center. Fire Station #2 demolition and construction began in January 2020 and that construction is anticipated to be complete by November 2021. Police Headquarters demolition and construction began in October 2020 and is expected to be complete in February 2022. Fire Station #2 and Police Department personnel are being housed temporarily at the Hillside School while buildings are under construction. All phases of the public safety building project are projected to be completed by early 2022.

Will the Town be reimbursed for the COVID-19 costs?

These costs, which follow the State guidelines permitting construction sites to remain open during the pandemic closure, may be reimbursable by the Federal government. Program

guidance has evolved after the change in the Presidential Administration, and the Town is awaiting further information as to whether these costs are reimbursable and if so at what level. If any reimbursement is received during the life of the project, the costs will be covered. If the any funds are received after the life of the project, they will be deposited in the General Fund of the Town.

Why was the contaminated soil unforeseen? Was there testing for soil contamination?

Although testing of the site was done, no indication of spillage or removed oil tanks was found. The Phase 1 investigation did identify the removal of an underground storage tank, but no issues were noted. Any contamination on the site would have had to be remediated, had it been found, regardless.

Was the contingency amount lower than typical?

Yes. To lower the cost of the project, the Owner's Project Contingency was lowered from 8% to 6%. In addition each of the Construction Manager's contingency and escalation allowances were reduced by 1% for a total reduction of approximately \$2.4 million. This was one of several ways that the project cost was lowered from \$73.75 million to reach a targeted debt exclusion override for the project of less than \$70 million.

What is the Owner's Project Contingency use for?

Project Contingency is used for funding unexpected and normal changes that occur through the life of a project. These changes are typically categorized as errors and/or omissions in the contract documents, owner requested changes, and found conditions that affect the project's completion. It is not uncommon with a project of this size and complexity that a larger portion of the contingency would be consumed.

Can the project size and scope be reduced to lower the cost?

At this stage of the project, the scope and components of the project have been bought out which means that the contractual obligations have been consummated and committed. Adjusting at this point will result in little or no savings and will create complications in realizing the intent of the project.

If the supplemental funding is approved, will there continue to be change orders?

Changes are a normal part of any construction project. A project of this size, with essentially five different pieces, will be subject to changes that arise during construction. The project team has a formal process followed by a governance on all change orders that involves the contractor, project management team, and Permanent Public Building Committee (PPBC). The PPBC is a citizen volunteer committee whose members have expertise in areas such as construction, finance, legal, architectural, and engineering. The PPBC oversees the project management team and scrutinizes all expenditures before voting to approve any. The project team and the PPBC will continue to manage the project in a manner that minimizes changes, and any funding that is not needed will not be borrowed or spent.

What will happen if supplemental funding is not approved?

If supplemental funding is not authorized, only those items contained in the current Anticipated Cost Log (ACL) can be funded.

Without supplemental funding, the PPBC believes the remaining project cannot be completed as planned and would most likely require stoppage of the Fire Station #2 project to have sufficient funds to allow Public Safety HQ to be completed. Shutting down the Station #2 project would be an expensive proposition, costing at a minimum another \$1.5M, including demobilization from the site and continuation of the temporary Hillside site and eventual remobilization.

In the view of the PPBC, it is not feasible to continue both projects (Fire Station #2 and the Public Safety Building) without sufficient contingency for unavoidable costs, and the alternative, stopping work at Station #2, will ultimately lead to greater costs than appropriating and proceeding with necessary supplemental funding at this time.