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## MEMO

**Project:** Hinsdale Middle School  
**To:** Board of Education and Superintendent Dr. Don White  
**Date:** September 8, 2017  
**Board Meeting:** September 11, 2017  
**Subject:** HMS Financial Update

The objective of this memo is to provide updated financial information for the Board of Education. In addition, I would like to collect clarifying questions and/or suggestions for how we can improve this type of communication so that we can better meet the Board's need for details related to the HMS Project and the Parking Deck Project. I have spoken with Dr. White regarding these objectives. He and I would suggest clarifying questions and input on the information in this memo be discussed further with the Facilities Committee. Our goal is to establish a cycle of discussion such that the Facilities Committee can consider key information and documents prior to them being considered by the full Board of Education. This may not be possible with all aspects of the projects, but it will be our goal as we move forward.

The HMS project remains on budget. Eighty percent of the trade contracts have been bid and awarded. This HMS Financial Update is a snapshot of the project at the beginning of September 2017. Narrative information is included in three areas:

1. Contingencies and Allowances
2. Bid Groups, Alternates, and Change Orders
3. Guaranteed Maximum Price Contract - GMP

At the end of this memo is a summary of the Parking Deck budget and payments for the work included in Alternate No. 3 and Change Order No. 1.

Also attached to this memo is the Budget Tracking Summary and Detailed Reports. These documents have been updated to include information through the end of August.

### **Contingency & Allowances**

Appropriate contingencies and allowances remain to address unforeseen conditions that may arise during construction. There are three contingency funds:

1. Owner's Contingency
2. Design & Construction Contingency
3. GMP Contingency

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The original contingency amounts from the January 13, 2017 Design Development Budget are summarized in the following table:

| Original Design Development Contingency       |                                  |
|---|----------------------------------|
| Contingency Line Item                         | DD Budget<br>January 13,<br>2017 |
| Design & Construction Contingency             | \$3,044,375                      |
| Owner's Contingency                           | \$947,291                        |
| <b>TOTAL BUDGETED PROJECT<br/>CONTINGENCY</b> | <b>\$3,991,666</b>               |

1. The entire original **Owner' Contingency** of \$947,291 remains. The Owner's Contingency allocated at the DD Budget has not been used to fund any work.
2. The original **Design & Construction Contingency** of \$3,044,375 included contingency to be used throughout the project and the GMP Contingency which becomes part of Bulley & Andrews' Contract after award and assignment of trade contracts to Bulley & Andrews. This is now shown as 2 line items in the budget
  - a. Design & Construction Contingency
  - b. GMP Contingency

The current Design & Construction Contingency has been separated into two budget line items:

- a. \$332,183 as a bidding contingency for future Bid Groups 3 and 4
  - b. \$259,009 as unallocated contingency
3. The **GMP Contingency** is part of Bulley & Andrews' contract for them to use on the project to address specific areas of work. Bulley & Andrews' will track the usage of this amount throughout the project.
    - a. The GMP Contingency is calculated at 3% of awarded trade contracts.
    - b. Approvals for use of the GMP Contingency are the same as other project changes.
    - c. Any unused GMP Contingency is returned to the District at the end of the project.

A detailed contingency summary tracking all debits or credits from the original DD Contingency amounts is being prepared. As soon as it is completed, it will be shared with the Board. All the project delay costs, and added alternated bids and change orders have been funded from the Design and Construction Contingency. 30% of the original project contingencies have been used. The current project contingencies are summarized below:

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| Contingency Summary   |                       |
|---|-----------------------|
| Contingency Line Item   | Current Budget Amount |
| Design & Construction Contingency for Bid Group 3 and Bid Group 4 Bidding | \$332,183             |
| Unallocated Design and Construction Contingency                           | \$259,009             |
| Subtotal  | \$591,192             |
| GMP Contingency   | \$1,264,000           |
| Subtotal  | \$1,264,000           |
| Owner's Contingency   | \$947,291             |
| Subtotal  | \$947,291             |
| <b>TOTAL PROJECT CONTINGENCY</b>  | <b>\$2,802,483</b>    |

In addition to the contingency amounts, Bulley & Andrews has included allowances in the trade contracts for specific areas of work where additional costs could be anticipated such as the bad soil conditions uncovered during excavation. Bulley & Andrews Executive Summary Report pages 35-38 summarizes each of the allowances. The allowances total is \$1,496,300. Limited expenditures have occurred from the allowances totaling \$58,071:

- a. Hydroseed dirt stockpile (\$2,250)
- b. Structural Steel (\$38,082), this item was reviewed at August 28, 2017 Board Meeting
- c. Traffic Control / Detour Barricades (\$17,739)

Some of the allowances are for general conditions work such as street cleaning, temporary enclosures, and safety items. Bulley & Andrews is requesting that many of these amounts be transferred from the trade contractor's contracts to their control. This request will be reviewed with the Facilities Committee at the September 19, 2017 meeting and the Superintendent's Project Advisory Task Force on September 18. This will then be presented to the Board for your consideration.

### **Bid Groups, Alternates, and Change Orders Recap**

Bids above or below the budget for a Bid Group can subtract or add to the contingency. Alternate Bids and Change Orders reduce contingency except where a separate line item for the change or alternate is included in the budget. This has only been done when an expenditure will be required, such as the schedule delay cost or where an alternate has been approved and there will be costs for that alternate in subsequent bid packages.

This is considered a fast track project that requires a rolling design and bid process. As a result, the Board has been asked to award bids over multiple meetings and consider alternates as additional information becomes available. This is not abnormal for this type of project but it does make it more

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complicated for those not working with this information on a daily basis. Most recently, the Board was asked to approve Change Orders 2-10. Many of these changes were necessary due to the multiple bid packages required for this project; timing of when various alternate bids were identified and were finalized; and the changing schedule. There were four planned bid groups:

Bid Groups 1 and 2 have been bid and all but 3 trade contracts from Bid Group 2 have been awarded.

## Bid Group 2 Rebid

There were three trade contracts for Bid Group 2 that require re-bidding:

- a. Metal Panels (\$600,000) because design modifications have been made to the original bid documents to reduce costs
- b. Skylight (\$125,000) originally had no bidders
- c. Joint Sealants (\$25,000) originally had no bidders

The schedule for Bid Group 2 Rebid is:

Release Bidding Documents - September 20, 2017  
Open bids – October 6, 2017  
Review Bids at Facility Committee - October 17, 2017  
Board Award - October 30, 2017

## Bid Group 3

Bid Group 3 is currently in the design phase. This bid group represents approximately 10% of the construction cost. This bid group includes interior finishes and equipment such as flooring, paint, casework, etc. The award for Bid Group 3 is scheduled for Board consideration at the December 18, 2017 meeting. The current budget for Bid Group 3 is \$4,203,734.

If accepted as an agenda item, Bid Group 3 bids are scheduled to be reviewed by the Facilities Committee in December. However, we may need to ask that the currently scheduled Facilities Committee meeting on December 19, 2017 be moved to a date earlier in the month or that an additional committee meeting be scheduled. This will allow Bid Group 3 to be reviewed by the Facilities Committee prior to Board consideration on December 18, 2017.

## Bid Group 4

Bid Group 4 includes demolition of the existing HMS, site work, and restoration of the athletic field. It will be bid in early 2018. This bid represents approximately 6% of the construction cost. The current budget for Bid Group 4 is \$2,772,958.

Bid Group 4 would also include the Parking Deck. The architect has been put on hold and is not currently working on the design documents for the Parking Deck. The Parking Deck work is not part of the Bid Group 4 budget listed above. Those amounts would be in addition to \$2,772,958 except for District 181's cost for the surface lot. Approximately \$1 million in trade contracts is budgeted as the District's share of the parking deck.

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## Alternate Bids

The following information is provided to summarize Board actions on alternates. Seven Alternate Bids have been approved for the HMS Project). Budgets were established for many of the alternates; those budgets were not part of the overall project budget. The alternate budgets were used to assist in making decisions on whether to proceed to the Bidding Phase with the alternate bid for the desired scope of work. A more detailed summary of each alternate is included below.

1. Window Alternate 2b (BG 2)
2. Parking Deck Alternate 3 (BG 1)
3. Ducted Fan Coil Alternate 3 (BG 2)
4. Schedule Alternate 4a (BG 1 and 2) and Schedule Alternate 4b (Change Order Increase)
5. Precast Alternate Bid 5 (BG 1)
6. Mezzanine Fitness Center Alternate 5 (BG2)
7. Larger Basement/ Storage Alternate 6 (BG 1)

### 1. Window Alternate 2b

A request was made and an alternate was developed to include operable windows in classrooms and offices. The cost for the work includes two trade contractors from Bid Group 2. Bids totaling \$198,000 were awarded on June 26, 2017. The original budget for this work was \$247,500. The final budget before bidding was \$193,800.

### 2. Parking Deck Alternate 3

This is the deeper foundations for the parking deck. The cost for the work includes three trade contractors from Bid Group 1. The trade contractor's bids for this alternate total \$719,440. One contract was awarded June 6, 2017 and two contracts were awarded on June 12, 2017. Change Order No. 1 in the amount of \$262,890 was approved for this work on August 14, 2017. These costs and projected payments are summarized at the end of this memo.

### 3. Ducted Fan Coil Units Alternate 3

This is to provide ducted supply air to classrooms in lieu of air discharged directly from the variable refrigerant fan (VRF) cassette unit located in the classroom ceiling. The cost for the work includes one trade contractor from Bid Group 2. The original budget from the Design Cost Option (DCO) log was \$100,000. The final budget before bidding was \$127,000. The trade contractor's bid for this alternate total \$123,000. This contract was awarded on June 26, 2017.

### 4. Schedule Alternate 4a and change to Schedule 4b

The cost of the original Schedule 4a included seven trade contractors and was bid as the Schedule 4a Alternate. The change order for Schedule 4b included nine trade contractors and was bid as the Schedule 4b Alternate. Contracts for the Schedule 4a Alternate were awarded at multiple Board meetings (two on June 6; four on June 26, and one on August 14, 2017). Change Order 7 is related to the project schedule and was awarded on August 14, 2017. The budget for Schedule 4a included an

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increased amount over the original project schedule in the amount of \$400,000. This was subsequently increased to \$450,000 as delays continued. This amount was again increased to \$540,000 when a final decision was made to approve a change to Schedule 4b.

| Schedule 4b Budget / Cost Summary            |                  |  |           |
|--|------------------|--|-----------|
| Cost Area                                    | Amount           | Action / Source  | Subtotals |
| Schedule 4a Bid Group 1                      | \$91,300         | Awarded June 6, 12, and 26, 2017                                     | \$213,385 |
| Mark-ups on Bid Group 1 (CO rates)           | \$4,212          | Bulley & Andrews Contract  |           |
| Schedule 4a Bid Group 2                      | \$112,675        | Awarded June 26, 2017  |           |
| Mark-ups on Bid Group 2 (CO rates)           | \$5,198          | Bulley & Andrews Contract  |           |
| Bid Group 1 4b to 4a Difference              | \$127,800        | Change Order 7 approved 8/28/2017                                    | \$95,465  |
| Bid Group 2 4b to 4a Difference              | (\$36,545)       |  |           |
| Mark-up on BG 1 & 2 4b to 4a Difference      | \$4,210          |  |           |
| Fencing and RB Overtime (including mark-ups) | \$15,033         | Change Order 2 approved 8/28/2017                                    | \$15,033  |
| Bulley & Andrews Staff                       | \$168,818        | From PCI0015, to be reviewed with Facilities Committee September 19, | \$216,220 |
| Bulley & Andrews General Conditions          | \$47,402         |  |           |
| Bid Group 3 and 4 Budget                     | \$0              | From 8/4/2017 Budget and conversations with Bulley & Andrews         | \$0       |
| <b>TOTAL COST</b>                            | <b>\$540,103</b> | \$540,000 Budget presented August 14, 2017                           |           |

## 5. Precast Alternate Bid 5

The precast concrete contractor provided a one-piece unit rather than the masonry contractor applying a cast stone piece to the precast panel. The cost for the work includes one trade contractor from Bid Group 1. Based on the precast bids received, the design team determined that this cost was less than the cost of having the masonry contractor complete this work on site. This option would also result in eliminating future maintenance costs for tuckpointing. The trade contractor bid for this work was \$151,016. This contract was awarded on April 10, 2017.

## 6. Mezzanine Fitness Center Alternate 5

A mezzanine fitness area over P.E. storage with access by a stair and a limited use elevator was designed as an option for the Board to consider. Six contractors' bids were a part of Bid Group 2. Five bids were awarded on June 26, 2017 and one was awarded August 14, 2017. Negotiated changes with three contractors were approved as Change Order 6 on August 28, 2017. Two contracts related to this work are scheduled to be bid as part of Bid Group 3. This includes the limited use elevator and flooring. The budget for the Mezzanine Fitness Center was \$94,717 (\$86,604 in trade contractor costs, \$8,113 in mark-ups). The total construction costs including mark ups is estimated to be \$61,018. The breakdown of costs associated with this item are:

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| Alternate 5 - Mezzanine Fitness Area Cost Summary |                 |   |
|---|-----------------|---|
| Cost Area   | Amount          | Action / Source   |
| Bid Group 1                                       | \$32,568        | Change Order 6 approved 8/28/2017 including mark-up costs |
| Bid Group 2 Bids                                  | (\$20,781)      |   |
| Bid Group 3 Budget                                | \$45,000        | Bulley & Andrews 8/7/2017 Budget                          |
| Mark-up on Bid Group 3                            | \$4,231         | 1.1 % Insurance, 3% GMP Cont., and 5.05% Fee              |
|   |                 |   |
| <b>TOTAL COST</b>                                 | <b>\$61,018</b> |   |

## 7. Larger Basement/ Storage Alternate 6

The original building design (Base Bid) did not include a dedicated basement storage area. 2,000 SF of area and access to the lower level of the parking deck was bid as part of this alternate. After Bid Group 1 when this alternate was accepted, the remaining work was bid as part of Bid Group 2 trade contractor's base bid. The cost for this work includes two trade contractors from Bid Group 1. Contracts were awarded on June 6 and on June 12, 2017 for this alternate bid. The Bid Group 2 bidders have included in their Base Bid amounts all their costs associated with this work. The Bid Group 3 bidders will also include in their Base Bid amounts all their costs associated with this work. The increase in the size of the basement storage area that was included in Change Order 3 is detailed in the Change Order portion of this report.

| Alternate 6 Basement Storage  |                  |  |
|-------------------------------|------------------|--|
| Cost Area                     | Amount           | Action / Summary                         |
| Bid Group 1                   | \$271,320        | Alternate 6 Bid Awards                   |
| Mark-up on Bid Group 1        | \$25,510         | Bulley & Andrews Contract                |
| Bid Group 2                   | Included         | Included in Base Bid Amounts and awarded |
| Bid Group 3                   | Included         | To be Included in Base Bids when bid     |
| <b>TOTAL IDENTIFIED COSTS</b> | <b>\$296,830</b> |  |
|                               |                  |  |
| <b>TOTAL BUDGET</b>           | <b>\$466,235</b> | From Design Options Cost Log             |

## Additional Alternate Bids Under Consideration

Additional Alternate Bids for Bid Group 3 will be reviewed with the Facilities Committee. Two possible alternates include: 1) floor finish material and 2) bleacher size.

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## Change Order Budget Information

The Board of Education approved the following Change Orders at the August 28, 2017 meeting. The amounts approved include trade contractor costs and associated mark-ups.

- Delay Start Changes CO 2
- Larger Basement CO 3
- Light Fixture Revisions CO4
- Remove Plaques CO5
- Mezzanine Fitness CO6 (Information provided in Alternate Bid 5 above)
- Schedule 4b CO7 (Information provided in Alternate Bid 4a above)
- Interim Conditions CO 8
- Roof Warranty CO 9
- ASI-001 CO 10

A summary of the approved Change Orders 2-8 and the allowance item included in ASI-001 (Architect's Supplemental Instruction) that was also discussed at August 28, 2017 meeting has been prepared. The summary identifies the impact of each change on the project contingency. The total of Change Orders approved increases the Design & Construction contingency by \$123,703. This is due to the significant deductive change order for the lighting change and due to three of the change items already being budgeted as separate budget line items.

| Change Summary - Approved at August 28, 2017 Meeting |                  |                     |                                |                                    |  |                                 |
|--|------------------|---------------------|--------------------------------|------------------------------------|--|---------------------------------|
| Change Order Description                             | Change Order No. | Change Order Amount | Allocations Against Allowances | Change Order Impact on Contingency | Running Total of Design & Construction Contingency |                                 |
|  |                  |                     |                                |                                    | \$512,489  | August 23, 2017 Budget Report   |
| Delay Start Changes                                  | 2                | \$15,033            |                                | \$0                                | \$512,489  | Budgeted in Schedule 4b Change  |
| Larger Basement                                      | 3                | \$93,119            |                                | (\$93,119)                         | \$419,370  |                                 |
| Light Fixture Revisions                              | 4                | (\$341,865)         |                                | \$341,865                          | \$761,235  |                                 |
| Remove Plaques                                       | 5                | \$5,475             |                                | (\$5,475)                          | \$755,760  |                                 |
| Alt 5 Mezzanine Fitness                              | 6                | \$34,070            |                                | \$0                                | \$755,760  | Budgeted in Alternate Line Item |
| Schedule 4b  | 7                | \$95,465            |                                | \$0                                | \$755,760  | Budgeted in Alternate Line Item |
| Interim Conditions                                   | 8                | \$37,418            |                                | (\$37,418)                         | \$718,342  |                                 |
| Roof Warranty  | 9                | \$52,129            |                                | (\$52,129)                         | \$666,213  |                                 |
| ASI-001  | 10               | \$30,021            |                                | (\$30,021)                         | \$636,192  |                                 |
| <b>Allowance Allocations</b>                         |                  |                     |                                |                                    |  |                                 |
| ASI-001 Kingery Allowance                            | N/A              | N/A                 | \$38,082                       | \$0                                |  | Budgeted in Steel Allowance     |
|  |                  | \$20,865            | \$38,082                       |                                    |  |                                 |

Additional financial detail is provided for the following change orders based on discussion at the Board meeting and the more involved financial nature of the changes:

- Change Order 2 – Delay Start
- Change Order 3 – Larger Basement
- Changer Order 8 – Interim Conditions



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## Change Order 2 - Delay Start

Change Order 3 includes two trade contracts. Due to the phased start of construction and the move of the modular classrooms, there was a need to relocate the construction fence. The cost for doing this work was \$4,500. Due to the delay in getting the Commonwealth Edison pole removed from the area where the modular classrooms were to be moved, there was a need to accelerate the construction of the modular link/hallway to the school. The cost for this work was \$9,807. There were also an additional \$663 in markups charged as a result of this work. Budgets for this work were included in the Bulley & Andrews budget for the change to Schedule 4b.

## Change Order 3 - Larger Basement

This increases the added basement area from 2,000 square feet in Alternate 6 to a total of 4,000 square feet. The estimates for the total cost of this work are:

| Change Order 3 Larger Basement |                  |  |
|--------------------------------|------------------|--|
| Cost Area                      | Amount           | Action / Summary   |
| Bid Group 1                    | \$93,119         | Change Order 3 approved 8/28/2017 including mark-up costs                        |
| Bid Group 2                    | \$35,000         | Bulley & Andrews budget for Bid Group 2 Base Bid included in Bid Group 2 awards  |
| Bid Group 3                    | \$15,000         | Bulley & Andrews budget for Bid Group 3 Base Bid, included in Bid Group 3 Budget |
| Mark-up on Bid Group 2 and 3   | \$4,701          |  |
|                                |                  |  |
| <b>TOTAL COST</b>              | <b>\$147,820</b> |  |

## Change Order 8 - Interim Conditions

There have been numerous interim conditions that needed to be addressed as part of the project thus far. This change order included six items of work:

| Change Order No. 8 Interim Conditions Breakdown            |                         |
|--|-------------------------|
| Item   | Cost including mark-ups |
| Stair Handrail   | \$3,713.00              |
| Temporary Asphalt Sidewalk                                 | \$4,864.00              |
| Wheel Stops and Handicapped Signs at Temporary Parking Lot | \$3,331.00              |
| Rework Downspouts  | \$3,936.00              |
| Temporary Egress Path                                      | \$4,614.00              |
| North Alley Striping and Protection                        | \$16,960.00             |
|  |                         |
| <b>TOTAL COST OF CHANGE ORDER</b>                          | <b>\$37,418.00</b>      |

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## Potential Change Items (PCI)

There are additional items that are being evaluated for inclusion as possible change orders or to be allocated against the allowances:

1. Additional fire alarm work requested by Hinsdale Fire Department for the modular classrooms.
2. Removal of contaminated soil (allowance).
3. Bulley & Andrews increased costs for Schedule 4b (budgeted line item). This item will be reviewed with the Facilities Committee and brought to the Board for approval on September 25, 2017.

## **Guaranteed Maximum Price Contract**

Bulley & Andrews, LLC's contract will require approval of the Guaranteed Maximum Price (GMP) agreement. The components of this agreement are included in their contract. This information will be reviewed with the Facilities Committee at the September meeting. The Guaranteed Maximum Price amount will include the trade contract amount, that have been bid and assigned to Bulley & Andrews, the 3% GMP Contingency on that amount and their associated fees and general conditions costs. It is also possible to include scope and budget in the Guaranteed Maximum Price that has not been completely designed by Cordogan & Clark, along with an appropriate contingency to reflect the unfished and not yet bid scope of Bid Groups 3 and 4. Discussions are on going with Bulley & Andrews regarding this possibility.

## **Appendix**

The Parking Deck Budget and Payment Summary follows at the end of this memo.

Also attached to this memo are the current Budget Tracking Summary Level Report and the Budget Detail Report. If there are specific questions regarding the detail, they can be answered at the Board meeting or by email anytime.

## Parking Deck Budget and Payment Summary

The HMS Project and the Parking Deck Project are being tracked separately so that we can account for expenditures related to the partnership with the Village of Hinsdale. In addition to the referendum approved budget amount of \$53,329,194, there is an amount of \$1,049,723 that is included in Bulley & Andrews' Contract for work related to the Parking Deck (i.e. the deeper foundation work required to construct the parking deck). This additional amount is the Village of Hinsdale's responsibility as it is directly related to the Parking Deck construction. The Village Board has approved the expenditure of this amount which includes Change Order No. 1. This amount is included in the trade contracts and will be paid by District 181 to Bulley & Andrews and reimbursed by the Village of Hinsdale to District 181 in accordance with the executed MOU. Payment for this work is included in a separate pay application from the HMS project. Pay Application No. 1 is included for consideration by the Board as part of the bills at the September 11, 2017 meeting. The following tables provide (1) a summary of the approved amounts and (2) a summary of anticipated and actual Pay Request amounts.

| Cost Area                       | Approved by<br>V of H<br>8/3/2017 | Approved by<br>V of H<br>8/15/2017 | Total       |
|---------------------------------|-----------------------------------|------------------------------------|-------------|
|                                 | Alternate 3                       | Change<br>Order 1                  |             |
| Trade Contracts                 | \$719,440                         | \$251,297                          | \$970,737   |
| Subcontractor Default Insurance | \$7,914                           | \$2,764                            | \$10,678    |
| Bulley & Andrews                | \$37,896                          | \$8,829                            | \$46,725    |
|                                 |                                   |                                    |             |
| <b>SUBTOTAL</b>                 | \$765,250                         | \$262,890                          | \$1,028,140 |
|                                 |                                   |                                    |             |
| <b>GMP Contingency</b>          | \$21,583                          | \$0                                | \$21,583    |
|                                 |                                   |                                    |             |
| <b>TOTAL</b>                    | \$786,833                         | \$262,890                          | \$1,049,723 |

| Anticipated and Actual Payments for Parking Deck<br>(deeper foundations only)  |                   |  |             |                  |
|--|-------------------|--|-------------|------------------|
| Pay<br>Application   | Approval<br>Month | Estimated Percent Complete<br>and Payment Amount |             | Actual<br>Amount |
| 1  | September         | 25%  | \$257,035   | \$241,489.80     |
| 2  | October           | 50%  | \$514,070   |                  |
| 3  | November          | 15%  | \$154,221   |                  |
|  | December          |  | none        |                  |
| 4  | January           | 10%  | \$102,814   |                  |
| TOTALS   |                   | 100%   | \$1,028,140 | \$241,489.80     |
| Note: GMP Contingency amount is not included in projections, added cost requiring use of this amount have not been identified at this time |                   |  |             |                  |