

Finance Subcommittee 1/22/19

Meeting Minutes

Recorded by: Victoria Clifford, Skanska

In Attendance:

Adam Chapdelaine, Sandy Pooler, John Cole, Michael Mason, Kate Loosian, Brian Rehrig (by phone)

Jim Burrows, Victoria Clifford, Skanska

**Jim gives an update on the Budget Packet:**

- Adam approved the invoices (no formal motion or vote)

**The Finance Committee Reviewed the Total Project Budget Form (3011) provided by Skanska:**

- Skanska met internally and went through every line item, then we met with HMFH to review
- Skanska has compared this to other project budgets – Using historical data from other districts
- Skanska included all approved incentives which bring the MSBA reimbursement rate to 49.72%
- Q: Where Builders Risk is carried?
  - A: In the CM at Risk contract – right now it’s a placeholder fee, but it’s up to negotiation with the CM at Risk – if we go over, we can pull from the Owner’s Contingency
- HMFH is carrying a fee of 9.5% - how the buckets for their fee gets allocated, may be shuffled
- Q: Line 29. Admin Costs – Do we need to consider bonding council?
  - A: Sandy: Typically, when we issue bonds, there is a premium which we can use to off balance
  - A: Skanska to look at what other districts have done
- Q: Line 35 - “Other Basic Reimbursables Services” –Is commissioning factored in to that?
  - A: Yes.
- Line 36 – This is a large bucket of money. We’ve reviewing against a breakdown of services from the geotechnical engineers
- Q: Line 33. Why is there no money allocated for Construction Testing?
  - A: It’s carried below in the Testing /Services line.
- Line 40. Traffic– this is the all in number to perform the work that TACT requested
- Q: Line 43: IS the Fee negotiated? What is the timeline of the scope?
  - A: The fee is negotiated. You will typically be a percentage of construction cost. This scope will bring you to the end of Design Development – 100% Construction Documents.
- Line 104. Utility Company Fees –Skanska based this budget off historical data / recommendations from HMFH.
- Line 105. Testing Services –this is all your basic services plus a contingency for preconstruction testing

- Line 106. Swing Space / Modular – We are getting a quote from a modular company to base this from. Right now, or phasing plan calls for no modulars, but we don't want to leave this budget item empty
- Skanska has factored in hiring a move manager
- FF&E – We worked with HMFH to get this budget to be as realistic as possible. FF&E reimbursement from MSBA is always short due to the small cap. Some projects want to carry extra FF&E costs in the Owners contingency, we are proponents to carry it within the FF&E line item
  - Q: What if we don't use up this whole budget?
    - A: We would then submit a BBR to move the money to a different line item – but it will affect the reimbursement rate
- Jim has new information from Lori that the Total GSF to 413,300 (Not 412,000 as show on handout) – Skanska will update this info
- Jim explains that we can decrease the contingency as the project goes on and bump it into the construction cost
- Within the Construction cost there is a GMP and Design Contingency which is based on the PSR estimate
- Q: (John Cole) Can we take the new budget and carry it through the benchmark exercise?
  - A: Yes. Skanska will do work on this.
- Q: (Adam) Why are there two different reimbursable rates?
  - A: Skanska to follow up
- Q: (Adam) Line 134. how do you differentiate the two total maximum facilities grants?
  - A: (Jim) There is an assumption that some change orders may be reimbursable – Skanska to confirm
- **Next Steps:**
  - Q: Schedule a call for Thursday?
    - A: Adam – we should keep it flexible
  - Next Tuesday, Skanska will present the total project budget and estimate summary – it will be public and final
  - Committee will have then have the opportunity to VE
  - Finance committee suggests hiding the right had calculations on the 3011 sheet to avoid confusion/have the sheet be as clean as possible
  - Adam asks that Jim is prepared to explain how the calculations work on the 3011. Also mentions that it will be important to note that the excluded and reimbursables will be negotiaed with the MSBA

#### **Further Questions/Requests for Skanska:**

- Q: Will the notes of the bottom half of the sheet be populated?
  - A: Yes.
- Q: What is Skanska's process in reviewing the Total Project Budget? Will you have more eyes on this document?
  - Yes, we will have an internal audit with our full project team
- Q: When the office spaces were taken out, which bucket was it taken from?
  - A: The construction costs line item, but we kept the mark ups the same

- Request: (Brian) Requests a built-in explanation of the Overall Excluded Construction Cost/  
Construction Cost
  - Skanska will make a side table on the right that breaks this out

#### **Updates Parmenter Analysis – Cost Factors**

- We cleaned up the table Adam previously sent out to the SBC
- Adam approved this document and asks Skanska to distribute it to the full building committee