

**TOWN OF CROMWELL - TOWN COUNCIL
TOWN HALL COUNCIL CHAMBERS
41 WEST STREET, CROMWELL, CT 06416
SPECIAL MEETING MINUTES**

Thursday, April 6, 2023 - 6:00 p.m.

Present: Mayor S. Fortenbach, Deputy Mayor J. Henehan, Councilman Demetriades, Councilwoman P. Luna, Councilman J. Polke, Councilman A. Waters

Absent: Councilwoman J. Donohue

Also present: Town Manager Salvatore, Finance Director Sharon DeVoe, Rosanna Glynn CMS Building Committee Chairperson, John Butkus of Arcadis

A. CALL TO ORDER

Mayor Fortenbach called the meeting to order at 6:01 p.m.

B. NEW BUSINESS

1. Cromwell Middle School Project Status Update, discussion and possible action

John Butkus of Arcadis was in attendance to give a presentation to the Town Council. CMS Building Committee Chairperson was also present to answer questions of the Town Council. See *Attachment A* for the presentation slides. See *Attachment B* for documents provided to the Town Council with their packets.

There was discussion regarding the increase in costs incurred if the project is put on hold due to projected inflation.

MOTION made by J. Henehan and **SECONDED** by P. Luna to approve and amend the amount approved at referendum for the new middle school project from 58.6 million dollars to 72.6 million dollars and send to the Board of Finance for approval.

All in favor.

2. Discussion and possible action regarding the independent comparison report between the preliminary bid and schematic state bid for the Cromwell Middle School Project.

See *Attachment C* for the independent comparison report.

The Town Council chose to skip over this item as a decision was made regarding the project under Item B.1. of the agenda.

3. Discussion and possible action regarding proposed change to Town Code §54-12. Interruptions in Employment.

The Town Manager explained that only part of the proposed change to this code was approved at the last meeting, therefore it needed to be reapproved exactly as proposed.

MOTION made by J. Demetriades and **SECONDED** by J. Henahan to approve Town Code Section 54-12. Interruptions in Employment as follows: If a participant's status as an employee of the Town is terminated or interrupted for more than a twelve-month period, except in the case of a leave of absence and thereafter he/she resumes his/her status as an employee, he/she shall be deemed to be a new employee from the date of such reemployment or resumption, and his/her period of employment shall be counted from such date. This change is retroactive to July 1, 2022.

All in favor.

C. APPOINTMENTS

1. Board of Assessment Appeals, Ratification of Appointment of Jessica Downes as a regular member retroactive to 5/9/2022 for a term expiring 11/7/2023.

MOTION made by P. Luna and **SECONDED** by J. Henahan to ratify the appointment of Jessica Downes as a regular member to the Board of Assessment Appeals retroactive to 5/9/2022 for a term expiring 11/7/2023.

All in favor.

2. CWPCA, Geoff Oryell (R), regular member for a term expiring 4/1/2027.

MOTION made by J. Henahan and **SECONDED** by J. Polke to appoint Geoff Oryell to CWPCA as a regular member for a term expiring 4/1/2027.

All in favor.

D. ADJOURN

MOTION made by J. Polke and **SECONDED** by A. Waters to adjourn.

All in favor.

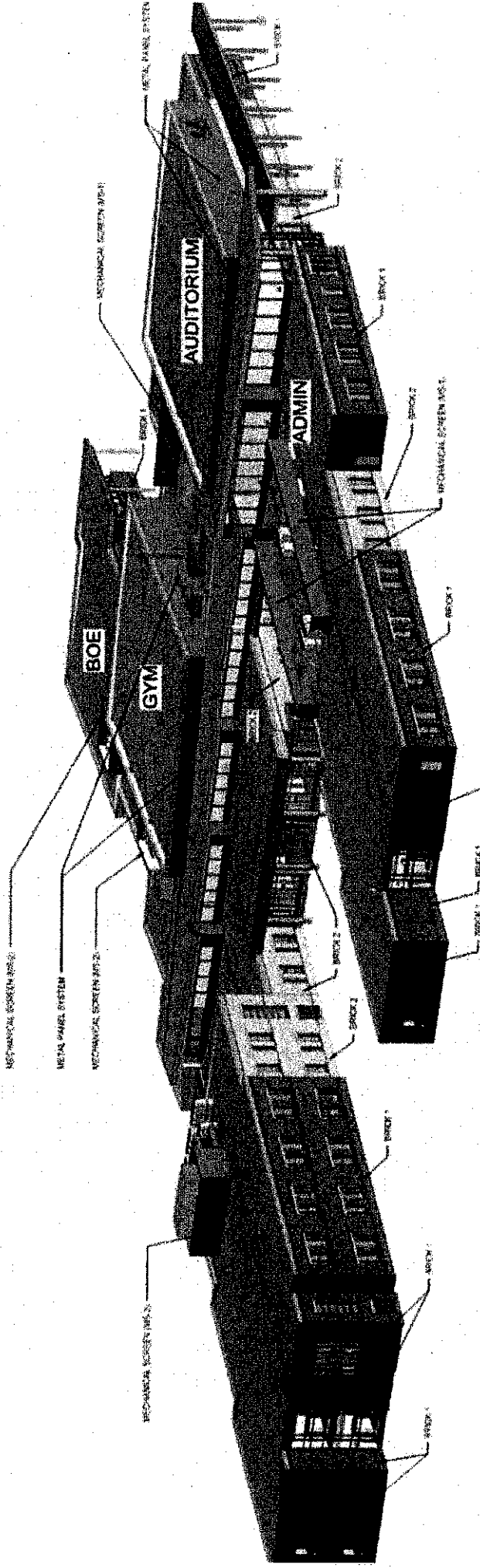
The meeting adjourned at 6:59 p.m.

Respectfully submitted,



Amanda Calve
Secretary

Cromwell Town Council Project Budget Presentation 6 April 2023 Cromwell Middle School CPS Central Administrative Office



Following the Special Meeting of the Town Council on February 8, 2023, the project team incorporated a variety of design changes and value management revisions into the project documents. Upon reaching the next design milestone known as Design Development, new construction cost estimates have been performed. This report captures the results of those estimates as well as recommendations by the Cromwell Middle School Building Committee for the Town Council's use in providing next-step guidance.

Description	School Budget As Of 03/01/23	Office Budget As Of 03/01/23	Post DD Estimate Adjustments	Proposed Budget 3/29/23
	a	b	c	d
				(ar-b+c)
Architect and Engineering Services				
Architect - Pre Referendum	\$ 29,001	\$ -	\$ -	\$ 29,001
Architect Fees	\$ 2,285,392	\$ 221,305	\$ -	\$ 2,486,697
Total A & E Costs	\$ 2,294,393	\$ 221,305	\$ -	\$ 2,617,698
Owner's Oversight				
Owner's Representative	\$ 631,062	\$ 31,123	\$ -	\$ 662,185
Commissioning	\$ 78,000	\$ 8,000	\$ -	\$ 86,000
Testing & Inspection	\$ 71,250	\$ 3,750	\$ -	\$ 75,000
Moving	\$ 85,000	\$ 3,000	\$ -	\$ 88,000
Buildout Risk Insurance	\$ 180,000	\$ 3,750	\$ -	\$ 183,750
Owner's Oversight Costs	\$ 965,312	\$ 49,623	\$ -	\$ 1,014,935
Town Services				
Town Legal Services	\$ 9,500	\$ 500	\$ -	\$ 10,000
Bond Counsel Fees	\$ 231,500	\$ 12,500	\$ -	\$ 250,000
State Permit Fees	\$ 12,297	\$ 647	\$ -	\$ 12,944
Piling & Mining	\$ 2,375	\$ 375	\$ -	\$ 2,750
Other Costs	\$ 23,750	\$ 1,000	\$ -	\$ 24,750
Town Costs	\$ 268,422	\$ 15,022	\$ -	\$ 308,444
Construction Manager				
Pre-Construction	\$ 200,000	\$ 10,000	\$ -	\$ 210,000
Construction Manager (CMP)	\$ 48,240,136	\$ 2,188,233	\$ 11,668,165	\$ 62,076,534
Total Construction Costs	\$ 48,440,136	\$ 2,178,233	\$ 11,668,165	\$ 62,286,534
FF&E/Technology				
Fixtures, Furniture and Equipment	\$ 1,208,000	\$ 75,000	\$ -	\$ 1,275,000
Communication Technology Hardware	\$ 1,225,000	\$ 20,000	\$ -	\$ 1,245,000
Total FF&E/Technology Costs	\$ 2,425,000	\$ 95,000	\$ -	\$ 2,520,000
Owner Contingency	\$ 1,523,454	\$ 109,300	\$ 591,805	\$ 2,214,789
Grand Total	\$ 55,933,717	\$ 2,670,683	\$ 12,269,965	\$ 70,854,400
			ORIG. TOTAL COST	\$58,604,400

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DD Construction Estimate Values - Recommended				Variance as % of Original	
				Estimate as % of Low	Percent of Average
Newfield	Combined Const Cost	\$61,394,480	\$11,469,538	100.89%	99.2%
ARCADIS		\$62,111,104	\$12,526,672	100.86%	100.1%
PACS	AVERAGE VALUE	\$62,534,018	\$13,548,165	101.54%	100.7%
	ORIG. Const Value	\$58,604,400			
	Const Cost Variance	\$11,469,538			
CONINGENCY STUDY				Owner Contingency of \$2,214,789 as % of Construction Value = 3.56%	
5% Owner Contingency at new construction cost	Required Value	\$3,114,327	Added to Required	Revised Variance	Revised Total Cost
4% Owner Contingency at new construction cost	\$2,481,465	\$2,481,465	\$2,481,465	\$11,469,538	\$71,754,938
3.5% Owner Contingency at new construction cost	\$2,180,629	\$2,180,629	\$2,180,629	\$12,526,672	\$71,135,072
			No change warranted	No change warranted	No change warranted

INITIAL REVIEW FINDINGS:

After averaging the three Design Development estimates, the bare minimum addition to project cost would be \$12,250,000. This figure represents a reduction of approximately \$6 million since the Schematic Design phase.

Only the construction value overage, and a contingency contribution of 5% of that overage, were added. As the contingency study shows, that figure results in an inadequate Owner's Contingency (only 3.5% of construction cost) and would not accommodate the anticipated delay in design necessary to hold a second referendum.



Budget Recommendation – Combined Projects

2022 REFERENDUM APPROVED BUDGET	\$ 58,604,400
Schematic Estimate (Variance to budget \$18,200,000 +/-) (Modified for 500 Seat Aud. Per Revised Ed Spec)	\$ 76,800,000
Design Development Estimate Results (w/ 500 Seat Aud.) (Variance to budget \$12,250,000)	\$ 70,854,400
(Note the savings of approximately \$6 million achieved through redesign and value management efforts)	
Recommended Contingency Increase (Adjustment to 5% of Construction Value)	\$ 910,600
Cost Impact of 2-Month Design Hold (To Allow Second Referendum/Restart Design)	\$ 835,000
RECOMMENDED PROJECT BUDGET (Variance \$13,995,600)	\$ 72,600,000



Cost of Design Hold vs. Fee Exposure Risk

AS A COST MITIGATION EFFORT, PLEASE CONSIDER THE FOLLOWING INFORMATION	
Cost of inflation due to a 2-Month Design Hold (To hold second referendum/restart design)	\$ 835,000*
* This amount <u>will only be incurred</u> if a design hold is required.	
Fees to be Incurred Awaiting Funding Approval (From April 1 to Referendum Date)	\$ 411,000**
** These fees are <u>already budgeted</u> within the original project costs. No cost impact to town unless referendum fails.	
The CMSBC Recommends Allowing Design to Continue Without Interruption to Avoid \$835,000 of Inflation Costs. Continuing without delay would lower the recommended budget to \$71,765,000.	



Budget Overview – Revised Town Share

COST TO CROMWELL COMPARISON 2022 Budget vs. April 2023 Projections

2022 Middle School Budget	\$56,933,717
Less 5% Ineligible Costs	\$2,796,686
Eligible Value	\$53,137,031
Reimbursement @ 39.64%	\$21,063,519
Net Town Cost	\$34,870,198
2022 Admin. Office Budget	\$2,670,683
Less 5% Ineligible Costs	\$133,534
Eligible Value	\$2,537,149
Reimbursement @ 19.82%	\$502,863
Net Town Cost	\$2,167,820
Total Project Costs	\$58,604,400
Total Cost to Town	\$37,038,018

"As Approved" Town Costs based on current
OSCGR reimbursement rates

2023 Middle School Budget	\$69,114,717
Less 5% Ineligible Costs	\$3,455,736
Eligible Value	\$65,658,981
Reimbursement @ 39.64%	\$26,027,220
Net Town Cost	\$43,087,497
2023 Admin. Office Budget	\$3,485,283
Less 5% Ineligible Costs	\$174,264
Eligible Value	\$3,311,019
Reimbursement @ 19.82%	\$656,244
Net Town Cost	\$2,829,039
Total Project Costs	\$72,600,000
Total Cost to Town	\$45,916,536

"Proposed" Town Costs based on current
OSCGR reimbursement rates

2023 Middle School Budget	\$69,114,717
Less 5% Ineligible Costs	\$3,455,736
Eligible Value	\$65,658,981
Reimbursement @ 49.64%	\$32,593,118
Net Town Cost	\$36,521,599
2023 Admin. Office Budget	\$3,485,283
Less 5% Ineligible Costs	\$174,264
Eligible Value	\$3,311,019
Reimbursement @ 24.82%	\$821,795
Net Town Cost	\$2,663,488
Total Project Costs	\$72,600,000
Total Cost to Town	\$39,185,087

"Proposed" Town Costs based on revised
reimbursement rates

Net Variance in Total Project Costs \$13,995,600

\$13,995,600

Net cost increase to Town \$8,878,518

\$2,147,069

The CMSBC disputes the current reimbursement rates issued by OSCGR and is lobbying to return the rate to the Town's full reimbursement rates, as the concept study showed that a replacement building would be less costly than a renovation of the existing facility. All numbers are for illustration and will be confirmed upon completion.

RECEIVED FOR RECORD
May 31, 2022 10:41A
JoAnn Doyle
TOWN CLERK
CROMWELL, CT

RESOLUTION OF THE BOARD OF FINANCE
OF THE TOWN OF CROMWELL
(May 26, 2022)

John Doyle

RESOLUTION APPROPRIATING \$58,604,400 FOR COSTS RELATED TO THE CONSTRUCTION OF A NEW MIDDLE SCHOOL AND CENTRAL OFFICES, AND AUTHORIZING THE ISSUE OF BONDS AND NOTES IN THE SAME AMOUNT TO FINANCE THE PORTION OF SUCH APPROPRIATION NOT DEFRAYED FROM GRANTS

WHEREAS, The Town Council of the Town of Cromwell by resolution adopted at its meeting held May 11, 2022, recommended an appropriation, to be funded from borrowings to the extent not funded from grants or other sources, of \$58,604,400 for costs related to the construction of a new middle school and central offices;

NOW, THEREFORE, RESOLVED,

(a) That the Town of Cromwell appropriate FIFTY-EIGHT MILLION SIX HUNDRED FOUR THOUSAND FOUR HUNDRED DOLLARS (\$58,604,400) for costs of the planning, design, acquisition, construction, furnishing and equipping of a new middle school and central offices to be located at 6 Captain Mann Memorial Drive, including site modifications anticipated to include creation of an outdoor amphitheater, outdoor reading and lecture area, and parking improvements. (the "Project"). The appropriation may be spent for design, construction, acquisition, site improvements, demolition and removal of materials, installation, relocation, permitting and environmental costs, furnishings, fixtures, equipment, technology, materials, site improvements, architectural, engineering and other consultant fees, legal fees, net interest on borrowings and other financing costs, and other expenses related to the Project and its financing, including the preparation of schematic drawings and outline specifications for the Project. The Cromwell Middle School Building Committee, which has been established by the Town Council, is established as the building committee with regard to the Project, and following consultation with the Town Council and the Town Manager, shall determine the final scope and particulars of the Project. The Town anticipates applying to the State of Connecticut for school building project grants to offset in part the cost of the Project and anticipates that it will receive grants for the Project in the estimated amount of approximately \$22,113,200. The Cromwell Middle School Building Committee, following consultation with the Town Council and the Town Manager, may reduce or modify the scope of the Project, and the appropriation may be spent on the Project as so reduced or modified. The Town anticipates applying for and receiving a grant from the State Department of Education to defray a portion of the eligible costs of the Project.

(b) That the Town issue bonds or notes in an amount not to exceed FIFTY-EIGHT MILLION SIX HUNDRED FOUR THOUSAND FOUR HUNDRED DOLLARS (\$58,604,400) to finance the appropriation for the Project. The amount of bonds or notes authorized shall be reduced by the amount of grants or other available moneys received by the Town and not separately appropriated to pay additional Project costs. The bonds or notes shall be issued pursuant to Section 7-369 of the General Statutes of Connecticut, Revision of 1958, as amended and any other enabling

acts. The bonds or notes shall be general obligations of the Town secured by the irrevocable pledge of the full faith and credit of the Town.

(c) That the Town issue and renew temporary notes from time to time in anticipation of the receipt of the proceeds from the sale of the bonds or notes and the receipt of grants or other available moneys for the Project. The amount of the notes outstanding at any time shall not exceed FIFTY-EIGHT MILLION SIX HUNDRED FOUR THOUSAND FOUR HUNDRED DOLLARS (\$58,604,400). The notes shall be issued pursuant to Section 7-378 of the General Statutes of Connecticut, Revision of 1958, as amended. The notes shall be general obligations of the Town and shall be secured by the irrevocable pledge of the full faith and credit of the Town. The Town shall comply with the provisions of Section 7-378a of the General Statutes if the notes do not mature within the time permitted by said Section 7-378.

(d) That the Town Manager and the Director of Finance/Treasurer of the Town shall sign any bonds, notes or temporary notes by their manual or facsimile signatures. The Town Manager and the Director of Finance/Treasurer are authorized to determine the amounts, dates, interest rates, maturities, redemption provisions, form and other details of the bonds, notes or temporary notes; to designate one or more banks or trust companies to be certifying bank, registrar, transfer agent and paying agent for the bonds, notes or temporary notes; to designate a law firm as bond counsel to approve the legality of the bonds, notes or temporary notes; to provide for the keeping of a record of the bonds, notes or temporary notes; to designate a financial advisor to the Town in connection with the sale of the bonds, notes or temporary notes; to sell the bonds, notes or temporary notes at public or private sale; to deliver the bonds, notes or temporary notes; and to perform all other acts which are necessary or appropriate to issue the bonds, notes or temporary notes.

(e) That the Town hereby declares its official intent under Federal Income Tax Regulation Section 1.150-2 that costs for the Project may be paid from temporary advances of available funds and that the Town reasonably expects to reimburse any such advances from the proceeds of borrowings in an aggregate principal amount not in excess of the amount of borrowing authorized above for the Project. The Town Manager and the Director of Finance/Treasurer are authorized to amend such declaration of official intent as they deem necessary or advisable and to bind the Town pursuant to such representations and covenants as they deem necessary or advisable in order to maintain the continued exemption from federal income taxation of interest on the bonds, notes or temporary notes authorized by this resolution, if issued on a tax-exempt basis, including covenants to pay rebates of investment earnings to the United States in future years.

(f) That the Town Manager and the Director of Finance/Treasurer are authorized to make representations and enter into written agreements for the benefit of holders of the bonds, notes or temporary notes to provide secondary market disclosure information, which agreements may include such terms as they deem advisable or appropriate in order to comply with applicable laws or rules pertaining to the sale or purchase of such bonds, notes or temporary notes.

(g) That the Board of Education and other proper officers of the Town designated by the Town Manager and the Director of Finance/Treasurer are authorized to apply to the Commissioner of Administrative Services and to accept or reject grants for the Project; and to enter into any grant agreement necessary to obtain such grants. Any grant proceeds shall be used to pay Project costs or otherwise be applied to the payment of the principal and interest on bonds, notes or temporary notes.

(h) That the Board of Education and other proper officers of the Town designated by the Town Manager and the Director of Finance/Treasurer are authorized to apply for and accept Federal grants to help finance the appropriation for the Project and to enter into any grant agreement necessary to obtain such grants. Any grant proceeds shall be used to pay Project costs or otherwise be applied to the payment of the principal and interest on bonds, notes or temporary notes.

(i) That the Town Manager, the Director of Finance/Treasurer, and other proper officers and officials of the Town are authorized to take all other action which is necessary or desirable to complete the Project and to issue bonds, notes or temporary notes and obtain other funding to finance the aforesaid appropriation, including but not limited to applying for and accepting grants and other funds that may be available for the Project.

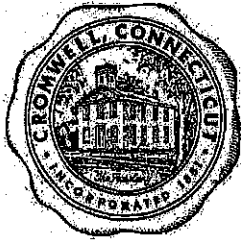
FURTHER RESOLVED, that the Board of Finance recommends to the Town Meeting of the Town of Cromwell the approval of the aforesaid appropriation for costs related to the construction of a new middle school and central offices, said appropriation to be effective immediately upon final adoption.

Chapter C. Charter

Article VIII. ANNUAL BUDGET AND FINANCIAL PROCEDURES

Section 8.12. Expenditures and Accounting.

- (a) No purchase to be satisfied with Town funds shall be made by any department, board, commission or officer of the Town, other than the Board of Education except through procedures established by the Town Manager. The Town Manager shall cause the amount of authorized purchases and contracts for future purchases to be recorded as encumbrances against the appropriations from which they are to be paid.
- (b) No voucher, claim or charge against the Town shall be paid until the same has been audited by the Finance Director/Town Treasurer, and approved by him for correctness and validity. Payment of all approved claims against Board of Education accounts shall be authorized by the Superintendent of Schools, or his agent, which authorization shall be valid when countersigned by the Finance Director/Town Treasurer. Payment of all approved claims against all Town accounts shall be authorized by the Town Manager, which authorization shall be valid when countersigned by the Finance Director/Town Treasurer, provided, in the absence or inability to act of the Town Manager, the Acting Town Manager shall substitute temporarily for the Town Manager.
- (c) The Finance Director/Town Treasurer shall prescribe the time at which and the manner in which persons receiving money on behalf of the Town shall pay the same to him.
- (d) No expenditure and no commitment to make an expenditure shall be made, or authorized by any officer, agent or agency of the Town, or by any board or commission of the Town unless an appropriation shall have been made covering such expenditure or commitment in accordance with the provisions of this Charter.
- (e) Each order drawn upon the Town shall state the department, commission, board or officer and the appropriation against which it is to be charged.
- (f) Every payment made in violation of the provisions of this Charter shall be deemed illegal and every official authorizing or making such payment or taking part therein and every person receiving such payment or any such payment shall be jointly and severally liable to the Town for the full amount so paid and received. If any officer or employee of the Town shall knowingly incur any obligation or shall authorize any expenditure in violation of the provisions of this Charter or take any part therein, such action shall be cause for his removal.
- (g) The Town Council may adopt, by resolution, such rules and regulations concerning expenditures, and bidding procedures, not inconsistent with the provisions of this section, as it may from time to time deem necessary and appropriate.



TOWN OF CROMWELL

Finance Department

Memorandum

DATE: February 27, 2023
TO: Anthony J. Salvatore
Town Manager
FROM: Sharon A. DeVoe
Finance Director
RE: School Building Project

Please see timeline of the School Building Project:

- In August 2021 BOE engaged CSG for the Ed Specs in collaboration with the Superintendent and Cromwell Central Office administration and staff. (Dr. Macri, Ann Burke, Michelle DiMauro, MacLean and Sandra Shaw)
- RFP for Architect for conceptual design issued 1/28/2022 due 2/14/2022. Notice to proceed signed 3/8/2022 with Tecton
- 3/2/2022 meeting Ed specs will be presented to BOE on 3/8/2022
- Ed Specs approved at BOE meeting on 4/5/2022
- At 4/5/2022 Building Committee meeting it was noted that the Chair met with Town Manager and Finance Director to discuss Committee's authority in regards to scope and Ed Spec parameters
- On April 29, 2022 Chair met with Dr. Macri, Steve Fortenbach, Jon Harriman, Sharon DeVoe, Marianne Sylvester and Anthony Salvatore

to discuss the project and financial needs for communication of the project.

PULLMAN & COMLEY

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www.pullcom.com

March 21, 2023

Via email at townmanager@cromwellct.com

Anthony Salvatore
Town Manager
Town of Cromwell
Town Hall
41 West Street
Cromwell, Connecticut 064106

Re: New Middle School Project

Dear Tony:

You have asked our advice with regards to the status of the Middle School Project appropriation and borrowing authorization that was approved last year.

In 2022, the Town Council at its meeting held May 11, 2022, the Board of Finance at its meeting held May 26, 2022 and voters at a referendum held June 14, 2022 approved a resolution (the "Resolution") for the appropriation and borrowing authorization for the planning, design, acquisition, construction, furnishing and equipping of a new middle school and central offices to be located at 6 Captain Mann Memorial Drive (the "Project"). Included in the scope of the Project were design, architectural, engineering and other consultant fees. The appropriation and borrowing authorization were in an amount not to exceed \$58,604,400.

At the time of the approval, it was anticipated that the Project could be constructed within the \$58,604,400 appropriation that was approved by the voters. Due to economic conditions and variances in the original estimates, it has been determined that constructing a new middle school as contemplated would be impossible.

Currently, the Town has expended monies pursuant to the Resolution for the planning and design of a new middle school. These expenditures are permitted under the Resolution. Recent estimates have shown that in order to construct a new middle school, the ultimate cost will exceed the approved appropriation by approximately \$12,000,000. Thus, the cost to construct a new middle school is really estimated to be over \$70,000,000 rather than the \$58,604,000 that was approved. As such, it would be impossible to proceed with constructing a new middle school pursuant to the Resolution.

**PULLMAN
& COMLEY**

Anthony Salvatore

March 21, 2023

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In order to avoid this impossibility, the Town would have a number options to consider should it wish to proceed with constructing a new middle school. These are briefly summarized here:

1. Value Engineering – reductions would be made to the Project in order to get the total cost at or below the \$58,604,400 approved by Town voters. This could include eliminating the District Offices, acquiring less new equipment for the school, etc. Per the Resolution, the Town Manager and Town Council must approve any modifications or reductions to the scope of the project.

2. Amend the Resolution –voters would need to approve an amending resolution that would provide for the additional amount of money needed for the Project. Likewise, any significant changes to the scope of the Project would need to be included in the amending resolution. As stated above, the Resolution was originally approved by the Town Council, the Board of Finance and ultimately voters at referendum. The amendment to the Resolution would have to follow the same procedure. It should be noted that with regards to State school construction grants the Town will need to go back to the State for approval of additional amount and any changes to the scope of the Project. It may also be possible to seek a legislative fix to increase the grant percentage for the Project, which in turn would lessen the increase to the Town's share of the Project.

3. Start Over – a new appropriation and borrowing authorization in the new amount and including the new project scope would need to be approved by the Town Council, Board of Finance and Town voters at referendum (the borrowing amount would exceed 10% of the operating budget and a referendum would be required pursuant to Section 8.15 of the Town Charter). Similar to amending the original Resolution, with regards to State school construction grants, the Town will need to go back to the State for approval. Likewise, a legislative fix to increase the Town's grant percentage could be pursued.

Absent the Town's employment of any of these options, it would be impossible for the Town to proceed with constructing the new middle school pursuant to the Resolution that was previously approved by voters in 2022.

Please do not hesitate to contact me should you have any additional questions or concerns.

Regards,


Glenn G. Rybacki

cc: Sharon DeVoe, Finance Director (sdevoe@crumwellct.com)
Kari Olson, Murtha Cullina LLP (kolson@murthalaw.com)
Michael Andreana, Pullman & Comley, LLC (mandreana@pullcom.com)

PULLMAN & COMLEY

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April 4, 2023

Via email at townmanager@cromwellct.com

Anthony Salvatore
Town Manager
Town of Cromwell
Town Hall
41 West Street
Cromwell, Connecticut 064106

Re: New Middle School Project

Dear Tony:

You have asked our advice with regards to the Town's proceeding with the New Middle School Project, which was approved last year, since it has been determined that the project as contemplated cannot be built at a cost equal to or less than the original appropriation amount.

In 2022, the Town Council at its meeting held May 11, 2022, the Board of Finance at its meeting held May 26, 2022 and voters at a referendum held June 14, 2022 approved a resolution (the "Resolution") for the appropriation and borrowing authorization for the planning, design, acquisition, construction, furnishing and equipping of a new middle school and central offices to be located at 6 Captain Mann Memorial Drive (the "Project"). Both the appropriation and borrowing authorization were in an amount not to exceed \$58,604,400. At the time of the approval and as presented to the Town Council and the voters of the Town, it was anticipated that a completed middle school could be constructed within the \$58,604,400 appropriation. Based on these representations the Project was approved by the voters.

As I understand, the Town has paid for costs incurred by the Middle School Building Committee (the "Building Committee") for the planning and design of a new middle school. These expenditures were authorized by the Resolution and other appropriations made by the Town. The Building Committee, in developing these plans for a new middle school, has determined that building a new middle school will exceed the approved appropriation by approximately \$12,000,000. Thus, the cost to construct a new middle school is really estimated to be over \$70,000,000 rather than the \$58,604,000 that was approved. As such, it would be impossible to proceed with constructing a new middle school pursuant to the Resolution. In addition, the scope of the Project has been changed from the originally contemplated Project. I further understand that the Building Committee has acknowledged the impossibility of the original plan at the original cost and the extent of changes in both scope and cost resulting in a significantly different middle school project.

**PULLMAN
& COMLEY**

Anthony Salvatore

April 4, 2023

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Based on these set of facts and the absence of any change to the authorization or scope of the Project, it is reasonable to conclude that the new project is impossible to carry out pursuant to the Resolution which is currently in place. Likewise, it is also reasonable to conclude that the newly contemplated project is so different from the original Project and the costs are so significantly higher, that proceeding without amending the original authorization or approving a new authorization would exceed the authority of the original Resolution.

As a practical consideration, should the Town proceed with the new project under the authority of the original Resolution and the Town fails to approve additional appropriations or changes to the project scope, the Town will assume a number of risks. First, a significant amount of money would be expended, and the Town would still not have a usable new middle school after reaching the appropriation limit of the Resolution. Second, the validity of the project could be challenged, putting the Town's ability to borrow for the new project at risk. When issuing bonds or other obligations requiring a bond counsel opinion, Bond Counsel must be "firmly convinced" that under the law in effect on the date of the opinion, the highest court of the relevant jurisdiction, if reasonably and properly briefed, would reach the legal conclusions stated in the opinion. One of the conclusions concerns the validity of the authorization. Given the facts and circumstances as I understand them, it would be difficult for any bond counsel to be "firmly convinced."

At this time, because it would be impossible to reduce the newly contemplated project to fit within the original Resolution, it would be highly advisable to either amend the original Resolution or pursue a new authorization altogether before proceeding further.

Please do not hesitate to contact me should you have any additional questions or concerns.

Regards,



Glenn G. Rybacki

cc: Sharon DeVoe, Finance Director (sdevoe@cromwellct.com)
Kari Olson, Murtha Cullina LLP (kolson@murthalaw.com)
Michael Andreana, Pullman & Comley, LLC (mandreana@pullcom.com)

DeVoe, Sharon

From: Rybacki, Glenn G. <GRybacki@pullcom.com>
Sent: Friday, March 17, 2023 5:30 PM
To: Town Manager; DeVoe, Sharon
Cc: Kari L. Olson
Subject: Revisions and Amendments to Middle School Project

Tony and Sharon:

I have spoken with Kari Olson and we are in agreement with regards to the procedures required in order to increase to the dollar amount or significantly change to the scope of the Middle School project.

When the original project was approved, the authorization process finished with approval at referendum. As such, any increase in the dollar or borrowing amount, or significant change to the scope of the project is required to follow the same process. In this case, a referendum would have to be conducted. Procedurally, this would be comprised of approvals by the Town Council and the Board of Finance, followed by a referendum vote called by the Town Council.

I want to remind you, that any increase to the dollar amount or significant change to the scope of the project would require additional review and approval by the approval by the State. As I understand it, the State has already approved the prior authorization for grant reimbursement. Generally, the State needs to approve any changes for grant consideration. A significant change that so changes the original project that it might be viewed as a different project altogether. I strongly recommend that the Town makes the State aware of the changes.

I hope this helps, but do contact me if you should have any questions or additional concerns.

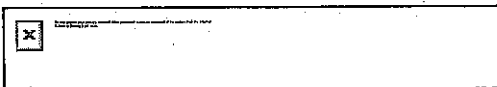
Regards

Glenn

Glenn G. Rybacki
Attorney

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BRIDGEPORT HARTFORD SPRINGFIELD STAMFORD WATERBURY WESTPORT WHITE PLAINS

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DeVoe, Sharon

From: Salvatore, Anthony
Sent: Friday, March 31, 2023 11:18 AM
To: DeVoe, Sharon
Subject: Fwd: School Project

Get Outlook for iOS

From: Kari L. Olson <KOLSON@murthalaw.com>
Sent: Friday, March 31, 2023 10:55:53 AM
To: Salvatore, Anthony <asalvatore@cromwellct.com>
Subject: School Project

Dear Chief: It is my understanding that the School Project appears to be coming in well over the amount approved at referendum. It also is my understanding that the Town Council gave the Building Committee until April 6 to come in with a plan that meets the budget set at referendum. If that does not happen, then the Town Council should heed the advice of bond counsel, which I understand to be that the Town will need to reapply to the State and go back to referendum to get approval to fund the more costly project.

KARI L. OLSON | PARTNER
Direct: 860-240-6085 | Fax: 860-240-5885 | KOLSON@murthalaw.com

| MURTHACULLINA

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Email: John Healy, Mesirow Financial, Bond Advisor
Tuesday, 4/4/2023

Sharon and Chief,

Per our phone conversation yesterday, I'm resending the indicative analysis we provided on February 6, 2023, which posited two new school financing scenarios of either \$72.2 million and \$78.3 million. This was done in response to new information from the School Building Committee and its developer that the project, which had been approved by Cromwell voters at referendum, was running anywhere from \$14mm to \$19mm over the referendum-approved amount of \$58.6 million and represent increases of 24% and 32% respectively.

Anytime a municipality issues bonds, the process begins with a legal authorization that clearly states the maximum amount of debt that can be issued and the security for that debt (i.e. general obligation, revenue, etc.). It is that document that sets forth the legal bounds of a given debt issue. Once authorized, a municipality can choose to issue less than the authorized amount but they cannot issue a single bond in excess of it. As investors evaluate whether to purchase the Town's debt in the run-up to pricing, the basic threshold questions they ask are 1) is this debt properly authorized, 2) what are the details of the underlying project being financed, 3) the Town's pledge to timely pay principal & interest (debt service) on the debt, and 4) what is the security of those payments? Their analysis is centered around determining whether the debt is legally issued and the confidence they have that the Town will be able to meet both ongoing and new debt service obligations. At the closing of a debt transaction, the Town also enters into legal covenants with the purchasers of that debt where it obligates itself and its security to the timely payment of debt service on these obligations. It is at this time that the Town's bond counsel will also release their opinion that the debt has been properly issued in accordance with a legal authorization and transaction process. No transaction can close without this opinion, no Town can issue debt that has not been authorized, and no investor - not even a speculative one - is going to purchase debt that has not been issued under the auspices of a valid authorization. As your underwriter we rely - like you - on bond counsel to tell us whether we can move forward with a transaction and the rules and bounds thereof. We do not express an opinion on the project being financed...that is discretion reserved entirely for the Town and its residents/voters.

In reading Chairwoman Glynn's questions to you, the one thing I would say is that the reason they have been able to incur these initial pre-construction costs (which are being paid by the Town) is the knowledge that they would ultimately be wrapped into the cost of the overall financing, which had been approved by voters with a \$58.6 million cap. The question before the Town now appears to be whether that authorization remains valid if the project is being developed with a budget 24% greater than the maximum amount of that authorization before construction has commenced. That is a question for the town and bond counsel.

For the sake of comparison, using the \$72.2 million scenario in the attached indicative analysis, you will see that it extends the time that the Town is north of the \$3.5 million annual debt service target by six years beyond what was contemplated in the \$58.6 million model. In layman's terms it means that the Town's ability to take on new debt without instantly creating budgetary pressure (which is typically expressed in the form of a higher mill rate) will be extremely limited until approx. 2035. Again, we do not express any political opinion on the potential consequences of that reality - that is a choice for the

Town and its voters - but it does underscore the fact that a \$72.2 million transaction is patently different than a \$58.6 million transaction in terms of its long-term impact to the Town. [While rates have fluctuated since this analysis was completed on February 6th, they have not moved so far as to render this indicative analysis uninformative.]

As always, we are happy to provide modeling or analysis on any scenario that you wish - and we stand ready to work collaboratively with all interested parties to help move this project forward.

Best,
JJH

MESIROW PUBLIC FINANCE

Town of Cromwell

Proposed School Financing Analysis

February 6, 2023

John J. Healey
Managing Director
860.466.7310
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John Nawrocki
Senior Associate
312.595.2495
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Projected Financing Results – Scenario 1

- The following tables display the projected results of a financing plan that would generate a project fund of approximately \$72.2 million.
- The project fund generated by the BANs will be available to finance the project during the construction phase
- Proceeds of the GO bond issuance will be used to finance the majority of the BANs due in Fiscal Year 2024. The remaining amount of debt service due on the BANs will be offset by state reimbursement and cash on hand.
- This financing would result in a 10-year principal amortization rate of approximately **40.1%**
- Assuming no further issuance, the Town's 10-year principal amortization rate would increase to 50% in Fiscal Year 2028

Projected Financing Results	Bond Anticipation Notes	General Obligation Bonds, Issue of 2024
Dated Date	3/15/2023	3/14/2024
Final Maturity	3/14/2024	10/15/2053
Arbitrage Yield	3.62%	3.62%
True Interest Cost	2.58%	3.83%
Par Amount	70,704,400	46,975,000
Bond Proceeds	72,356,762	44,737,970
Project Fund	72,206,762	44,537,880
Total Interest	3,525,400	24,326,117
Average Annual Debt Service	74,436,568	2,409,952
Total Debt Service	74,229,800	71,301,117

Based on rates as of February 6, 2023
Actual results may vary based on interest rates and other factors

Projected Financing Results – Scenario 1 (cont.)

Fiscal Year	Outstanding Debt Service	BANKs (Unfinanced Portion)	General Obligation Bonds, Issue of 2024		Total Debt Service After Financing
2023	3,429,500	-	-	152,042	3,429,500
2024	1,460,575	29,691,920		1,765,650	31,304,537
2025	1,448,750			3,345,150	3,214,400
2026	1,409,300			3,264,150	4,754,450
2027	1,301,000			3,183,150	4,565,150
2028	1,371,500			3,102,150	4,554,650
2029	1,279,100			3,021,150	4,381,250
2030	973,950			2,940,150	3,995,100
2031	956,800			2,859,150	3,896,950
2032	939,000			2,778,150	3,798,150
2033	925,300			2,697,150	3,703,450
2034	913,100			2,616,150	3,610,250
2035	902,100			2,543,250	3,518,250
2036	889,950			2,478,450	3,433,200
2037	877,350			2,421,750	3,355,800
2038	535,900			2,373,150	2,957,650
2039	540,750			2,324,550	2,913,900
2040				2,275,950	2,324,550
2041				2,227,350	2,275,950
2042				2,178,750	2,227,350
2043				2,130,150	2,178,750
2044				2,081,550	2,130,150
2045				2,032,950	2,081,550
2046				1,984,350	2,032,950
2047				1,935,750	1,984,350
2048				1,887,150	1,935,750
2049				1,838,550	1,887,150
2050				1,789,950	1,838,550
2051				1,741,350	1,789,950
2052				1,692,750	1,741,350
2053				1,639,225	1,692,750
2054					1,639,225
Total	20,153,925	29,691,920		71,301,117	121,146,962

Based on rates as of February 6, 2023
Actual results may vary based on interest rates and other factors

Projected Financing Results – Scenario 2

- The following tables display the projected results of a financing that would generate a project fund of approximately \$78.3 million.
- The project fund generated by the BANS will be available to finance the project during the construction phase
- Proceeds of the GO bond issuance will be used to finance the majority of the BANS due in Fiscal Year 2024. The remaining amount of debt service due on the BANS will be offset by state reimbursement and cash on hand.
- This financing would result in a 10-year principal amortization rate of approximately **39.6%**
- Assuming no further issuance, the Town's 10-year principal amortization rate would increase to 50% in Fiscal Year 2029

Projected Financing Results	Bond Anticipation Notes	General Obligation Bonds, Issue of 2024
Dated Date	3/15/2023	3/14/2024
Final Maturity	3/14/2024	10/15/2053
Arbitrage Yield	3.62%	3.62%
True Interest Cost	2.58%	3.83%
Par Amount	76,704,400	50,940,000
Bond Proceeds	78,496,982	48,521,582
Project Fund	78,346,982	48,317,380
Total Interest	3,824,567	26,370,670
Average Annual Debt Service	80,753,281	2,613,073
Total Debt Service	80,528,967	77,310,670

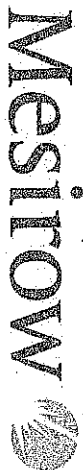
Based on rates as of February 6, 2023
Actual results may vary based on interest rates and other factors

Projected Financing Results – Scenario 2 (cont.)

Fiscal Year	Outstanding Debt Service	General Obligation Bonds, Issue of 2024		Total Debt Service After Financing
		BANs (Unfinanced Portion)		
2023	3,429,500	–	164,920	3,429,500
2024	1,460,575	32,211,587	1,915,200	33,837,082
2025	1,448,750		3,631,200	3,363,950
2026	1,409,300		3,543,200	5,040,500
2027	1,301,000		3,455,200	4,844,200
2028	1,371,500		3,367,200	4,826,700
2029	1,279,100		3,279,200	4,646,300
2030	973,950		3,191,200	4,253,150
2031	956,800		3,103,200	4,148,000
2032	939,000		3,015,200	4,042,200
2033	925,300		2,927,200	3,940,500
2034	913,100		2,834,325	3,840,300
2035	902,100		2,755,360	3,736,425
2036	889,950		2,685,150	3,645,300
2037	877,350		2,623,725	3,562,500
2038	535,900		2,571,075	3,159,625
2039	540,750		2,518,425	3,111,825
2040			2,465,775	2,518,425
2041			2,413,125	2,465,775
2042			2,360,475	2,413,125
2043			2,307,825	2,360,475
2044			2,255,175	2,307,825
2045			2,202,525	2,255,175
2046			2,149,875	2,202,525
2047			2,097,225	2,149,875
2048			2,044,575	2,097,225
2049			1,991,925	2,044,575
2050			1,939,275	1,991,925
2051			1,886,625	1,939,275
2052			1,833,975	1,886,625
2053			1,781,325	1,833,975
2054				1,781,325
Total	20,153,925	32,211,587	77,310,670	129,676,182

Based on rates as of February 6, 2023

Actual results may vary based on interest rates and other factors



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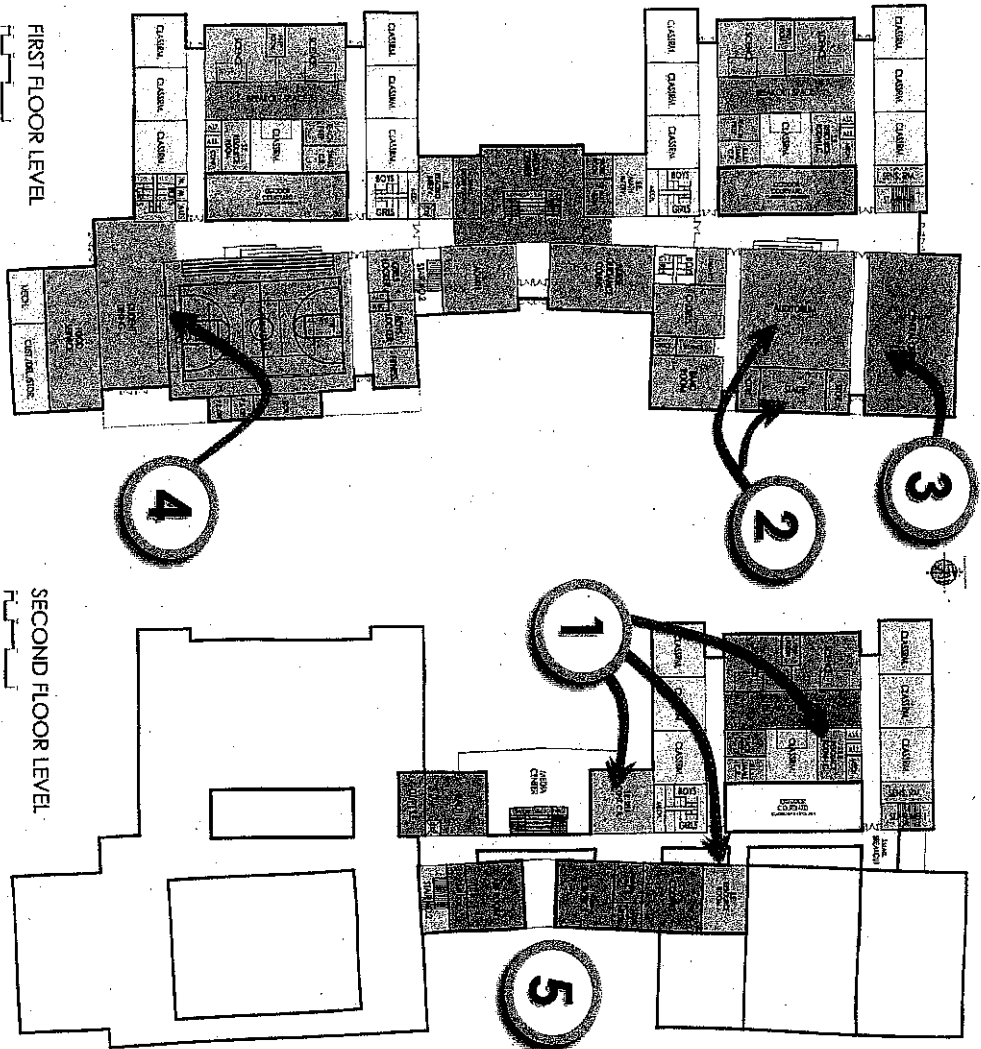
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OPTION 3(R) / NEW CONSTRUCTION



Building Modifications

- 1 Redistributed revised specialized education, health classroom, and math/reading intervention rooms
- 2 Relocated the Auditorium to the north side of the plan, located stage for indoor/outdoor use.
- 3 Placed central office to the north, connected to proposed Middle School building.
- 4 Aligned openings for possible synergies between cafeteria and gymnasium use
- 5 Refined the central core specialized classrooms and relationship to Media Center

Probable Cost Summary

All Options



Tecton
ARCHITECTS

Middle School

Opinion of Probable Cost - Summary of Options

Line Item Category	Option 1	Option 2	Option 3
Site Improvements	4,738,750	4,738,750	4,738,750
Building Improvements	45,079,002	44,370,006	42,237,156
Subtotal Construction Costs	49,817,752	49,108,756	46,975,906
Soft Costs	9,714,462	9,576,207	9,160,302
Other Costs (Variances only)	1,038,240	359,340	0
Estimated ~ Total Project Costs	\$60,570,453	\$59,044,303	\$56,136,208
State Reimbursement	-26,738,442	-26,280,179	-20,410,979
Estimated Cost to Cromwell	\$33,832,011	\$32,764,124	\$35,725,228
Variance	-1,893,217	-2,961,104	0

Probable Cost Summary

All Options



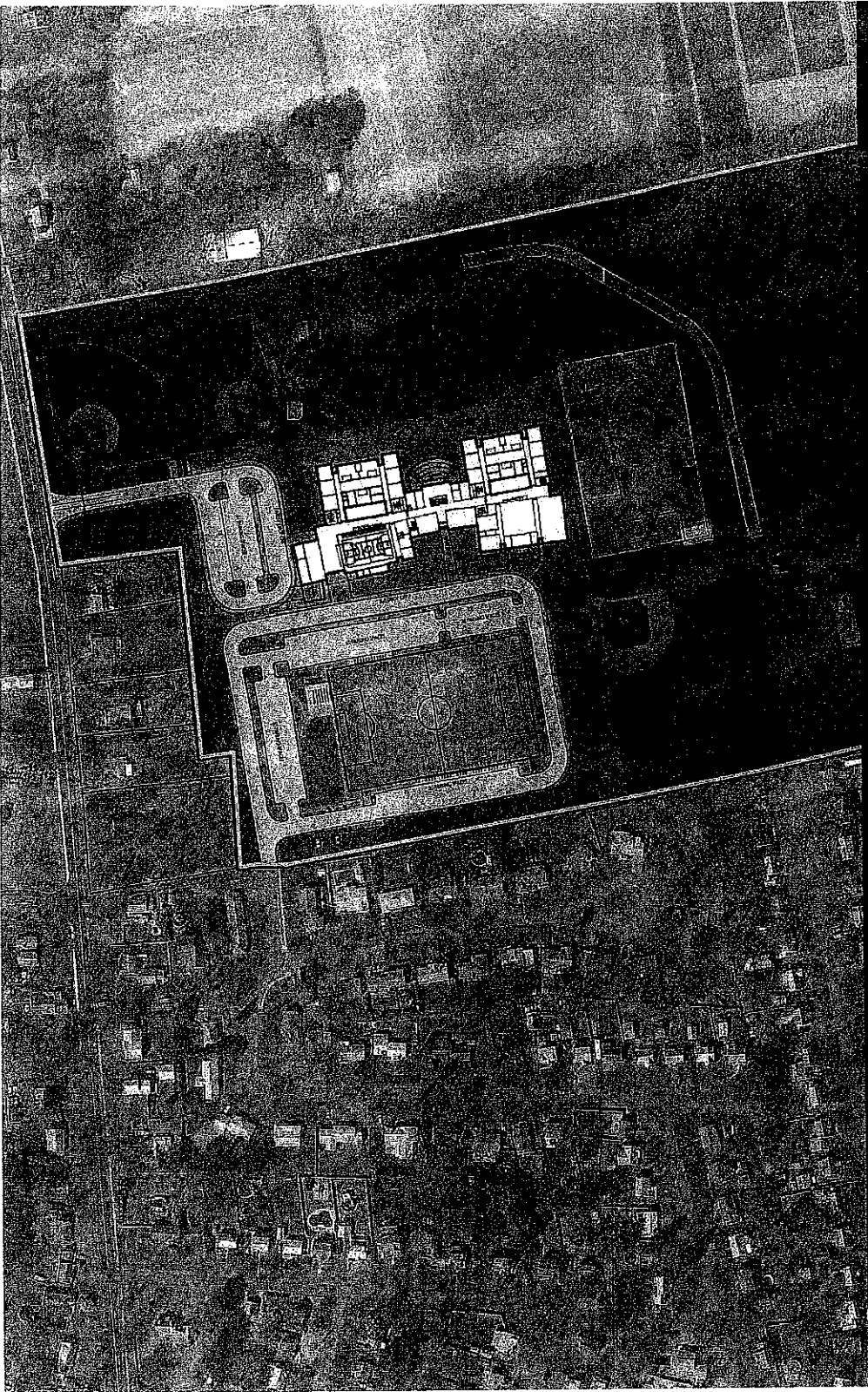
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Central Office

Opinion of Probable Cost - Summary of Options

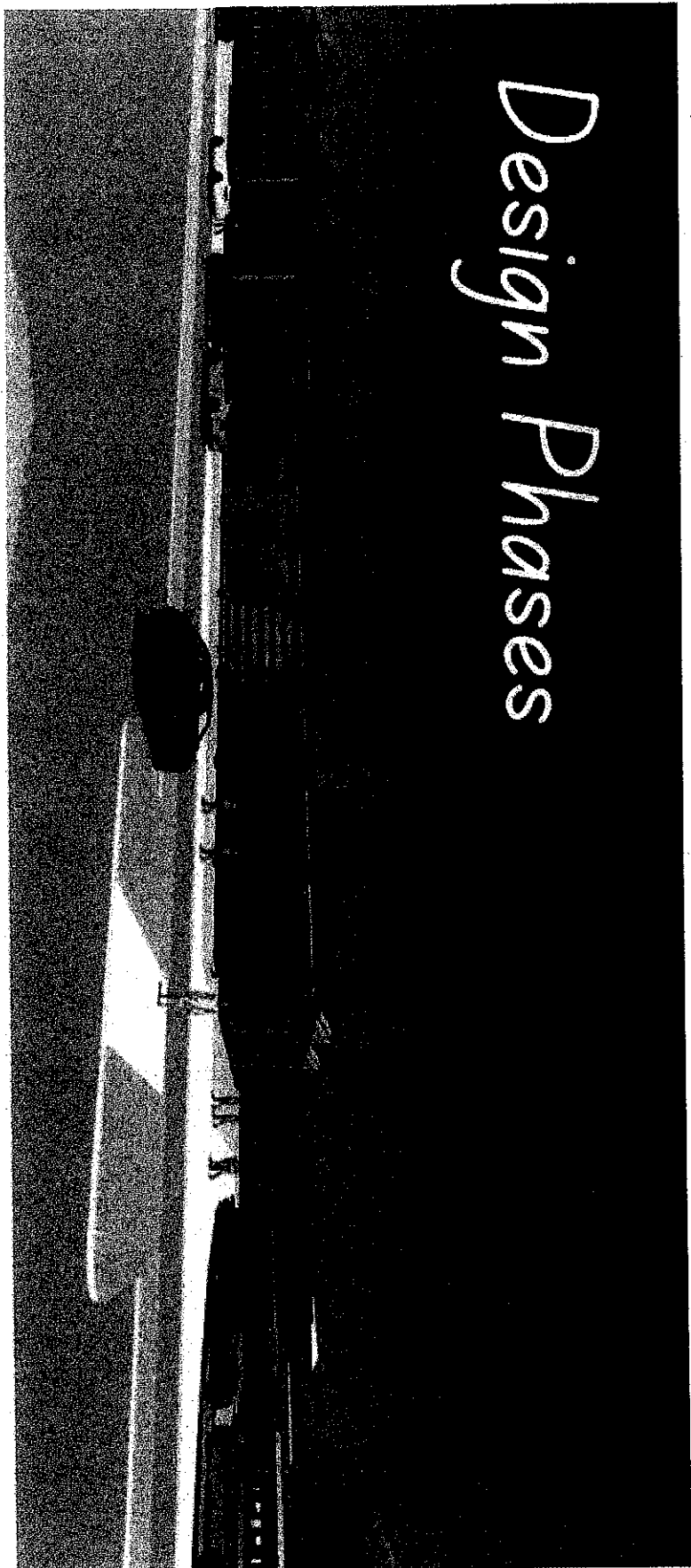
Line Item Category	Option 1	Option 2	Option 3
Site Improvements	506,250	506,250	506,250
Building Improvements	1,768,450	1,688,180	1,816,750
Subtotal Construction Costs	2,274,700	2,194,430	2,323,000
Soft Costs	443,567	427,914	452,985
Other Costs (Variances only)	0	0	0
Estimated ~ Total Project Costs	\$2,718,267	\$2,622,344	\$2,775,985
State Reimbursement	620,308	598,419	494,681
Estimated Cost to Cromwell	\$2,097,958	\$2,023,925	\$2,281,304
Variance	-183,346	-257,379	0

Temp Field Relocation

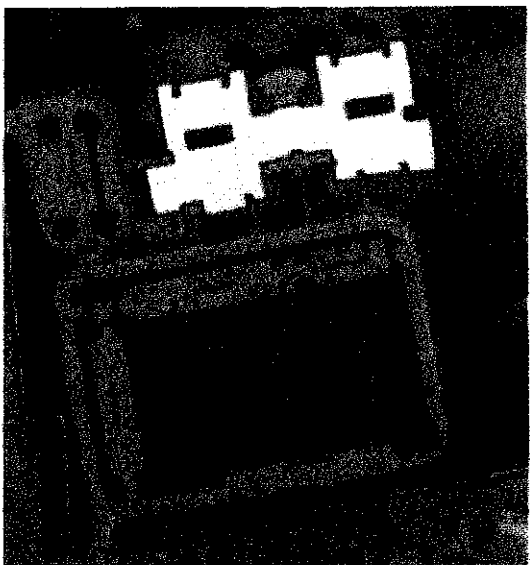


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Design Phases



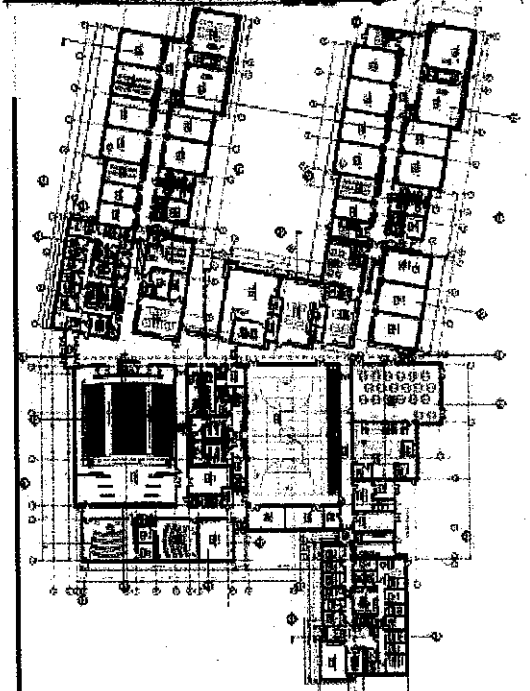
✓ CONCEPT



✓ SCHEMATIC



✓ DEVELOPMENT





Attachment C

March 16, 2023

Anthony Salvatore, Town Manager
Town of Cromwell,
41 West Street
Cromwell, CT 06416

asalvatore@cromwellct.com

Re: Cromwell Middle School Schematic Estimate Review
6 Captain James Mann Memorial Drive,
Cromwell, CT

File No. 23030

Dear Anthony,

Russell and Dawson have been retained by the Town of Cromwell to conduct a comparison between the preliminary bid and schematic stage bid for the New Cromwell Middle School project. Based on this request, we have prepared a synopsis of the two reports using our professional judgment and experience.

The proposed New Cromwell Middle School and New Central offices project is planned to occupy the same parcel as the current CMS & CO facilities. The project address is 6 Captain James Mann Memorial Drive, Cromwell, CT. The existing site covers approximately 19.2 acres, and the proposed building is designed to accommodate a maximum enrollment of 491 students. The new middle school is approximately 95,606 square feet on one story with one and a half story assembly spaces. The state project numbers for these projects are as follows: Cromwell Middle School # 033-0055-N and Central Office # 033-0056-BE.

As previously stated, the purpose of this report is to compare the "Concept Estimate Draft" prepared by PACS, LLC dated 4/19/2022 and the "Schematic Design Estimate" prepared by PACS, LLC dated 1/18/2023. The scope of this report is to identify potential reasons for the price increase from the first proposal to the second proposal. The Concept Estimate Draft is in CSI format, which divides the bid into different trade categories, separating them between direct costs and soft costs. The Schematic Design Estimate is in UNIFORMAT II format that divides cost breakdowns in categories A to Z for the building elements, comprising of the direct costs and then adds soft costs in the end. Since the two estimates are in different format, we are basing our analysis on scopes that are covered in direct costs and soft costs in both the proposals as well as the square foot cost and overall costs.



Re: Cromwell Middle School Schematic Estimate Review
6 Captain James Mann Memorial Drive,
Cromwell, CT

File No. 23030

The observations that we have are organized below for each estimate and then a comparison between the two in the end of the report. Refer to Figure 1 below for a comparison between the Concept Estimate and Schematic Estimate.

DESCRIPTION	Schematic Design Estimate 1/18/2023	Draft Estimate 4/21/2022
Budget in Format	UniFormat II	MasterFormat
Area	95,606 SQFT	88,903 SQFT
Total Project Cost	\$ 76,304,180.00	\$ 50,960,348.00
Cost per SQFT	\$ 798.11	\$ 573.21
10 Project Description	\$ -	\$ -
20 Owner Development	\$ -	\$ -
30 Procurement Requirements	\$ -	\$ -
40 Contracting Requirements	\$ -	\$ -
A Substructure	\$ 2,506,382.00	\$ 1,620,821.00
B Shell	\$ 15,035,417.00	\$ 10,426,903.00
C Interiors	\$ 8,165,103.00	\$ 8,432,443.00
D Services	\$ 14,314,018.00	\$ 12,258,595.00
E Equipment and Furnishings	\$ 1,323,585.00	\$ 1,515,274.00
F Special Construction and Demolition	\$ 2,440,401.00	\$ 993,679.00
G Sitework	\$ 8,128,813.00	\$ 5,460,288.00
Z General	\$ 16,247,960.00	\$ 10,252,345.00
TOTAL CONSTRUCTION COST	\$ 68,161,679.00	\$ 50,960,348.00
SOFT COSTS		
Total Soft Cost	\$ 8,142,501.00	\$ -

Figure 1: Comparison of Concept Estimate & Schematic Estimate



Re: Cromwell Middle School Schematic Estimate Review
6 Captain James Mann Memorial Drive,
Cromwell, CT

File No. 23030

The comments on the Concept Estimate Draft are as follows:

1. Overall area:

The overall building area for the concept estimate is 88,903 sq. ft. The total estimate is \$50,960,348 which brings the per square feet cost to \$573.21 per sq. ft. The overall project area is about 6,703 sq. ft. smaller than the schematic design estimate.

2. Building footprint:

The building footprints for the concept estimate and schematic estimate have significant differences. In the concept estimate about 60% of the classrooms on the 1st floor are repeated on the second floor, whereas in the schematic estimate there are much fewer classrooms on the second floor. This means that the building footprints are very different compared to the difference in the total area. The concept estimate has approximately 20,000 sq. ft. less area on the foundation, which explains the lower substructure costs.

3. Scope inclusions:

Upon comparative analysis between the two proposals, it appears that the schematic proposal includes several services like Owner's Representative, Commissioning, Testing and Inspection, Moving, Builders Risk Insurance, Town Legal Services, Bond Council Fees, State Permit Fees, Printing and Mailing, Other Costs, Pre-Construction Fees, FF&E and Communications Technologies Hardware. These items appear to be requisite to perform the project correctly. If we account for these services in the concept estimate, it would be an additional \$4,035,849 to the concept estimate, bringing it up to \$54,996,197.

4. Escalation:

An observation that we want bring attention to is that in the concept estimate, the escalation is accounted for 6.00% with an amount of \$2,543,207.



Re: Cromwell Middle School Schematic Estimate Review
6 Captain James Mann Memorial Drive,
Cromwell, CT

File No. 23030

5. Adjustments for area:

In order for a fair comparison and to have a more accurate idea of the differences, the concept estimate needs to be adjusted to the change in building area as well as the soft cost additions in the above mentioned 'scope inclusions' paragraph above. If we utilize a per square foot cost of \$573.21 and apply it to the new area of 95,606 sq. ft., we get \$54,802,315. In addition to this, we add \$4,035,849 soft costs mentioned above and we get \$58,838,164. This amount is fairly close to the \$56,136,208 cost summary presented by Tecton Architects during May 2022 council meetings. For comparison purposes, we should be using the \$58,838,164 amount.



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The next step of this report is to analyze the Schematic Design Estimate. The Schematic Design Estimate is based on a new schematic design prepared by Perkins Eastman. The schematic design is worth mentioning here because the footprint and area of the building changed noticeably. This would impact various aspects of the construction, including an increase in the foundation, roof area, HVAC heating loads, and site preparation costs due to the larger area being worked on. Based on these schematic drawings, PACS LLC prepared a Schematic Design Estimate. See figure 2 & 3 below for reference.

DESCRIPTION	Schematic Design Estimate 1/18/2023	Draft Estimate normalize for 95,606 SQFT 4/21/2022	Difference between Schematic Design Estimate and Normalize Draft Estimate
Budget in Format	UniFormat II	Est Base on 4/21/22	Est Base on 4/21/22
Area	95,606 SQFT	95,606 SQFT	
Total Project Cost	\$ 76,304,180.00	\$ 63,922,639.24	
Cost per SQFT	\$ 798.11	\$ 668.60	
10 Project Description	\$ -		
20 Owner Development	\$ -		
30 Procurement Requirements	\$ -		
40 Contracting Requirements	\$ -		
A Substructure	\$ 2,506,382.00	\$ 1,743,025.69	\$ 763,356.31
B Shell	\$ 15,035,417.00	\$ 11,213,057.92	\$ 3,822,359.08
C Interiors	\$ 8,165,103.00	\$ 9,068,222.06	\$ (903,119.06)
D Services	\$ 14,314,018.00	\$ 13,182,853.60	\$ 1,131,164.40
E Equipment and Furnishings	\$ 1,323,585.00	\$ 1,629,520.78	\$ (305,935.78)
F Special Construction and Demolition	\$ 2,440,401.00	\$ 1,068,599.20	\$ 1,371,801.80
G Sitework	\$ 8,128,813.00	\$ 5,871,976.14	\$ 2,256,836.86
Z General	\$ 16,247,960.00	\$ 16,358,545.86	\$ (110,585.86)
TOTAL CONSTRUCTION COST	\$ 68,161,679.00	\$ 60,135,801.24	
SOFT COSTS			
Total Soft Cost	\$ 8,142,501.00	\$ 3,786,838.00	

Figure 2: Comparison of Adjusted Concept Estimate & Schematic Estimate



UNIFORMAT I - MAJOR GROUPS - SUMMARY		95,606 SF	
		TOTAL	/SF
A	SUBSTRUCTURE	\$ 2,506,382	\$26.22
B	SHELL	\$ 15,035,417	\$157.26
C	INTERIORS	\$ 8,165,103	\$85.40
D	SERVICES	\$ 14,314,018	\$149.72
E	EQUIPMENT & FURNISHINGS	\$ 1,323,586	\$13.84
F	SPECIAL CONSTRUCTION & DEMOLITION	\$ 2,440,401	\$25.53
G	BUILDING SITEWORK	\$ 8,128,813	\$85.02
Z	PROJECT REQUIREMENTS	\$ 984,054	\$10.29
TOTAL DIRECT COSTS		\$ 62,897,773	\$553.29
	DESIGN ALLOWANCE 7.00%	\$ 3,702,844	\$38.73
	PERMITS LS	\$ -	\$0.00
	GENERAL CONDITIONS 2.22%	\$ 1,506,194	\$15.75
	PROFESSIONAL AND GENERAL LIABILITY INS 0.70%	\$ 477,132	\$4.99
	BUILDERS RISK 0.00%	\$ -	\$0.00
	CONSTRUCTION CONTINGENCY 3.00%	\$ 1,743,204	\$18.23
	CM FEE 1.25%	\$ 754,089	\$7.88
	PERFORMANCE AND PAYMENT BONDS 0.72%	\$ 490,764	\$5.13
	ESCALATION 11.01%	\$ 6,589,679	\$68.93
	PRECONSTRUCTION LS	\$ -	\$0.00
TOTAL CONSTRUCTION COST		\$ 68,161,680	\$712.94
Alternate 1	VRF with all electric heat (no fossil fuels) ilo VRF with gas fired boilers	TBD	
Alternate 2	Domestic HW generated by (2) elec tank-type water heater ILO gas-fired domestic	TBD	
Alternate 3	All Electric Service ILO Building Electric Powered by Natural Gas (1000A)	TBD	
Alternate 4	Change Steel Framing to Joist floor framing	TBD	
CONSTRUCTION COST		\$ 68,161,680	
SOFT COSTS			
	Architect - PreReferendum	\$ 29,001	
	Architect Fees 4.91%	\$ 2,481,162	
	Owner's Representative	\$ 662,185	
	Commissioning	\$ 130,000	
	Testing and Inspection	\$ 75,000	
	Moving (Miscellaneous)	\$ 88,000	
	Builders Risk Insurance	\$ 103,750	
	Town Legal Services	\$ 10,000	
	Bond Council Fees	\$ 250,000	
	State Permit Fees	\$ 12,914	
	Building Permit Fees	\$ -	
	Printing and Mailing	\$ 2,500	
	Other Costs	\$ 25,000	
	Pre Construction Fees	\$ 156,500	
	Furniture, Fixtures and Equipment	\$ 1,375,000	
	Communications Technology Hardware	\$ 1,245,000	
	Owner Contingency	\$ 1,596,489	
	Plan Approval Fees	\$ -	
	Advertising / Legal Notices	\$ -	
	Bid Document Reproduction	\$ -	
	Threshold Peer Review	\$ -	
	Geotechnical Services (in Arch Fee)	\$ -	
	Land Survey (Allow in Arch Fee)	\$ -	
	Environmental Monitoring Services	\$ -	
	3rd Party Review	\$ -	
	Misc. Utility Charges (Eversource)	\$ -	
Project Costs		76,304,181	
Project Budget		58,604,400	
DELTA		17,699,781	

Figure 3: Schematic Design Estimate Summary



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The comments on the Schematic Design Estimate are as follows, and they refer to figure 2 and figure 3 for comparison:

1. Overall Area:

The overall building area for the Schematic Estimate is 95,606 sq. ft. the total estimate is \$76,304,181 which brings the per square foot cost to \$798.11 per sq. ft. The overall project area is about 6,703 sq. ft. bigger than the Concept Estimate.

2. Substructure:

The cost for substructure increased by about 40% compared to the Concept Estimate. The increase in cost for substructure is disproportionate to the increase in area and requires further analysis.

3. Shell:

The cost of the Shell had a significant increase of \$3,822,359 as it went from \$11,213,057 to \$15,035,417. This increase is disproportionate to the area increase and warrants further analysis.

4. Services:

The cost for services includes electrical, hvac and plumbing. There was an increase of \$1,131,164.40 as the price went up from \$13,182,853 to \$14,314,018. This price however might be justified based on the fluctuation and difficulty faced to procure electrical and hvac equipment in the current market conditions.

5. Special Construction and Demolition:

The cost for special construction and demolition increased by about \$1,371,801 which has about doubled it from \$1,068,599 to \$2,440,401 in the schematic estimate. This needs to be further analyzed.

6. Site work:

The overall site plan has changed from the concept estimate to the schematic estimate. The building footprint has increased, which would mean a greater area of the site has to be graded and prepared for new building construction. Due to this, some increases in the site work are warranted. However, the estimate for



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site work is about \$2,256,836 higher than the concept estimate, which brings up to an amount of \$8,128,813. This increase in amount needs to be further analyzed.

7. Design Allowance:

In the schematic estimate, the design allowance is 7.00% with an amount of \$3,702,844. This is part of the construction cost and is proportionate to the 7.05% cost of \$2,890,008 in the Concept Estimate. However, it is observed that under Soft Costs in the schematic estimate there is another line item 'Architects Fees' that is \$2,481,162. This number appears to be repetitive and needs to be addressed.

8. Escalation:

The escalation in the schematic estimate is shown as 11.01% at \$6,589,679. This number seems high as some of the prices of individual trades seem to have already accounted for this. In comparison, the concept estimate had escalation at 6.00%. The escalation percentage needs to be addressed and it would significantly impact the overall budget if this was to be reduced to 6.00%, similar to the concept estimate.

9. Owner Contingency:

The concept estimate shows under the soft costs, a line item for Owner Contingency. This amount is \$1,596,489 and it seems like there is some discretion in this amount. The Town might be able to reduce this amount.



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Conclusions

Based on the above analysis, some conclusions can be summarized, in order to open a channel for negotiation conversations. These conclusions are based on our objective overview of the two bids. The summary of conclusions are as follows:

1. Concept Estimate draft needs to be adjusted for inclusion of services and adjusted area, in order to have a better comparison with the Schematic Estimate. For comparison budgetary purposes, the revised number should be considered as \$58,838,164.
2. Key areas of the Schematic Estimate like Substructure, Shell, Special Construction and Site work show noticeable increases and they need to be justified or clarified. It is understandable that some price increase is caused by escalation and design updates, however further clarification shall be provided by the GC.
3. Escalation costs in the schematic estimate are at 11.01%. These need to be further discussed with the GC to come up with a reasonable number.
4. The configuration of the soft cost needs to be further discussed regarding Design Allowance and Owner Contingency. The soft costs seem to be excessive compared to the Concept Estimate and need to be closer to approximately 20-22% on top of the total direct costs.

In summation, there are key areas of focus as mentioned above that need to be discussed. As mentioned before, this is based on our objective view of the two estimates. We trust that this information is helpful to the stakeholders and decision makers in the project and our hope is that this is a successful project for the Town of Cromwell.

Very truly yours,

RUSSELL AND DAWSON INC.

Utkarsh Patil
VP Operations