

## **Update on Amity Regional School District #5 Construction Project and Budget February 14, 2005**

**by  
John J. Brady, Ed.D. Superintendent of Schools**

Over the past few months the Amity Building Committee and the Amity Board of Education have been working to finalize the designs for all three schools with the administration, Gilbane Construction (the Program Managers), the S/L/A/M Architectural Collaborative and more recently, the construction managers Fusco, for the high school, and Downes for the two middle school projects. The designs and the related budgets have seen much change and improvement. Everyone has worked diligently to develop designs that are consistent with Amity's educational priorities and what the voters approved last year.

The School Building Committee, composed of Board of Education members and community members with construction backgrounds has worked especially hard in this regard. It has been a struggle to do this and get the projects within the budgets authorized in the referendum. As we finalize design, it appears that the projects may be approximately 8% or \$5.6 million over the original amount of \$68.5 million authorized in April 2004. However, as we have refined the project specifications and what is going to be eligible for state reimbursement, it has been determined that more of the project is reimbursable than originally estimated prior to the referendum. Because of this, the amount owed by the three communities for this additional authorization should be approximately \$1.1 million. Furthermore, due to a much lower interest rate than was projected for the District's bond sale in January, it is anticipated by our financial advisers that the District will pay at least \$1.1 million less in interest over the life of the financing. This is similar to what many homeowners experience when a mortgage is rewritten at a lower interest rate. Although we may be asking for the gross authorization to increase, it should not result in any increase to the taxpayers over what was contemplated when the referendum passed. If interest rates had not been so favorable, the cost to the local taxpayer based upon borrowing an additional 1.1 million dollars over 20 years would be \$4.00 in Bethany and \$3.00 in both Woodbridge and Orange per \$100,000 of assessed property value.

### **Status of the Projects**

#### ***Amity High School***

As we finalize the designs, it appears that the High School project is within budget. We were able to achieve this while providing an efficient use of additional space for our 9<sup>th</sup> graders – meeting their programming requirements; upgrading the HVAC system and accommodating an 800 seat auditorium that will serve Amity and the surrounding communities. It should be noted that such an auditorium was not contemplated by the

referendum, but is sorely needed and is sized conventionally given the total school enrollment of 1,650 grades 9-12 students.

### ***Orange and Bethany Middle Schools***

The design as is currently being proposed allows for a “true middle school” model and is configured for team teaching. The renovations are consistent with what was proposed in the referendum including the replacement of all the major systems – heating, ventilating, air conditioning, etc. as well as the roofs. The renovation of these middle schools is being completed in the most efficient way possible and in fact, these projects appear to have square foot costs well below similar projects in other districts. On average, similar projects are costing \$270/sq. ft., while ours are \$235/sq. ft.

### **Budgets**

As we finalize the budgets for these buildings, it appears that the total costs for the middle schools will exceed the original authorization by \$5.6 million and this can be attributed to two things. Approximately half of the overage is related to the additional cost of the modulares at these campuses. In accepting the bids for the modulares in August 2004, the Board recognized that the cost had exceeded original estimates but moved forward for a number of reasons. First, the high cost of the modulares was a result of our decision to lease *new* ones in order to ensure that they avoided any indoor air quality issues and provided safe and healthy environments for the students in the next 18-24 months. Second, because of the clear message from the community and the commitment of the Board to renovate the buildings as quickly as possible and remain true to the construction schedule, we had to lease modulares for each site as no adequate swing space was available. Finally, there would have been additional costs to the district related to delays in the project schedule, transportation of students between buildings and the like if we had not moved forward in August.

In addition to the cost of the modulares, the budgets for the middle schools could not accommodate the rapidly rising cost of construction materials. The original budgets included a healthy 4% inflation factor at a time when construction inflation had been approximately 2.5% for several years. Beginning in the spring of last year, construction inflation rose to almost four times this or the 9.5% that it is today. Such a rapid rise could not be anticipated. Many projects throughout the state are experiencing similar problems. It must be noted that this price escalation also impacted the total price for the modular construction.

### **Next Steps?**

In order for the project to continue moving forward and remain on schedule for construction to begin this summer, the additional \$5.6 million authorization must be approved in the next few months. This is because the State will not allow us to award any construction bids unless the entire authorization is in place. We must also recognize that if the project is delayed beyond 24 months and we must keep the modulares beyond the end of the leasing period, it will cost the District \$150,000 per month. Finally, it

should be noted that once the bids are in, the Construction Managers are contracted to guarantee this price. They must deliver the projects within budget.

We remain committed to delivering a construction project that is done right. We are asking for support of the additional authorization because we do not want to compromise the integrity of the project. **Please review the schedule of public meetings which is included with this communication. It lists, by Town, a number of opportunities for you to attend an informational session on this topic.**