

**AVON TOWN COUNCIL
SPECIAL MEETING
MARCH 23, 2005**

I. CALL TO ORDER

The Special Meeting was called to order at 7:00 p.m. in the Avon Room of Avon Town Hall by Chairman Hines.

II. OLD BUSINESS

03/04-64 Review and Discussion: AHS Addition/Renovation Management/General Contractor, Chuck Boos.

Chuck Boos, Avon High School Addition/Renovation Project Architect, reported there are two types of delivery systems, one being any number of different forms of construction management, and the other being the General Contractor, the more traditional means of delivering a building that Avon has been used to. The diagram essentially demonstrates the whole construction process starting with the Ed Spec and the form filed at the State. From there we go down to program development, the Ed Spec, the Architect selection, from there we go to the design schedule and budget, where we are right now. We will eventually go to a Town referendum, in fact hopefully we are shooting for June 20th. The purpose of the diagram is to demonstrate the fact that the construction manager, who becomes a team member selected as a professional to provide the Town and the team with advice all along the way, and they also do some promotional work as far as referendum efforts and things like that.

Mr. Woodford questioned as part of the selection process for Construction Managers, are there fee schedules involved with that. Mr. Boos reported yes there are fee schedules, but generally they all are about the same, in the neighborhood of 2% and 3% on overall fee, which basically is the cost for them over the life of the project for the expertise that they bring to the table. They also have probably another 3% what is known as reimbursables, which has to do with the on site management of the project, they basically replace the Clerk of the Works, but they also replace a lot of the safety functions, scheduling functions that a Contractor would get into. Mr. Woodford questioned whether we are going to know the fee up front. Mr. Boos reported absolutely, not a problem. Mr. Shea questioned will going with a Construction Manager, mean that the Town has to absorb any more administrative costs or work load. Mr. Boos reported no, in fact it probably will be a touch less because of the number of reports and the character that they generate, the Town will have a much better picture of the entire project costs. Mr. Shea reported his concern was the burden on the staff, he just wanted to make sure it does not make more burden on clerical.

Chairman Hines questioned with regard with Mr. Boos' Staff, on site, the Construction Manager versus the General Contractor. Mr. Boos reported there is no change whatsoever. Chairman Hines questioned whether there would be an Architectural person on site at all times. Mr. Boos reported we would not need a man on site at all times, we would attend all project meetings which generally are weekly, plus any special inspections that are required for us to be on site. Our services are essentially the same as they would be for a General Contractor, with the exception for the last high school project you wanted us to put a person full time on the job which we did. Chairman Hines questioned whether he would be willing to do that. Mr. Boos reported it would not be necessary, when he gets through with the process you will understand why, because the Construction Manager is on your team, he is not in an adversary role, he is a construction professional representing the Town in all respects. There is no need for us to be on the job with this kind of manager. Mr. Frey, AHS Building Committee Chairman, reported but we paid him \$60,000, it was not free. Mr. Boos reported only because we had to watch the construction, when you have a construction manager on the job, they are responsible for all aspects of construction and how that construction is administered. They are not only there full time, you basically have a project manager who is there full time, you have a highly qualified general superintendent there all the time, and then you will have a periodic visit by the safety officer, that most Construction Managers

employ. In addition to that there would be other support people that manage some of the record keeping and accounting that goes on onsite, so that you have these people there on a full time basis. Chairman Hines questioned if we wanted you to have a person full time are you willing to do that. Mrs. Boos reported yes of course. Mr. Shea reported you work in concert with them. Mr. Boos reported absolutely, he is the Manager and it is a traditional triangle and they all support each other. Mr. Carlson reported in the past we hired a clerk of the works, does that still happen. Mr. Boos reported no, you do not need a clerk of the works.

Chairman Hines reported he has been very impressed when Mr. Boos had people here, to work on things and solve it, and that was very important. Mr. Boos reported we still will do that, the concept of full time is the only thing that he is going to try to explain why that is not necessary. We are not very far away and today in this electronic world, we can have a computer on site and a digital camera, and that image can be immediately transmitted to the office, we can be looking at construction only we are remote, it is not a problem.

Mr. Woodford questioned where would we get the number for referendum. Mr. Boos reported first of all we have a number that he developed, the Building Committee has authorized us to hire an independent estimator which we have, and we should have that confirming number by April 1st. So that is the number we are prepared to go to referendum on. Generally the Construction Manager is hired before the referendum is held, he would be the person that is developing the budget for you, but we are very comfortable with the numbers and when we get the confirming budget, we will do a comparison and present that to the Building Committee for their advice and consent. Mr. Woodford questioned the time frame from referendum to what we actually know what the number is. Mr. Boos reported when you have established the number at referendum, that is the number we are going to have to work with and stay within. When you look at the budget that has been developed that budget contains contingencies and it contains escalation figures, so that we are comfortable in projecting the cost of this project out, at this particular point in time, somewhere between 19 and 22 months, that is when we expect those numbers to be solvent. We have a number of projects under construction right now, and a number of projects that are being budgeted.

Mr. Boos reported schedules are important because time is money, all this comes together and we wind up at State review, we may want to talk about that, there are options where we may be able to save a couple of months, if we do not go to State review, if we do an independent code analysis. The we bid the job, and when it comes to Construction Manager, you are bidding the whole job but with many different trades, when it is General Contractor you are bidding the whole job but with just one number. Mr. Woodford questioned if the Construction Manager would be bidding the job, or are we. Mr. Boos reported you are bidding it, under your bidding procedures, nothing is different, nothing is compromised, and he has no interest other than making sure that the Town winds up with the best possible trade contractor for the least cost. Mr. Woodford reported the contractor is between the sub contractor and us. Mr. Boos reported that is one way of going. There is also a different method, where you can have all the contracts held by the Construction Manager, so that you are paying only one bill a month instead of 20. Chairman Hines reported what Mr. Woodford is thinking more though, when we decide do we go out, the Town Council or the Building Committee decides on these 20 different contracts, rather than one with a General Contractor. Mr. Boos reported that is correct, but you can then combine it all into one package.

Mr. Boos reported then we are into construction and then what happens is that the Construction Manager because he works for you, his only interest is to make sure that this job is going smooth, and he will maintain budget vigilance and schedule vigilance as we go along. He reported the construction manager would work for the Building Committee, we understand that the contract is with the Town, but generally

the Managers and the Architect would report to the Building Committee. Managers are important because sometimes it is important to have the professional on site, to smooth the incorporation of the furnishings, and dealing with the closeout process, commissioning of the building, etc., and then of course we are collecting our warrantees, so it really is a full circle where the Manager is involved. When you go with a General Contractor this circle is primarily the Architect is out there by himself, and then you get to this point in the bid process, we have the General Contractor bid the job and constructing the job, he really does not have a lot of interest in schedule and budget vigilance because there is nothing in it for him, if he finishes early he makes a little bit more money but that is about it.

Mr. Boos reported in General Contracting what happens here is that you have a set of documents that go on the street and the General Contractor is going to bid the entire package, as one lump sum bid. He is going to go out and meet with all of the trade contractors that he is used to working with or is comfortable working with, these trade contractors will give the General Contractor a number, in other words the plumbing is going to cost \$100,000. The General Contractor wins the job, he now goes back to the Plumber and says, he won the job and if they want to do the job, he will need another 10% from them, so if the plumber wants to do the job he will be signing a contract with the General Contractor for \$90,000, instead of the \$100,000 that he bid. That money never goes back to the owner, it just sits right up here in Mr. General Contractor's overhead and profit margin. Not only that but, the trade contractor, the plumber, knows that if he wins the job he is going to get beat up, so when he puts the \$100,000 bid into the General Contractor, he knows that he is going to have to sharpen his pencil when it comes down to negotiating the final number. So you do not get the best number up front, you are getting an inflated price, because they know they will get squeezed. Chairman Hines questioned why that does not happen with a Construction Manager, they receive bids. Mr. Boos reported the bid that you get with a General Contractor only his bid is open publicly, all the other bids are negotiated. With a Construction Manager system, all bids are public. Then later on there has never been a project that does not have a change order, now when you are a General Contractor there is a plumbing change, the plumber says it will cost \$1,000 to make this change, but he is entitled to 15% overhead in profits and puts that on; then when it goes through the General Contractor, he marks it up another 10%, so now you have a 25% mark up alone on change orders. When you go with Construction Manager system, if the plumber has a \$1,000 change, all you see is that one mark up from that trade contractor there are no further markups, it goes through the Construction Manager without further markup, because he has no interest for himself he is being paid a fee. The CM is no more than a bidding vehicle, when bid day comes and you have 15 different trade contracts you might be here for three hours opening up six plumbing bids, 10 masonry bids, and so on, then you have to go back and evaluate to make sure that everybody is bondable, and everybody is insurable and so on to get the real low bidder, the CM and Architect do that.

Mr. Frey, Chairman of the Avon High School Renovation/Addition Building Committee, reported it sounds like we would have a better chance of getting more quality work. Mr. Boos reported he is glad that point was brought up, because what happens is when you go General Contractor, he may bring a marginal trade contractor to the table, the only bond that you get from a General Contractor is the overall construction bond from him, and the trade contractor may not be bondable but we would have no way of knowing that. With the Construction Manager system, where we bid the trades individually, the trade bid, the contractor that comes to the table has to have a bond, so you know they are bondable, financially stable, so that is a big advantage to dealing directly with the trades, they would not be able to bid otherwise, it is a public job and they have to be bondable. Mr. Shea reported it is in the best interest of the Town to have a bonded contractor, that is the whole idea of the process. Mr. Boos reported you would never have a job with a Construction Manager without every individual contract being bonded. Most of the CM contracts that we do today, are known as Construction Managers at risk, after the Town goes through all of the bidding, and we know what the project is going to cost, there is a construction contingency established, usually at 5%, there is owners contingency established, whatever percentage

that wants to be, and at that point in time, the Construction Manager might say to the Town, or vice versa, we want you to assume the responsibility for the entire project, and if you do not bring it in for the dollars available, it is your problem not ours. Chairman Hines questioned whether it was including change orders. Mr. Boos reported no, the change orders come out of construction contingency, but if the construction contingency is exceeded then it is the Construction Manager's problem. Chairman Hines questioned whether the Construction Manager would want a part of any Contingency that is not used. Mr. Boos reported in private work, there are incentives that are not available to the public sector, and a lot of that has to do with schedule acceleration, as opposed to what we are talking about. Chairman Hines questioned whether we would have to take a bond also. Mr. Boos reported yes, absolutely, all of the trade contractors are bonding, then the Construction Managers themselves give an overall construction bond to protect the bond from any kind of action, for 100% of the project. The General Contractor has an overall bond, but just for the project itself, if a General Contractor through a series of change orders or unanticipated happenings on the job, exceeds the budget the Town does not have much of a choice other than to vote additional money for it, or to cut something out of the project. The General Contractor's incentive is to make money through change orders. Mr. Woodford questioned why we would not go with an at risk group. Mr. Boos reported you should, he would recommend it, it is not a painful experience, it is very easy, what happens is that it is a very simple transfer of the trade contracts under the umbrella of the Construction Manager and the CM guarantees the Town of Avon that this project will not exceed the referendum vote, but they do not do that until all of the numbers are in place, that is called at risk. The Construction Manager has to go out and get a bond, and the Town pays for that, so it is a reimbursable.

Mr. Boos reported when we say Construction Administrator that really is a Clerk of the Works. The builder is determined by one low bid, the owner, who is the Town of Avon, hires a Clerk of the Works to observe the work, and the Architect provides all services that they normally provide, and the Town really has no choice or control over the builder's activities with the trade contractors. There is no up front site representative needed as the Construction Manager works for the Town, he is your professional on site, and you not only have the backing of the Construction Manager experience from the home office, you also have your onsite Project Manager, and your onsite Professional Superintendent. One of the biggest problems that we have in industry today is finding qualified job superintendents to run the project, because they are all working for Construction Managers, they are not working for the General Contractors anymore. Chairman Hines reported with General Contractors, when the Building Committee has a problem they go back to the Architect for their help, would they do the same with a Construction Manager? Mr. Boos reported if you had a problem with a trade contractor, now you would go back to both the Construction Manager and the Architect to try to sort the problem out. Because of the selection process for the various trade contractors, you eliminate a lot of the problems. Our role does not change, when you look at the contract, the contract for our services are exactly the same, we are still contractually responsible for everything that we would be under a General Contractor system, as with the Construction Manager system, that does not change. Mr. Carlson reported his experience, having served on several building committees, when we had our meetings we had both the Architect and the General Contractor at the meetings. When we ran into a problem we held both accountable, we did not have many problems, but one we had right near the end of the project the General Contractor was there and the Architect, Mr. Boos, was there and we got it solved. So we did have dealings as a Building Committee on that project directly with the General Contractor and with the Architect. With the use of a Construction Manager and Architect he would not see any changes for the Building Committee. Architectural authority is exactly the same as it is on the General Contractor system, we still report to the Town, we still are responsible for evaluations, still responsible for judgements of quality, and so on. Mr. Shea reported the Architects role would stay the same and the role of the Construction Manager actually improves as a part of the team, over the General Contractor's role. Mr. Woodford reported except when they are at risk, there is pressure on us. Mr. Boos reported

not much, because when they are at risk, there are contingencies in place, when we do construction management projects the contingency is primarily consumed through owner enhancements as opposed to onsite problems. Mr. Woodford reported when you are at risk it is very important that you are involved. Mr. Boos reported absolutely, we do not go away, we are there from beginning to end, it is just the way the job is managed, it is managed in the Town's interest not in the General Contractor's interest, the Construction Manager is part of the team.

Mr. Boos reported the bid process for the Construction Manager, they will come and be interviewed and tell the Town Council about their experience, and all of the various projects they have done, and this project will attract a number of Construction Managers. It will be a quality based selection, very similar to selecting an architect, and not without competitive fees, you will be asking for reimbursable rates, percentage fees, and lots of information so that you do not select someone without fee discussions about the cost to the Town as owner. As with the selection of architect you get to meet the team that the Construction Manager's commit to, when you interview them and are able to ask questions as to how they handle certain projects, as opposed to the traditional "open bid" envelope, where you do not know who they are going to assign to a job. He would emphasize the choice and control of the builder selection as well as the trades contractors as to how selections are made, publicly bid and all on the table, there is nothing that is not on the table.

Mr. Boos reported we never had the ability to pick the subs on public works. Compared to years ago, we have volumes more specifications, it all has to do with the way business has evolved, it has become a lot more litigious. That is one of the reasons that the Manager System evolved, and our first Managing job was in the late 60's in Farmington, but since then it has become the method of choice, in how to construct public buildings because of the control that the owner has over the whole process, especially from a budgetary and schedule point of view. Chairman Hines reported this system really started with very large complicated projects, they needed it. Mr. Boos reported this project is not small and it is not uncomplicated.

Mr. Boos reported with the Construction Manager Systems if you pick and choose which trade contractor you want by comparison of bid numbers, experience and their bonds, you have the capability of saving a million dollars or more on the entire budget estimate for the project. If a trade contractor has had problems on a job, they will have trouble being bonded, each trade contractor must provide a bond with their bid. Mr. Shea reported the insurance companies responsibility is not so much the quality of work, that is left to the Architect and the checks and balances that are involved in the process, the insurance company would look at the financial where withal, the ability to go in and financially complete the work, and the bond also takes into account the quality of the work and the reputation. There is a lot to be said about having bonded sub-contractors and a quality Construction Manager overseeing that, and if they are bonding you have a much better chance of having quality of work and the control that you want to have.

Mr. Eacott, member of the Building Committee, reported there is at least one other benefit that he can think of for the Town's protection, that the third tier vendors, working for the bonded sub-contractors, if the sub-contractor for whatever reason chooses not to pay them, then when the bonding company standing behind the sub-contractor gets the vendor gets the bonding company involved and they handle it at that level. The bonding company makes certain that his client the sub-contractor pays the vendor, protecting the Town from a situation, where under a General Contract bid, if the sub-contractor went bankrupt and did not pay a lot of the suppliers, vendors to him, it is the Town's problem. With the General Contractor they would get involved in it, but at the sub-contractor level, the bonding company would not be responsible, and the GC would get the lowest possible contractor he can, there would be delays and he would be motivated solely by how much money he has left to avoid losing money as a

General Contractor, as opposed to a bonding company who is brought to the table immediately, and is obligated to bring in a quality replacement contractor.

Mr. Boos reported when you have a Construction Management System you do have a choice of the builder because of all the trade contractor bids, they do provide pre construction services, provide control of all the contractors, they constantly provide budget control and schedule control. The important thing is that you do not have to go over all of the individual items and trades, and operations that happen on a daily basis. The CM does not have to go with the low bidder, we emphasize the word value, it is easy for anyone to cheapen a project by use of cheaper products, it may be a cost change but that is not value. We go through the whole concept of value engineering for all the trades, but we always look at it from the point of view – where is the real value? Mr. Boos reported they are another set of eyes looking at the documents and voicing an opinion. Mr. Eacott reported the project manager and job site superintendent should be at the interview, to look at it with a heavy emphasis on their experience. The reason for that is that a school is a very different animal than a lot of these commercial buildings, with many different issues that come with the school buildings, especially with a building that is occupied. These people will be on the job site full time, communicating with the Administration and the School Staff on a daily basis, it is important that they know when things will be happening on the site at specific times of day, that coordination is very important.

Mr. Eacott reported as a Construction Manager they meet as team with the Architect, Construction Manager, all the consultants and the facilities manager from the Town, as well as the Principal. In developing the schedule all these individuals are involved so we look at it from an education perspective, from a construct ability perspective, and with the perplexities of the mechanical systems that is very important, even dealing with issues of which areas are completed before others should begin.

Mr. Boos reported, this relates to phasing, when you use a Construction Management method, you have the ability, and the State sanctions this, to bid critical path items up front, concrete, steel and site work before you bid the rest of the project. You can let these contracts get in place, ultimately the Town is always at risk, but if these bids come in the way they are supposed to come in, then you know the rest of the bids were estimated on that same basis. Also you will not be waiting months for those items to arrive in order to begin construction.

The Town Manager reported he would like a comparison of the owners administrative responsibilities and work load of each one, and how we can tailor, if we go with the CM to make sure that we do not have any significant increase in administrative workload of the owner, namely the Staff to the Building Committee, the Town Manager and maybe even the Building Committee, in terms of the logistics of moving it along. Mr. Boos reported it is our experience that the workload is less, and certainly no more, if you go CM, and you have a good deal more information and good deal more control. The Town Manager reported all the bidding processes, the advertising, etc. Mr. Boos reported all done by the Construction Manager and the Architect, and it all follows Town procedures, advertising, obviously the bid form has been declared by the Town Council, but it is a standard bid form. The Town Manager reported we give them a copy of our purchasing policy. He wants to make sure that if we go with that route that component is included in the CM's scope of services, that all that administrative, or as much of it as possible.

Chairman Hines reported he does see one area, if we go with the Construction Management process, that the Town Council will want to be deeply involved in the final selection of the Construction Manager, and not that we want to take responsibility in doing things, we want them to be the responsible one. The Town Manager reported one of the decisions you are going to have to make is the issue of contract approval, these will be bundled in terms of coming to the Town Council potentially at one time,

recommended by the Building Committee, approved by the Town Council. There may be ten contracts, but they will all arrive at the same time, unless there is some specific reason you are doing steel ahead of it, or something else. But we are not going to have to be scheduling four or five special meetings, with agendas and notices in the paper, and minutes and all of this. The Town Council reported when there are problems we do not want them all coming back to the Town Council, we want the Building Committee when there is a problem they can come back if they need help. The Town Manager reported it may require some delegation of responsibility and authority to the Building Committee that the Town Council in the past has held themselves, and need to think what should be carved out, and what the Town Council wants to hold onto, and what you are willing to delegate in terms of authority to the Building Committee. Chairman Hines reported it has to be one person in control on a day to day basis on the project, and that has to be the Building Committee, in his opinion. If we start interfering in that it is not going to work.

Mr. Carlson reported he is not seeing where our charge to the Building Committee in a Construction Manager environment is any different than in a General Contractor environment. Chairman Hines reported the way the charge is written now, he does not see it changing either. Right now in the past we would need to sign one contract, now we would have to sign 18 contracts or so. They would have to bring that whole package, to the Town Council, and we would have to approve all 18 contracts. Mr. Carlson reported but he would never vote to approve or disapprove without a sign off and recommendation from the Building Committee. Mr. Shea reported he agrees, and does not mind having some involvement but really view the Building Committee as the group that controls and votes on who to hire, hopefully they will be receptive to us participating on a discussion basis, when it is appropriate but we need to be careful. Chairman Hines reported he has done a lot of thinking and working, there is a letter from our former Council Member, Ed Jeter, who spent an extensive amount of time in giving us his opinions, also by phone discussing things that he hopes would help us. Another document will be given out, it is helpful guidelines in how you select a Construction Manager, to help us understand this policy. He is willing to go with a Construction Manager, this is a change for the Town of Avon, we have never done this. The Town Manager had CRCOG do a survey of different towns using this method, it is not all roses, there were some problems with construction management, but overall it was positive. The reason he feels confident in trying this is because of our Architect, Chuck Boos, if it was anyone else, he would be opposed to this. This is the last big building program we are doing in Avon, other than maybe the Library, and projects we have done in the past with General Contractors have worked. This means getting to new areas, and take a gamble on this one, he is willing to go along with this, but he is counting on Mr. Boos to make this all happen. One of the things that Mr. Jeter wants us to consider is having an Architect representative on site at all times whether they were Construction Management or General Contractor, has always worked for Mr. Jeter for having the best results. That is something that we want the Building Committee to look at, and come back with a recommendation to us, when we finally get to that point.

Mr. Frey, Building Committee Chairman, reported even though you always say with the other projects we have been successful, but we gambled there and we have been lucky, just look at the gymnasium floor, talk about the time we spent in addition as a Building Committee, which could have been avoided, and with a little better supervision it would have been, if someone were watching the temperature and the humidity like someone should. Mr. Shea reported it is important that Mr. Boos maintain as he always has in the Town of Avon, and he is going to support Construction Management due to the control and hopefully the improved quality of work, and the scheduling of a major project like this. He is supportive of it and also interested in how the Building Committee chooses their Construction Manager and would like to participate but would want the decision to be theirs.

The question was raised as to when the RFP would be going out. Chairman Hines reported it is a function once you have the referendum, if we had one at the end of June, which is being considered, if that all gets approved, the Building Committee will be working with the Architect right away. The question was raised whether the Construction Manager could be hired before the referendum. Mr. Boos reported he would like to see that happen, as most of the CM's understand the pre-referendum services, have worked with the public sector before and it would be minimal cost. Chairman Hines reported we could help design the contract to be that way. Mr. Boos reported it is helpful to have construction professionals standing with the Town Council to be able to say we can do it. Building Committee Chairman Frey reported it helps us to be sure that certain numbers need to be adjusted because of our experience on previous projects as well as the CM's experience, and the Architect as well, it gives all of us a feeling of confidence that the number that is put out at referendum is the real number. Chairman Hines questioned if we go out with a bid for steel, once you get that bid, can you get a guarantee that it will be held at that price for several months. Mr. Boos reported yes, and also it has been our experience that if it works well at the public presentation to have the CM professional sitting next to you saying we can do this.

Mrs. Hornaday reported almost twenty years ago when she was on the Board of Education we were pretty much sold on Construction Management, but at that time the Town Council was not. She supports the idea about the bonding of the Construction Manager, even if it costs a little more money to get bonded. She questioned whether it is a Construction Management firm, and then we have specific personnel within the firm that work on the job. Mr. Boos reported that is correct, but it could be an individual but that would not be in your best interest, because we need the backup of the home office for estimating and all of the things that go on. Mrs. Hornaday reported this is too big a job for an individual, she wants someone that has some substance. First the Building Committee interviews, then comes to us with their recommendation of the best person for the job, she agrees. Would the Architect work as non voting advisor to the Building Committee process. Mr. Boos reported yes, certainly non voting but we are at the Building Committee's disposal, and we are there as your resource. Mrs. Hornaday reported her concern is with this collaborative work, it is important that a CM firm is hired that the Architect's firm works well with.

On a motion made by Mr. Woodford, seconded by Mr. Carlson, it was voted:

RESOLVED: That the Town Council authorize the Avon High School Renovation Addition Building Committee to proceed with an RFP for Construction Management Services for the addition/renovation of Avon High School.

Mrs. Hornaday, Messrs Hines, Carlson, Shea and Woodford voted in favor.

III. NEW BUSINESS - None

IV. OTHER BUSINESS - None

V. ADJOURNMENT

The special meeting was adjourned at 8:25 p.m.

Attest:

Caroline B. LaMonica
Town Clerk