



FAQs | Francis Howell North construction

Thank you to the many students, staff, parents and taxpayers who submitted questions and ideas via ThoughtExchange and the text-in line during the Dec. 7 special work session. The purpose of this document is to provide information in response to common themes and questions.

Last update: 12/9/21

KEY FACTS

- **Francis Howell North student enrollment:** 1,641
- **Age of current building:** 40 years
- **Number of additions on current building:** 6
- **Original estimate by Hoener to renovate current building:** \$64,970,000
- **Original estimate by Hoener to construct new building (2018):** \$93,500,000 *(later revised to \$86,350,000 with a reduction in square footage; the reference to \$83.5M in the Nov. 23 Board Update was made in error.)*
- **Revised Guaranteed Maximum Price by SM Wilson to build new (2021):** \$164,723,000
- **Building Area (new North, as currently designed):** 410,000 sq. ft.
- **Square Foot Cost:** \$402
- **Total Amount Invested in Bid Packages 1-4:** \$38,094,183
- **Bid Package 5 (the rest of the project):** \$126,628,817 *(not approved by the Board)*

PROP S

What is Prop S?

Proposition S is a \$244 million bond issue approved by voters in June 2020. Prop S did not increase the tax rate. Voter approval of bond issues allows school districts to borrow money to address pressing facility needs. FHSD worked proactively with the District's architectural firm and a diverse group of stakeholders to develop a Comprehensive Facilities Master Plan (CFMP). This plan identified the current state of the District's facilities as well as future needs. Prop S pays for the construction, repair and renovation costs outlined in the CFMP. The bond issue did not raise the tax rate, and funds from a bond issue cannot pay for salaries, benefits, supplies, utilities or other operating costs.

What was included in Prop S?

Prop S included improvements and safety updates at all FHSD schools, construction of a new Francis Howell North high school and major updates and renovations at the older schools in FHSD.

CONTRACTOR AND BID PROCESS

What are the contract terms between the District and contractor?

The District and SM Wilson agreed to a standard AIA A133 contract where the basis for payment is the cost of the work plus a fee, with a guaranteed maximum price.

How was SM Wilson selected?

SM Wilson was selected to help lead the construction process through an RFP process. Six firms submitted proposals, four firms were interviewed, and based on that process, SM Wilson was selected.

What is the CMAR process and how does it benefit the District?

The CMAR process is a multi-phase approach that allows for an accelerated building process. At each phase, a price is given for the materials and service of that phase. Once a Guaranteed Maximum Price (GMP) is established the risk is completely on the builder. The advantage of the Construction Manager At Risk (CMAR) process is that the entity doing the actual construction is involved in the design process, which leads to fewer change orders later and a faster and more efficient construction process.

Was the contractor locked into anything when they were hired?

SM Wilson was locked into a fixed price for their pre-construction services. Those services were to provide guidance on how the designs could be altered to help save money during the construction process.

Is the contractor transferring cost risk entirely to FHSD?

There is cost risk associated with any construction process. In the design-bid-build process, the risk is that change orders submitted after the bids are awarded will increase the cost of construction. In design-bid-build, the District would maintain a contingency fund, typically 5-15% of the construction costs, to cover the cost of potential change orders. The benefit to the Construction Manager at Risk (CMAR) construction process is that once a Guaranteed Maximum Price (GMP) is established, the risk is on the builder. Any contingent amounts included in the GMP by the builder are returned to the owner if not used.

Is the contractor eating any of these costs, given their underestimation?

The original project estimate was prepared by Hoener Associates in 2018, prior to the passage of Prop S, based on market conditions at that time. The updated GMP presented by SM Wilson includes a \$3 million credit to offset some of the impact.

Was the bid process abbreviated or not actually followed?

There was no abbreviation in the bid process. In fact, in some instances, the process was extended to allow for more than one bidder to submit a proposal on the project or to give contractors more time to work on sourcing materials and goods at the best possible price.

All of the work for the FHN project was competitively bid. The District has been a participant and observer of each bid package and has reviewed each of the submittals and their evaluations to ensure compliance.

Why didn't we have updated cost information before breaking ground?

The CMAR process is a multi-phase approach that allows for an accelerated building process. At each phase, a price is given for the materials and service of that phase. The District has just reached the final part of the phase which has provided a quote on the final costs to build the new FHN.

Has SM Wilson given us any tentative estimates of the GMP prior to this?

After the first four packages were bid out and awarded, SM Wilson prepped us to expect a higher price for the final bid package due to market conditions. While we were expecting an increase, we did not anticipate a final GMP of \$164,723,000.

How was the budget of the building based on bids in 2018? How can we hold the construction company responsible for the costs since they gave us the original estimate?

The construction company (SM Wilson) did not provide the 2018 estimate. The architects (Hoener Associates) provided the original cost estimates in 2018, based on the market conditions at that time and similar projects that occurred in 2018. Since that time there has been an annual inflationary price in goods and services in the construction industry of 2-3% annually with a more recent and unprecedented inflationary jump, estimated to be as much as 40%, due to the COVID pandemic.

Who signed a contract with no protections on cost increases?

The CMAR construction method is a process with several steps, eventually leading to a guaranteed maximum price (GMP). Once the GMP is reached and agreed upon, the District is protected from any future cost increases for the duration of the project – as long as the project scope remains the same. Until then, each package that is bid is subject to the volatility of the market and its prices. If the District had elected for a traditional design-bid-build process, final bid packages would have gone out this fall and been subject to the same market volatility.

Why is the revised cost estimate for North almost double what was expected when average construction costs have increased 30-40%?

At the December 7th Board Meeting, a [slide deck](#) was shared that breaks down the numbers. Slides 2 and 3 show how normal inflation from 2018 to today, plus the impact of COVID-related price increases on materials in addition to the current labor shortages, brought us to the current pricing received as part of the GMP. The GMP presented by SM Wilson is based on actual bids from subcontractors, and those bids are reflective of current market conditions.

PRICING AND OPTIONS

Are there ways to delay certain parts of the project to cut costs?

We are working with our construction management company and architects to identify ways to cut costs, and will continue to do so for the duration of construction. The District continues to invite patrons to share ideas that may be feasible. Some ideas that have been suggested by patrons include:

- Athletic Fields
- Parking Lots
- Landscaping

Each of these is discussed in the questions that follow.

Can we delay the athletic facilities to save costs and focus on getting the academic building completed?

Yes, delaying certain parts of the project such as athletic fields and facilities is a possibility. However, there may be a cost advantage to completing the athletic fields along with the academic building. This would take advantage of the general contractor already being on site and save the costs of future mobilization as well as accelerate the availability of the fields. Moreover, delaying the field completion would present additional costs for the District that must be considered as we weigh our options. The District is currently renting space for soccer and football games and transporting students to practice fields as well as all games (home and visiting). These expenses are not part of the Prop S budget. In addition, we must think about the impact on students; not having home fields or facilities puts them at a disadvantage.

Are there parts of the project that could be reduced temporarily? Such as grass instead of turf or a gravel parking lot instead of blacktop?

Yes, re-evaluating the design of the building and certain features is one of the options on the table. However, code requirements drive certain design features. For example, the proposed landscaping is designed to help with water runoff issues and reduce noise from the high school operations interfering with the adjoining neighborhood. Gravel parking lots require more maintenance than paved lots. Gravel is also not conducive to our buses and could cause them to get stuck in wet conditions.

Is it possible to repair the existing North building?

The option to repair/renovate the existing building was considered as part of the Prop S planning process. The renovations would be extensive and 1,600+ students would be displaced for the duration of the renovation project. The building was not constructed as a high school facility. Six additions and roof structures have been added over the decades. The original estimate to repair the building was approximately \$65M.

Does the North project qualify for federal COVID relief funds?

The primary purpose of ESSER funding is to address learning loss and other challenges that came as a result of the pandemic. There are certain provisions regarding the use of federal ESSER funds for building upgrades and improvements. However, our ESSER funds are limited and how they will be used is being evaluated considering all the existing needs within the District.

Is it possible to bid out certain pieces of the project to additional suppliers, buildings or other companies that could offer lower prices?

If the Board chooses to pause construction, the District will have the option to solicit new bids in the future. Other companies may choose to bid on the work at that time.

How much of the revised cost estimate was escalation versus a bad starting price or scope change?

There have been some scope changes due to code issues and square footage changes. Additional cost increases are due to COVID-related impacts in the construction industry.

What will this cost me as a taxpayer?

Prop S is a no tax rate increase bond issue and your tax rate will not go up due to the increase in cost of construction for North.

What is the financial impact of the rocketing housing prices and impact on tax revenue?

The District is limited in the amount of new revenue it can collect as a result of reassessment (or rocketing housing prices as stated in the question). The District's revenue on existing construction only increases by the lesser of CPI or 5%. For the 2021 reassessment cycle, the CPI, which is determined by the state auditor, was 1.4%. This is much less than the current rate of inflation (which hit 6.2% in October 2021).

Has a prefabricated modular design been considered for FHN instead of stick build?

All design approaches were considered as part of the process. Based on the desired aesthetic and function of the campus, a steel frame building was chosen.

FHN is already under construction. What are the costs associated with any changes to the current design? Redesign costs may offset any proposed construction savings.

There will be costs associated with redesign, which will be taken into account if we choose to move forward with this option.

Can funds from the capital improvement budget be utilized to finance the school?

The District can elect to augment the Prop S funds by using regular capital funds in the project. At this time there are no plans to utilize those funds to augment the Prop S funds

as the capital budget for facility needs is not enough to support all that the District currently has to maintain across the District.

Can we redraw District boundaries to utilize space better? Some buildings are bursting at the seams while others have lots of space.

As we reprioritize remaining bond projects, the District will explore this option.

What are our options on delaying the project? Can we stop the first big packages?

The District can pause the project, with the exception of the work that has already been completed. We can negotiate the terms of the current work with SM Wilson in order to safely pause the project.

What are our costs if we put everything on hold for 6 to 12 months to see if construction prices come back down?

If we choose not to move forward with the package 5 work, we could bid out this work at a later date, keeping in mind we cannot guarantee whether prices will increase, decrease, or stay stable over the coming years. As far as direct costs to pause the work, a fence would need to be purchased to protect the site and keep it safe. This is likely in the range of \$150,000-\$200,000. There are other decisions to make around the site that would need to be considered (changes to the entry drive, temporary construction roads, etc.). These other changes may add some to the cost as well. Also, to pause we would need to negotiate with SM Wilson around work that has been awarded but which has not yet been completed. We may wish to have some things move forward until they reach a certain completion, and other planned work may be cancelled. Work that continues has already been bid, so no extra cost there, but work that gets cancelled could potentially allow us to negotiate some savings. However, that same work would need to happen eventually so we would pay again at some point, and the savings would likely not completely offset the cost later.

LOOKING AHEAD

What options are available for North?

At its Dec. 16 meeting, the Board will determine whether or not to accept the GMP of \$164,723,000 and move forward with construction of North as currently designed. The Board will seek community input via a survey on the following options:

- Accept the new price and forge head – Continue construction on Francis Howell North at SM Wilson's Guaranteed Maximum Price of \$164.7M. Once approved, the project will be protected from future price escalation. Moving ahead with the construction of North at the increased cost means we will have to re-prioritize other Prop S projects and as a result, some work that was originally planned will not be completed. A future bond issue may be required to accomplish the full scope of work projected as part of Prop S.

- Pause construction and rebid – Pause construction on Francis Howell North and rebid the same project either immediately or down the road to see if better pricing can be obtained from new vendors and/or if material and labor prices have come down. Market conditions may be more or less favorable at the time of rebid; there is no guarantee that the District will receive better pricing in the future. In addition, delaying construction for any considerable length of time may require that funds be spent on the current Francis Howell North building to make critical repairs. Delaying also means students and staff will be dealing with an active construction site for a longer period of time, including the displacement of athletic fields and facilities.

How are the unexpected costs going to be paid for?

If the Board chooses to move forward with construction of North, the costs will be paid from the Prop S bond funds. Prop S was a \$244M no tax rate increase bond issue that created funding for infrastructure improvements in the facilities of FHSD. Other projects slated for Prop S will need to be reprioritized if we move forward with North at the revised price.

What steps are being taken to avoid additional cost increases?

The District is working with its contractor partners to utilize the value engineering process to help find ways to reduce costs but still achieve a quality facility that is conducive to student learning and engagement. If we choose to move forward, we have a guaranteed maximum price (GMP), and are protected from additional increases. If we choose to pause the work, the price could increase or decrease in the future; there is no guarantee either way.

Have the Prop S projects been prioritized?

The original list of Prop S projects presented to voters was prioritized. The District Facilities committee has been working and will continue to work on re-prioritizing the remaining projects to help maximize the funds available and complete as many of the Prop S projects as possible.

What projects will no longer be funded due to the increased cost of FHN?

The District and the Facilities Committee are currently evaluating the impact of revised cost estimates for the new Francis Howell North. Smaller projects on the Prop S list could be completed using existing capital dollars allocated for facilities. Additionally, the District is taking advantage of various rebates and grant opportunities on projects to help maximize the use of the Prop S funds. We anticipate that the following projects will likely not be completed at this time should the District move forward with completing the Francis Howell North project at the GMP of \$164,723,000:

- John Weldon Elementary addition and renovations
- Independence Elementary addition and renovations

- FHHS Auditorium and storm shelter
- FHC Auditorium renovations
- FHSD Transportation Bus Garage
- Districtwide maintenance projects

Will there need to be an additional bond issue for district repairs in other facilities?

It is likely there will be a need for an additional bond issue at some point in the future.

QUESTIONS SUBMITTED VIA TEXT DURING DEC. 7 WORK SESSION

Can you ask your larger subcontractors to rebid their work? The materials market has been falling for weeks.

While we are awaiting the approval of package 5, SM Wilson continues to meet with subcontractors to value engineer items to try to reduce costs if possible. There has actually been a recent escalation in some raw materials, so the market volatility is still present.

Can you negotiate with the bigger subcontractors and ask for help?

SM Wilson has been actively working with subs to solicit as many competitive bids as possible.

Are all the subcontractors from St. Charles County?

No, but SM Wilson understands that the District does want to support local businesses and so has encouraged St. Charles County based subs to bid on the work.

Are all the subcontractors from Missouri?

No. Solicitation was made to vendors from out of state in addition to those in state. Some components of packages are contracted with qualified vendors from out of state. There is one component with a contractor from as far as Ohio.

Were inflation adjustments factored into estimates for projects scheduled years into the future?

Some inflation was built into the budgets, but not enough to account for the large increases that are the result of supply chain disruptions and labor shortages.

What is the appropriate maintenance budget to keep our buildings functional over a longer time frame?

The District currently budgets less than \$2 million annually for upkeep of the 26 facilities that encompass 3 million square feet of building space under roof. The annual budget

should be three to five times as large; however, our current resources do not provide sufficient funding to devote that much money to annual maintenance.

What is the impact of not expanding elementary capacity? How do demographics affect this over the next few years?

We are preparing to complete a demographic study to help us better understand enrollment trends. We need this information to help us weigh the advantages and disadvantages of expanding current facilities versus altering school boundaries to better distribute the student population.

Does delayed maintenance put us at risk for other future excess maintenance expenses?

Proactive preventive maintenance is the best, most cost-effective approach to building maintenance. Deferring maintenance, particularly on major systems, has negative cost implications. The District is committed to carefully utilizing its available resources to maintain its physical plant.

Did we utilize intensive financial monitoring when utilizing CMAR?

The District carefully monitored the work of its architects and SM Wilson during the design of the Francis Howell North building. The cost escalation is not a result of inattention but rather the impact of labor shortages and supply chain disruptions, coupled with a high demand for construction services, that led to the increased costs.

Why was Henderson used as an improvement area for Prop S propaganda but now nothing is proposed to change there? They are packed in that school.

We are still planning to make improvements to the Henderson campus to address the overcrowding.

Why is the District spending money on the building located at 801 Corporate Center Drive?

We needed to relocate the Union High School program, as the current building housing this program would cost too much to renovate. Purchasing the 801 building allowed us to have space for the Union program, as well as consolidating the various administrative functions, including the District Learning Commons (DLC) and Content Leaders, that are currently located in buildings across the District.

Does the transportation department need the entire current Admin Building or can other areas, such as the DLC, be located there?

We are exploring ways to effectively use any space in the current Administration Building that is not needed by Transportation.

Did the Board approve the final design of Francis Howell North?

The District used a similar approach to the design of the Francis Howell North building as was used for Francis Howell High. A Design Team, composed of a Board representative, the COO, Superintendent, Director of Facilities and Project Manager, met every other week with the architects to review and provide direction for revisions to the design documents. As it did with the Howell High project, the Board, by approving the bid packages, approved the final design of the building.

Why weren't savings from the previous bond issue in 2008 (where the Francis Howell High construction project came in under budget) returned to taxpayers instead of doing additional projects?

The Board identified a list of projects for the 2008 bond issue. Some of the projects were placed on a "hold" list, with the intention to complete these projects as funds allowed.

Why were we in such a hurry to complete?

The current Francis Howell North building is at a critical stage. Many of its major systems are beyond repair. We recently had to install temporary boilers at North because parts to repair the current boilers are no longer made. The longer we remain in the current building, the more funds we will have to spend on maintaining systems that are at end of life. We do not want to risk the failure of a major building system that would prevent us from having school at North.

Are we limiting bids to only local contractors?

SM Wilson cast a broad net when soliciting subcontractors. We were not limited to only using local vendors.

Does District policy require a minimum of 3 bids?

The District's policy is to seek competitive bids on projects with a value greater than \$7,500. In most cases, we are able to secure multiple bids. However, it is not always possible to locate three or more bidders for a specific scope of work.

When will updated financial information be available on the Prop S website?

Updated financial information for completed, in-progress and planned Prop S projects will be available on the Prop S website after the Board takes action on the Francis Howell North construction project on Dec. 16. The impact of the Francis Howell North project on our overall Proposition S budget will determine how we proceed with the remaining projects. This will be reflected in the cost tracking dashboard on the Prop S website.

Were the first 4 bid packages over budget?

- Bid Pkg 01 (Phase 1 Earthwork, Utilities & Temp Asphalt Entrance) = 7% under SMW Schematic budget (May '21)
- Bid Pkg 02 (Building Concrete Foundations & Flatwork and Waterproofing) = 105% over SMW Schematic budget (May '21)

- Bid Pkg 03 (Precast Concrete Panels "Auditorium Storm Shelter") = 13% over SMW Schematic budget (May '21)
- Bid Pkg 04 (Structural Steel, Underground Plumbing & Underground Electrical) = 18% over SMW Schematic budget (May '21)

Will our next construction projects also have a Guaranteed Maximum Price (GMP)?

We have not determined the construction delivery method for our other projects.

Is the District changing policies and processes to prevent similar mistakes in the future?

We approached the FH North project the same way we did the Francis Howell High project. The cost impact on the FH North project is a result of a very competitive construction market with prices driven upwards by high demand and a shortage of labor and raw materials.

Why does the new Francis Howell North building have 34% more square foot per student?

The new Francis Howell North building was designed to have all of the same public spaces (food service, cafeteria, toilets, mechanical rooms, corridors, etc.) regardless of the relative size of the student population. The additional square footage required either by code or statute, or included to address specific programmatic needs, also contributed to the overall size of the new building. We did reduce the number of classrooms in the new FH North, but these changes were outweighed by the impacts of the items noted above.

Many existing FHSD buildings already have labeled lactation rooms so why did these additions add cost to the new Francis Howell North, and how much cost?

We have allocated space in our current facilities for lactation rooms. However, with new construction we have more specific statutory requirements about the space and its configuration. There is more than one lactation room in the building. The estimated combined cost of the rooms is \$150,000. This was just an example of a scope increase driven by codes or statutes. It was not intended to account for all increases in scope or price.

Would you expect construction demand to decrease with prices extremely high?

The major driver of future costs will be the impact of the billions of dollars in federal money devoted to infrastructure projects (e.g., road and bridge repair). These projects will be competing for the same labor force and materials as our building programs. This will continue to negatively impact cost moving forward.

Will the gym at FHN be finished and able to host athletic competitions by the time the building is opened for regular school proceedings?

Yes.

Where do we find a broad description of what is in each package? And why are they in the order they are in?

- Bid Pkg 01 (Phase 1 Earthwork, Utilities & Temp Asphalt Entrance)
- Bid Pkg 02 (Building Concrete Foundations & Flatwork and Waterproofing)
- Bid Pkg 03 (Precast Concrete Panels "Auditorium Storm Shelter")
- Bid Pkg 04 (Structural Steel, Underground Plumbing & Underground Electrical)
- Bid Pkg 05 (Balance of the new HS Building, Demo of Existing HS, and Phase 2 Earthwork/ Stadium/ Practice Fields)

The Design & Bid Packages issuances were recommended and agreed upon between the Construction Manager and Design teams to keep the job progressing in the normal sequence of operations and to avoid any delays in the schedule because of the worsening of the material delivery delays due to the market conditions. As an example the Team decided it was necessary to accelerate the Structural Design in order to bid the Structural Steel earlier than anticipated to combat the rising cost of steel, as well as the steel delivery delays which had at the time extended from a typical 12-week lead time to a 48-week lead time.

How long until we reach the critical path when having no Package 5 would cause delays?

We are at that critical juncture now. If it is determined that we are not moving forward with Package 5, there are decisions to be made about the steps necessary for items currently in the pipeline, like the structural steel that was approved in Package 4.