

Board to absorb extra costs as price of new school soars to \$32.4 million

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City school officials are going to bite the bullet and absorb cost overruns rather than downsize a new school under construction off Military Road.

The new — and, officials hope, final — price tag on the Northwest Academy is \$32.4 million, up from its original estimated cost of \$26.1 million. To cover the difference, board members agreed Wednesday to delay expansion of Campus East School.

The Campus East expansion stands a chance of going forward as originally scheduled, but only if school and city officials can agree on extending the district's current four-year capital improvement program by another year.

Architects told board members they had little choice but to complete Northwest Academy as planned. The foundation has been poured, and about two-thirds of the structural steel has been erected.

"We can't rebuild steel frames and foundations and things like that," said Mel Alston, associate superintendent for plant services.

So downsizing the project by, for example, dropping plans for the swimming pool or reducing the number of classrooms, would be impractical. Attempting to do so or to seek new bids on the major contracts would jeopardize the school's scheduled opening date of September 2000, which already is two years behind the original target date.

The project is over budget mainly because low bids opened a month ago came in \$5 million over budget for two contracts but only \$1 million under budget for the remaining seven.

Project architect Ted Fyda said lack of competition appeared to have driven up the bids that were over budget. One job attracted only two bidders, while the other got only three.

What, if any, impact the board's decision to use a project labor agreement had on the bids remains difficult to gauge, Fyda said. He noted that two consultants differed earlier this year on the agreement's po-

tential impact. The arrangement, pushed by unions, establishes work rules, coordinates work schedules, provides grievance and arbitration procedures and guarantees no strikes.

Fyda said one consultant thought the agreement would reduce costs, while another thought it would increase them. But the \$4 million overrun on the bids is more than \$3 million higher than the potential impact envisioned by the consultant predicting additional costs. The other consultant projected potential savings of up to \$750,000.

At Wednesday's meeting, the board also discussed how much it can expect to be reimbursed for the project.

In theory, the state covers up to 93 percent of costs, but few projects reach that number. Renovations and expansions are reimbursed at a higher rate than new facilities, partly because the state covers a smaller portion of costs for cafeterias, gymnasiums and other non-classroom space. The state covers little or none of the cost for space for community purposes, such as health clinics and day-care centers.

As a result, Alston said, the state usually winds up paying 55 to 60 percent of the cost of new schools.

Officials said the state's maximum allowable cost for a school the scope of the Northwest Academy will be \$15 million to \$17 million on "hard" construction costs of nearly \$27 million. Classroom equipment, such as desks and computers, and so-called "soft costs," such as architectural and construction management fees, account for the remaining expenditures.

"I think the reimbursement rate is archaic, but it's what we have in place," Alston said.

East District board member Marlies A. Wesolowski suggested that the board consider pitching the state to increase its reimbursement rate for new schools.

She noted that state education officials are encouraging closer collaboration between schools and community organizations, including social service providers. That effort requires space and facilities that the state, in effect, penalizes districts for building by providing a lower rate of reimbursement.