

Islesboro Municipal Building Project Committee (MBPC)

November 6, 2023

Minutes

APPROVED

11/15/23

Members present: Andrew (Pete) Anderson, Linda Gillies, Derreth Roberts, Jay Zlotkowski  
Via Zoom: Lauren Bruce, David Sessions

Absent: Bill Boardman

Ad Hoc Members: Janet Anderson, Cressica Brazier. Via Zoom: Fred Porter

Others: Carrie Reed (zoom coordinator)

Via Zoom: Mark Ouellette (S. B. Architects), Taz Stafford, Terry Cowan, Marny Heinen, Josh Leach, Jim Mitchell, Dick DeGrasse, Owen Howell

1. A. Anderson called the meeting to order at 5:30pm. Quorum met.
2. Approve Minutes of October 23, 2023

**Motion to approve the minutes of October 23, 2023, as written, D. Roberts, seconded by L. Gillies. No discussion. Motion passed, 6 yes, 0 no, unanimous.**

3. Present Update on the Project

- Pete reported that at the last MBPC meeting, on October 23, the committee voted to ask the Select Board to hold a Town Meeting, where we would present the Guaranteed Maximum Price (GMP) and ask the voters for funding at that level. The day before the Select Board meeting, Steve Blatt and Mark Ouellette from S.B. Architects (SBA) requested more time to work with Construction Manager H.E. Callahan (HEC) to try to get a lower GMP. The Select Board agreed to wait to hear what we finally received as the price. We received the GMP from H.E. Callahan last Thursday and they did not get the maximum price low enough. Since it's the lowest we can get from them, we no longer see the value in using H.E. Callahan. Steve, Mark, Lauren, and Pete feel they need to find a way to get the cost down further, closer to the approved budget. Lauren and Pete recommend the Town end its relationship with H.E. Callahan. They will bring this committee detailed options for how to proceed within the next two weeks.
- Mark Ouelette of SBA shared a spreadsheet of the budget and explained cuts. The bidding market has not rebounded as well as hoped since Covid. He explained how they proposed several Value Engineering (VE) items as well as alternates, items they felt were able to be delayed or deferred and put back into the project at a later time. He had several items in the bid documents to help break out scope and hopefully reduce costs. He's identified some VE items that were substantial, but have still not gotten to budget. There was a discussion of the spreadsheet but members found the information hard to understand and asked for a new spreadsheet with all of the costs shown. Mark agreed to prepare a new more complete spreadsheet for the SB meeting.
- Lauren added that although we worked in good faith with HEC, we came away unsatisfied with their performance. They weren't doing a lot of the Value Engineering in house. They were asking their subcontractors. For example, we believed we could find cost savings by working on construction of the Up-Island Public Safety Garage at the same time as the Health Center, transferring equipment and materials between the two. H. E. Callahan said that the subcontractors are bidding on these two buildings separately. We can see the result in the very high cost of the PS Garage. We have a two-part recommendation:
  - Do not continue relationship with H.E. Callahan. We have not signed a contract, so would not be in default.
  - Steve, Mark, Pete, and Lauren think there are some reasonable alternatives that they can bring to the committee, but would like time to get those laid out in way that we can make good choices, based on clear numbers, and present those items in the next two weeks.
- Linda Gillies asked if we will get another Construction Manager (C.M.) Pete said probably so.

## Islesboro Municipal Building Project Committee (MBPC)

November 6, 2023

### Minutes

- Linda asked if Lauren and Pete felt that H.E. Callahan's work was bad, or if there are other reasons they want to end the relationship. Pete explained that he felt there was a lack of collaboration between the architects, the CM, and us.
- David Sessions stated that he spent about 20 years as a Construction Manager, and to learn of this large variance at this late stage would be very unusual, and unacceptable going forward. He agrees that we shouldn't be working with them.
- Derreth Roberts asked if we have options for other CMs. Pete answered that one option would be to see if any of the others we interviewed would be available and interested. Lauren added that we gave points to all of the interviewees. We could go to our second runner-up and ask. We have a lot of detail we can provide them at this point.
- Lauren added that she and Pete have some backup plans that would be alternative solutions, but they are not prepared to bring them to the committee tonight. We should cancel relationship with H.E. Callahan before we move to anything else.
- Jay Zlotkowski asked again for clarification on the figures. Not all the figures are on the spreadsheet, mostly fees. The form highlights the discrepancies in construction budget only. Lauren stated she could get a more complete budget outline together and send it within the next couple of days.
- Jay asked if we're really going to benefit by going to another contractor. Mark answered that from his experience with H.E. Callahan, we weren't seeing collaboration. Subcontractors were driving the bus. They didn't come forth with cost-saving ideas. He's worked with other CMs that have been interactive and collaborative. One thing we experienced early on with the 50% CD price check is that there's hesitancy to really dive in and do cost estimates, etc. They didn't put in a full bidding effort until the 100% CDs were done. Things will now be bid in a more concise manner, and we will get better bids.
- Jay asked Mark if he's seeing this problem with CMs on other projects. Mark answered that he's seeing price escalation and longer lead time for delivery of materials, but they work with contractors with more availability. Mark thinks that in conjunction with additional Value Engineering ideas, we can get much closer. We're not starting over.
- Pete added that HEC subcontractors seemed to have overinflated numbers for doing work on the island.
- Linda asked for clarification on timing. Discussion about possibly deferring the work until Spring. Lauren added that reaching out to a potential new CM wouldn't take much time. We need two weeks to organize options.
- Janet Anderson asked about the option of cutting the Public Safety Garage from the project. Lauren answered that's one of the alternatives but only if we set aside funding for that construction. So the project would only be temporarily deferred if at all.
- Jay asked if HEC knows we are thinking of cutting ties with them. Do we owe money? Pete answered that we told them to pause. We will find out if we owe them money.
- Derreth asked for clarification on what will happen in the next two weeks. Pete answered that we would recommend to the Select Board this coming Wednesday night that we sever ties with HEC, and then we look to see if any of the other CMs we interviewed are available.
- Discussion about going back to the voters for more money for the project, with or without the Up-Island Public Safety Garage.
- Lauren added that we can't move forward until we sever the relationship with HEC. It doesn't add to our situation to keep them. They're working with contractors that are charging too much. They did not acknowledge cost savings in doing projects simultaneously. They bid on the two buildings independently.
- Linda Gillies requested that in the discussions over the next two weeks, the two buildings are always on the table, and not one is pulled. The Up-Island PS Garage is really important for this island. We don't have one. If the project needs to be staged (phased), consider doing the PS Garage first, then the Health Center. If we keep deferring it, it's not going to happen. David Sessions agreed. Lauren replied that funds for the PS Garage would remain dedicated to that project, even if we have it done by a separate contractor.

Islesboro Municipal Building Project Committee (MBPC)

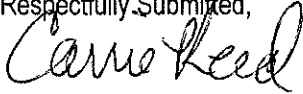
November 6, 2023

Minutes

Motion to recommend to the Select Board that we sever ties with H. E. Callahan, D. Roberts, seconded by L. Gillies. Discussion: the process and how much we offer to pay needs to be worked out. Motion passed, 6 yes, 0 no, unanimous.

Motion to adjourn meeting at 6:34pm, L. Gillies, seconded by A. Anderson. No discussion. Motion passed, 6 yes, 0 no, unanimous.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Carrie Reed".

Carrie Reed

