

Subj: 2014 BOND PROGRAM ESTIMATE AT COMPLETION (EAC) ANALYSIS
BACKGROUND

The 2014 Bond Program is at its midpoint both across the 8 years and in terms of completion of work. The Program remains financially strong and able to fulfill the work that was committed to the voters despite the unprecedented 6% construction market growth, illustrated in Attachment 1. Recent tragic national events have driven a desire to increase the Bond investment in school security. The Bond Accountability Committee, based on staff estimates, recommended the School Board approve an additional \$12.25M towards security enhancements. To better inform this decision, staff has prepared an Estimate at Completion (EAC) midpoint analysis (table below) which reflects our estimates, budgetary confidence, and recommended distribution of Program Reserve (PR) to complete the major projects remaining.

Estimate at Completion Analysis

Project	Current Project		Proposed PR Distribution	
	Budget	Contingency	Budget Increase	PR Hold
Projects in Close out	-	\$2.60	-	
ACMA	\$39.40	\$4.70	-	\$1.90
Five Oaks	\$27.50	\$3.40	-	\$1.40
Hazeldale	\$34.30	\$2.30	-	-
Maintenance Facility	\$11.30	\$1.70	-	-
Raleigh Hills	\$13.20	\$2.00	-	\$1.30
William Walker	\$36.70	\$3.30	-	-
Domestic Fire Line	\$1.00	-	-	-
Kitchen Improvements	\$1.00	-	-	-
Seismic Upgrades	\$5.20	-	\$5.45	-
Security Upgrades	\$10.60	-	\$4.00	-
Added Security Upgrades	-	-	\$8.25	-
Facility Repairs	\$98.70	-	\$25.00	-
Total	\$278.90	\$20.00	\$42.70	\$4.60

All Costs shown in Millions

District Goal: WE Empower all students to achieve post-high school success.

The Beaverton School District recognizes the diversity and worth of all individuals and groups. It is the policy of the Beaverton School District that there will be no discrimination or harassment of individuals or groups based on race, color, religion, gender, sexual orientation, gender identity, gender expression, national origin, marital status, age, veterans' status, genetic information or disability in any educational programs, activities or employment.

DISCUSSION

Security Upgrades

The combined total of \$12.25M is requested to continue security upgrades across the district. The additional \$4.0M will complete the “perimeter hardening” and bring every school to the improved District standard for entry and access control that was established during the life of the Bond. The additional \$8.25M will provide additional security enhancements as presented to the Board during the executive session of the 4/16/18 School Board Work Session.

Seismic

Costs in general have gone up since the original seismic strengthening schemes were developed in 2013. More significant though has been the increased understanding/awareness of the risks associated with the Cascadia Subduction Zone. Because of this, the State of Oregon has increased the design standards that BSD must meet to receive additional funding. This will be a great advantage to Aloha High School where we have been awarded a \$2.5M grant to bring the entire school up to an “immediate occupancy” designation; but it also comes with added cost to the Bond. We intend to pursue future grants for other priority schools, but State funding for seismic upgrades has been decreasing while the number of applicants has been increasing. A budget increase of \$5.45M allows us to pursue these grants.

Facility Repairs

The Facility Repair project encompasses over 450 smaller projects that represent varied improvements at every school in the District from roof, HVAC, and electrical to clock systems and playgrounds. Staff from both Facilities Development and Maintenance underwent a tremendous 6-month effort to properly scope and estimate this body of work. Approximately, \$45M has been expended on these projects to date. Beyond the broader construction market growth, the additional funding requested (\$25M) is driven predominantly by three factors: increase roofing costs, increased Heating, Ventilation, and Air Conditioning (HVAC) costs, and unplanned expenditures.

Increased Roofing Costs (49.4% EAC Increase):

More than twenty roof repair/replacements remain to be completed in this project. Costs for roofing in the last year alone have gone up by 24% (see Attachment 2). We have seen this as a trend across multiple projects and it matches the feedback we are receiving from our 3rd party cost estimators. Roofing, more than any other factor, is driving cost escalation in both facility repair and our other major projects.

Increased HVAC Costs (22.9% EAC Increase):

Similar to the situation with roofing, HVAC costs have increased greatly due to local market conditions. There is also great uncertainty and volatility in the commodities markets. Steel, aluminum, and copper price increases directly impact our project costs. Further, we have seen a significant skilled labor shortage. There are not enough skilled craftspeople to fill the jobs available in the industry. We are seeking alternative approaches to complete the necessary improvements as efficiently as possible. However, it is very important to us that the systems we select consider life-cycle and operational costs and not just the initial price tag. Additionally, and with the Board’s concurrence, mechanical cooling while not

originally scoped in this body of work has been added to provide equity across all Middle Schools in the District.

Unplanned Expenditures (16.3% EAC Increase):

This project included provisions to support emergent and high priority unplanned repair work that lacked another source of funding. This project was utilized approximately 80 times to execute \$8M in necessary work. Major work items include:

- Conestoga Repairs - Conestoga MS had many issues that had the potential to negatively affect the student experience. Repairs were made throughout the school to remedy defects in the domestic water supply, waste piping, exterior envelope and remediate mold.
- Beaverton HS Gym - During scheduled maintenance of the gym ceiling, staff discovered significant structural deficiencies in the gym.
- Electrical - Outdated and undersized electrical service/gear at Cedar Park, Highland Park, Meadow Park, and Whitford needed to be replaced to support HVAC upgrades.
- Approximately 75 other unplanned projects were completed throughout the district as necessary to promote a safe and healthy environment as well as to protect and maintain infrastructure. These projects occurred at 44 different locations.

Risk to Program

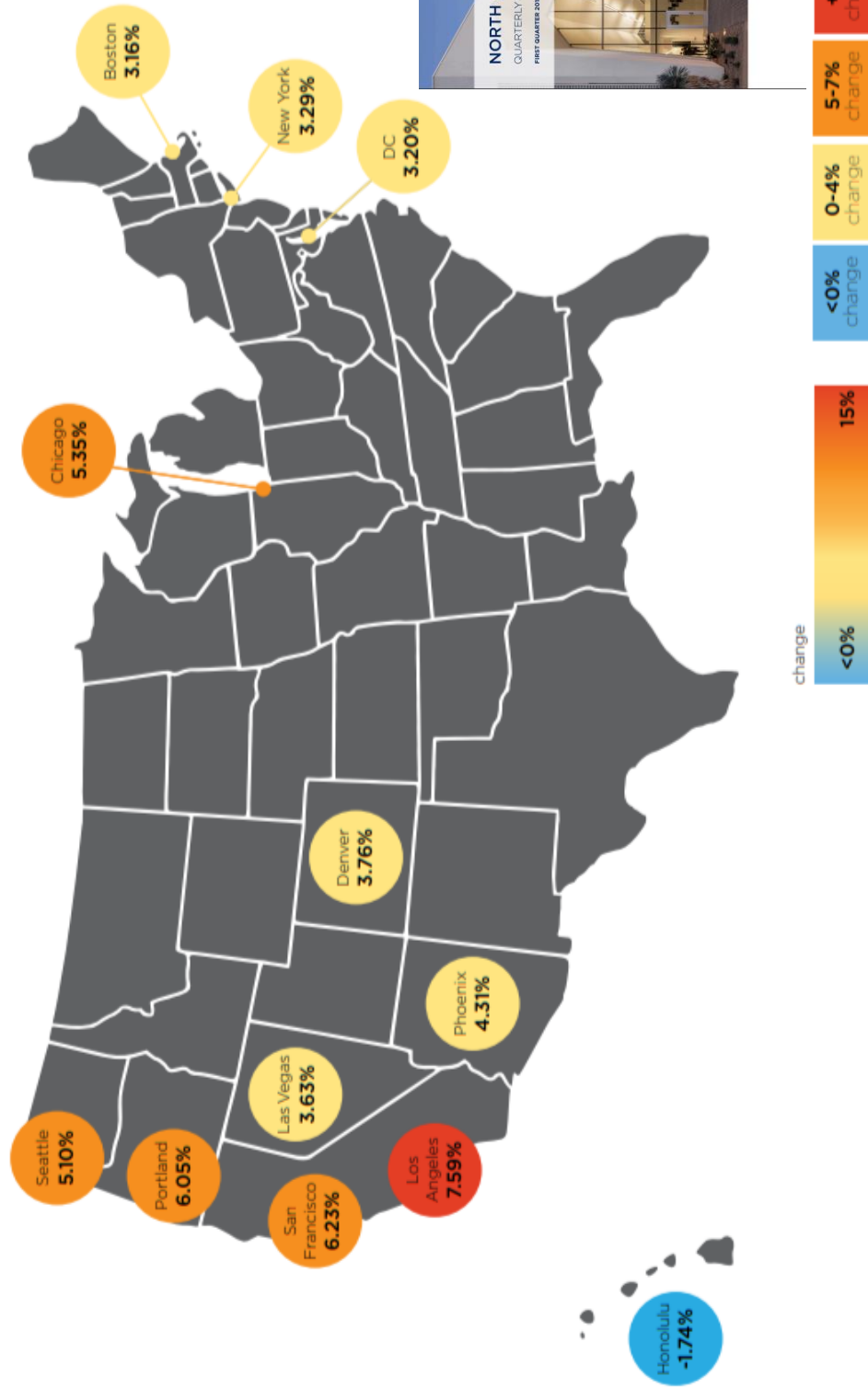
The movement of \$42.7M from Program Reserve to Project Budgets is a large departure from the previous staff recommendation. While the additional funds allocated to Facilities Repairs, the ongoing Security Upgrades Project, and Seismic Upgrades are responses to market realities for previously planned work; the Added Security Upgrades is an addition to the work planned and represents a deliberate decision to accept greater risk in the overall program. Staff believes the value of this investment to increase safety for our students and staff makes the added risk to the program acceptable. Even with this added security work, the greatest program risk remains tied to market volatility and limited competition previously discussed. While this decision will deplete the Program Reserve to \$4.6M, there remains \$20M in individual project contingency which provides some flexibility to the entire program. While not desired, there will also be decision points later in program execution to redirect projects funds to higher priority items.

Reallocation of funds from the Program Reserve at this time will provide staff with clear direction to continue planning and execution of the work in a timely manner. Specifically, the staff requires guidance regarding funding of the additional security upgrades and the large number of roof repairs.

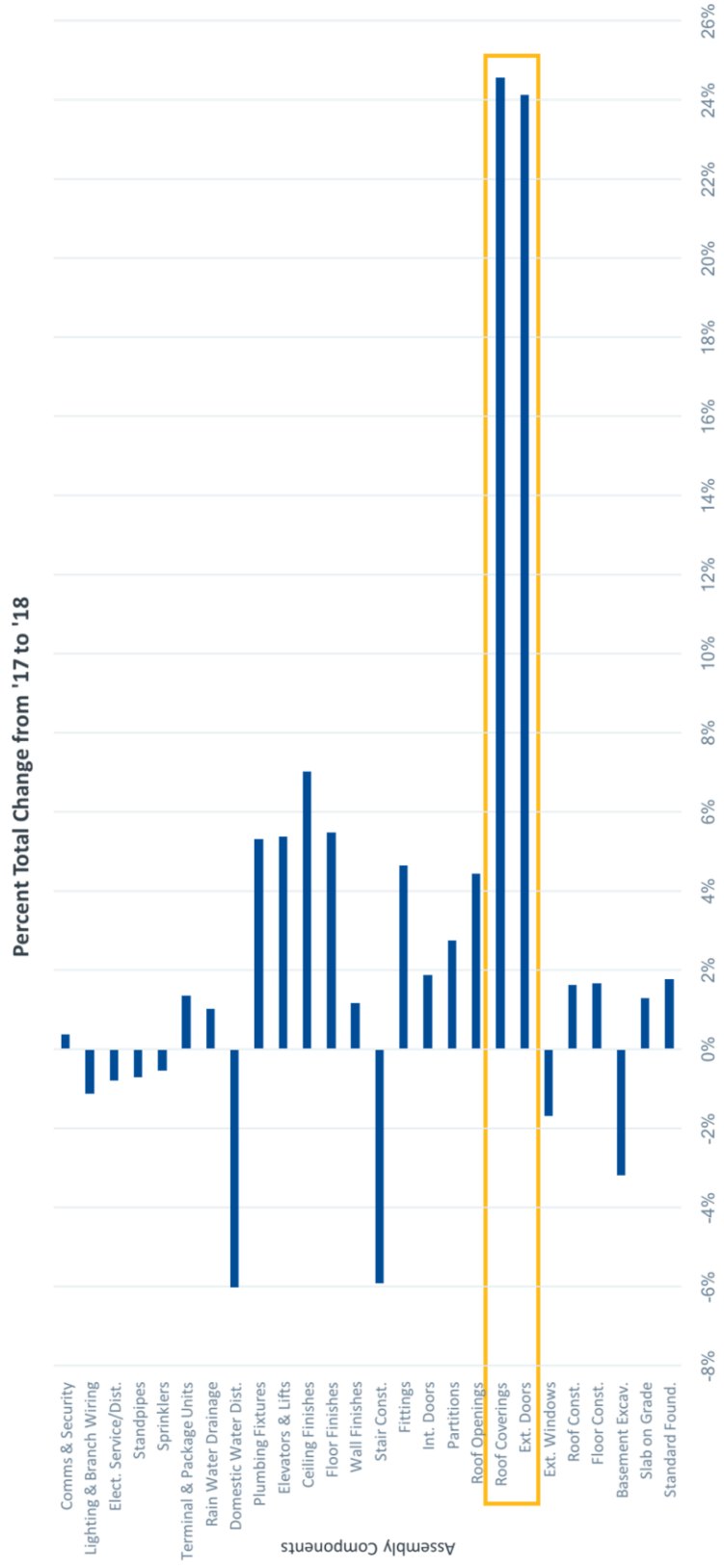
RECOMMENDATION

Request the Board provide recommendations and guidance regarding the advancement of a resolution for the reallocation of Program Reserve as outlined above.

COMPARATIVE COST INDEX



College Classroom - Assembly



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