Raleigh Hills K-8 Capital Construction Decision Brief October 18, 2018



Presented by: Aaron Boyle

Problem Statement

BSD is poised to execute an addition to Raleigh Hills to eliminate portables and improve vehicle circulation improvements under the 2014 Bond Commitment. The existing school dates back to 1927 and has numerous deficiencies not addressed in this project. What is the best investment strategy for the future?

Prior Communication

- Cabinet appearance on 9/18/18 by Paul Odenthal & Sheri Stanley
- Bond Accountability Committee (BAC) presentation of issue on 9/26/18 (Becky Tymchuk and Eric Simpson present)
- Board Members notified 10/1/18
- BAC presentation of additional details 10/18/18

What has changed?

2014

1. Mindset

- a. Repair v. Replace High Threshold
- 2. Goals
 - a. Eliminate portables
 - b. Improve vehicle flow
 - c. Grades 6-8 program modernization

Now

Mindset

- a. Repair v. Replace Lowered Threshold
- b. Elevated safety and security concerns
- c. Higher learning environment expectation

2. Goals

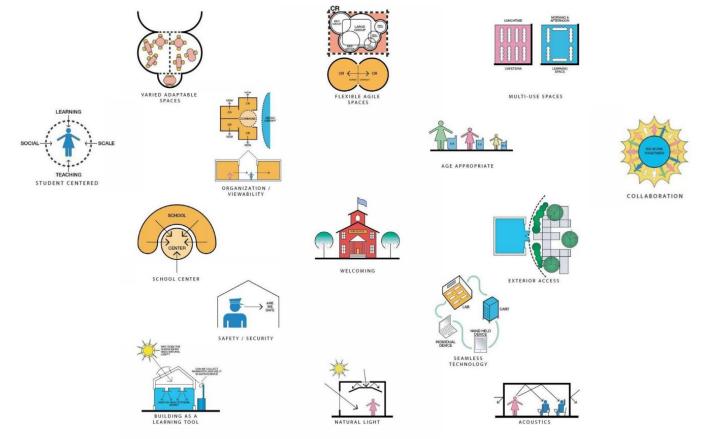
- a. Long term investment/Next Bond view
- b. Educational Specifications

3. Additional Requirements

- a. Seismic
- b. Security
- c. Scholls Ferry Expansion
- d. Other code changes

Educational Specifications

Key Planning and Design Characteristics



Options

Option 1:

\$12M Bond project is executed now

\$15M Repair in next Bond (minimal and critical deferred repair only)

Option 2:

\$12M Bond project is executed now

\$25M Major Renovation in next Bond

Option 3:

\$45M for new school in Next Bond

\$12M offset from 2014 Bond

Facts

- A. Age, condition, and configuration of existing building
 - 1. Presence of asbestos, lead paint
- B. Scholls Ferry expansion is planned by Washington County
- C. "Landlocked" neighbor accesses property via the RH parking lot; however, does not have a documented easement to do so
- D. Any additions to the existing school cannot be salvaged in a rebuild
- E. 2014 Bond funds remain allocated towards this project and do not expire
- F. Portions of the Bond promise have been completed:
 - 1. 3 rooms were added in 2015 (\$578K)
 - 2. Gym ceiling removed and space acoustically treated (\$83K)
 - 3. Security entrance moved (\$62K)

Background: The History of the Building, 1927-now



"Landlocked" Neighbor Issue



Superintendent's Assumptions

- A. A school is required at this site for the foreseeable future
- B. New project would be conditioned to accommodate Scholls Ferry expansion
- C. Next Bond will include a swing plan for new construction
- D. 2022 Bond has a high favorability of approval
- E. Additional work (reno or new) at Raleigh Hills will compete well in the next Bond for funding.
- F. 6% annual cost escalation used in time-value calculations
- G. It will be possible to fit a new school: Potential Site Layout

Option 1 \$12M Bond project is executed now \$15M Repair in next Bond (critical repair only)

Pros

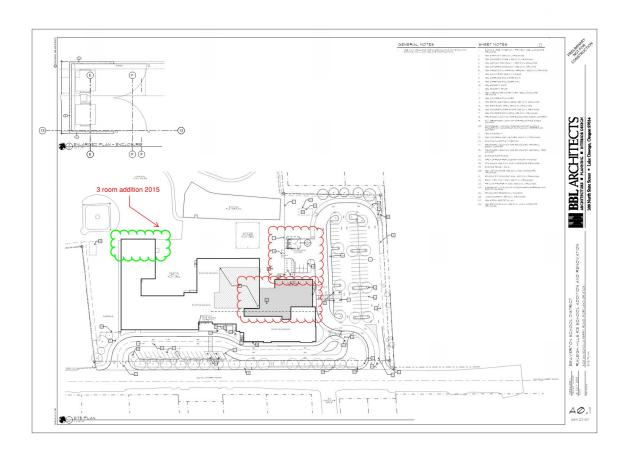
- 1. 2014 Bond commitment is executed now
- 2. Immediate impact to grades 6th-8th program
- 3. Portables eliminated, traffic improved
- 4. Time-value of money is maximized
- 5. Disruption of school population is minimized

Cons

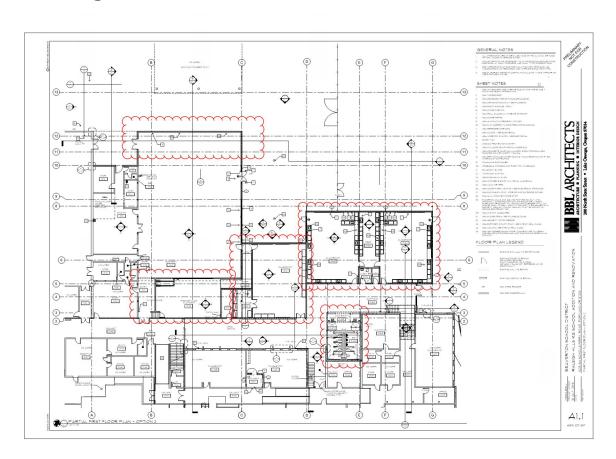
- 1. Life of existing building not extended
- 2. Sunk costs of \$12M when future school built
- 3. Neighbors' access is still through BSD parking lot
- 4. Requires inclusion in future Bond
- 5. Ed Specs not applied in classroom improvements
- 6. Accessibility issues not addressed
- 7. Hazardous materials remain in place (asbestos, lead, etc)

	Option 1
Cost Now	\$12M
Cost Next Bond	\$15M
Construction Year	2019/20 2020-26
Risk	Low
Learning Environment	Status quo
Capacity	644
Life Extension	20 YR
Const Cost/Student/YR	\$ 2,096
NPV/Student/YR(28)	\$ 1,531

Current Bond Program Design Site Plan



Current Design Floor Plan



Raleigh Hills Addition Project - 2014 Bond

Raleigh Hills K8 Improvements			
Cost Component Summary			
Current Budget: \$13,241,243			
Scope Element	Bond Commitment	Compliance Requirements	
Phase 1 Classroom Addition (complete)	\$641,000		
Parking Lot/Bus Loop	\$2,662,000		
Cafeteria/Band/Choir	\$1,671,367		
Modernized Science Lab Classrooms	\$2,034,377		
Covered Play	\$609,000		
Kitchen/Freezer Repairs & Refers	\$112,000		
Fixtures, Furniture & Equipment	\$125,000		
Scholls Ferry Improvements*		\$500,000	
Fire Sprinkler Upgrades		\$336,000	
Fire Alarm Upgrades		\$164,000	
Hazardous Materials		\$350,000	
Electrical Distribution System		\$136,000	
Subtotal Construction Costs	\$7,854,744	\$9,340,744	
Soft Costs - 20%	\$1,570,949	\$1,868,149	
Contingency - 15%	\$1,413,854	\$1,681,334	
Total	\$10,839,546	\$12,890,226	

Raleigh Hills Future Critical Needs

Work Element	2018 Cost	2020	2021	2022	2023	2024	2025	2026
Seismic Upgrades	\$2,898,000					\$4,110,868		
New Seclusion Room	\$69,000					\$97,878		
ADA Access Upgrades	\$41,400					\$58,727		
Reroofing	\$1,656,000			\$2,090,662				
HVAC Deferred Maintenance	\$884,340		\$1,053,263					
Replace steam lines, convert boiler	\$690,000							\$1,099,755
Window Replacement	\$2,366,700					\$3,357,209		
Other Deferred Maintenance	\$866,640					\$1,229,345		
Replace Playground Equipment	\$276,000					\$391,511		
Replace push-button breakers	\$138,000					\$195,756		
Generator	\$138,000					\$195,756		
Re-pipe (drain lines)	\$1,250,000					\$1,773,149		
Total - Critical	\$11,274,080							\$15,653,879

Option 2

\$12M Bond project is executed now \$25M Major Renovation in next Bond

Pros

- 1. 2014 Bond commitment is executed now
- 2. Immediate impact to grades 6th-8th program
- 3. Portables eliminated, traffic improved
- 4. Improved K-5 classroom environment
- 5. Disruption of school population is minimized

Cons

- 1. Life of building is not entirely addressed
- 2. Configuration and building circulation remains suboptimal
- 3. Neighbors' access is still through BSD property
- 4. Requires inclusion in future Bond
- 5. Hazardous materials remain in place (asbestos, lead, etc)

	Option 2
Cost Now	\$12M
Cost Next Bond	\$25M
Construction Year	2019/20 2020-24
Risk	Medium
Learning Environment	Improved
Capacity	700
Life Extension	20 YR
Const Cost/Student/YR	\$ 2,643
NPV/Student/YR(28)	\$ 1,927

Raleigh Hills Major Renovation Adds

Work Element	2018 Cost	2020	2021	2022	2023	2024	2025	2026
Elevator	\$1,080,000					\$1,532,001		
Mailroom Upgrades	\$57,600					\$81,707		
New General Classrooms	\$1,249,920					\$1,773,035		
Classroom renovations	\$2,592,000					\$3,676,802		
Common area renovations	\$1,008,000					\$1,429,867		
FF&E	\$576,000					\$817,067		
Additional Site Paving	\$216,000					\$306,400		
Envelope Repairs	\$288,000					\$408,534		
Total - Major Reno Adds	\$6,563,520							\$10,025,412

Option 3 \$45M for new school in Next Bond \$12M offset from 2014 Bond

Pros

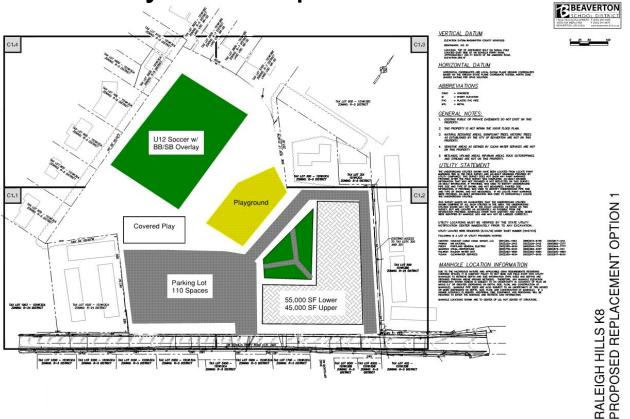
- 2014 Bond commitment of \$12M remains
- 2. No sunk costs (\$12M of 2018 dollars)
- 3. Ed Specs applied throughout entire building
- 4. Neighbor's property issue is resolved
- 5. Scholls Ferry expansion is resolved
- 6. Eliminates all hazardous materials (asbestos, lead, etc)

Cons

- 1. 2014 Bond commitment is deferred
- 2. Requires inclusion in future Bond

	Option 3
Cost Now	\$0M
Cost Next Bond	\$45M
Construction Year	2022/24
Risk	Medium
Learning Environment	Optimal
Capacity	750
Life Extension	75 YR
Const Cost/Student/YR	\$ 800
NPV/Student/YR(28)	\$ 2,115

Potential Site Layout - Replacement School



Cost for Replacement School

This is a very high level estimate as no design has been completed.

Cost/SF of William Walker: \$400/SF

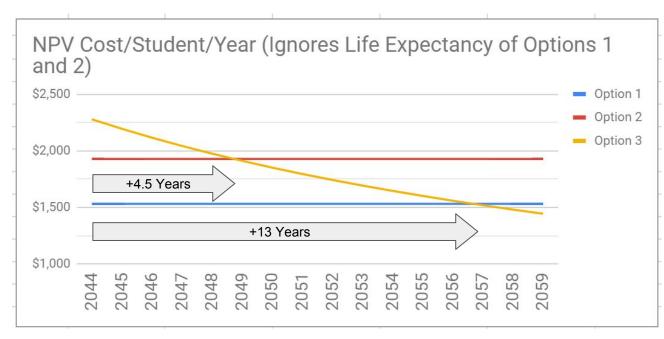
Assumed SF for replacement school: 90,000 SF

Escalated cost/SF to build in 2022: \$500/SF

Estimated cost for new school in 2022: \$45M

Net Present Value Comparison

	NPV
Option 1	
Raleigh Hills Square Footage (SF)	
Construction	\$24,713,098
Annual Maintenance	\$652,311
Major Repair	\$886,777
Utilities	\$1,354,238
NPV Total	\$27,606,424
NPV per Student (644)	\$42,867
NPV per Student- Year (28 years)	\$1,531
Option 2	
Raleigh Hills Square Footage (SF)	
Construction	\$32,703,472
Annual Maintenance	\$533,931
Major Repair	\$202,121
Utilities	\$1,315,429
NPV Total	\$34,754,953
NPV per Student (700)	\$53,967
NPV per Student- Year (28 years)	\$1,927
Option 3	
New RH Square Footage (SF)	
Construction	\$42,452,830
Annual Maintenance	\$423,565
Major Repair	\$110,474
Utilities	\$1,421,542
NPV Total	\$44,408,412
NPV per Student (750)	\$59,211
NPV per Student- Year (28 years)	\$2,115



NPV calculation through 2044 (20 years life extension in 2024). Options 1 and 2 do not include life extension beyond 20 years.

Options Comparison Matrix

	Option 1	Option 2	Option 3
Cost Now	\$12M	\$12M	\$0M
Cost Next Bond	\$15M	\$25M	\$45M
Construction Year	2019/20 2020-26	2019/20 2020-24	2022/24
Risk	Low	Medium	Medium
Learning Environment	Status quo	Improved	Optimal
Capacity	644	700	750
Life Extension	20 YR	20 YR	75 YR
Const Cost/Student/YR	\$ 2,096	\$ 2,643	\$ 800
NPV/Student/YR(28)	\$ 1,531	\$ 1,927	\$ 2,115