



# Oak Park Elementary School District 97

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**TO: Dr. Carol L. Kelley, Superintendent of Schools**

**FROM: Therese M. O'Neill, Assistant Superintendent for Finance & Operations**

**RE: Summer 2017 Capital Project Work**

**DATE: June 28, 2016**

Attached you will find five documents but I call your specific attention to the first one – FAC – 5-Year Financial Overview. This document was prepared by Jennifer Costanzo from STR Partners. This document delineates by major category and by school proposed work for the summer of 2017 and the next four years thereafter. Assuming the District approves Option 2 for Holmes, then kindly look at the second financial column from the left and scroll to the bottom. The total amount of work suggested for Summer 2017 is \$13,007,616 and includes the mandated (a) and (b) Life Safety work (category A) for five of our 10 school buildings; discretionary Life/Safety work (category B); Option 2 for Holmes and renovation work for Julian (category C); 21<sup>st</sup> Century pilot project at Holmes (category D); minor temperature control work at Julian (category G); and then all soft costs (professional fees and contingency).

The discretionary Life/Safety work in category B is the same work undertaken during the summer of 2015 in four of our eight elementary buildings (intercom, fire alarm, master clock and security). In preparing this document, we wanted to define this work because, while it is not mandated to be done within the first two years, given mandated L/S work was going to be done in these buildings, and in terms of equity, it seemed appropriate to map it out this way. The only exception, however, is Mann. The \$390,000 delineated is to air condition its Media Center and, again, while this is discretionary, it should be done given it is the only school whose Media Center is not currently air-conditioned.

The total cost of work currently demonstrated for 2017 is \$13,007,616 and the amount of work suggested for 2018 is the mandatory Life Safety (a) and (b) or \$3,376,000 and the Longfellow Capacity solution or \$4,200,000 or a total of \$7,376,000. When applying the soft cost and escalator cost to this project, the grand total for 2018 comes to \$9,697,280. When you combine the 2017 cost of \$13,007,616 and the 2018 cost of \$9,697,280, a grand total of \$22,704,896 is derived.

Clearly, the question comes up as to how any of this work will be paid for? Below are two options to be considered:

**Option 1 Districtwide – Holmes Option 1 (\$11,922,176) minus the Pilot Project (\$613,000 plus 5%) for a total cost of \$11,260,626 (to be completed in 2017) and then all the \$9,697,280 work in 2018 (mandated Life/Safety and Longfellow Capacity) for a total of \$20,957,906.**

**Option 2 Districtwide – Holmes Option 2 plus the Pilot Project for a total cost of \$13,007,616 (to be completed in 2017) and then all of the \$9,697,280 work in 2018 (mandated Life/Safety and Longfellow Capacity) for a total of \$22,704,896.**

Attached is the complete Board Policy 4.40 – Debt Policy, but below I have delineated the specific language regarding use of the Debt Service Extension Base.

**Maturity of Debt**

**The District will not typically issue Debt Service Extension Based bonds with greater than a five year maturity. The duration of the debt shall be consistent, to the extent possible, with the economic or useful life of the improvement or asset that the issue is financing. The length of maturity of any debt instrument shall be equal to or less than the useful life of the asset(s) being financed.**

**In working with Elizabeth Hennessy, if we borrow sufficient to finance Option 1 Districtwide, it will require just over seven years for the retirement of this debt. And, if we borrow sufficient to finance Option 2 Districtwide, it will require eight years of retirement of this debt. The useful life of the recommended facility improvements significantly exceeds the average life of the financing. Please see attached schedules prepared by Elizabeth.**

**Further, given the integration of this work (with trades and cost efficiencies) with the Holmes addition work, I have asked Bulley & Andrews to prepare a proposal for this overall work project. We should receive in advance of Tuesday's evening meeting so the Board can have an opportunity to review prior to its meeting.**

**tmo**

**attachments (5)**