



April 18, 2019



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

BACKGROUND

The 2014 Capital Construction Bond Program is in the fifth year of the eight-year plan. The Program remains financially strong and able to fulfill the work that was committed to the voters. Staff has prepared this annual update which reflects our estimates to complete the major projects remaining and recommends a distribution of program reserve (PR) and funding towards the major elements identified. The net result is an increase to the PR of \$4.2M.

Estimate at Completion Analysis

Project	Current Project		Proposed PR Distribution	
	Budget	Contingency	PR Increase	PR Hold
Projects in Close out	-	\$1.43	\$1.00	-
ACMA	\$39.40	\$1.84	-	-
Five Oaks	\$28.00	\$1.02	-	-
Hazeldale	\$34.30	\$2.70	\$2.50	-
Maintenance Facility	\$11.30	\$1.70	-	-
William Walker	\$36.70	\$1.44	-	-
Domestic Fire Line	\$1.00	-	-	-
Kitchen Improvements	\$1.00	-	-	-
Seismic Upgrades	\$4.90	-	-	-
Security Upgrades	\$14.60	-	-	\$1.00
Added Security Upgrades	\$2.00	-	-	-
Facility Repairs "The 98M"	\$95.50	-	-	\$25.80
Aloha HS Roofing & Seismic	\$12.20	\$1.22	-\$2.00	-
Bond Expense Update	\$30.00	-	-\$1.00	-
Additional Bond Interest	-	-	\$3.70	-
Total	\$310.90	\$11.35	\$4.20	\$26.80
All Costs shown in Millions				

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

"The District prohibits discrimination and harassment based on any basis protected by law, including but not limited to, an individual's actual or perceived race, color, religion, sex, sexual orientation, gender identity, gender expression, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familial status, economic status, veteran status, or because of a perceived or actual association with any other persons within these protected classes."

Summary of Proposed Distributions

	Current	Proposed
Program Reserve & Contingency	\$48.2M	\$48.9M
Program Reserve	\$37.7M	\$41.9M
Program Reserve at EAC	\$11.9M	\$15.1M
<i>All Costs shown in Millions</i>		

DISCUSSION

Projects in Closeout

The represents a transfer of project contingencies on completed projects into the PR. The largest components of this include Mountainside HS and Sato ES.

ACMA

Based on bids received April 17, 2019, we are comfortable with the current budget.

Five Oaks

Five Oaks is well into construction and performing well. However, as typical with significant remodel projects, there have been unforeseen conditions drawing from contingency. The project contingency was increased by \$500K within the Executive Administrator for Facilities authority to maintain the health of the project.

Hazeldale

The project to replace Hazeldale performed very well financially. At this time, all work is complete and there is a significant contingency balance remaining. We are leaving a small amount in the budget to address post-construction issues, but the rest can be transferred into program reserve with little risk.

Security Upgrades - Perimeter Hardening

At this time, work on all Elementary, Middle, and Options schools is either complete or underway. The only work remaining is at the comprehensive High Schools. Due to the nature of traffic and pedestrian flow at High Schools, it is a challenge to determine the appropriate perimeter hardening measures. After much consulting with law enforcement and High School Administration, we are proposing a balance of access control, site improvements, and cameras. At the current funding level, this work will be prioritized by the budget available. The requested Program Reserve hold will allow for a future decision to conduct a more extensive upgrade.

Facility Repairs

We are not requesting a budget increase to the Facility Repairs project at this time. As briefed to the School Board last Spring, we have been reflecting in our financial reports an increase of approximately \$25M that is necessary to complete this body of work. We are projecting that our current budget will fund repair projects through the Summer of 2020. We will need additional funding by the Spring of 2020 in order to begin design efforts for projects in 2021.

Aloha HS Roofing & Seismic

A very complex project, we are facing significant challenges on both segments:

Seismic: We received the initial Guaranteed Maximum Price (GMP) proposal from the Construction Manager/General Contractor (CMGC) in mid-April and it is overbudget. We are working extensively with the CMGC and designer to align the project scope, schedule, and budget. We are early in these discussions. While we are optimistic that we can bring this portion of the work within or near the budget, there is a risk to schedule that may reduce the amount of work to be completed in summer 2019.

Roofing: This portion of the project (originally part of the \$98M Facility Repairs) is quite challenged with respect to the current budget. The project budget was based on parametric rates on similar reroofing projects. Detailed analysis and scoping revealed the necessity for more extensive work in the following areas:

1. **South Wing:** This 2006 addition was not initially intended for roof work; however, inspection identified premature failure of the membrane. This section has the same material as Aloha Huber Park and is beyond the warranty period.
2. **Roof Drains:** The existing building has roof drains but does not have overflow drains. Overflow drains are a code requirement and are necessary in the event that primary drains become clogged or overwhelmed.
3. **Insulation:** The insulation requires replacement due to both degradation and current energy code requirements.
4. **Skylights:** Due to the condition of the existing skylights, they will not be able to be reinstalled. Further, we will install impact resistant skylights to meet code and eliminate a safety hazard.
5. **Market Factors:** Cost escalation for roofing has far exceeded initial assumptions. The current cost is consistent with cost increases we have seen at other schools such as Mountain View.

Bond Expenses

Projections of bond cost expenditures have increased. This is primarily due to “cost of labor” issues.

Additional Bond Interest

Bond revenue interest earning have exceeded previous projections. The BSD Business office invests funds in short term bonds in conjunction with our cash flow projections.

Risk to Program

Staff feels that these transfers represent very little risk to the program. In fact, these transfers will help ensure that the bond commitments can be completed as necessary while increasing the unallocated Program Reserve.

RECOMMENDATION

BE IT RESOLVED that the School Board authorizes the Superintendent or a designee to allocate the distributions as detailed in the above chart.