



NEW HIGH SCHOOL BUDGET ADJUSTMENT

POLICY ISSUE / SITUATION:

In May 2014, voters approved a new bond for the students of the Beaverton School District. A significant budget adjustment is being proposed for the new high school project, which is part of this bond program.

BACKGROUND INFORMATION:

At the September 29, 2014 School Board Business Meeting, the Board established the Capital Construction Bond Citizen Accountability Committee. The charter for the Committee contains the responsibility to monitor and report on the progress of the bond program relative to specific objectives including ensuring that the bond revenues are used only for the purposes consistent with the voter-approved bond measure ballot and consistent with state law.

The Committee has met twice and devoted many hours of their time to review in great detail the proposed high school budget adjustment to \$146 million. Attached are the supporting documents examined by the Committee.

The Capital Construction Bond Citizen Accountability Committee has voted unanimously to support this change and recommends that it be approved by the School Board.

RECOMMENDATION:

(15-533) It is recommended that the Beaverton School District Board of Directors approve the budget adjustment for the new high school project.

District Goal: All students will show continuous progress toward their personal learning goals, developed in collaboration with teachers and parents, and will be prepared for post-secondary education and career 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.

High School Bond Budget Summary Sheet

| | High School Budget Data | | | Proposed Adjustments | Potential Future Additions | Additional Funding Sources | | | Comments |
|----------------------------------|---|-----------------------|---------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------|-----------------------|---|
| | | | | | | Bond Program Inf. Reserve | Bond Program Contingency | Other | |
| | Original Bond Budget | \$ 109,000,000 | | | | | | | |
| Planned Budget Adjustments | | | | | | | | | |
| | Program Inflation Allocation | \$ 8,367,000 | | | | | | | HS portion of Bond Program Inflation Reserve Budget |
| | Program Contingency Allocation | \$ 10,422,000 | | | | | | | HS portion of Bond Program Contingency budget |
| | Solar Photovoltaic System | \$ 1,990,000 | | | | | | | Planned Funding: Green Energy Technology budget |
| | | | | | | | | | |
| | Original Project Adjusted Budget | \$ 129,779,000 | | | | | | | |
| Legal Requirements | | | | | | | | | |
| | County Transportation Development Tax | | | \$ 1,328,000 | | | | | County tax; \$604 per student |
| | City Transportation System Development Charge | | | \$ 1,657,280 | | | | | Pending City SDC for South Cooper Mountain area |
| | Credit for Bond-funded Street & Intersection Improvements | | | \$ (1,400,000) | | | | | Estimated 50% off-set of TDT/SDC; credit for BSD |
| | Wetlands Mitigation | | | \$ 2,950,000 | | | | | Req'd wetlands development on-site & off-site bank |
| | Subtotal | \$ 4,535,280 | | | | | | | |
| Necessary Adjustments | | | | | | | | | |
| | Additional Site Improvement Costs | | | \$ 6,578,657 | | | | | Site topography challenges: see "Site" Tab |
| | Additional Professional & Technical Services | | | \$ 969,317 | | | | | Add'l needed services: "Prof & Tech Services" Tab |
| | Seismic Upgrade & Oregon Resilience Plan Upgrades | | | \$ 2,000,000 | | | | | Seismic Category IV upgrade to structure |
| | Subtotal | \$ 9,547,974 | | | | | | | |
| Essential Academic Additions | | | | | | | | | |
| | Ed Spec Program Space Increase | | | \$ 2,360,000 | | | | | 12 Add'l Classrooms, etc.: see "Program Space" Tab |
| | Ed Spec Performing Arts Features | | | \$ 2,480,000 | | | | | Several features: see "Perf Arts" Tab |
| | Woodshop, Culinary - CTE Programs | | | \$ 2,039,600 | | | | | Consistent with BSD Strategic Plan: see "CTE" Tab |
| | Lecture Hall | | | \$ 424,000 | | | | | Multiple student programs: see "Lect Hall" Tab |
| | Subtotal | \$ 7,303,600 | | | | | | | |
| Potential Future Increases | | | | | | | | | |
| | Artificial Turf for: Soccer, BB, SB Athletic Fields | Priority #1 | | | \$ 1,677,825 | | | | Increases usage of overlay fields: see site plan |
| | Batting Cages, & other Field Buildings | Priority #2 | | | \$ 700,000 | | | | Desirable athletic field building features |
| | Security Fencing | Priority #3 | | | \$ 800,000 | | | | From new (June 2014) BSD Security Standard |
| | Subtotal (not included in grand total below) | | \$ 3,177,825 | | | | | | |
| | | | | | | | | | |
| | Cost Saving Measures | | | | | | | | |
| | Value Engineering Savings | | | \$ (4,859,221) | | | | | |
| | | | | | | | | | |
| | Additional Funding Sources | | | | | | | | |
| | Bond Interest Earnings | | | | | | | \$ 1,550,000 | HS share of interest from first bond sale |
| | Remaining 2006 Bond Savings | | | | | | | \$ 567,000 | Financially Closes 2006 Bond |
| | Capital Center Rent Revenue Balance | | | | | | | \$ 443,000 | Consumes balance ~ \$25k/yr add'l revenue |
| | Green Energy Technology | | | | | \$ 624,000 | \$ 478,000 | | Not Needed; project under budget |
| | Unified Communication System | | | | | \$ 333,000 | \$ 688,000 | | Not needed; project under budget |
| | Bond Premium - HS Project Share (19%) | | | | | | | \$ 11,947,000 | First Bond Sale premium = \$63M |
| | | | | | | | | | |
| | Total Revised Cost Estimate | \$ 146,306,633 | | \$ 16,527,633 | | \$ 957,000 | \$ 1,166,000 | \$ 14,507,000 | |
| | Revised Project Budget with Additional Funding | | | 13% Budget Increase | | \$ 130,736,000 | \$ 131,902,000 | \$ 146,409,000 | |

High School Site Development Costs

Major Elements of the Additional Site Costs

Additional cut & fill and haul off of excess dirt due leveling of the field areas required.

Additional retaining walls to maintain site elevations for fields, parking, drive aisles and ADA access to site.

Replacement of all community trees removed and additional plantings required by development code.

NEW HIGH SCHOOL

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Professional and Technical Services Not in Original Budget

| DTL # | Description | Estimated Cost | Notes/Comments |
|-------|---|-------------------|---|
| | | | |
| | Hazardous Materials Consultant | \$ 5,000 | Existing houses & out buildings assessment & oversight for asbestos removal |
| | Geotechnical Testing & Engineering | \$100,970 | Soil borings & water infiltration testing; soils, foundation & paving engineering |
| | Land Surveyor Services | \$26,240 | Topographic survey & tree survey |
| | Building Commissioning | \$115,695 | Building Systems commissioning - HVAC & Lighting |
| | Building Envelope Consultant | \$65,875 | Building waterproofing consulting |
| | Land Use Planning Services | \$104,177 | Land Use Planning Consultant |
| | Traffic Engineering Services | \$112,670 | Engineering for traffic signals, signage, etc. |
| | Disaster Resilience Planning | \$85,000 | Potential Additional services - Design Peer Review \$65,000 |
| | Cost Consultant Services | \$96,240 | Third Party cost estimating services |
| | Arborist | \$10,500 | Existing tree survey & condition assessment |
| | Electronic Safety & Security Integrator | \$17,950 | Electronic systems integrator |
| | CM/GC Pre-Design Services | \$229,000 | Credit back 50% if engaged for construction phase |
| | | | |
| | | | |
| | | | |
| | | | |
| | Total Professional Services: | \$ 969,317 | |
| | | | |

Building Space Increases Added by the Educational Specifications

Summary of the Major Elements

Core Academics

Increased teaching areas by about 6,200 ft² in total

Additional computer labs

Generally increased classroom and storage area sizes

Music

Added practice room and increased practice room

Increased practice room and storage room sizes

Total increase about 300ft²

Theater and Performance

Increased auditorium size

Increased storage room sizes

Total increase about 2,100ft²

Athletics and Fitness

Main gym, dance room, some classrooms, and storage rooms increased in size

Total increase about 1,800ft²

Specialized Programs

Classrooms increased modestly in size

Testing rooms increased modestly in size

Total increase about 400 ft²

NEW HIGH SCHOOL
Performing Arts Detail 3/10/15

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| DTL # | Description | Estimated Cost | Notes/Comments |
|---------------|---|--------------------|---|
| PA - 1 | Full Fly Loft/Fly Tower | | Ed Spec required features imply full fly tower without explicitly stating it |
| | Structure | \$1,000,000 | Southridge & Westview HS have full fly tower; ACMA does not. Lowering the fly tower requires adding more floor space to building. |
| | Rigging | \$750,000 | |
| | Orchestra Pit Mechanical lift & traps | \$250,000 | Manual lift cost: \$60,000/ Safety issues for students & staff with manual lift. |
| | Fore Stage (did not add/same as pit) | | |
| | Full Fly Loft/Fly Tower Subtotal | \$2,000,000 | |
| PA-2 | Recording Studio (250 s.f.) | | Ed Spec requirement |
| | AV Equipment | \$85,000 | |
| | Additional sf | \$75,000 | |
| | Recording Studio Subtotal | \$160,000 | |
| PA-3 | Lifts to Control Rooms at Auditorium & Black Box | \$40,000 | Required by ADA |
| | | | |
| PA-4 | Costume Storage | | Ed Spec only allocated 400 s.f. |
| | Additional 1,000 s.f. | \$250,000 | SHS/AHS have 2,500 s.f. of costume storage; Westview has connex & interior storage. Prefer 2,500-3,000 s.f. |
| | | | |
| PA-5 | AV Amp Room & Dimmer Room | \$30,000 | Ed Spec requirement: Dimmer room - 100 s.f./AV amp room - 73 s.f. (64 sf actual) |
| | (Electrical rooms for lighting & sound) | | Lighting equipment needs to be enclosed in lockable area. (In stage design s.f) |
| | | | AV Amp room equipment is noisy - cannot be in control room but needs to be adjacent to it. |
| | TOTAL PERFORMING ARTS: | \$2,480,000 | |
| | | | |

NEW HIGH SCHOOL
CTE Detail 3/12/15

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| DTL # | Description | Estimated Cost | Notes/Comments |
|----------|-------------------------------------|--------------------|---|
| 1 | Wood Shop (3,200 s.f) | | Equipment includes: Dust Collection system; (2) table saws; (4) Band Saws; (4) chop |
| | 3,200 s.f. x \$236 = | \$755,200 | saws; panel saw; plainer; (3) drill press; joiner; drum sander; spindle sander; panel |
| | Wood shop equipment | \$330,000 | router; Compressor |
| | | | |
| | Wood Shop Subtotal: | \$1,085,200 | |
| | | | |
| 2 | Culinary Arts (2,900 s.f.) | \$684,400 | |
| | 1 - Residential Classroom | | Residential appliances for 8 stations |
| | 1 - Commercial Kitchen classroom | | 8 stations with Commercial appliances including: Convection oven w/hood; commercial |
| | 1 - storage room between classrooms | | dishwasher; 2 dr. commercial freezer; 2 dr. commercial refrigerator; single door |
| | Culinary Equipment | \$270,000 | refrigerator; Ice Machine; washer & dryer; built in ovens w/open burners; griddles |
| | | | w/hoods |
| | Culinary Arts Subtotal: | \$954,400 | |
| | | | |
| | | | |
| | TOTAL CTE Program Elements: | \$2,039,600 | |
| | | | |

New High School Lecture Hall

To properly prepare students to be ready for college and the presentation of material, a lecture classroom is appropriate. This type of format will be something students will experience at any of our universities. A lecture classroom will also provide extensive opportunities for:

- College Admission Presentations (the lecture classroom is very close to the counseling center and the attached career classroom)
- Guest Lectures
- Student Presentations
- Combining classes - a great opportunity for teachers to plan, deliver, and assess more than one class in a combined location. We are also using space in more flexible ways as we look at intervention and extension activities. 9th grade physics is an ideal example of how we flexibly move and adjust classroom instruction - schools are combining 50+ students for extension activities while 10-20 students work to more clearly address learning targets where deficiencies exist.
- Student Body Officer Meetings
- Larger student testing location
- Student debates and forums

New HS Budget Frequently Asked Questions

Background

The new high school Bond project budget has been revised to \$146.3 million. The initial Bond budget of \$109 million was adjusted to \$129.8 million due to:

- a) allocation of anticipated share of construction inflationary costs* (\$8.4M),
- b) allocation of this project's share of the Bond program contingency budget* (\$10.4M), and
- c) the State-required solar photovoltaic system being funded from another line-item in the Bond (\$2.0M).

** [Originally, inflation reserves and contingency reserves were budgeted at overall program level. The adjusted budget includes this project's calculated share of these reserves.]*

Beyond these anticipated budget adjustments, the additional \$16.5 million (13%) is largely due to three factors:

- (1) new regulatory requirements (\$4.5M),
- (2) more expensive site development costs (\$6.6M,
- (3) addition of essential academic program space (\$7.3M).

The financial plan originally created with the development of the Bond program has supported funding these additional costs without impacting other Bond project budgets or requiring any funding from the District's general fund budget or increasing the tax rate.

WHAT ARE THE INCREASED COST FACTORS?

1. What are the new regulatory requirements and how much do they cost?

The project is required to fund a Washington County Transportation Development Tax, a new South Cooper Mountain area Transportation System Development Charge, and wetlands mitigation features and fees. Together, these have added \$4.5 million to the project costs.

2. Why are the site development costs higher than expected, and how much cost do they add?

The original cost estimate in 2011 was based upon a feasibility study of the site to demonstrate that the site could support all the program features required for a high school, including PE and athletic fields. That study intentionally did not include the rigorous, and expensive, site exploration work such as a detailed subsurface geotechnical investigation and computer modeling of the earthmoving work, that are performed during the detailed project engineering design work.

The project design effort has shown that the topography of the site and the wetlands at the north section of the property coupled with the fixed geometric requirements for physical education and athletic fields impacted the amount of earthmoving needed and retaining walls required to terrace the property. The site design was also challenged by the need to dedicate 3.5 acres of the property for wetlands restoration and protection, a requirement to donate 1.2 acres of property along the site boundaries for improvements to Scholls Ferry Road, SW 175 Ave, and to construct a new collector street on the west side of the property. All of these factors further constrained the site planning and impacted site costs. In total, the additional site development costs are estimated to be \$6.6 million.

3. What other factors affected the project budget?

The size of the school building was increased by 20,000 square feet (+6.5%), including 12 more classrooms, to comprise all the academic features currently considered essential to a comprehensive high school program which were not included in the 2011 study. In addition, seismic design requirements have been increased to ensure the building will be functional after a Cascadia Subduction Zone mega-earthquake that has a significant probability of striking Oregon during the lifetime of this building. These increased the cost estimate by \$9.3 million.

4. How confident is the District about the accuracy of the new cost estimates?

Quite confident. These estimates were based upon the project's completed schematic design and were developed for the District from three sources: (1) the project architectural and engineering design team, (2) the general contractor who will build the project, and (3) an independent cost estimating firm. These three organizations worked independently, then collaborated to reconcile their estimates and develop final estimates that were closely matched.

5. Cost changes could still occur during construction. Does the new project estimate include a funding contingency?

Yes. The \$146 million estimate includes \$10 million in contingency funding. The District expects this amount to be sufficient to address future issues that normally arise during construction.

WHAT ARE THE FUNDING SOURCES?

6. Were there planned budget adjustments?

Yes. The overall Bond program budget included allocations for inflation specific to each project, a contingency for the entire Bond, and a budget for meeting the State requirements for green energy technology (solar photovoltaic systems in our case). These planned budget adjustments added \$20.8 million to the project's funding.

7. How much of the high school budget increase was unplanned?

Approximately \$16.5 million, which is 13% above the planned adjustments.

8. How is that being funded?

This increase is being funded from portions of the interest earned from investing bond sale proceeds before the funds are paid-out for project work and a bond premium paid by investors who purchased the bonds. In addition, the remaining savings from the District's 2006 Bond are being applied, and two projects in the 2014 Bond program are under budget and do not need their share of the program inflation and contingency budgets. No funding is being taken from other project budgets or the District's general fund.

9. What is a "bond premium"?

A bond will sell at a premium when the stated interest rate is higher than the market interest rate. When Investors want a higher return, they will pay more for bonds at the time they are sold. For example, if a bond has a 4% coupon rate when the market interest rate is 2%, investors will bid higher for the bond. The bond premium is received by the District in cash on the day the bonds close. Bond premiums are market driven at the time of sale, and are not determined by the District. The District sold the first set of bonds at a \$63 million premium. We will have two future sales over the next seven years, and are assuming little or no premium from those sales. We also anticipate we will raise the par amount remaining without discounts.

10. Will the additional funding for the high school project impact property tax rates?

No, there is no impact to tax rates due to these budget adjustments. The District remains committed to this pledge made to voters in the Bond Measure they approved.

11. Will these budget changes impact any other Bond program projects?

No. None of these funding adjustments compromise other projects. The District remains committed to delivering the full Bond program approved by the voters.

IS THE PRICE REASONABLE?

12. Has the District examined the schematic design for cost saving design changes?

Yes. Together with our design team and contractor, we have evaluated over 50 different value engineering design changes and adopted \$5 million in cost-saving changes which are reflected in the new cost estimate.

13. Has the District evaluated whether the high school building is overdesigned and too expensive?

This is an important consideration and we have done that analysis. The District wants to ensure it is constructing a quality school that respects the investment made by the community and also that it is not over priced for what a new high school should cost. We have compared the updated cost estimate for this school to other projects. The best apples-to-apples metric is to compare the cost for the building itself, apart from site improvements etc., which are very project and site specific. In that regard, there are two important indices: cost per square foot of building space, and cost per student enrollment.

For this project, the building cost estimate is: \$90,420,000; the building size is 330,000 square feet; the enrollment capacity is 2,200 students.

The high school project metrics are:

\$274 per square foot

\$41,100 per student

The table below compares our new high school cost metrics with others. This comparison demonstrates that Beaverton's new high school building costs are both reasonable and consistent with other school projects.

| <i>Ridgeview HS Redmond, OR (opened 2012)</i> | <i>Skyview HS Vancouver, WA (opened 1997)</i> | <i>Beaverton's So. Cooper Mtn. HS (opening 2017)</i> | <i>Sandy HS Sandy, OR (opened 2012)</i> |
|---|---|--|---|
| <i>1,400 Students</i> | <i>1,965 Students</i> | <i>2,200 Students</i> | <i>1,800 Students</i> |
| <i>280,000 Sq Ft</i> | <i>292,000 Sq Ft</i> | <i>330,000 Sq Ft</i> | <i>310,000 Sq Ft</i> |
| <i>\$262 / Sq Ft</i> | <i>\$267 / Sq Ft</i> | <i>\$274 / Sq Ft</i> | <i>\$299 / Sq Ft</i> |
| <i>\$52,400 / Student</i> | <i>\$39,700 / Student</i> | <i>\$41,100 / Student</i> | <i>\$51,500 / Student</i> |

Note: These costs have been adjusted for inflation in order to be comparable