

ITEM FOR ACTION AT A FUTURE MEETING**2022 BOND BUDGET UPDATE****SUMMARY**

We are approaching the halfway mark of the 2022 Bond, and most of the major projects have been committed on budget. The bond program currently includes a \$73.9M contingency that is meant to ensure the voter commitments are met. In order to achieve these commitments, we have a number of projects that will need budget adjustments to be completed properly. This is the purpose of the program contingency. Budget adjustments to existing bond project areas are proposed that will not impact the ability to complete the other projects.

BACKGROUND

The bond program initially included \$43M in program contingency. This is in addition to project contingency within each individual project. Our cost control plan requires that the board approve any use of program contingency over \$1M or any new projects. Over the past two years, the contingency has significantly increased thanks to bond premium, interest earnings, various energy reimbursements, and project savings. During this time, we have also made significant progress towards delivering projects on budget. This means that some of the contingency funds can be allocated with little risk to the rest of the bond program.

Recommended budget adjustments:

- Allen Transportation \$2.9 M
- Aloha HS Athletics \$7.0 M
- Westview HS Athletics \$2.0 M
- Outdoor Learning \$2.0 M
- Security Upgrades \$11 M
- Nutrition Services Upgrades \$10 M
- Total \$34.9 M

The following pages provide additional information to support this recommendation:

- Background information on recommendations for budget adjustments
- Financial/risk analysis of ongoing and future projects

RECOMMENDATION

Budget adjustments to existing bond project areas are recommended for approval. This is presented for initial consideration and will come before the board for approval at its next meeting on December 10.

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BACKGROUND INFORMATION ON RECOMMENDATIONS FOR BUDGET ADJUSTMENTS

Allen Transportation

- Background: The bond commitment at Allen is to replace the existing bus maintenance facility. The initial scope did not include site improvements.
- Major cost impacts: There are a number of cost impacts that were not adequately included in the initial cost estimate. First and foremost, we will be triggering a requirement to detain and treat all of the stormwater onsite; this currently does not exist. After some testing, we believe that there are hazardous materials onsite that will need to be abated properly. Also, the city has indicated that we will need to construct some improvements to the sidewalk along the frontage with Allen.
- Recommended adjustment: We recommend increasing the budget by \$2.9M. Without this increase, we could not reconstruct the building in a way that meets the needs of the transportation department.

Aloha Softball/Baseball Turf

- Background: This project is one of the physical education and athletics projects and the bond commitment is to replace the varsity softball and baseball grass fields with artificial turf fields. The goal is to have similar programming available at all high schools. Aloha HS has less field area available than all the other high schools. It does not have any JV fields, and it does not have a secondary soccer field. It also does not have lighting at the softball and baseball fields.
- Major cost impacts: The major cost impact is related to the increased requirement of storm water detention and treatment onsite. There is additional cost associated with the multipurpose field overlay adjacent to the baseball field. This field will help the school have the flexibility to deliver similar programming to other schools. There is also an additional cost to add lighting and new backstop netting.
- Recommended adjustment: We recommend increasing the budget by \$7M. Without this, we cannot complete the project to meet the needs of the school.

Westview Softball/Baseball Turf

- Background: This project is one of the physical education and athletics projects and the bond commitment is to replace the varsity softball and baseball grass fields with artificial turf fields.
- Major cost impacts: The major cost impact is related to improving the storm water detention and treatment onsite.
- Recommended adjustment: We recommend increasing the budget by \$2M. Without this, we cannot complete the project.

Outdoor Learning: Capital Center Field

- Background: The Outdoor Learning group of projects in the bond is meant to add outdoor play and recreation areas. During bond planning, we looked at available programming areas primarily at comprehensive schools. In looking at areas of the district where outdoor learning space is limited, the needs of Capital Center programs have become apparent. It is unique amongst our schools as it does not currently have any outdoor recreation area available.
- Major cost impact: The cost will be to add a 1/8-mile track and field at the south side of the property.
- Recommended adjustment: We recommend increasing the budget by \$2M. Without this, we would not be able to construct this field and track and the Capital Center would continue to have no outdoor recreation area.

Security Upgrades

- Background: The bond program included \$10M for security upgrades. This was a known need, but we had not yet done any detailed analysis or design. We now have a new design standard for all school security systems.
- Major cost impacts: The original budget did not fully capture the current design standards. It also did not include improvements to the intrusion alarm system, distributed antenna systems or radios.
- Recommended adjustment: We recommend increasing the budget by \$10M. Without this increase, we would not be able to complete the security upgrades to our standards at all schools.

Nutrition Services

- Background: The original nutrition services project list included a renovation of the kitchen at Beaver Acres for ~\$2.5M. Upon further review, it was determined that this would not be the best solution for the students for a couple of reasons. Firstly, the existing kitchen footprint is very small and there is no place to expand it. There are also significant grade changes and other challenges that would make this difficult. Secondly, the school really needs a new cafeteria to increase capacity. The current cafeteria is too small to serve the number of kids necessary; it was designed for a school of about 200 students, and the current enrollment is closer to 800. This requires the school to hold several lunch periods each day. The current cafeteria is also located very far away from the playground. Students lose time going back and forth, and disrupt classrooms in doing so, several times a day.
- Major cost impacts: The cost is to add a new kitchen/cafeteria to the back of the school, and to convert the old kitchen/cafeteria into needed classrooms and offices.
- Recommended adjustment: We recommend increasing the budget by \$10M. Without this increase, we would find a way to improve the existing kitchen, but would not be able to address the cafeteria capacity issue.

FINANCIAL/RISK ANALYSIS OF ONGOING AND FUTURE PROJECTS

Project Name	Current Budget	Financial Risk Analysis	Recommended Adjustments	Adjusted Budget
Beaverton High School	\$253,630,000	As the largest bond project, the BHS rebuild represented the largest risk. However, the project is now under contract with a guaranteed maximum price (GMP). In addition, a significant amount of demolition and site stabilization has occurred, so we are past many of the major risks. We feel confident that the existing project contingencies will be adequate to fulfill the voter commitment.	\$0	\$253,630,000
Raleigh Hills Elementary	\$67,821,753	As the second largest project, Raleigh Hills also represented a significant budget risk. However, as with BHS, we now have a GMP, and we have completed demolition. As such, we are past many of the major budget risk points.	\$0	\$67,821,753
Allen Transportation	\$11,000,000	The Allen Transportation Facility is scheduled to start construction in 2026. After completing programming and schematic design estimates, we believe a budget increase will be necessary to execute the project.	+\$2,900,000	\$13,900,000
Barnes Cafeteria & Gym	\$7,500,000	We have yet to begin any design work for this project. It would be prudent to retain some program contingency to be able to complete this project.	TBD	\$7,500,000
Southridge HS SB/BB Turf	\$5,200,000	This project will be complete this fall and no longer represents a program budget risk. The budget was previously increased to deal with cost escalation.	\$0	\$5,200,000
Aloha HS SB/BB Turf	\$2,000,000	Similar to the budget increase that previously took place at SRHS, estimated costs for this work have increased since the initial budget estimate. Additionally, we have added some scope to the project to help create equity between schools (see above for more info).	+\$7,000,000	\$9,000,000
Westview HS SB/BB Turf	\$2,000,000	This project has the same issue as SRHS and AHS, although the overall scope will be less.	+\$2,000,000	\$4,000,000
Beaverton HS SB/BB Turf	\$2,500,000	There are some efficiencies related to the school rebuild, and this is currently tracking on budget.	\$0	\$2,500,000

Sato Classroom Addition	\$2,864,804	This project is complete, and already returned savings to the program contingency.	\$0	\$2,864,804
Oak Hills Classroom Addition	\$2,500,000	We have just completed pricing of the preliminary drawings for the project, and expect it to be close to the budget. Any needed adjustments should be small enough to not require board approval.	\$0	\$2,500,000
Stoller MS Gym & Classroom	\$12,211,054	This project is under construction with a GMP and no longer represents a budget risk.	\$0	\$12,211,054
Aloha HS Office Relocation	\$6,985,000	This project is complete, and will return a small amount of savings to the program contingency.	\$0	\$6,985,000
WHS Office Relocation	\$3,365,670	This project is under construction with a GMP and no longer represents a significant budget risk.	\$0	\$3,365,670
Cooper Mountain Office Relocation	\$1,500,000	There is some risk here as we have not yet received bids, but the project is relatively small and therefore the program risk is also small. We do not expect any budget changes to require board approval.	\$0	\$1,500,000
Athletic Facilities	\$7,315,005	The athletic building at Westview is under construction right now and is tracking well. The \$2M for the AHS building should be adequate. We have yet to begin design for Southridge, so there is some risk, but it will be limited.	\$0	\$7,315,005
Outdoor Learning	\$4,000,000	All of the projects currently included in this project are in good shape. However, it was recently identified that we need to include an outdoor learning area at the Capital Center. There are ~1000 students on site (+400 FLEX), and there is no secure outdoor activity space. This was an oversight when planning out the projects.	+\$2,000,000	\$6,000,000
Seismic Upgrades	\$60,161,827	This is the most significant area of risk for the bond. We have been unsuccessful in obtaining additional state grant funding, as there is too much demand and our schools are in relatively good shape compared to other school districts. At this time we do not need to allocate more funding, but this may become necessary.	TBD	\$60,161,827
Modernization	\$21,805,732	These projects are being managed to their existing budgets and represent very little risk to the overall program.	\$0	\$21,805,732

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Deferred Maintenance	\$99,904,401	Deferred maintenance is a significant need. Right now we are managing dozens of projects, and we are treating the overall budget as fixed. If there are additional savings later in the bond, this is where we should allocate them.	\$0	\$99,904,401
Security Upgrades	\$10,000,000	The original security scope for the bond was not fully defined. We now have updated standards and are moving forward at all schools. The implementation of the current standard will require a budget increase.	+\$11,000,000	\$21,000,000
Nutrition Services Upgrades	\$5,000,000	As part of the NS budget for the bond, we planned a kitchen remodel at Beaver Acres ES. The current kitchen does not meet the needs of the school. Additionally, the cafeteria is not large enough to support the student population. Upon further evaluation, it became clear that a new location onsite would be needed. We have worked to design a kitchen/cafeteria addition that will provide many other operational improvements. The old kitchen/cafeteria can be repurposed to support other programming needs.	+\$10,000,000	\$15,000,000
Critical Equipment	\$7,000,000	This is a fixed budget, and is in good shape.	\$0	\$7,000,000
Management & Overhead	\$49,370,000	We are on track with this budget.	\$0	\$49,370,000
Bus Replacements	\$10,000,000	This is a fixed budget, and is in good shape.	\$0	\$10,000,000
Technology	\$44,000,000	This is a fixed budget, and is in good shape.	\$0	\$44,000,000
SPED Upgrades	\$1,850,000	This is a fixed budget, and is in good shape.	\$0	\$1,850,000
Kinder Upgrades	\$1,000,000	This is a fixed budget, and is in good shape.	\$0	\$1,000,000
Contingency	\$73,875,803	This adjustment would leave approximately \$39M in program contingency available to complete projects. The starting contingency balance for the bond was \$43M, so we feel very comfortable with this. It is likely that we will continue to accrue interest earnings over the course of the bond, additionally we may receive another bond premium during the second bond sale.	-\$34,900,000	\$38,975,803

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