

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS

FACILITIES COMMITTEE

Thursday, September 23, 2010

4:00 PM @ District Service Center Board Room

AGENDA

1. North Education Center (NEC) Facilities Committee Agenda for September 23, 2010
 - * Facilities Committee Agenda for September 23, 2010
 - * NEC Update Memo
 - * NEC Updated Project Budget (TSP)
 - * NEC Cost Change Explanation
 - * 6-24-10 Total Lease Cost Graph
 - * 9-23-10 Total Lease Cost Graph

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Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

GROUP: Facilities Committee

DATE: September 23, 2010

TIME: 4:00 – 5:00 p.m

LOCATION: DSC Board Room

PROTOCOLS:

Decisions will be made via consensus on the agenda items.

CONVENER: Tom Shultz

FACILITATOR: Peyton Robb

ATTENDING:

LONG TERM PURPOSE

The Facilities Committee for the North Education Center project will provide oversight and direction to administration and bring recommendations to the full Board for approval as needed.

AGENDA ITEMS	OUTCOMES	TIME BUDGETED	ACTION
1. Project Cost	<ul style="list-style-type: none">• Committee members will understand the difference of the 6/18 & the 9/23 project cost estimate• Understand reasons for the change• Understand cost reduction alternatives	30 minutes Janet, Tom & Sandy	•
2. Financing	<ul style="list-style-type: none">• Committee members will understand current QSCB award amount• Review costs on the 9/23 Total Lease Comparison Graph	10 minutes Janet	•
3. Misc. Information	<ul style="list-style-type: none">• Review miscellaneous facts related to the NEC vs. the SEC	15 minutes Tom, Janet & Sandy	•
4. Timeline	<ul style="list-style-type: none">• Committee members will understand updated timeline and reasoning for the change	10 minutes Tom & Mark	•

HANDOUTS:

1. 9-23-10 NEC Update Memo Memo
2. 9-23-10 NEC Updated Project Budget (TSP)
3. 9-23-10 NEC Cost Change Explanation
4. 6-24-10 Total Lease Cost Graph
5. 9-23-10 Total Lease Cost Graph

Intermediate District 287

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M E M O R A N D U M

Date: September 23, 2010
To: Board Facilities Committee
From: Janet Johnson, Director of Finance, Thomas Shultz, Director of Facilities
RE: NEC Update

The many aspects of the North Education Center project are beginning to firm up. There have been a variety of cost and financing scenarios over the life of this discussion. With this set of documents, we would like to clarify and address updates in the following major categories.

Changes in Cost:

Attached is the estimated Project Budget document from TSP. That document has been expanded to show an updated estimate as of September 23, 2010. Over time there has been an intermingling of discussions of the cost of the project and the amounts to be financed. At its last meeting on 9-14-10, the Board Facilities Committee made the decision to have this document clearly reflect the total cost of the project, independent of financing sources. With that a "Total Project Cost" line highlighted in yellow has been added to the second page of the document. Previously the document has included some costs that the District is funding from other sources, ex. Land and FF&E, but left others off, ex. Demolition, Construction Contingency @ 5%. All of these items, regardless of funding source are now included on this document. Those costs are highlighted in blue.

The darker blue highlights in the third column (9/23/2010) also reflect true changes to estimated costs. Attached is a document that explains the cost changes from 6/18/2010 to 9/23/2010.

One line from the first page of this document that has been deleted was labeled the "Project Contingency @ 10%". There have been no figures in that line. TSP has indicated that generally that would have represented the potential for the refinement in the cost estimates as program and design concepts became more finalized. Rather than using that, the updated figures have been reflected along the way in the correct categories adding up to the revised "Subtotal and Total Project Cost" lines.

The most significant unknown factor in the cost projections continues to be the level of market discount that might be realized when the construction bids are finalized.

Changes in Financing:

At the end of the TSP Project Budget document, we have added a summary of the financing sources. There is a red "*" next to the lines representing costs the District has committed to cover with "other resources". Those resources are listed in the summary. As discussed most recently, the additional Qualified School Construction Bonds using Certificates of Participation will cover the majority of the cost to be financed.

In this packet is the graph that was presented at the Board’s June 24, 2010. This was based upon the estimates in columns #1, 3/1/2010 and #2, 6/18/2010 of the TSP Project Budget document. This graph showed the QSCB financing of \$15,625,000 being paid in full in 17 years and the balance in Build America Bonds taking 20 years. Also included is an updated graph with a purple line showing the revised estimated financing costs as of 9/23/2010 and the impact of the total QSCB allocation of \$29,790,000. The red line shows the estimated impact with an additional \$3,000,000 borrowing to finish the project. Given the increased amount of QSCB allocation, the total borrowing in both scenarios is paid in full in 17 years.

With the \$29,790,000 financing in place, the District will be able to award construction bids with a more complete understanding of the impact on the total financing picture.

Miscellaneous Information:

The following is a comparison of key factors between the SEC and NEC projects.

	<u>SEC</u>	<u>NEC</u>
Size of Building (sq. ft.)	108,000	157,521
Cost per square foot	\$305	\$242
Total Project Cost (approx.)	\$30,860,952	\$38,062,958
Amount Financed	\$33,000,000	\$29,790,000
Potential additional financing		\$ 3,000,000

Project Timelines:

In general all of the established timelines to date have or will be met. One major change moving forward is in the approach to the construction bids. Previously we had planned on a Demolition bid, a Phase I bid for site preparation, footings/foundation work and structural steel, and a Phase II bid for the balance of the construction work. The bid process has now been redistributed. The Demolition bid included site preparation, allowing for a “slab ready” site. There will only be one more bid process for the balance of the work. We anticipate that bid packet will go out in January, 2011. This approach provides for greater efficiencies, takes full advantage of the “Best Value” process and gives the general contractor better control over the total project.

This timeline still allows for the opening of school in the new North Education Center in the fall of 2012.

**Intermediate District 287
North Education Center
Project Budget**

March 1, 2010
June 18, 2010
September 23, 2010



To Solve. To Excel. Together.

	3/1/2010	6/18/2010	9/23/2010
CONSTRUCTION	122,143 sf	129,630 sf	132,000 sf
Site Construction Cost	\$ 1,800,000	\$ 2,365,558	\$ 2,244,239
Building Demolition Cost	\$ -	\$ 307,318	\$ 323,000
Building Construction Cost	\$ 20,770,000	\$ 23,954,250	\$ 27,749,514
General Conditions (in construction costs)	\$ -	\$ -	\$ -
Construction Cost	\$ 22,570,000	\$ 26,627,126	\$ 30,316,753
Construction Contingency 5%	\$ -	\$ 1,315,990	\$ 1,515,838
Construction Market Discount (12%)	\$ -	\$ (3,195,255)	\$ (3,638,010)
Subtotal Construction Cost	\$ 22,570,000	\$ 24,747,861	\$ 28,194,580

DESIGN AND CONSULTANT FEES			
Architects and Engineers	\$ 1,435,625	\$ 1,435,625	\$ 1,885,875
Reimbursable Expenses	\$ 33,746	\$ 33,746	\$ 33,746
Plan Reproduction	\$ 55,000	\$ 55,000	\$ 55,000
Furniture Design	\$ 24,500	\$ 24,500	\$ 24,500
Technology and Security Consultant	\$ 81,400	\$ 81,400	\$ 96,790
Review and Comment	\$ 2,500	\$ 2,500	\$ 2,500
Commissioning	\$ 100,000	\$ 100,000	\$ 100,000
Energy Modeling	\$ 10,000	\$ 10,000	\$ 10,000
LEED Certification	\$ 75,000	\$ -	\$ -
Subtotal Fees	\$ 1,817,771	\$ 1,742,771	\$ 2,208,411

OWNER ADMINISTRATIVE COSTS			
Permits and Plan Review Fees	\$ 135,263	\$ 135,263	\$ 135,263
Hazardous Material (by others)	\$ -	\$ -	\$ -
Site Survey	\$ 22,900	\$ -	\$ -
Environmental Consultant: Phase 1 Environmental Assessment	\$ 19,179	\$ -	\$ -
Builder's Risk Insurance	\$ 60,743	\$ 60,743	\$ 60,743
Liability Insurance	\$ -	\$ -	\$ -
Quality Testing	\$ 65,060	\$ 65,060	\$ 65,060
Misc Admin and Legal	\$ -	\$ -	\$ 50,000
Subtotal Owner Administrative Costs	\$ 303,144	\$ 261,066	\$ 311,066

FURNISHINGS, FIXTURES, & EQUIPMENT (FF&E)			
Furniture	\$ 350,000	\$ 350,000	\$ 350,000
Owner Equipment	\$ -	\$ 350,000	\$ 350,000
Computers	\$ -	\$ -	\$ -
Security Systems	\$ 214,174	\$ 135,000	\$ 135,000
Signage	\$ 35,000	\$ 35,000	\$ 35,000
Technology	\$ 600,000	\$ 858,000	\$ 821,500
Classroom A/V Systems	\$ -	\$ 367,000	\$ 368,000
Subtotal FF&E	\$ 1,199,174	\$ 2,095,000	\$ 2,059,500
Site Purchase	\$ 1,250,000	\$ 1,175,000	\$ 1,175,000

Subtotal Project Cost	\$ 27,140,089	\$ 30,021,698	\$ 33,948,557
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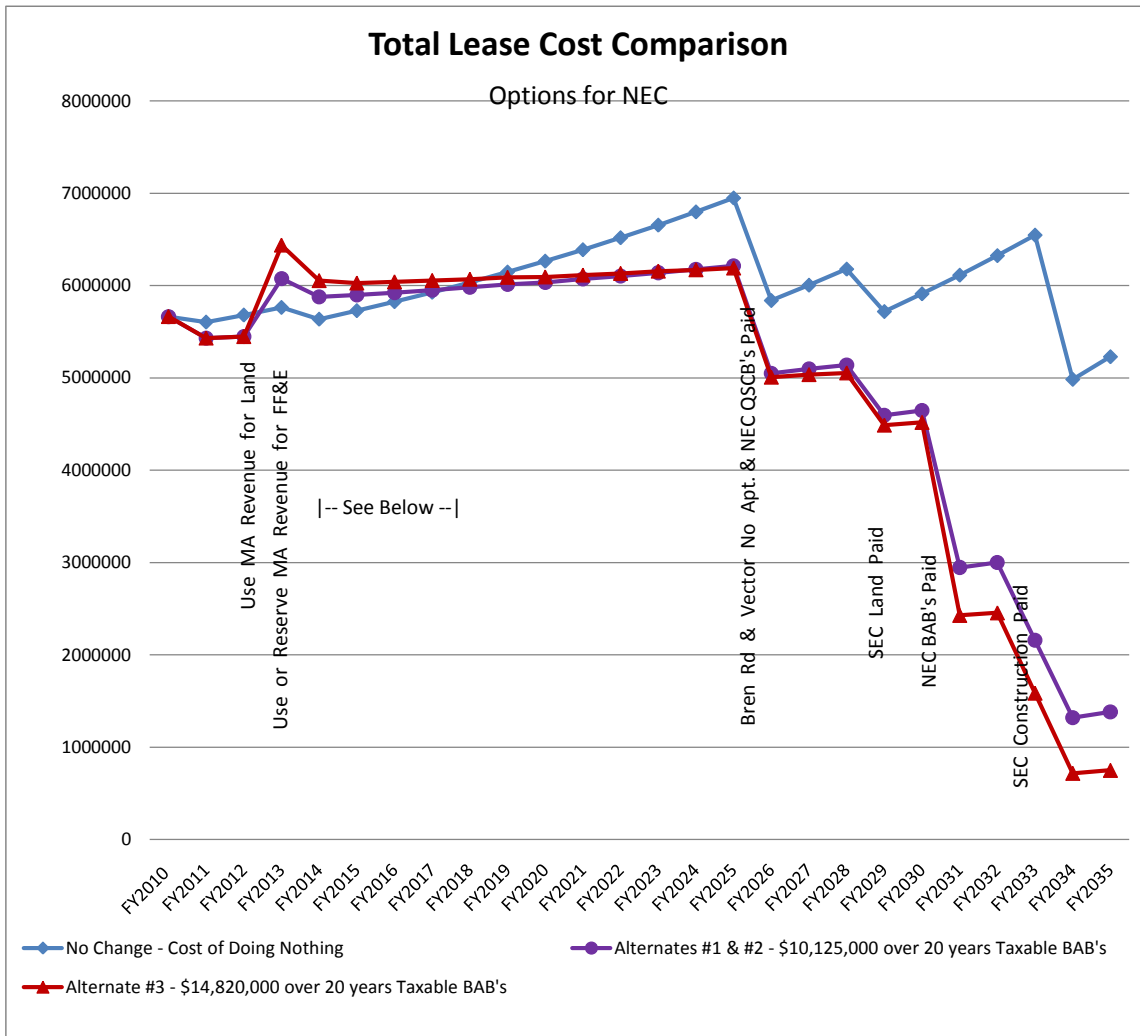
THIRD FLOOR ALTERNATE		22,940 sf	25,521 sf
Shell Space Construction Cost	\$	2,440,000	
Build-out Construction Cost	\$	1,812,260	
Subtotal-Shell and Build-out Construction Cost	\$	4,252,260	\$ 4,235,778
Technology			\$ 128,400
Security			\$ 25,500
Construction Cost	\$	4,252,260	\$ 4,389,678
Construction Contingency 5%	\$	212,613	\$ 219,484
Construction Market Discount (12%)	\$	(510,271)	\$ (526,761)
Total Construction Cost for Third Floor Alternate	\$	3,954,602	\$ 4,082,401
"DIRTT" Alternate (modular wall system)	\$	1,258,716	Included above
Playground Equipment	\$	32,000	\$ 32,000
Total Project Cost	\$ -	\$ 35,267,016	\$ 38,062,958

Amended w/Const Cont added

*Costs that are to be covered by other District Resources

Fund Balance		307,318.00	323,000.00
Interest Earnings on Construction Escrow Account		1,315,990.00	1,515,838.00
FY11, 12, 13 MA Revenue and Fund Balance		2,095,000.00	2,059,500.00
FY10 MA Revenue		1,175,000.00	1,175,000.00
Interest Earnings on Construction Escrow Account		212,613.00	219,484.00
		<u>5,105,921.00</u>	<u>5,292,822.00</u>
Amount to be financed		30,161,094.68	32,770,135.83
Qualified School Construction Bond Allocation		(29,790,000.00)	(29,790,000.00)
Potential Additional Financing		<u>371,094.68</u>	<u>2,980,135.83</u>

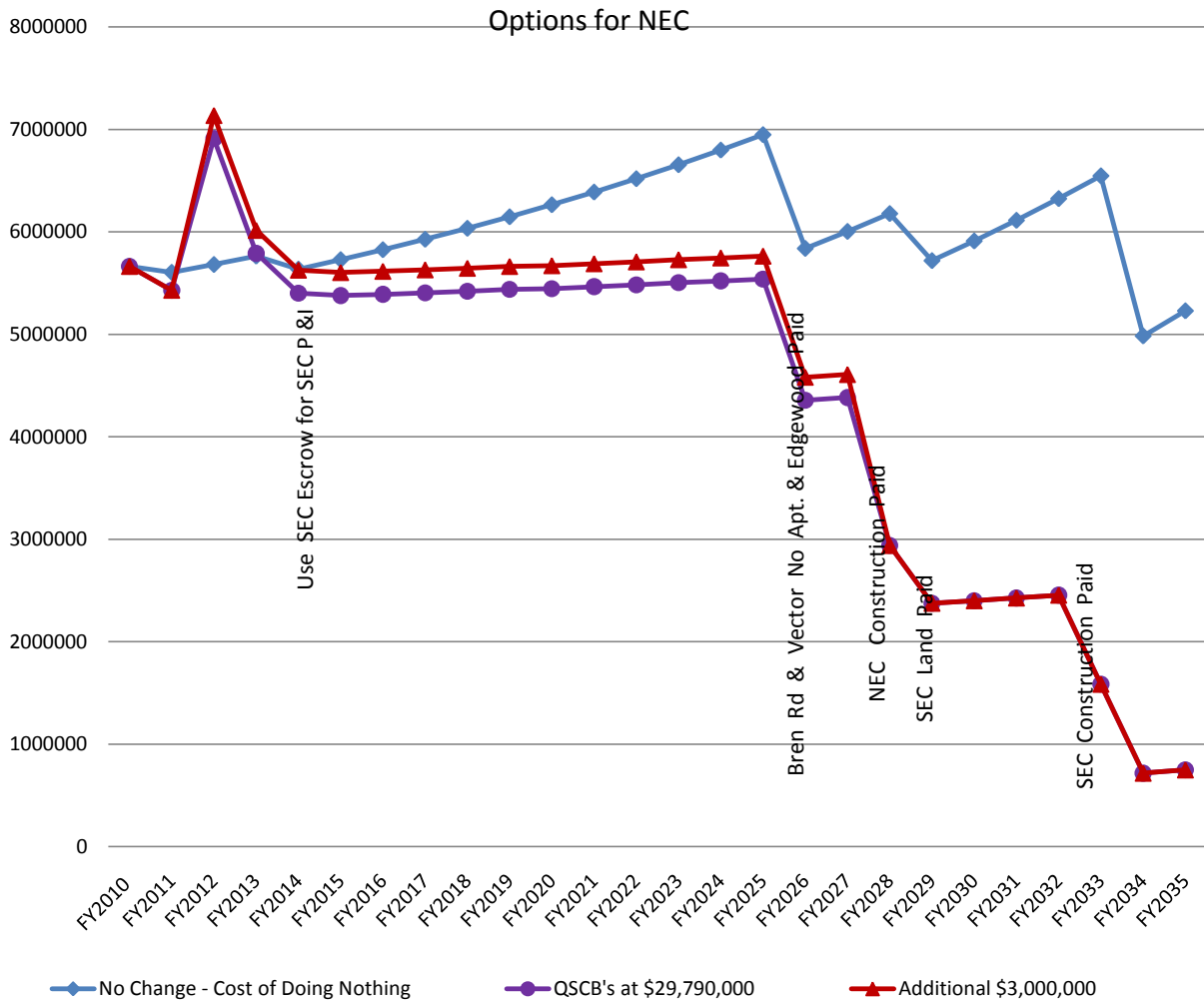
Total Lease Cost Comparison



ASSUMPTIONS:

- * Finance amount based upon TSP's 6/18/2010 estimate for project costs with alternates.
- * Financing completed prior to 12/31/10 using \$15,625,000 QSCB award and additional required amount in Build America Bonds (BAB's).
- * Total NEC borrowing is paid off in 20 years (FY30).
- * Debt runs factor in FY12 payment as interest covered by Federal Stimulus dollars.
- * All Alternates include District Payment from other resources of \$2.5 million for Land and FF&E
- * **Alternate #1 - 122,143 sq ft** **Total Construction Project \$27,140,089, Financing \$25,750,000**
 & Alternate #2 - 129,630 sq ft **Subsidy to cover additional cost in early years:**
 \$0.85 million from SEC escrow FY13-FY17
 \$0.0 million from MA Revenue
 Continues Operating Lease payments for 3 leased sites (51,000 sq ft)
- * **Alternate #3 - 152,000 sq ft** **Total Construction Project \$31,500,000, Financing \$30,445,000**
 Subsidy to cover additional cost in early years:
 \$1.8 million from SEC escrow FY13-FY18
 \$0.0 million from MA Revenue
 In FY14 Operating Lease payments drop to 2 lease sites (28,000 sq ft)
- * FY34 and beyond shows all current capital leases (Principal & Interest) paid off and continued operating leases on 3 or 2 sites.

Total Lease Cost Comparison



ASSUMPTIONS:

* Finance amount based upon TSP's estimates for project costs with 3rd floor alternate with District payments from other resources as planned

* \$29,790,000 of financing completed prior to 12/31/10 using QSCB allocation

* Total NEC borrowing is paid off in 17 years (FY27).

* Debt runs factor in first payment in FY12 with SEC P&I payments from SEC Escrow.

* **Financing:** \$29,790,000 QSCB's only
Subsidy to cover additional cost in first year:
\$1.5 million from SEC escrow FY12

* **Financing:** \$29,790,000 QSCB's plus \$3,000,000 additional
Subsidy to cover additional cost in first year:
\$1.5 million from SEC escrow FY12

* FY34 and beyond shows all current capital leases (Principal & Interest) paid off and continued operating leases on 2 sites.