

Capital Improvement Project

Next Steps

June 27, 2016

Project Design and Personnel

- ▶ The district will retain the services of SEI Design Group
- ▶ Principal, Brian Cieslinski will take over the lead role on our project with Matt Schools Assisting
 - ▶ One of 4 owners of SEI
 - ▶ 25+years in the business
 - ▶ Has worked in the Construction Trades and Construction Management
 - ▶ Been focused on K-12 School design and construction for 15 years
 - ▶ Strong skills in communications, budgeting, and job tracking
 - ▶ Background in handling difficult planning solutions
 - ▶ Ability to guide Districts through challenging project decisions

Options for *Moving Forward*

1. Go out with a referendum requesting additional funds to complete the project as designed (some value engineering may take place)
2. Reduce the scope of the project to complete it with the funding we have already approved

Options for Moving Forward: Scenario 1

1. Go out with a referendum requesting additional funds to complete the project as designed
 - Look for value engineering that can be done to reduce the \$ needed (there is not a lot to be saved)
 - Include all alternates, as many of the alternates are important parts of the project (2 of the alternates were either/or situations - only select one option for each)
 - Seek another set of estimates but in the meantime, use the bids - they are the best estimates we can have
 - Run a parallel re-design track in the event that there are issues with the referendum
 - Establish and fund a capital reserve that can cover the local share of the additional money (zero tax impact) This will take two separate votes, one to establish and fund, one to allow us to expend the funds (45 day posting period each)

Options for Moving Forward: Scenario 1

1. What does a “zero tax impact” project mean?
 - The district receives 82% building aid on “aidable” portions of capital improvement projects.
 - A capital reserve is a reserve fund established by the voters to be used to fund capital improvements
 - Due to a conservative approach to our 15-16 budget and spending this year, we will have some surplus to use to fund a capital reserve (~\$300,000) in addition we will transfer reserve funds from our ERS reserve (~\$350,000)
 - For every “aidable” \$1 spent on the project the tax payers incur \$.18 of the cost. We will use the reserves to cover that portion of the expense. The remainder comes from the state.
 - By utilizing capital reserve funds, the cost of the project per household will be the same as it was with the originally approved project

Options for Moving Forward: Scenario 1

- We would need an additional \$3,636,183 to complete the work as scoped. Total cost of the project would be \$18,480,261
- What assumptions are we using to calculate this number?:
 - Using bid numbers selecting the lowest bidder for each contract
 - Total budget will increase so we must increase the contingency to keep it at 10%. Increasing the contingency to above 10% would require additional funding.
 - Moving forward with all alternates (*2 will be removed as they are either/or scenarios)
 - 3% for inflation as we are delaying all phases by one year.

Options for Moving Forward: Scenario 2

2. Eliminate parts of the scope of the project to complete it with the funding we have. Need to cut ~\$3.2 in scope

- We could look to cut some of our alternates (even cutting all of them, we will not be able to proceed with the rest of the project - not enough \$ to close the existing gap)
- Some value engineering could be done(kidney shaped tables, magnetic white boards etc.) It will amount to less than \$200,000 unless we go deeper.
- We would have to look for scope changes that would NOT create such a dramatic domino effect - removing one piece changes everything due to the design of the project. (ex. Not re-tiling walls to update the look etc.)
- Depending on the depth of the scope cuts, if completely new designs are necessary, review time will be longer, otherwise we could probably get a 30 day SED review

Tentative Timeline for Scenario 1

- ▶ July 5th Meeting: Discuss options presented this evening and choose to go out with a referendum
- ▶ August BOE Mtg.: Pass a resolution to go out with a referendum as well as establishing a capital reserve.
- ▶ July and August: Work with attorney, fiscal advisors and bond council to establish requirements for establishment of reserve as well as preparing for referendum vote
- ▶ Vote late November or early December: Statistically they are better vote times and may be necessary for the establishment of capital reserve
- ▶ Bid immediately upon passage of the referendum

Timeline for Scenario 2

- ▶ July 5th Meeting: Discuss options presented this evening and choose to eliminate project scope
- ▶ July and August: work with staff, facilities committee, and SEI to determine a project with reduced scope.
- ▶ Design work completed by SEI by the end of October
- ▶ Submit by 1st of November to State Education with pressure on to get a 30 day review depending in scope changes (We would camp in Albany!)
- ▶ Project approval hopefully by January 1st.
- ▶ Bid immediately upon approval
- ▶ NOTE: We DO NOT control State Ed

Next Steps

- ▶ Continue with communication plans to inform staff and community as to how we are proceeding
- ▶ July 5th agenda to include discussion of options
- ▶ Brian Cieslinski is looking for a CM firm to take on doing an estimate of the project.