

leadership

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*Cambrian School District
Measure R Construction Program
Project Prioritization
March 18, 2021*



Topics

- Measure R Overview
- Project selection and prioritization strategies
- Phase 1 Modernization projects already approved
- Remaining projects to be prioritized: staff recommendations, board discussion and direction
- Project list next steps

Measure R Overview

- Measure R approved by voters on November 3, 2020 authorizing sale of \$88M in general obligation bonds.
- An additional \$7.1M of state bond funds from Measure I are owed to the District and anticipated in the next 2-3 years.
- After bond issuance costs, approximately \$87.7M of Measure R funds and interest would be available for the program. \$94.8M including the state bond funds due the District.
- First Measure R bond sale of \$15M targeted for April 2021, second \$45M in winter 2023 and third in winter 2025.

Project prioritization strategies

Some thoughts to consider when selecting projects:

- Under-promise and over-deliver. Set aside an unassigned reserve of program funds. Perform the highest priority projects early in the program to ensure they are properly completed and only commit to additional projects after we are certain we can fund them out of the unassigned reserve.
- Time is money. Execute the program as quickly as tolerable to maximize buying power. Construction cost escalation increased 6.52% in 2019 and another 5.28% in 2020. 2014's \$41M Measure I construction program would cost \$50.4M today.

Project prioritization strategies

- Protect your real property assets so they stand the test of time. Include critical building system repair projects within the bond program, i.e. utilities, mechanical, plumbing, electrical, fire alarm, communication systems, roofs, windows, doors and exterior building finishes if approaching the end of their lifespan. Although not glamorous or appreciated every day, building system failures can result in enormous inconvenience, further building damage and funding difficulties in the future.

Project prioritization strategies

- When possible, construct new classrooms before modernizing existing classrooms, which reduces program cost and risk by creating excess classroom capacity. Eliminates the sunk cost of installing temporary classrooms, minimizes cost of accelerated summer construction, and avoids the risk of summer construction delays that could leave the school short of classrooms.

Project prioritization strategies

- Consider prioritizing large projects over small projects. Large projects need to be done within a bond program, whereas small projects can more easily be funded at the tail end of the program or even without a bond.
- Strive for equitable facilities at all District school sites.
- Projects performed at Price Middle School will ultimately benefit the most district students.
- Consider prioritizing middle school projects early in the program in order to subject fewer students to consecutive years of construction.

Phase 1 projects previously approved

- Phase 1 modernization at 5 school to replace HVAC systems, Price MS natural gas lines and 2 marquees.
- \$13.57M of Phase 1 project budgets approved on February 22, 2021.
- If phase 1 is completed on budget, up to \$77M would remain for additional projects.

Additional projects

- Refer to working spreadsheet document for project list and budgets.
- In addition to the phase 1 projects already approved, select additional high priority projects totaling \$48.5M (2021 dollars). With escalation these projects will likely cost up to \$60M. Set aside \$17M as program level contingency to ensure the high priority projects get completed. This \$17M includes the \$7.1M in state funds.
- Prioritize additional projects beyond \$48.5M to be started as program contingency funds free up over time.

Measure R projects

- Review additional project list and budgets along with staff recommendations. Additional projects total \$99.5M in 2021 dollars.
- Board discussion and direction.

Project list next steps

- Determine process for finalizing Measure R project list.
- Set board date for approval of the prioritized Measure R project list with preliminary budgets and contingencies.
- Staff develops Measure R implementation plan / cash flow and begins planning and design for approved projects.
- Expect the project list and budgets to evolve during the course of the Measure R program. Revisions will be presented and approved by the board.

Final comments, Questions?