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Bond Oversight Committee Quarterly Report

8th Report October 2021 – March 2022

INTRODUCTION

On May 21st, 2019, the officially formed, voter approved, Bond Oversight Committee (BOC) adopted governing bylaws which covers the purpose, authorization, function, and responsibilities of the BOC for the duration of the Bond. Bylaws can be found on the District Website on the Bond Oversight Committee's webpage. The current BOC consists of the following individuals, each with long career experiences in construction management, project management, government finance & budgeting:

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|--------------------------|-----------------------|
| • Riley Cornelsen, Chair | • Brian Lynch |
| • Mark Harting | • Joe Lupo |
| • Sandi McMillan | • Tristen Byers |
| • Dan Cornelsen | • Mike Contezac – ALT |

OVERVIEW

The BOC has met six times since the last report. The committee did not have any personnel changes over the past six months. The committee currently has one open, positions that we would like to fill with members of the public that have a vested interest in the bond projects.

The past few months were spent focused primarily on the work of the major bond project; the New Ferndale High School.

FOLLOW UP ON PREVIOUS REPORT

- No Items to address from last report

KEY FUNCTIONS UPDATES (on time, on budget, with transparency)

A. ON TIME (project schedule)

Since our last report there has been a fair amount of discussion around the project schedule and the phased turnover of the Ferndale High school Project. A current 'turnover map' that has been developed by FSD & CSG along with input from the BOC has been attached to this report.

General Anticipated turnover dates for the various phases are;

- 1) Athletic Wing: Open for Fall 2022 school year
 - a. Aux Gym with Academic Wing
- 2) Academic Wing (inc. commons and Aux Gym: Semester break 2022/2023 school year
- 3) Grandstand & Field: Fall 2023 school year
- 4) CTE Wing: Semester break 2023/2024 school year
 - a. Aux facilities: late spring 2023

Schedules do not come without concerns and there have been three main factors that have impacted the schedule for the high school project both positively and negatively:

- 1) During Fall and winter there was several issues with both flooding as well as snow and frigid temperatures. Fortunately for our project it has not played major role and the project

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team has been able to mitigate a majority of the impacts. The leading contributor, however, is the fact that the foundation for our building was completed early enough in the fall that the majority of the structural steel was completed before the weather got really bad. This allowed for the exterior walls and temporary roof to help close in the building so all the internal work could stay relatively productive and maintain schedule with limited delays and make up costs.

- 2) The supply chain crisis caused by COVID-19 (and other factors). The combination of manufacturers having to deal with staffing shortages with their employees getting sick, having to comply with every changing mandate, or simply not returning to work after layoffs or furloughs, has caused worldwide supply chain issue across all industries. Fortunately for the Ferndale School District, Cornerstone along with their subcontractors, have been able to work these issues early in the process in order to not have it impact the overall schedule. One major example of this would substituting the manufacturer of the electrical panels for the project. If this would not have been done our project had the potential for being delayed four to six months.
- 3) Lastly, we were very fortunate to have passed the bond and proceeded with the CM/GC model with Dykman and Cornerstone, who worked quickly through the pre-construction phase of the project. Had we not been aggressive with that initial timeline we would likely have pushed civil work in the wet months of the year, subcontractor buyout would have been pushed leading to high costs, and we would have likely had more supply chain concerns. With the buyout of contracts in spring of 2021, many of the sub-contractors procured the materials right away in order secure the product and lock in the best price.

B. ON BUDGET (project costs)

The budget for the work and staying within it has always been a major focus for the BOC and the community in general. The BOC receives a number of financial reports monthly which are attached to this report.

- 1) FHS Expenditure Summary (and accompanying detailed report)
- 2) Cashflow (which track GMP line in above report monthly)
- 3) PCO Logs & Summary Logs

We review in detail monthly and regularly bring up questions on lines items and discrepancies. Thus far we have been encouraged by the financial management of the project but remain critical in our review of money costs and proposed changes to the project.

General comments:

- 1) Early buy out of scopes has had a significant impact on cost saving as pricing was secured prior to major escalation and inflation over the past year. The amount of that saving is not able to be calculated, but the construction industry has seen material cost increased of over 20% on many products. This type of escalation should also be noted when approaching changes in scope as new/added scope will most likely included current costs.
- 2) Overall Contingency 'buckets' look healthy considering the current state of the project as a whole. Balances of ~52% in Owner Risk, 72% in GCCM Risk, and 23% in Unawarded. Additional caution should be taken with demo and remaining

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underground work as that area has largest possibility of “unknowns” at this point. It also has been noted and reiterated that changes within the current building begin to cost more the further along in the process you go due to added work associated with demo, rebuilding, coordination, and congestion. Further scrutiny should be taken by the district with regards to approved design changes the further along the Ferndale High School project progresses.

- 3) The BOC had recommended, and the school board adopted, a policy for large corporate donations. We continue to encourage the district to work and reach out to local community businesses with the hope and anticipation of partnerships that may work towards an end goal of both improving the bond related work and district facilities as a whole.

C. With TRANSPARENCY (public communication)

The BOC spearheaded dashboards, on the District webpage, continue to visually track bond progress in the following areas: High School, Critical Needs Projects and Security Upgrades. These dashboards continue to be updated monthly, or as critical dates are met. A cash flow dashboard has also been developed and is also updated monthly as noted above. All of these dashboard can be found and accessed by anyone at

<https://www.ferndalesd.org/bond/bond-2019>. In addition to the recommendations of the BOC, the district along with Cornerstone has linked at web cam to the address as well. The BOC has recommended that various schedule and flow graphics be created as the Ferndale High School project progresses into it various phases not only so students, staff, and visitors can be aware of routing, access and egress, but also so the great community can see the timeline and transition to the new school. The map discussed and provide in part (A) above is the baseline for what will be more detailed plans/maps that will be developed in the future by Cornerstone and the district.

The BOC, as well as other district parties (teachers, admin, support staff, etc.) have received several tours of the new FHS buildings and continue to schedule additional tours as the project progresses. These tours have been incredibly informative and have really helped the attendees gain a larger and better understanding of the intricacy and scale of the bond related work. The BOC has encouraged the district to also look at ways to provide the public a ‘virtual’ tour of the building, and we look forward to seeing additional progress made on that front.

The “Bond Updates” that are distributed weekly continue to be an informative way to convey information to the community and we cannot encourage the district enough to continue to push out the bond update and encourage community members to subscribe.

The BOC also continues to be open to receiving questions from the public, answering those directly, and then puts those Q&As onto the website. While no ‘official’ questions have been sent in to be answered and posted on the website in the past six months, many questions develop organically in the community and those items are brought up at the BOC meetings and discussed. Topics have ranged from safety & security concerns at the new high school to how the “reuse/repurpose” components of the old/existing facility.

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SAFETY/SECURITY & CRITICAL MAINTENANCE UPDATE

The majority of the larger safety/Security and critical maintenance needs projects are complete. This includes fire panels, heat valves, roof repairs, secure vestibules and access controls, fencing, masonry repairs, and exterior lighting at nearly every school in the district. Left to complete and on the schedule for this year are a couple remaining secure vestibules with access controls at Beach and North Bellingham, finalizing the standardization of HVAC controls across the district, continuation of hot water tank replacement by the maintenance department, DDC controls at Skyline and Custer and lastly a main entry canopy and sign at Custer.

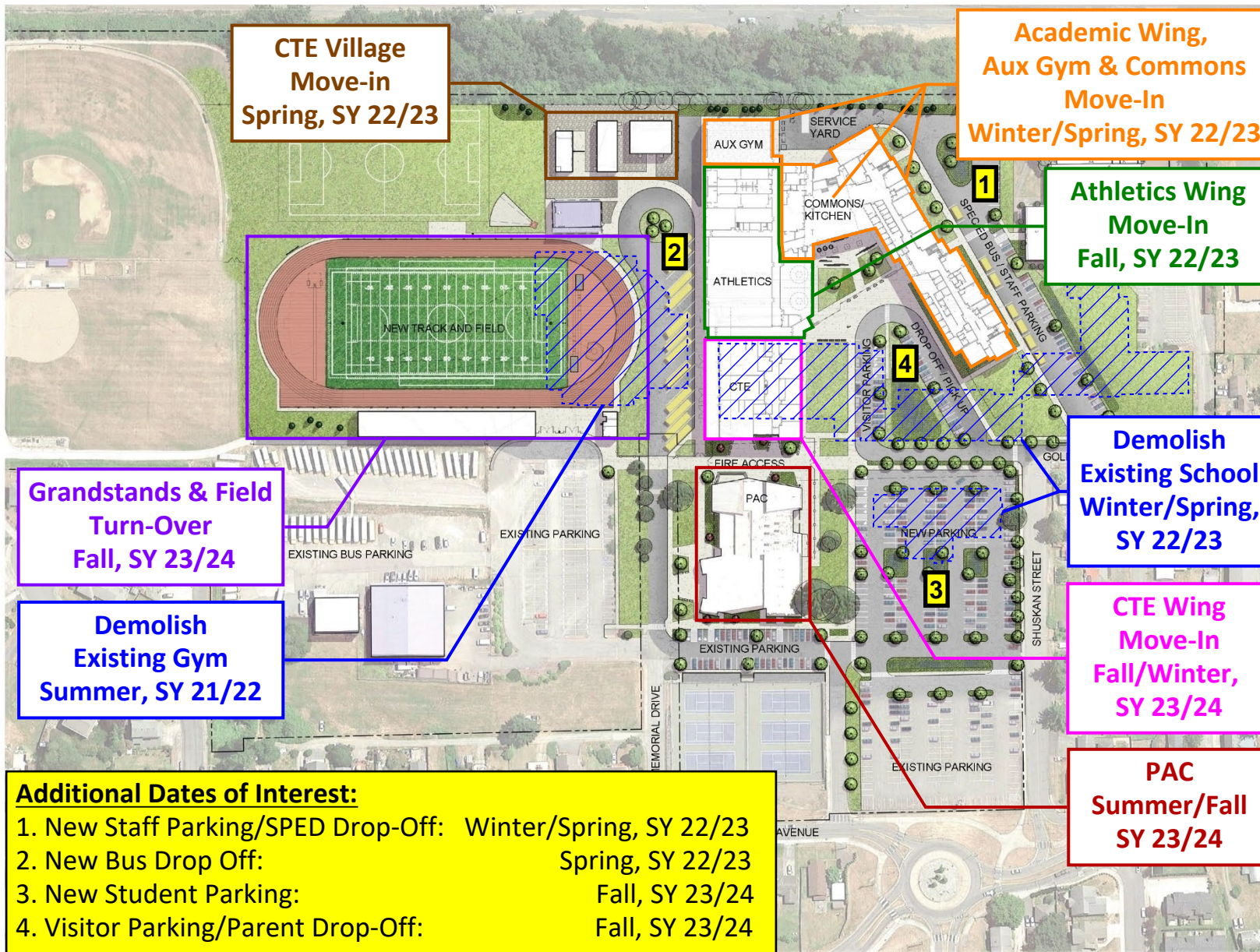
Financially, this portion of the bond allocated dollars have performed exceptionally well and the district should see a balance of funds remaining that can be used for additional critical maintenance items that were not originally on the proposed list to be completed with bond dollars. It has been known that the originally proposed list was not exhaustive of all of the maintenance needs within the district so we are glad to be able to see this work be under budget and be able tackle additional needs in the district. A list of additional, possible, uses for these funds will be presented to the BOC for review once the final balance of funds is determined.

CONCLUSION

The Ferndale High School project, which amounts to more than 90% of the overall bond dollars, is nearing 50% completion, a major milestone. The BOC is encouraged by the results seen thus far both financially and physically. The school district along with their contracting parties (CSG, Cornerstone, Dykman, etc.) have all shown a willingness to be open and transparent and we expect that communication to continue throughout the remained of the project(s). We will continue to monitor all aspects of the bond and want to see ongoing focus on behalf of the district to use the bond dollars allocated to their best value possible. We are looking forward to hitting more milestones on the schedule while continuing to use a critical eye on behalf of the constituents in this community.

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FHS Move-In Plan





FERNDALE HIGH SCHOOL REPLACEMENT PROJECT - EXPENDITURES

As of: 3/31/22

Master Budget - Construction Phase with Secured OSPI SCAP Funds

	BUDGET @ CD	EXPENDED	REMAINING	Secured State Match
CONSTRUCTION COST				
Guaranteed Maximum Price (GMP)	\$ 92,630,426	\$ 33,257,346	\$ 59,373,080	\$ 18,074,753
WSST - Local Sales Tax (8.8%)	\$ 8,151,477	\$ 2,921,721	\$ 5,229,757	
Total Construction Cost (GMP + Tax)	\$ 100,781,903	\$ 36,179,067	\$ 64,602,837	\$ 18,074,753
INDIRECT COST				
Architect/Engineer Professional Services	\$ 6,771,395	\$ 5,457,295	\$ 1,314,100	\$ 1,134,926
GC/CM Pre-Construction Services	\$ 742,096	\$ 699,051	\$ 43,046	---
Site Investigations	\$ 494,103	\$ 493,871	\$ 232	---
Permitting & Impact Fees	\$ 1,075,000	\$ 428,684	\$ 646,316	\$ 1,051
Testing & Inspection (Construction)	\$ 399,205	\$ 184,360	\$ 214,845	\$ 141,098
Hazardous Materials Abatement Contingency	\$ 467,099	\$ 40,569	\$ 426,530	---
Value Engineering Services	\$ 169,000	\$ 160,584	\$ 8,416	44159.34
Constructability Review Services	\$ 169,000	\$ 148,720	\$ 20,280	\$ 72,299
Building Commissioning Services	\$ 370,522	\$ 122,550	\$ 247,972	\$ 72,299
Project Management	\$ 2,547,337	\$ 1,727,357	\$ 819,979	\$ 604,663
Legal Services	\$ 18,500	\$ -	\$ 18,500	---
Furnishings & Equipment - includes tech/phone	\$ 4,617,637	\$ 71,187	\$ 4,546,450	\$ 722,990
Builder's Risk Insurance (by District)	\$ 195,000	\$ -		---
Grandstand (via KCDA), incl WSST and bond	\$ 1,579,351			---
Total Indirect Cost	\$ 19,615,245	\$ 9,534,229	\$ 10,081,016	\$ 2,793,486
GRAND TOTAL PROJECT COST	\$ 120,397,148	\$ 45,649,248	\$ 74,747,900	\$ 20,868,238

Funding Sources:

Bond Proceeds	\$ 105,000,000	Total Anticipated Fiscal Impact to District
Secured State Match Funds	\$ 20,868,238	Max reimbursement amount
Total Funding Available	\$ 125,868,238	
Owner Contingency Budget	\$ 9,150,226	
Contingency Used	\$ (3,679,136)	
	\$ 5,471,090	Contingency Remaining

Notes:

Updated construction cost based on final GMP, which includes accepted alternates.

WSST increased from 8.7% to 8.8% on 7/1/21

Budget reflects all signed agreements with consultants.

Architect fees based on signed Dykeman contract, plus additional services for bid alternate designs.

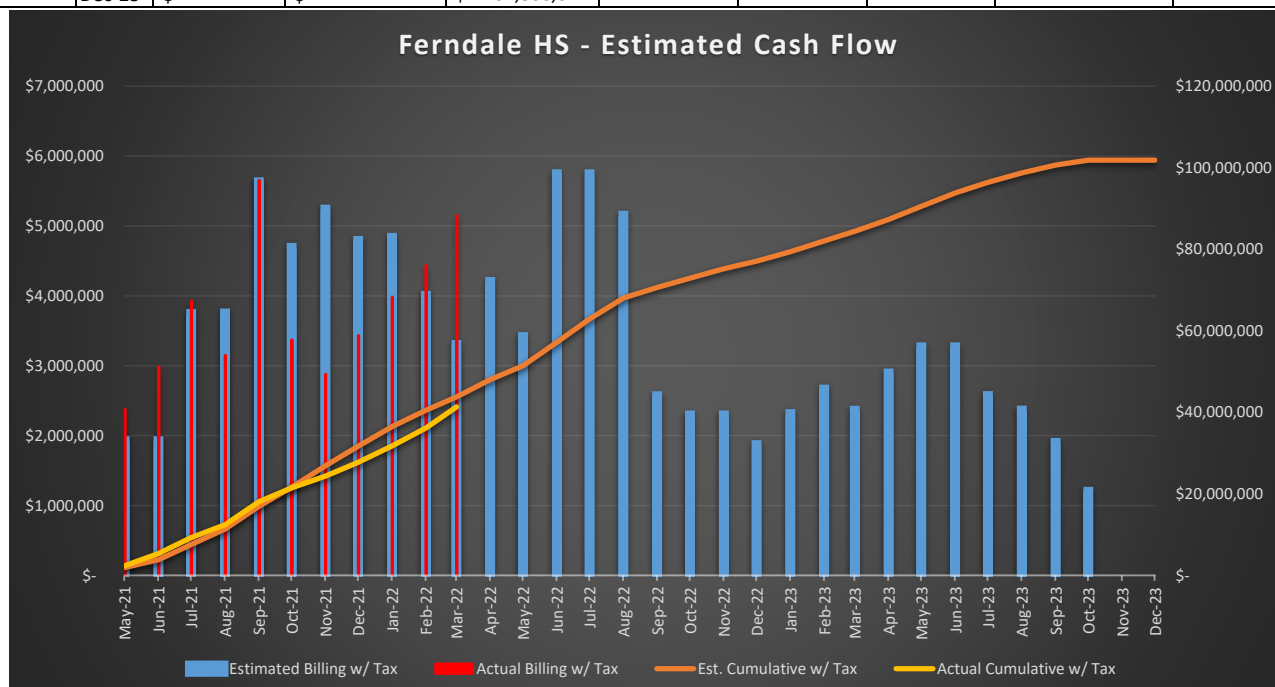
State match based on secured amount per OSPI D-10, Sept 2021 - actual reimbursement amount received will depend on eligible expenses

Cornerstone holds an additional 3% contingency within the GMP (\$2.36M)

Ferndale High School
Cashflow Analysis
April 1, 2022



Ferndale High School Cashflow									
QTR	Month	Estimated Billing w/ Tax	Estimated Billing w/out Tax	Est. Cumulative w/ Tax	Est. QTR Pre Tax	Actual Billing w/ Tax	Actual Billing w/out Tax	Actual Cumulative w/ Tax	Act. QTR Pre Tax
21Q2	May-21	\$ 1,922,290	\$ 1,768,436	\$ 1,922,290	\$ 3,536,872	\$ 2,375,923	\$ 2,183,753	\$ 2,375,923	\$ 4,925,809
	Jun-21	\$ 1,922,290	\$ 1,768,436	\$ 3,844,580		\$ 2,983,357	\$ 2,742,056	\$ 5,359,280	
21Q3	Jul-21	\$ 3,744,137	\$ 3,441,303	\$ 7,588,717	\$ 12,045,580	\$ 3,924,031	\$ 3,606,646	\$ 9,283,311	\$ 11,699,910
	Aug-21	\$ 3,751,020	\$ 3,441,303	\$ 11,339,737		\$ 3,149,757	\$ 2,894,978	\$ 12,433,069	
	Sep-21	\$ 5,627,643	\$ 5,162,975	\$ 16,967,380		\$ 5,655,735	\$ 5,198,286	\$ 18,088,804	
21Q4	Oct-21	\$ 4,689,609	\$ 4,302,394	\$ 21,656,989	\$ 13,501,687	\$ 3,369,832	\$ 3,097,272	\$ 21,458,635	\$ 8,899,480
	Nov-21	\$ 5,237,867	\$ 4,805,383	\$ 26,894,856		\$ 2,879,389	\$ 2,646,497	\$ 24,338,024	
	Dec-21	\$ 4,789,363	\$ 4,393,911	\$ 31,684,219		\$ 3,433,414	\$ 3,155,712	\$ 27,771,438	
22Q1	Jan-22	\$ 4,833,748	\$ 4,434,631	\$ 36,517,967	\$ 11,134,843	\$ 3,978,166	\$ 3,656,358	\$ 31,749,604	\$ 12,465,423
	Feb-22	\$ 4,003,375	\$ 3,672,821	\$ 40,521,342		\$ 4,434,437	\$ 4,075,769	\$ 36,184,041	
	Mar-22	\$ 3,299,855	\$ 3,027,390	\$ 43,821,197		\$ 5,149,826	\$ 4,733,296	\$ 41,333,867	
22Q2	Apr-22	\$ 4,200,874	\$ 3,854,013	\$ 48,022,072	\$ 12,253,118				\$ -
	May-22	\$ 3,412,382	\$ 3,130,626	\$ 51,434,454					
	Jun-22	\$ 5,742,642	\$ 5,268,479	\$ 57,177,096					
22Q3	Jul-22	\$ 5,742,642	\$ 5,268,479	\$ 62,919,737	\$ 12,346,794				\$ -
	Aug-22	\$ 5,148,962	\$ 4,723,818	\$ 68,068,699					
	Sep-22	\$ 2,566,402	\$ 2,354,497	\$ 70,635,101					
22Q4	Oct-22	\$ 2,291,690	\$ 2,102,468	\$ 72,926,791	\$ 5,916,991				\$ -
	Nov-22	\$ 2,291,690	\$ 2,102,468	\$ 75,218,481					
	Dec-22	\$ 1,866,140	\$ 1,712,055	\$ 77,084,621					
23Q1	Jan-23	\$ 2,310,731	\$ 2,119,937	\$ 79,395,352	\$ 6,724,812				\$ -
	Feb-23	\$ 2,660,482	\$ 2,440,809	\$ 82,055,834					
	Mar-23	\$ 2,358,833	\$ 2,164,067	\$ 84,414,667					
23Q2	Apr-23	\$ 2,891,437	\$ 2,652,695	\$ 87,306,104	\$ 8,645,541				\$ -
	May-23	\$ 3,266,101	\$ 2,996,423	\$ 90,572,205					
	Jun-23	\$ 3,266,101	\$ 2,996,423	\$ 93,838,307					
23Q3	Jul-23	\$ 2,568,682	\$ 2,356,589	\$ 96,406,989	\$ 6,265,506				\$ -
	Aug-23	\$ 2,361,652	\$ 2,166,653	\$ 98,768,641					
	Sep-23	\$ 1,899,068	\$ 1,742,264	\$ 100,667,709					
23Q4	Oct-23	\$ 1,198,905	\$ 1,099,913	\$ 101,866,614	\$ 1,099,913				\$ -
	Nov-23	\$ -	\$ -	\$ 101,866,614					
	Dec-23	\$ -	\$ -	\$ 101,866,614					



4/13/2022

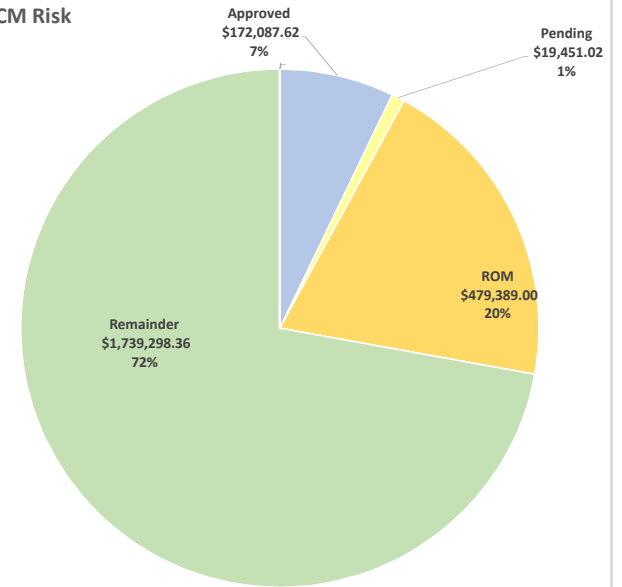
Ferndale High School Project - Contingency Status

CONTINGENCY	Original Budget	ROM Total	Pending PCOs	Approved PCOs	Total PCCOs	Projected Total	Projected Remaining
GCCM Risk	\$ 2,410,226.00	\$ 479,389.00	\$ 19,451.02	\$ 172,087.62	N/A	\$ 670,927.64	\$ 1,739,298.36
Owner Risk (Est'd)	\$ 3,000,000.00	\$ 642,979.00	\$ 436,709.62	\$ 44,799.13	\$ 621,581.11	\$ 1,124,487.75	\$ 1,875,512.25
Unawarded	\$ 5,185,579.00	\$ 1,024,385.00	\$ 154,461.60	\$ 2,831,518.44	N/A	\$ 4,010,365.04	\$ 1,175,213.96

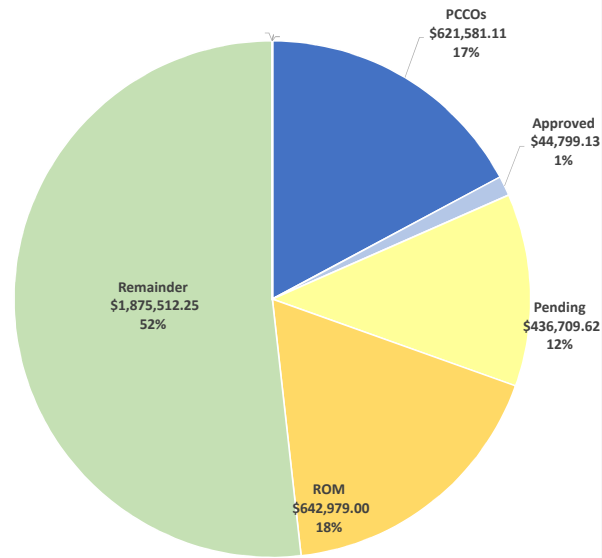
STATUS	GCCM Risk	Owner Risk	UA	STATUS	GCCM Risk	Owner Risk	UA
PCCOs	n/a	\$ 621,581.11	n/a	PCCOs	n/a	17%	n/a
Approved	\$ 172,087.62	\$ 44,799.13	\$ 2,831,518.44	Approved	7%	1%	55%
Pending	\$ 19,451.02	\$ 436,709.62	\$ 154,461.60	Pending	1%	12%	3%
ROM	\$ 479,389.00	\$ 642,979.00	\$ 1,024,385.00	ROM	20%	18%	20%
Remainder	\$ 1,739,298.36	\$ 1,875,512.25	\$ 1,175,213.96	Remainder	72%	52%	23%

NOTES:

GCCM Risk



Owner Risk



Unawarded

