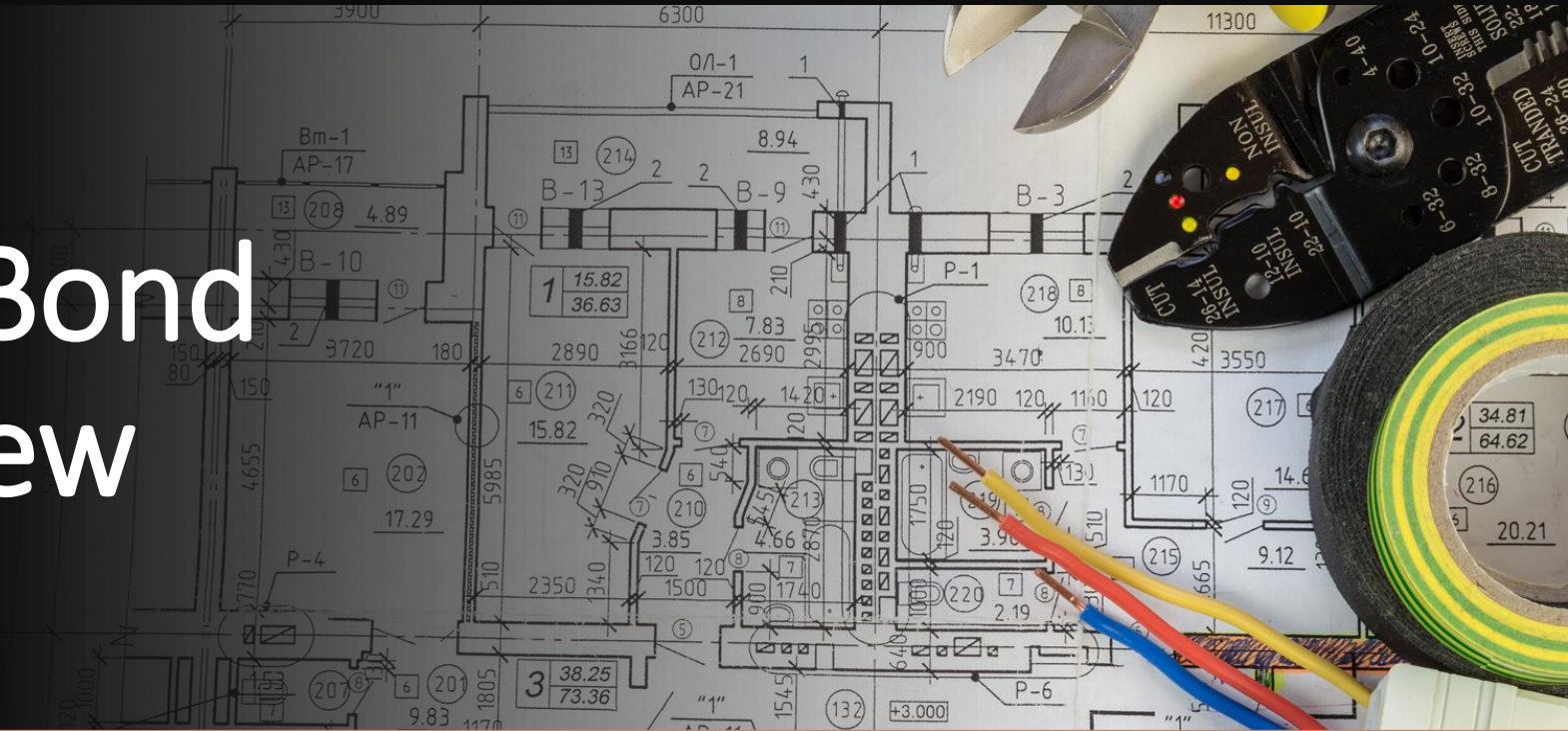


Measure BB Bond Projects Review



Board of Education Update

Special Board Meeting – October 21, 2021





Discussion Items:

Measure BB Overview

Phase 1 & 2 and 3 & 4

Proposed Future Phases

Assessment Summary

Bond Timelines

Bond Phases Management – Best Practice Vs. HLPUSD

Construction Market

Project Halt - Impact

Project Estimate 2018, 2021

Options

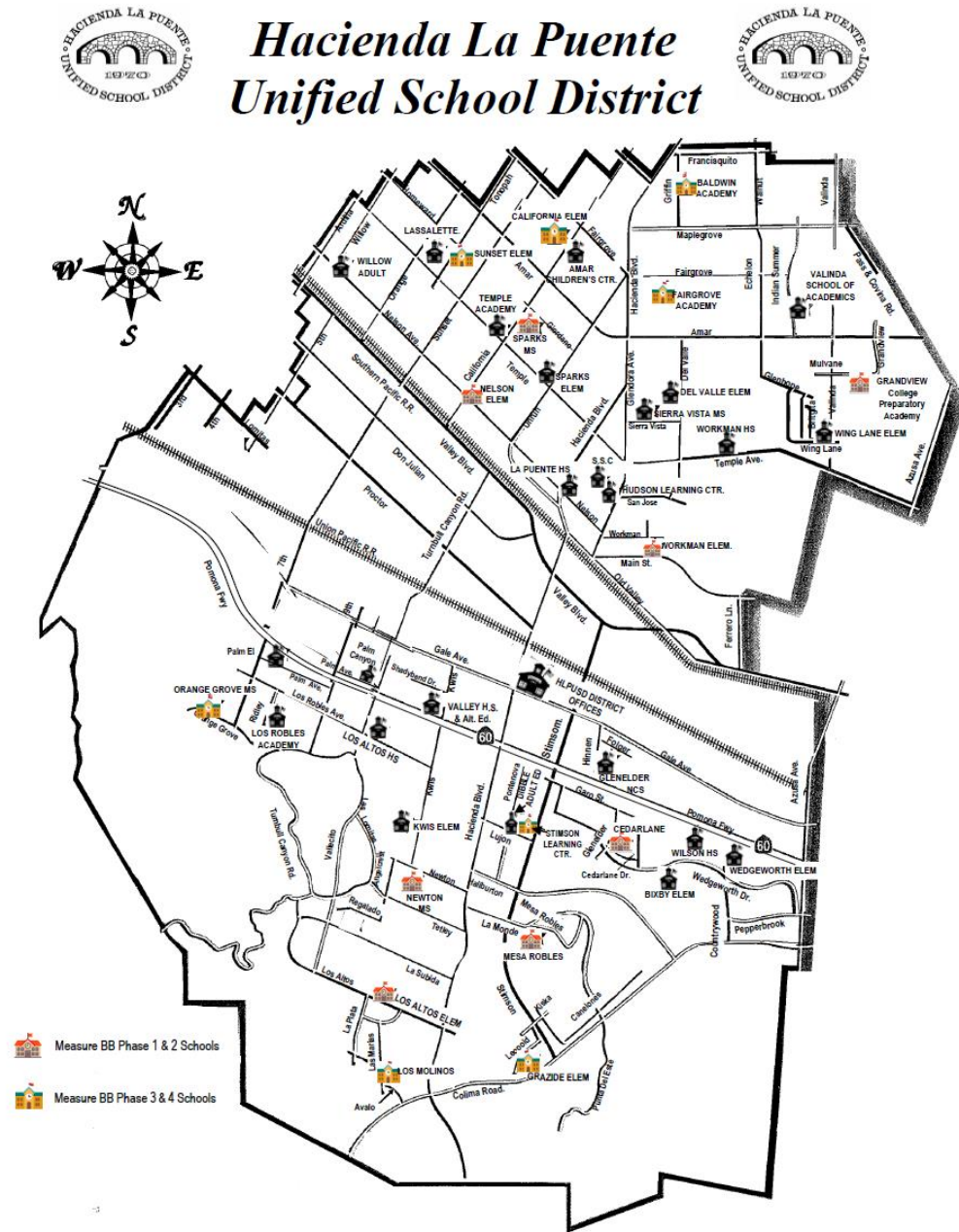
Discussions and Decisions



MEASURE BB BOND

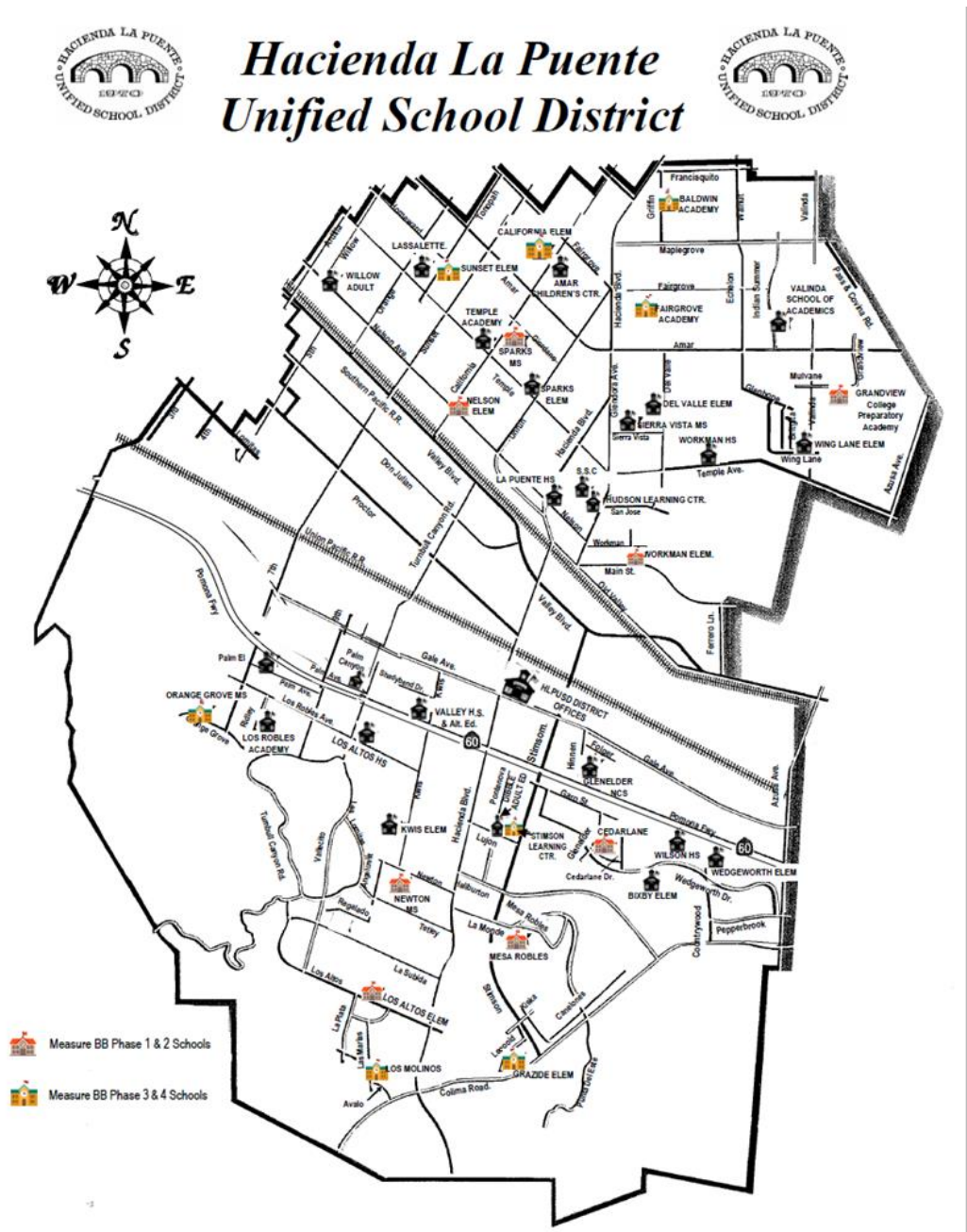
During the General Election held on November 8, 2016, local registered voters passed Measure BB, which authorized the District to issue up to \$148,000,000 in Bonds to use on capital facilities and upgrade projects to enhance the District's ability to offer 21st century classrooms and technology. On June 1, 2017, the Board of Education adopted a resolution that approved the initial issuance of \$70,000,000 in General Obligation Bonds.

Current Status



Phase	School	Completion Status
1	Cedarlane Academy (K-8)	96%
1	Grandview College Prep (K-8)	15%
1	Nelson Elementary (K-6)	100%
1	Newton Middle School (6-8)	15%
2	Los Altos Elementary (TK-5)	100%
2	Mesa Robles (K-8)	100%
2	Sparks Middle School (7-8)	15%
2	Workman Elementary (TK-6)	100%

Current Status



Phase	School	Completion Status
3	Baldwin Academy (TK-6)	11%
3	California Elementary (TK-6)	11%
3	Grazide Elementary (K-5)	8%
3	Orange Grove Middle School (6-8)	4%
4	Fairgrove Academy (K-8)	4%
4	Los Molinos Elementary (TK-5)	7%
4	Stimson Learning Center (K-12)	2%
4	Sunset Elementary (K-6)	7%

Proposed Future Phases

Phases	Schools
5	LA PUENTE HS
5	LOS ALTOS HS
5	GLEN A WILSON HS
5	WILLIAM WORKMAN HS

Phases	Schools
6 & 7	LASSALETTE K8
6 & 7	PALM ES
6 & 7	BIXBY ES
6 & 7	VALINDA SCHOOL OF ACADEMICS
6 & 7	SPARKS ES
6 & 7	KWIS ES
6 & 7	DEL VALLE ES

Phases	Schools
8 & 9	TEMPLE ACADEMY
8 & 9	VALLEY ALT HS
8 & 9	SIERRA VISTA MS
8 & 9	LOS ROBLES
8 & 9	WING LANE

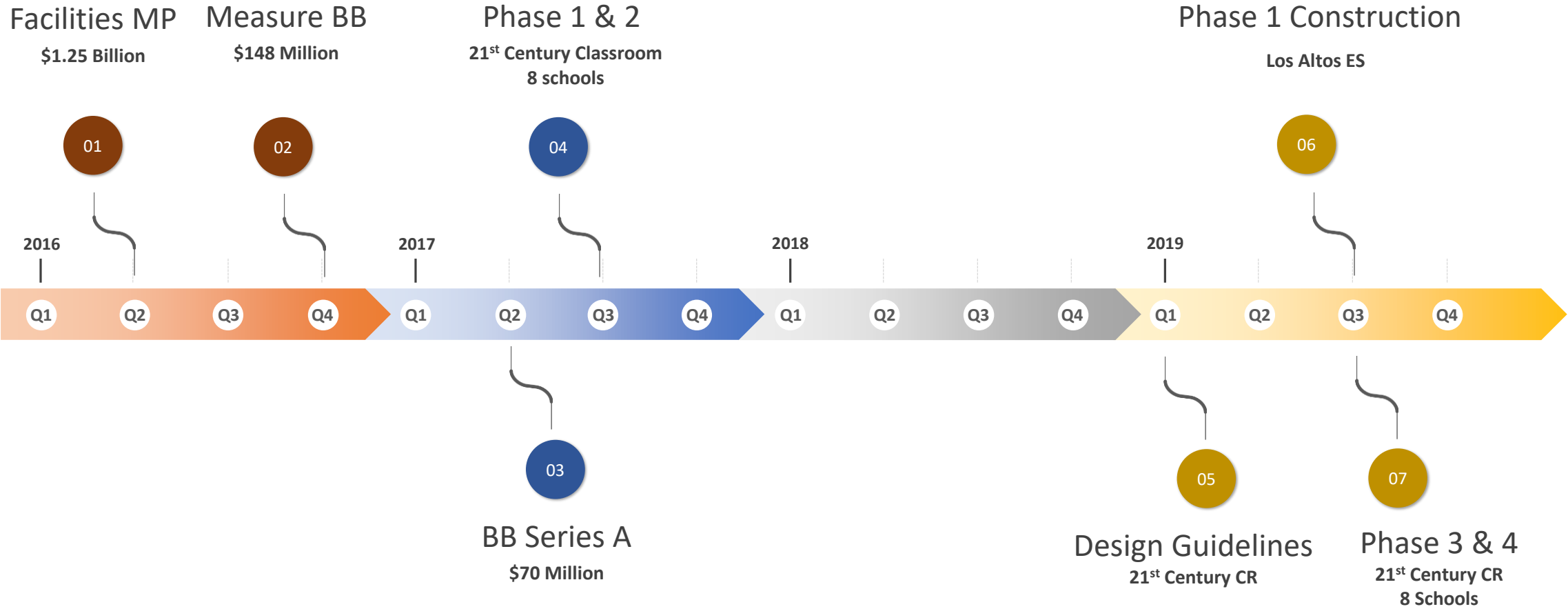
Assessment Summary

1. Bond Financing - Series 'A' (\$70 million) timely and successful.
2. Bond Construction
 - A. Ineffective Project Integration Management- struggled to gain traction during the first two years
 - B. Pre- Planning – Thorough preliminary checks were not completed (DSA uncertified Project list)
 - C. Project Scope – Incomplete
 - i. Scope creep - Facilities Design Standards (tack walls – all surfaces, wall mounted TV in lieu of projector)
 - ii. Spending timeline regulations appear to trigger inclusion of additional elements (drinking fountains, fire alarms, ceiling tiles)
 - D. Project Resource / Staffing – Lack of Planning and turnover
 - E. Project Communication – Lack of clarity
 - F. Project Schedule / Timeline – Incomplete

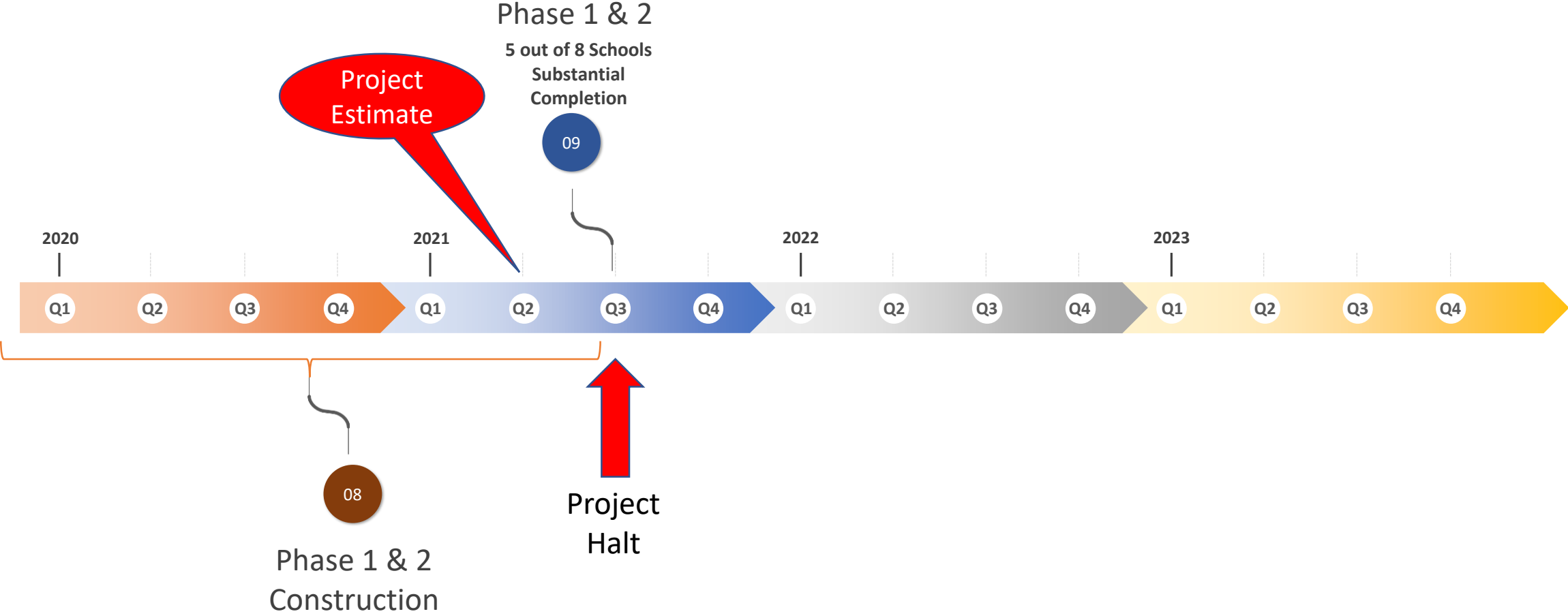
Assessment Summary

- 3. Construction, once commenced, is on accelerated schedule
- 4. Procurement for some items (laptops completed for Phase 1-9)
- 5. Bond - Projects on Halt
- 6. Project Estimate – Incomplete
 - A. \$46.9 Million (32% of the Measure BB Bonds) spent with 21% Project completion

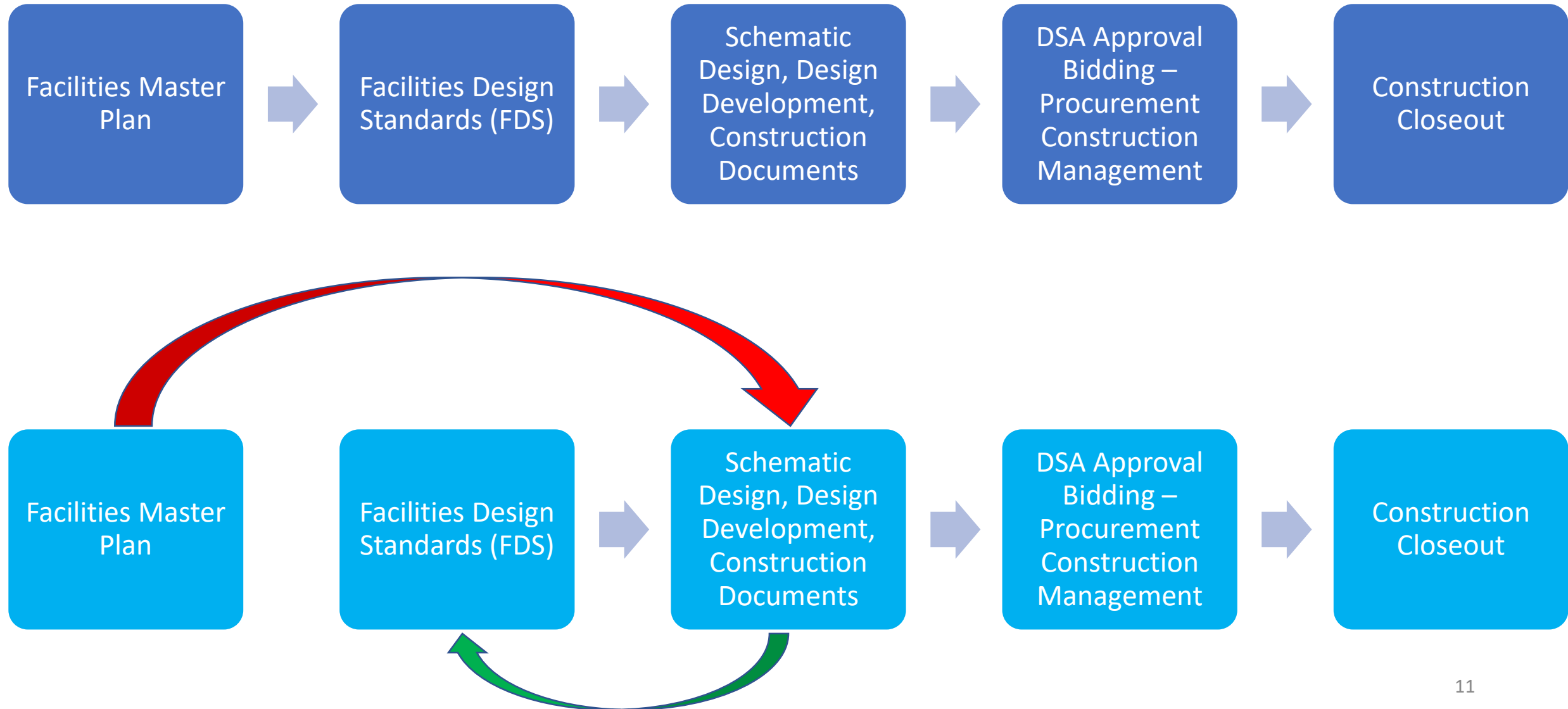
Measure BB Timeline



Measure BB Timeline

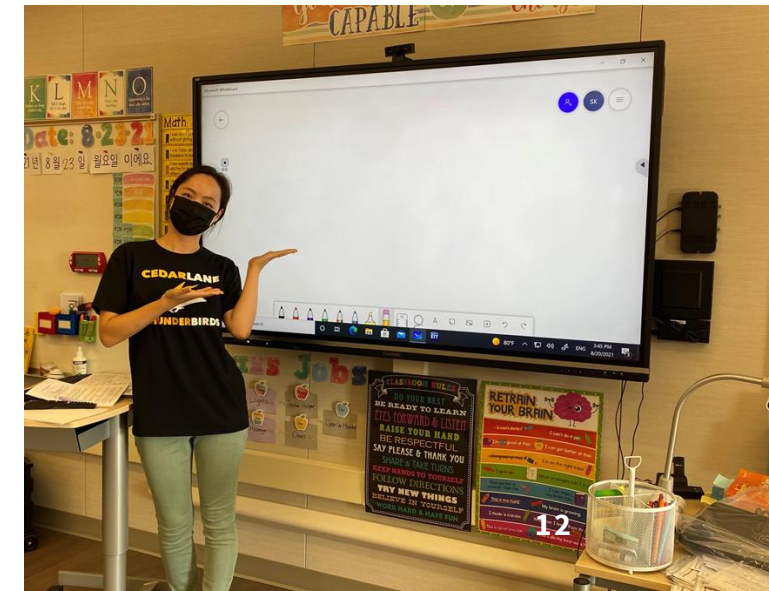


Bond Phases Management – Best Practice Vs. HLPUSD



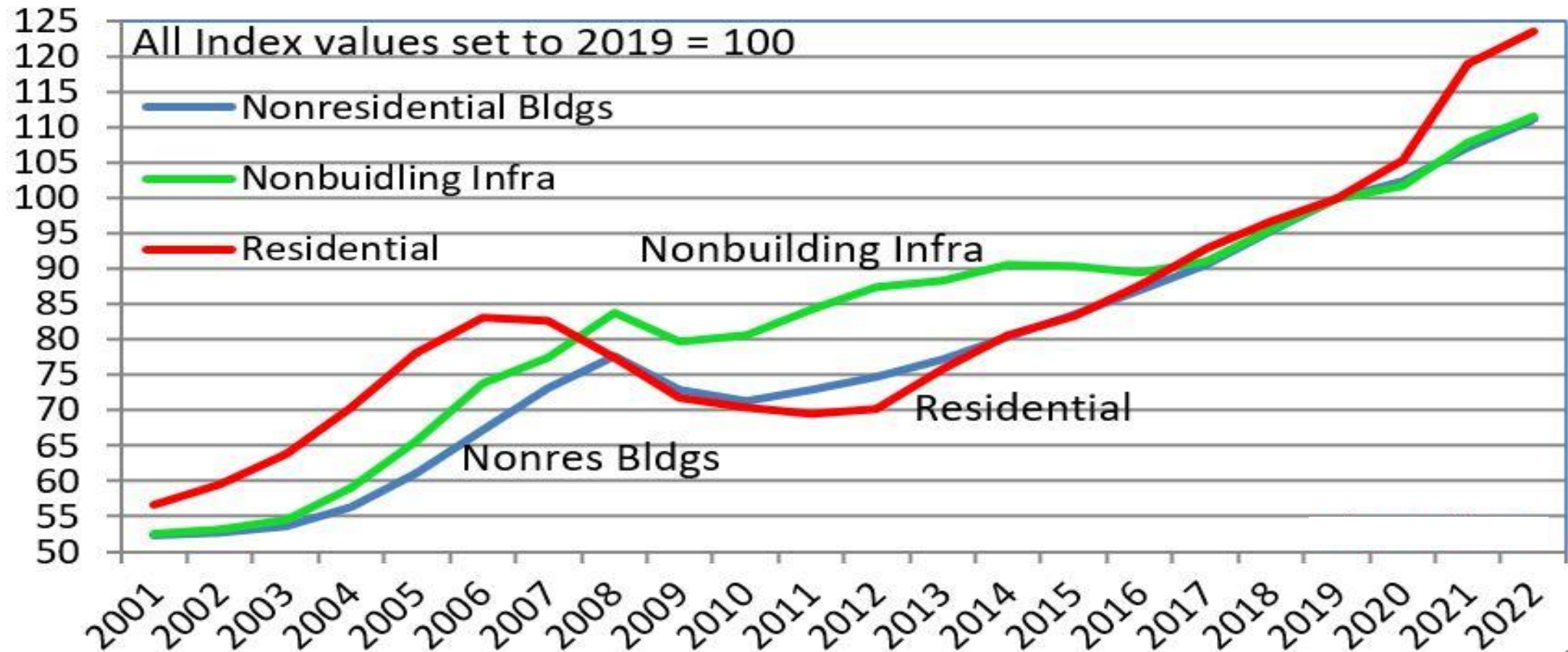


Completed Classrooms

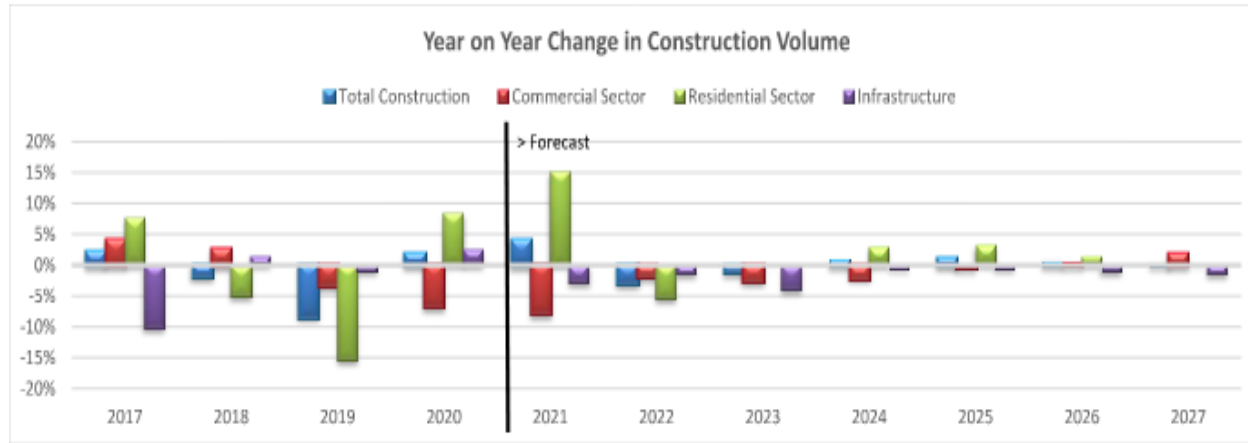


Construction Analytics

Construction Analytics Building Cost Index Construction Inflation



Construction Analytics



Escalation Forecasts

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Los Angeles	3.63%	3.52%	3.35%	4.00%	3.96%	3.81%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%

Analysis of current and forecasted trends in the LA market suggest that the optimal time to start a new project will be either late this year or early next year. As total construction volume is expected to decline during this period, it will likely be easier to find skilled labor sooner rather than later. This will likely make up for the increasing prices.

New Economy

China's Electricity Crunch Is World's Latest Supply-Chain Threat

Bloomberg News

September 27, 2021, 2:00 PM PDT

- ▶ Manufacturers' supply lines already slammed by soaring costs
- ▶ Producers warn the disruption will impact delivery times



World Business Legal Markets Breakingviews Technology Investigations Spo



October 1, 2021
3:37 AM PDT
Last Updated 19 days ago

Sponsored by
 IDA Ireland

3 minute read

Macro Matters

Factories struggling as supply constraints hit, costs rise

By Jonathan Cable and Leika Kihara



Project Halt - Impacts

1. Release back of Classrooms to Sites (5 out of 8 schools) and construction closeouts
2. Adjustments of construction schedule by various building trades impacts the overall project schedule
3. Re-mobilization by building trades potentially increases costs
4. Cost Escalation - inflation and supply chain constraints, labor market constraints
5. Potential impact on bond proceeds spenddown requirements

Project Estimate 2018

	Average Construction Cost per Classroom (based on Phase 1 & 2 Estimates)	Average Interim Housing Setup Cost per Classroom (based on Phase 1 & 2 Estimates)	Total Project Cost (extrapolated based on same scope throughout the Phase 1-9)
2018 Initial Project Estimate (scope based on FDS)	\$108,002	\$21,873	\$149.97 Million

❖ Initial Project Budget - Estimation Issues

- ❑ Deficiencies - DSA pre-checks for Uncertified Projects not done, No Cost Escalation built-in
- ❑ Omissions – Multiple elements like Demolitions, General Conditions, Bonds/Insurances, Signages
- ❑ Errors - Significant underestimation on Interim Housing, Tack wall coverings, Plumbing (classroom sinks) and other items

❖ FDS - Revisions

- ❑ Significant Changes
 - Carpet > LVT (150% increase)
 - 1 Tack Wall covering > All surfaces Tack Wall coverings (300% increase)
 - Projector with Screen > Wall mounted touchscreen Monitors (250% increase)
 - Speakers/Sound System > Lightspeed Topcat All-in-one ceiling-mounted instructional audio system with integrated hybrid speaker system

Budget Impact: \$51.97 Million

Project Estimate 2018 & 2019

	Average Construction Cost per Classroom (based on Phase 1 & 2 Estimates)	Average Interim Housing Setup per Classroom (based on Phase 1 & 2 Estimates)	Total Project Cost (extrapolated based on same scope throughout the Phase 1-9)
2018 Initial Project Estimate (scope based on FDS)	\$108,002	\$21,873	\$149.97 Million

❖ Other Items added to Bond Project (*within the Bond Scope*)

- ☐ Requirement to Spend Available Project Proceeds of Qualified Tax Credit Bonds IRC Section 54A (??)
 - ☐ Fire Alarm
 - ☐ Ceiling Tiles Replacements
 - ☐ Drinking Fountains with railings

Budget Impact: \$21.26 Million

Project Estimate – 2018 → 2021

	Average Construction Cost per Classroom (based on Phase 1 & 2 Estimates)	Average Interim Housing Setup Cost per Classroom (based on Phase 1 & 2 Estimates)	Total Project Cost (extrapolated based on same scope throughout the Phase 1-9)
2018 Initial Project Estimate (scope based on FDS)	\$108,002	\$21,873	\$149.97 Million
Add Estimation Issues + FDS Revisions			\$51.97 Million
Add Other Items added			\$21.26 Million
2021 Project Estimate (scope based on revised FDS + additional items)	\$194,576	\$35,567	\$223.21 Million

Options

A

Continue As-Is

2021 Project Estimate	\$223.21 Million
Measure BB	\$147.50 Million
Supplementary Funding Needed • Capital Proceeds • Other Funds	\$75.7 Million

B

Transfer Other Items out of Bond Projects

2021 Project Estimate	\$223.21 Million
<i>Transfer</i> Other Items to Deferred Maintenance & Other Funds	\$(21.26) Million
Revised Estimate (Option B)	\$201.94 Million
Supplementary Funding Needed • Capital Proceeds • Other Funds	\$51.97 Million

Options

C

Option B + Transfer of Technology Purchases to ESSER Funds

2021 Revised Estimate (Option B)	\$201.94 Million
<i>Less Transfer Technology Items to ESSER and Unrestricted General Fund</i>	<i>\$(10.00) Million</i>
Revised Estimate (Option C)	\$191.94 Million
Supplementary Funding Needed • Capital Proceeds • Other Funds	\$41.97 Million

Next Options include reduction of Features included in Phase 1 & 2 Projects. This may be perceived as an inequality in Subsequent phases, if applicable.

Options

D

Option C + Value Engineering / Analysis

	2021 Revised Estimate (Option C)	\$191.94 Million
1	<i>Less Substitute Classroom Flooring from LVT to Carpet (Phase 3-9 Sites)</i>	\$(1.90) Million
2	<i>Less Substitute All surface Tack Wall coverings to 1 wall (Phase 3-9 Sites)</i>	\$(3.50) Million
3	<i>Less Substitute Wall mounted touchscreen Monitors to Standalone Displays (Phase 3-9 Sites)</i>	\$(1.50) Million
4	<i>Less Substitute Lightspeed Topcat ceiling-mounted integrated audio system with generic speakers (Phase 3-9 Sites)</i>	\$(1.80) Million
5	<i>Less Substitute Quartz Sink Countertop with P-Lam and keep the cabinetry open (Phase 3-9 Sites)</i>	\$(1.00) Million
	Revised Estimate (Option D)	\$182.24 Million
	Supplementary Funding Needed • Capital Proceeds • Other Funds	\$34.74 Million

Other Options

Facility Design Standards (FDS) assumes the same 21st Century Classroom Upgrades as in Elementary and Middle Schools. High Schools may benefit alternatively from a programmatic upgrade. Other CTE Facilities Funding can alternatively used for High School Capital Projects.

District may use a long-term demographic study to optimize schools/facilities with declining and low enrollment

District can apply for State Bond Funds for Modernization after assessment of Eligibility

E		
De-Scope Selective Schools		
1	Less De-Scope 4 Comprehensive High Schools	\$(94.74) Million
2	Less De-Scope Phase 8 & 9 Schools	\$(32.44) Million

Discussions and Decisions

1. Resume the Phase 1-4 Projects to insure against Project Delays, Cost Escalation?
2. Decide on Option:
 1. A?
 2. B?
 3. C?
 4. D?
 5. E?
6. Combination of Elements from Options?

