

--	--	--

Bond Oversight Committee Report

11th Report January 2023 – June 2023

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:

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

OVERVIEW

The BOC has met six times since the last report. January, February, March, April, May and June.

The last six months have continues to be focused on the work of the major bond project; the New Ferndale High School. We also continue to get updates and monitor to the remaining Security and Critical Maintenance work left to complete.

FOLLOW UP ON PREVIOUS REPORT

- BOC timeline & future recommendations
 - o Timeline: the BOC anticipated concluding out remit as a committee sometime in the second quarter of 2024 once all work is substantially complete and final financial obligations/commitments are known & received. (or as directed by the board)
 - o Future Recommendations: The BOC will look at updating our bylaws & the GC-5 before the completion of our work for the board to retain and reissue as necessary for future bond work. The recommendation of the BOC is that future bonds have a BOC component, specifically bonds that address multiple district needs/projects or GCCM contracts.

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

A. ON TIME (project schedule)

The Ferndale High School project has been maintaining schedule based on the presented and available ‘turnover map’ (attached to this report). Critical dates listed below.

General Anticipated turnover dates for the various phases are;

- 1) *Athletic Wing: Open for Fall 2022 school year (COMPLETE)*
 - a. *Aux Gym: Prior to Basketball start 2022- (COMPLETE)*
- 2) *Academic Wing (inc. commons and kitchen) – (COMPLETE)*
 - a. *Aux CTE facilities: late spring 2023 – (COMPLETE)*

--	--	--

--	--	--

- 3) Grandstand & Field: Fall 2023 school year
- 4) CTE Wing: Semester break 2023/2024 school year

Items of note with regards to the schedule:

- 1) The academic wing was turned over shortly after the new year for staff and student use. While that was a major milestone in the schedule, there was/is still work that needed/needs to be completed in these occupied spaces during off hours while they are not in use. The benefits of getting staff/students into the academic wing significantly outweighed the inconvenience of these sequencing issues, but it continues to require additional coordination to complete all the necessary work. It is anticipated that all remaining 'loose ends' will be completed during summer break 2023.
- 2) Considering the impact of moving into the academic wing prior to final completion, additional care and coordination should be taken when looking towards turnover of the CTE & PAC spaces. It was discussed at length and determined that while there may be an opportunity to turn over the CTE wing early (mid fall semester 2023) it would be more efficient and allow for a more complete space to be turned over after winter break 2023.
- 3) With the changes in the access and availability of the new school, additional 'way finding' & 'site safety' plans continue to be critical for both construction as well as student safety. The BOC continues to focus on and encourage the FSD along with Cornerstone will be working to develop plans/signage/etc. to achieve this goal (see added info in TRANSPARACY below)

B. ON BUDGET (project costs)

The budget and proper use the communities tax dollars is a major focus for the BOC. The BOC continues to receive several financial reports monthly, updated versions attached to this report include.

- 1) FHS Expenditure Summary (and accompanying detailed report)
- 2) Cashflow (which tracks the GMP line in above report monthly)
- 3) PCO Logs & Summary Logs
- 4) Contingency breakdown

We review in detail monthly and regularly address questionable items and discrepancies. The financial management of the project remains transparent and healthy overall, but critical review of costs and proposed changes continue to be a focus of the BOC.

General comments:

- 1) Overall expenditures related to FHS are over 100M or +80% of the total budget. We are now nearing completion and with that the risks and unknowns continue to be reduced. Some major unknowns (unsuitable soils, asbestos/hazardous materials, etc.) have now been determined and costs associated with those items finalized. This is aiding in giving us some additional confidence in the balance of costs to complete the high school project.
- 2) Construction Contingency 'buckets' are spent at the this time and currently tracking a negative balance. Balances of -22% in Owner Risk, ~6% in GCCM Risk, and

--	--	--

--	--	--

~11.5% in Unawarded. (overall balance of ~\$80k) There is still roughly \$2.5M within the 'ROM' allocations that may see some additional net savings when finalized costs come in, and there is also additional contingency funding carried outside of Cornerstone's contract that has yet to be allocated and not reflected in the number in the PCO logs/dashboard. (~\$2M)

- 3) PAC Base Funding / Additional Work / Contingency Allocation: Upgrade work at the PAC was always a promise of the original bond proposal and the BOC has been committed to assuring that those promises are kept. As previously presented and discussed, the \$2M allocated in the original Bond for PAC upgrades is not sufficient to fully fund the required or the desired work. The estimated value of the necessary additional work at the PAC is ~\$1.15M with another \$1M in 'desired' improvements. As we near completion of the 'new' high school buildings, the unspent contingency along with the additional interest accrued on the bond sales (~\$2.8M) should allow for the scope of necessary and desired items at the PAC to proceed and be covered within the bond scope. Please reference attached PAC budget breakdown for a more detailed explanation. *(NOTE: FSD to provide breakdown as it was not available at time of report submission)*
- 4) CSG Audit Support: With the high dollar figures flowing from the district to the bond contractors, it should be of comfort to the board that CSG will be providing audit support in that case of a state exercises that right. All indications thus far have been that OSPI standards are being followed diligently.
- 5) CSG Maintenance Database Support: CSG has been working with the maintenance department to create a wholistic maintenance database & schedule to not only keep the new buildings functioning and maintained properly, but also integrate the other facilities throughout the district. This should help the department better keep up with maintenance and upgrade of systems, shifting away from a deferred maintenance (repair/fix) cycle to a proactive (maintain/update) cycle.

C. With TRANSPARENCY (public communication)

The multiple dashboards on the District webpage continue to visually track bond progress in the following areas: High School, Cash Flow, Critical Needs Projects, and Security Upgrades. These dashboards continue to be updated monthly, or as critical dates are met. All of these dashboard can be found and accessed by the general public at <https://www.ferndalesd.org/bond/bond-2019>. In addition to the dashboards, there is also a web cam, aerial photos, project photos, and a links to all of the past weekly bond updates and historical documents associated with the bond work. The BOC has recommended additional schedules, phasing maps, and flow graphics be created and added both digitally to the website, as well as physically to site. This will allow students, staff, and visitors to be aware of routing, access and egress. With the construction work areas moving and shifting

--	--	--

--	--	--

over the next six months it will continue to be important to have clear and safe movement between public (and contractor) occupied spaces.

The “Old Main Farewell” tour as well as the March “Open House” were both great events to help say goodbye to our old facility and hello to the new school. Both events were well attended and my interactions all indicated that these events were appreciated by the community as a whole.

We received an update from a group of students at our May meeting and all feedback from them was positive with regards to the use, functionality, and safety of the new space. With any new space there are some components that are needing to be adjusted to, and there was a focus on how to create more connection in the spaces and make there new “house” a “home”. We were encouraged by this feedback overall and look forward to hearing from other stakeholders in the future.

The weekly “Bond Updates” continue to be a great way to communicate with the public as well as create a historical record of events associated with the bond. We are up to weekly update #210 at this point. That is over four years of weekly updates to the community!

The BOC 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 year, many questions develop organically in the community and those items are brought up at the BOC meetings and discussed.

SAFETY/SECURITY & CRITICAL MAINTENANCE UPDATE

Much of the Safety/Security and critical maintenance needs projects are complete. Work has continued on the remaining items, including finalizing the standardization of HVAC controls across the district, hot water tank replacement by the maintenance department, DDC controls at Skyline and Custer, and lastly a main entry canopy and signage at Custer. All work is scheduled for completion within 2023.

CONCLUSION

The Ferndale High School project is nearing final completion within the next year. The BOC continues to be happy with results both financially and physically. The school district along with their contracting parties (CSG, Cornerstone, Dykman, etc.) will continue to work with the BOC to communicate the progress and financial stability of the remaining work. Ongoing efforts will continue by the BOC to monitor, ask questions, and communicate with the public as best we are able. We continue to be encouraged as we near completion that the bond work has been an overall success with regards to the final physical products as well as the financial commitments and obligations provided by and to the community.

--	--	--