

Scottsdale Unified School District

Bond Project Planning

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Background

- Review existing data
 - Pre-election materials
 - Voter pamphlet
 - FMG facilities assessment
 - Capital planning documents
- Participated and presented with Bond & Capital Override Oversight Committee
- Met with stakeholders both telephonically and using email
- Examined current process for bond project management
 - Rebuild selection
 - Projects

Purpose of this presentation

1. Review of projects
2. Lessons learned & best practices
 - a. Organization structure
 - b. Design process
 - c. Architect/contractor procurement
 - d. Keys to success
3. Contract review
4. Criteria for priorities
5. Selection process

Purpose of this presentation

6. **Analysis of school construction costs**
7. **Project(s) timeline**
8. **Other issues**

1. Project Status/Analysis

○ Hopi and Pima

- Both projects on track.
- District should expect some of the project contingency/buy out to be returned

○ Cheyenne – Project complete

○ Track & Field

- Chaparral, Saguaro, and Coronado – complete
- Arcadia finish over winter break (savings)

○ Central Kitchen – project shelved

2. Lessons Learned

- Self performed tasks save money
- Selection process requires district due diligence from the beginning (RFQ v. Consortium)
 - Negotiate before selection - district involvement is critical
 - Interviews can reveal hidden fees/savings
 - Check with other districts to learn their experience
- Active, functional community involvement in existing neighborhoods is essential from design through final completion

2.a. Best Practices

○ Organizational structure

- Many ways to “skin the cat”
- One person in charge of facilities and construction (Director)
 - One subordinate (facilities manager) to supervise district facilities operations and maintenance
 - One subordinate (bond project manager) to supervise planning and execution of bond projects
- Bond project manager posted

2.b. Best Practice

◉ Design concepts

- Must fit in existing community
- Must improve traffic ability, fields, lighting, access, etc.
- Right size the school
- State of the art educational facility planning (e.g., cost for special systems has risen from \$5 per sqft to \$10 per sqft)
- Energy efficiency
- Sustainability and Maintainability

2.c. Architect/Contractor Procurement

- ◉ Many legal and viable ways to procure professional and construction services
- ◉ Topic is complex and lengthy enough to warrant a separate session with Mr. Gadd

2.d How to be successful

- ◉ District stays involved
- ◉ Understand the time line and processes
- ◉ Develop and publish procedures for safety, security, traffic, noise, cleanliness and develop a HOT LINE to resolve issues
- ◉ Plan ahead
 - Current procurement steps
 - Next schools for rebuild
 - Cash flow
 - Time budget

3. Contracts

- ◉ Using AIA contracts is common and usually does not present problems
- ◉ Some districts have developed their own contracts and used them successfully
- ◉ Either strategy works
- ◉ Always use legal advice from qualified attorneys

4. Review of criteria to prioritize rebuilds

- Needs based (rubric)
- Other suggested criteria
 - Enrollment Trends: Reinforce success (growth minded) and serve the greatest number
 - Fix most urgent problems
 - Hedge against inflation by funding most expensive
 - Promote schools that are positioned to attract more students

Enrollment Trends

(Applied Economics Demographic and Enrollment Analysis)

- Cherokee has the largest net additions among K-6 schools
- Navajo, Redfield and Tonalea (K-8) have the highest net losses in enrollment

Urgency

- ◉ May need facility space to continue Cherokee's growth
- ◉ Major projects (e.g., roofing, HVAC, etc.) that must be resolved within 18 - 24 months

Scope (Inflation)

- The more expensive the project, the higher priority (avoid inflation penalty)
- Current inflation:
 - Inflation is about 1-2% per quarter
 - Rapid inflation we saw earlier (steel tariffs, etc.) is slowing and probably not sustainable
 - Biggest unknown is the availability/cost of sub contractors (cost & time to build)
- Fed increasing rates
- All projects are on occupied campuses – more difficult, time consuming and expensive to build

Future Operations (Growth Minded)

⦿ Location

- Near N, W or S border - facilitates growth outside of district
- Be part of a consolidation (receiving school)
- Is the school viable (long term projections)

5. Recommended Priority for Rebuilds

- The process used so far is sound
 - Decisions are data driven, “trackable” and made in open session
 - Accountable: Bond & Capital Override Committee ensures projects are within scope and limits of bond
 - Additional factors could enhance decision criteria

Rubric used December 8, 2016

FILTERS		AGE OF BUILDING	ENROLLMENT	OPERATIONAL HEALTH	LIFE CYCLE COST	TOTAL
WTS		4	8	8	8	
AVG		1.33	2.67	2.67	2.67	
HOHOKAM	1960	9	15	30	30	84
PIMA	1959	12	15	28	27	82
HOPI	1961	9	24	27	21	81
NAVAJO	1960	9	15	25	21	70
KIVA	1957	12	15	19	21	67
PUEBLO	1971	4	15	22	19	60
CHEROKEE	1974	5	15	19	16	55
TAVAN	1955 (2007)	6	21	16	10	53
68th Street	1958					

5. Example of Using Additional Criteria to Determine Priority

FILTERS	AGE OF BUILDING	ENROLLMENT	OPERATIONAL HEALTH	LIFE CYCLE COST	Enrollment Trends	Urgency	Scope	Future Ops	Total
WTS	4	8	8	8	15	8	10	8	69
AVG	1.33	2.67	2.67	2.67	90	48	60	55	320
HOHOKAM	9	15	30	30	75	64	80	64	367
NAVAJO	9	15	25	21	75	64	30	32	271
KIVA	12	15	19	21	75	32	40	48	262
PUEBLO	4	15	22	19	75	32	50	48	265
CHEROKEE	5	15	19	16	150	48	100	80	433
68th Street									

6. School Construction Costs

• Construction Costs = 85% of project

• Soft Costs = 15% of project

- Architect
- FFE
- Civil engineers
- City Fees
- Inspections
- Soil

• Current construction costs are about \$275 per square foot

- Estimated total cost 80K sqft = \$25,882,353
- Estimated total cost 70K sqft = \$22,647,059
- Estimated total cost 60K sqft = \$19,411,765

Recommended Priority for Rebuild

- ◎ **\$43.7M bond remaining before next sale**
 - \$ 7M Facilities
 - \$.3 M Security
 - \$ 1M Transportation
 - \$35.4M Rebuilds
- ◎ **\$35.4M will not fund two complete rebuilds**
 - Option 1: Fund two renovation rebuilds
 - Option 2: Fund one complete rebuild and begin renovation/rebuild (possibly phased)

Recommended Priority for Rebuild

- ◉ Decision that affects rebuild priority:
 - Should the district consolidate or rebuild/renovate Navajo Elementary? (bond/insurance)
- ◉ Rebuild projects: Important to get started soon
- ◉ Possible Next Rebuilds **(Consultant recommendation only)**
 - Completely rebuild Cherokee (2019-2021)
 - Rebuild/renovate Hohokam (2019-2021) – possibly phased based on cash flow
- ◉ Select architects for Kiva and Pueblo in 2019 to get the process started as soon as possible
- ◉ Prepare for the next bond sale

Project(s) Time Line

◉ NOV 2018

- Board decides to rebuild one or more schools
- Community meeting begins
- Decide most effective method for procuring professional services (architects, engineers, etc.)

◉ DEC 2018

- Board awards contract to architect(s)
- Begin planning to keep the school operational and students, staff and parents safe during construction

Project(s) Time Line

◎ JAN 2019

- Architect(s) begins charrettes and regular meetings w/community & staff
- Board decides how to procure GC

◎ JUN 2019

- Architects submit/receive permitted plans

Project(s) Time Line

◉ JUL 2019

- Implement provisions for education to continue next year
- Notice GC to proceed if all insurance, bonds, etc. are in place
- Begin weekly construction meetings

◉ OCT 2019

- Order all FFE and technology

◉ JUN 2020

- Temporary Certificate of Occupancy

Project(s) Time Line

◉ JUL 2020

- Substantial Completion
- Certificate of Occupancy
- Begin next phase
 - Grounds
 - Parking
 - Etc

◉ DEC 2020

- Final completion

Other Issues

- ◉ Right Size, but do it wisely
 - The district values neighborhood schools
 - Smaller schools, while not as efficient as larger schools, may be more effective in addressing student achievement
 - Do not accept declining enrollment as inevitable
 - Growth minded

Growth Minded

- ◉ Determine how small is too small
- ◉ Identify schools projected to decline below this level
 - Declining enrollment is a district, not just a school issue
 - Meet with parents, community, staff, to seek ideas and develop coordinated action plans.
 - Implement growth initiatives
 - Get regular progress reports for at least a year.
 - Reinforce success. Allow more time if enrollment is growing
 - If despite our best efforts, the school remains below minimum enrollment, only then consider closure or consolidation
 - Develop a clearly defined consolidation/closing strategy that is open, equitable and predictable

How Small Is Too Small?

- No universal answer (probably a range)
- One data driven approach is to establish a class size minimum threshold. For example:
 - 3 Sections per grade (18 sections K-5 and a preschool)
 - K-5 use an average of 21 students per class
 - Preschool (half day) has 4 sections of 10 students
 - K-5 (6 grades) X 3 sections X 21 students = 378
 - PK (4 sections X 10 students/2) = 20
- 400 seems to be a reasonable minimum for a PK-5

Four Phases of Closing

Phase I - Making the decision to close

Phase II - Closing the building

Phase III - Maintaining the building

Phase IV - Disposing of the building

Few People Welcome Closing

- The notion of closing is typically met by energetic resistance:
 - Political Action Committees
 - News/web sites, rallies, letter writing campaigns
 - PTA/PTSA
 - Long and acrimonious Board Meetings
- Non-negotiable positions are taken and communications become increasingly more difficult
- Lasting damage between the district and its patrons can be avoided by identifying, understanding and addressing the issues early

Reasons NOT To Close My School

1. I bought my home in this attendance area
2. This is a wonderful, high performing school
3. Busing kids to new school costs money
4. Class sizes will increase and quality will decrease
5. Future use of facility (troubled kids, adults?)
6. Cause neighborhood blight
7. Save money elsewhere – cut administration
8. Generations of my family attended here
9. Moving, storage, elections, demo cost \$
10. Moving schools will traumatize my child

Reasons NOT To Close My School

11. This is the social center of our community
12. Cost analysis ignores educational values
13. You'll put wonderful people out of work
14. Too frequent boundary changes
15. This was a "done deal" without required input
16. Closing this school is a safety issue for kids
17. It costs \$ to relocate students and staff
18. You don't respect me or my family
19. You value money over children
20. I will withdraw my children if you close this school

What Are the Fundamental Reasons?

Underlying Causes

Fear

Lack of trust

Resistance to change

Inconvenience

Remedy

Communication

Transparency in decision making

Preparation and ramp up to change & inclusive coordination

Accommodation, creative planning,

Decision to Close

- Is the data accurate?
- Is the process reliable?
- Is the process transparent?
- Have we followed the law?
 - ARS 15-341.32
 - Only then is the process defensible

The Law Isn't Difficult

- **ARS 15-341.A.32 – Establishes closing notification time frame**
 - **Written notice of public meeting to discuss school closing**
 - **Hold public meeting to discuss reasons for and against closing**

Keys to Success

1. Be compassionate - this is far more than a financial decision
2. Keep the focus – our mission is to educate and care for kids
 - Efficiency, Effectiveness, Equity
 - Safety is never and can never be compromised
3. Establish and stick to the process
 - Use verifiable, reliable data
 - Apply data the same way every time
 - Be absolutely transparent in every action
 - Follow the law

RECAP - Selection

- The district's top down process works
- Using the rubric (or decision matrix) was and is helpful in documenting, communicating and explaining how and why decisions are made
- Adding additional criteria to the rubric helps avoid adding “mitigating circumstances” after scoring

Recap - Cost

- ⦿ Resources are limited and inflation is a real danger.
- ⦿ Scope of each project must be carefully analyzed using district staff, design professionals and construction expertise
- ⦿ Communicating changes in scope or changes in perception v. reality is critical
- ⦿ Understanding and tracking cash flow is critical for the business office, but also for facility and bond project managers.

Recap - Scope

- ⦿ Rebuilding a school should not mean a square foot for square foot replacement.
- ⦿ Reusing parts of the existing building “envelope” could save money, aid in design and still appear like new to the occupants.
- ⦿ Closing or consolidating schools is not easy and must be carefully planned, communicated and executed.

Conclusion

- ◉ You've stuck with me through a long presentation with lots of data and concepts.
- ◉ Any questions?
- ◉ Thanks