



Marcellus Capital Project Update

SEPTEMBER 6, 2016

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Since we last met....

Two things have occurred that have impacted our plan.....

- ▶ Baer Estimates exceeded bid numbers (\$1,202,741)
- ▶ Brian discovered that our digital controls package for new HVAC at SHS and KCH was pulled from the package that went to bid (~\$750,000)

What do we think about the estimates?....

- ▶ Baer is a very good company with solid accuracy
- ▶ Nevertheless, we all believe that they were EXTRA conservative due to our circumstance
- ▶ We believe the true numbers lie somewhere between Baer's estimate and our bid numbers...
- ▶ We will still use Baer's estimates as our numbers

Why Would Anyone pull out the Controls Package?

- ▶ This is an item that can be purchased on state contract – no need to bid it
- ▶ If you wish to have control over who your vendor is, going in this direction insures your choice, bidding does not.
- ▶ Still drives building aid

Implications for us going forward

Referendum Scenario:



- ▶ We can still continue with the same budget
- ▶ To do so, we must pull out all KCH work (HVAC and related abatement) as well as “value engineered” item list
- ▶ Digital controls now included in the project budget
- ▶ We can still use ~\$520,000 of our unappropriated fund balance to cover the local share (“0 tax impact project”)

Implications for us going forward

Referendum Scenario:

- ▶ In addition, we will need to drop our contingency to 7.5%
- ▶ With the detailed info we have with estimates in the construction world this would be acceptable
- ▶ On average 2-3% of a project's costs are for items not anticipated in designs. Remaining contingency used is generally for owner requests



How will we get the KCH work done?

Referendum Scenario:



- ▶ We will potentially need to do a small project in a couple of years as debt service comes off the books
- ▶ We would be able to work on saving a portion of or all of the local share between now and then in a Capital Reserve

Implications for us going forward

Re-Scope Scenario:



- ▶ We will need to make much more drastic cuts to get to our original \$14.8M budget approved in 2015 (additional ~\$225,000 in cuts if we stick with 7.5% contingency)
- ▶ The timeline remains as we predicted with a start of construction no earlier than June 2018.
- ▶ We could leave contingency at any value we choose between 7.5% and 10%....cuts would be made to create room to increase it.

Revised Estimate for Original Project Scope



| | | |
|--|------------------|-------------------|
| SHS Auditorium Abatement | | \$ 105,000 |
| KCH & SHS Roof | | 317,000 |
| SHS Roof Abatement | | 15,000 |
| Estimated Construction Costs Excluding KCH & SHS Roof | | |
| Baer Associates Estimate - August 23, 2016 | \$14,884,426 | |
| Less SHS Auditorium Abatement | <u>(105,000)</u> | |
| Total July <u>2017</u> Construction Estimate | 14,779,426 | |
| DDC Controls, SHS Only | <u>450,000</u> | |
| Total | \$15,229,426 | |
| Add 7.5% Construction Contingency (per architect) | 1,142,207 | |
| Add Incidental Cost Estimate | <u>2,496,449</u> | |
| Total | \$18,868,082 | <u>18,868,082</u> |
| Total Estimated Project Cost | | \$19,305,082 |

Value Engineering and Scope Reduction Items Applied to Revised Estimate

Referendum Scenario:



| | | |
|---|------------------|-------------------|
| Total Estimated Funds Necessary to Build as Designed | | \$19,305,082 |
| Eliminate DMS Secure Entrance (based on Baer Estimate) | \$ 26,900 | |
| Eliminate KCH Secure Entrance (based on Baer Estimate) | 22,900 | |
| Eliminate Auditorium Bathrooms (based on Baer Estimate) | 77,200 | |
| Eliminate Replacement of Wood Panels in Entryways | 40,000 | |
| Alter Canopy Design to Reduce Cost (based on Baer Estimate) | 75,000 | |
| Modify Media Center Partitions (based on Baer Estimate) | 25,000 | |
| Use Framed Magnetic White Boards (based on Baer Estimate) | 97,300 | |
| Eliminate Water Cooler Outside Music Rooms | 5,000 | |
| KCH – Eliminate All Schedule Work (based on Baer Estimate) | <u>1,278,700</u> | |
| Total Value Engineering & Scope Reduction | \$ 1,648,000 | <u>-1,648,000</u> |
| | | 17,657,082 |
| Less 7.5% Construction Contingency on \$1,648,000 | | <u>-123,600</u> |
| Total Construction Estimate After Value Engineering | | \$17,533,482 |

Additional Funds Needed to Complete All Work Less VE Items

Referendum Scenario:



| | | |
|--|---------------------|---------------------|
| Total Construction Estimate After Value Engineering | \$17,533,482 | |
| March 2015 Authorization | <u>14,844,078</u> | |
| Additional Funds Needed | \$ 2,689,404 | \$ 2,689,404 |
| Estimated Bond Percentage | x 98.0% | |
| Anticipated Building Aid Ratio | <u>x 82.3%</u> | |
| Estimated State Aid | \$ 2,169,112 | <u>2,169,112</u> |
| Estimated Local Share Funded Using Unapp Fund Balance | | \$ 520,292 |

(Current) Proposed Scope Revisions to Fall Within Original Budget

Re-Scope Scenario:



| | | |
|---|----------------|-------------------|
| Total Estimated Funds Necessary to Build as Designed | | \$19,305,082 |
| Eliminate DMS Secure Entrance | \$ 26,900 | |
| Eliminate All KCH Work | 1,256,109 | |
| Eliminate All Unnecessary Site Work at SHS | 450,000 | |
| Eliminate Auditorium Bathrooms | 77,200 | |
| Eliminate All Tiling Except Necessary Infills | 142,000 | |
| Leave Slate Tile Entryways in Place | 37,000 | |
| Eliminate Replacement of Wood Panels in Entryways | 73,500 | |
| Eliminate Entrance Canopy | 367,000 | |
| Eliminate Choral Room Addition | 710,000 | |
| Eliminate Office Renovations (value needs further refinement) | <u>800,000</u> | |
| Total Scope Reductions | \$3,939,709 | <u>-3,939,709</u> |
| Total after scope reductions | | \$15,365,373 |
| Less 7.5% Construction Contingency for Scope Reductions | | <u>-295,478</u> |
| | | \$15,069,895 |
| March 2015 Voter Authorization | | <u>14,844,078</u> |
| Additional Scope Reductions Necessary | \$ 225,817 | |

Referendum Scenario

- ▶ Voting machines are available to us and we have tentatively reserved them
- ▶ We were required to provide the county with our referendum amount and wording by labor day as a placeholder



Referendum Scenario: Communication Plan



Q&A and Info Sheet
Available at:

- ▶ 9/21 7th & 8th Grade Curriculum Night
- ▶ 9/22 KCH Open House
- ▶ 10/6 SHS Open House

Referendum Scenario:

Communication Plan

Meet w/ and Request 10 Minutes to Present:

- ▶ 10/4 KCH PTO
- ▶ 10/11 Sports Boosters 7 PM
- ▶ 10/11 DMS PTA 6:30 PM
- ▶ 10/12 MAC
- ▶ 10/13 KCH Site Based Team
- ▶ 10/18 DMS Site Based Team



Referendum Scenario:

Communication Plan

Articles and Videos on the following topics:

- ▶ Scope of the project (possibly broken apart)
- ▶ Value Engineered Items
- ▶ Scenarios (why we chose what we chose)
- ▶ Referendum Wording and Explanation (have to make sure I can do this by law)



Referendum Scenario: Communication Plan

Traditional means:

- ▶ Building Project
Referendum Newsletter
- ▶ Community Public Forum
- ▶ Project Hearing (11/7)

