



# Board Memo

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## Building Project Update

**Date:** March 15, 2022  
**From:** John Munch, Superintendent  
Katie Hannigan, Director of Finance and Operations/CSBO  
**Policy Reference:** 4:10 Fiscal and Business Management

### Introduction/Background Information:

We have continued to engage in regular conversations with our architect and construction manager to ensure the projected cost of our construction project is within our means.

### Connection to Strategic Plan/District Goals/Priorities:

Strategic Plan Goal #4: Make effective and efficient use of resources to advance the educational success and well-being of our students now and into the future.

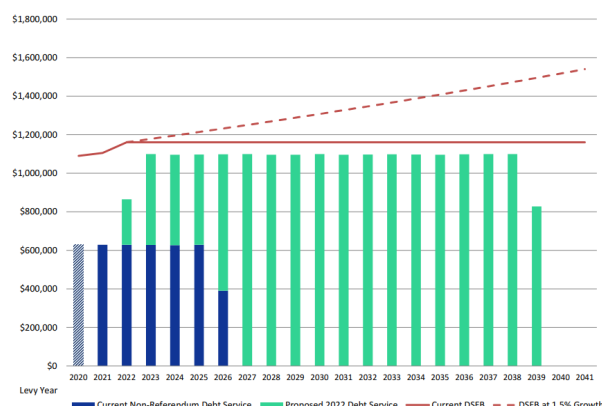
### Discussion/Highlights:

Based on our conversation at the March Board meeting, we have been working to reduce the cost of the addition and renovation project in order to avoid borrowing all funds available under our DSEB limit (\$14M). We have continued to work with Arcon and Nicholas to refine the details of the design and reduce the cost projections with a target of leaving \$2M in borrowing capacity for the future. As illustrated below, the remaining \$2M of borrowing capacity in 2023 will increase each year in alignment with CPI.

Based on the assumptions in the table to the right, we have made changes to the design in order to bring the projected cost in alignment with our available funding. We have made every effort to find reductions that would not negatively impact the function of the new space, diminish the students' experience, or limit the teachers' ability to use the new spaces to create top-notch learning experiences.



### Scenario 2: \$12 Million Project Proceeds (Stair-Step)



Retaining \$2M in borrowing capacity yields funds available for this project as shown below.

Funding Source	Amount
Bond Sale Proceeds	\$11.5M
Budgeted Funds for MS Roof and Siding	\$1.1M
Funds Available from D106 Fund Balance Reserves	\$4M
Total	\$16.6M

Some changes that have been made are savings “levers” that once pulled, can not be undone. These include:

- A reduction of two classrooms (~\$700K)
- A reduction in the fenestration (glass) throughout the building (savings TBD)
- A simplification of the design of the front of the building (savings TBD)
- Rather than completely gutting the west end, only impacting those areas that need to serve a new function. (Savings TBD)
  - Rather than removing the entire west exterior wall, the exterior wall will remain with the exception of two entry points into the new space.
  - Rather than demolishing and rebuilding the staff lounge, tech office, and IDF closet, those areas will remain as-is.
  - Build the student and staff bathrooms within the current footprint of the art room so that current walls do not need to be disturbed.

Other changes will be bid alternate “add ons.” This means that they will not be part of our base design. However, if final bids come in lower than anticipated, we will have the option to add these features back at that time. These changes include:

- Amphitheater and bollard lights (~\$90K)
- Sliding marker board system (~\$133K)
- New windows in existing MS office area (~\$45K)
- Glass railing system in commons area (~\$95K)
- MS gym siding material (savings TBD)

Until the bid opening in mid-July we will not have concrete costs. Until then, we work with our architect and construction manager to establish the most accurate projections that are in line with our targeted budget. Based on the reductions listed above, Arcon, Nicholas and Associates, and the D106 administration feel confident recommending that we continue moving forward with our efforts to design a state-of-the-art learning environment that can accommodate future enrollment growth with a targeted cost of around \$16M. As previously highlighted, this target will allow us to retain \$2M in borrowing capacity which will increase in alignment with CPI.

The impact on taxpayers if we borrow \$12M is shown below. For a home of median value (\$400K), the annual tax increase would be approximately \$57 in year one and approximately \$102 in years two through twenty.

		No Change	\$12,000,000 Scenario	
			Year 1	Year 2 and after
Actual/Est. B&I Rate in LY 2020/2021.		\$0.136	\$0.186	\$0.225
Lewy / Tax Collection Year				
Estimated B&I Tax Payments (1)				
\$300,000 Home	2020 / 2021	\$111.97	\$153.64	\$186.17
\$401,200 Median Value Home	2020 / 2021	\$154.31	\$211.75	\$256.57
\$500,000 Home	2020 / 2021	\$195.65	\$268.48	\$325.31
\$700,000 Home	2020 / 2021	\$279.33	\$383.31	\$464.45

(1) Actual tax rates and payments may vary based on any property taxes. Reflects \$10,000 homeownership exemption.

Annual Taxpayer Impact		No Change	\$12M Scenario	
Home Value			Y1	Y2+
\$300K		\$112	\$42	\$74
\$400K		\$154	\$57	\$102
\$500K		\$196	\$73	\$130
\$700K		\$279	\$104	\$185

### Timeline:

- Nicholas delivers 75% Construction Documents budget assessment on May 20, 2022
- Nicholas delivers 95% Construction Documents budget assessment on June 15, 2022
- Out to bid July 5, 2022
- Bid opening mid-July
- Board approval at August Board meeting



# Building Expansion and Renovation Costs

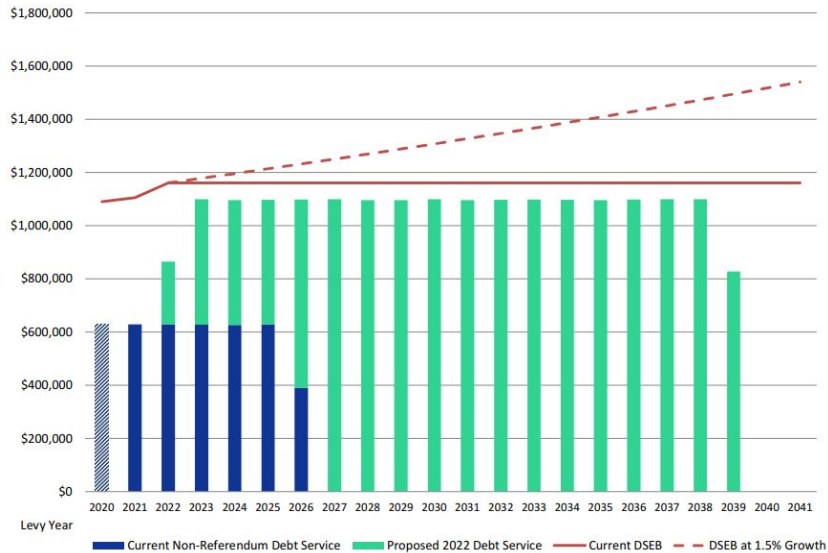
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# Project Cost & Future Borrowing Capacity

We have continued to work with Arcon and Nicholas to refine the details of the design and reduce the cost projections with a target of leaving \$2M in borrowing capacity for the future. As illustrated below, the remaining \$2M of borrowing capacity in 2023 will increase each year in alignment with CPI.



## Scenario 2: \$12 Million Project Proceeds (Stair-Step)





# Project Funding

We have made changes to the design in order to bring the projected cost in alignment with our available funding. We have made every effort to find reductions that would not negatively impact the function of the new space, diminish the students' experience, or limit the teachers' ability to use the new spaces to create top-notch learning experiences.

Funding Source	Amount
Bond Sale Proceeds	\$11.5M
Budgeted Funds for MS Roof and Siding	\$1.1M
Funds Available from D106 Fund Balance Reserves	\$4M
Total	\$16.6M



# Long-Term Capital Improvement Projects

Capital Improvements (FY22-42)	Amount
Projected Capital Improvement Costs (FY22-FY42)	\$15,805,000
2021 Bond Sale Proceeds	\$4,000,000
Budgeted Funds for Capital Improvement Projects (\$350K in FY22, increasing by \$25k/year until FY31, then holding at \$600K)	\$11,225,000
Difference	-\$580,000



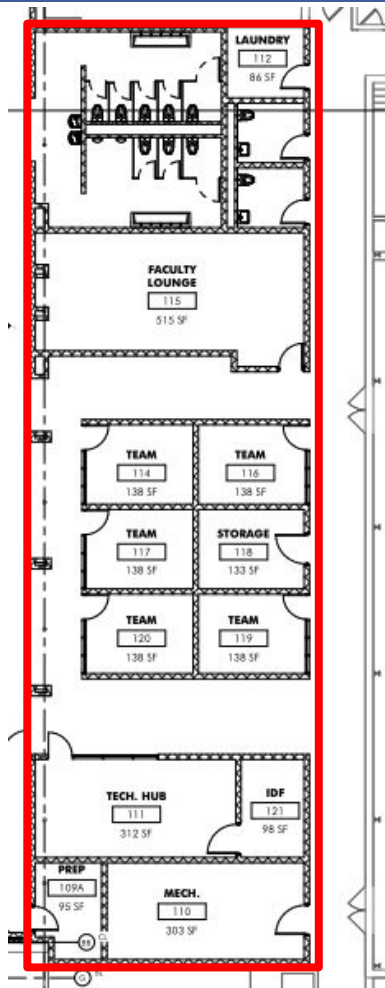
# Cost Reduction Measures

- A reduction of two classrooms (~\$700K)
- A reduction in the fenestration (glass) throughout the building (savings TBD)
- A simplification of the design of the front of the building (savings TBD)
- Rather than completely gutting the west end, only impacting those areas that need to serve a new function. (Savings TBD)
  - Rather than removing the entire west exterior wall, the exterior wall will remain with the exception of two entry points into the new space.
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  - Build the student and staff bathrooms within the current footprint of the art room so that current walls do not need to be disturbed.

# Cost Reduction Measure

## Original Plan

- Remove the entire west end exterior wall
- Gut the entire west end
- Build new bathrooms, faculty lounge, team rooms, tech hub, and IDF



## Revised Plan

- Leave most of the west end exterior wall
- Only gut art and health room
- Build new bathrooms and team rooms



# Bid Alternate “Add Ons”

If final bids come in lower than anticipated, we will have the option to add these features back at that time. These changes include:

- Amphitheater and bollard lights (~\$90K)
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- MS gym siding material (savings TBD)

# Taxpayer Impact

The impact on taxpayers if we borrow \$12M is shown below. For a home of median value (\$400K), the annual tax increase would be approximately \$57 in year one and approximately \$102 in years two through twenty.

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\$300K		\$112	\$42	\$74
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# Recommendation

Until the bid opening in mid-July we will not have concrete costs. Until then, we work with our architect and construction manager to establish the most accurate projections that are in line with our targeted budget.

Based on the proposed reductions, Arcon, Nicholas and Associates, and the D106 administration feel confident recommending that we continue moving forward with our efforts to design a state-of-the-art learning environment that can accommodate future enrollment growth with a targeted cost of \$16M.