

SAN RAFAEL CITY SCHOOLS AGENDA ONLINE MINUTES

Special Study Session - SRCS Board of Education

October 08, 2018 4:00 PM

Central Services - Boardroom

310 Nova Albion Way

San Rafael, CA 94903

Attendance Taken at 4:05 PM:

Present:

Linda M. Jackson

Rachel Kertz

Greg Knell

Maika Llorens Gulati

Natu Tuatagaloa

I. OPEN SESSION

Minutes:

President Knell convened the meeting to Open Session at 4:05 PM.

II. PLEDGE OF ALLEGIANCE

III. PUBLIC COMMENTS on Agendized Items (Public comment on items that appear on the agenda will be taken at the time the item is addressed by the Board.)

Minutes:

None

IV. STUDY SESSION

IV.1. CAPITAL FACILITIES PROGRAM (ESD/HSD) Budget Update

Minutes:

Dr. Dan Zaich introduced the study session for review of project budgets. He introduced two Citizens Bond Oversight Committee meeting members Carston Anderson, and John Erdman as well the Construction Management Team from Cumming, and Patti Llamas and Bill Savidge from Van Pelt Construction who were present.

Dr. Zaich reviewed:

- Over the last several weeks, the team met with all school site design committees at sites that are involved in costs over budget to discuss revenue adjustments and increased budget costs.

- The main element of the bond program that the team is fighting against is cost escalation in construction prices. The original program budgets were estimated at \$650 sf, the current costs are \$800-\$850 sf, with what is looking like a rise to \$1K sf up the road.

- Budget recommendations presented were vetted by site design committees. The priority is to complete the most important student-related projects and other projects will be deprioritized to later in the bond program.

- Mr. Savidge, Facility Consultant with Van Pelt, reviewed that the original bond program included develop fees income, but those were anticipated funds that will not be available as income to Measure A or Measure B, resulting in a reduction in Measure A revenue by \$2.5M, and \$2.7M for Measure B. There were also some reduced revenues with potential eligibility reductions in state funding. Total revenue reductions in anticipated revenue are \$4,683,988 in the ESD, and \$1,828,299 in the HSD.

- Increased budget costs with the 23 VV portables and LD temporary housing that grew, Glenwood MPR and DMS Increment 1.

- Focus is on trying to keep the scope of the work for the highest priority projects and the highest standards; deferring lower priority projects to the future.

- Set-aside funds for technology equipment to meet Ed Spec standards - \$500K for ESD and \$800K for HSD - CTE, STEAM tech equipment.

- Proposing expenditure budget reductions to offset the decreased revenue and to accommodate the increased costs; looking at lowest priority projects with focus on reductions at sites where the work has not been initiated at all; focus on sites where there are later projects- some flexibility to help balance internal budgets.

- Proposal for the ESD: because some sites only have one project, use 50% of program reserve funds. Also proposing 3 different items for scope reduction - reduce scope of DMS last gym/locker phase, reduce scope of last VV classroom phase, and defer Short Elementary modernization to future bond.

- Proposal for the HSD: reduce scope of gym modernization last phase for SRHS Gym/Locker, and last phase for TLHS Fine Arts/Ceramics project

- ESD Measure A budget was approved in July 2017, this is a proposed updated budget with overall reductions - proposed close out of BV shade structure, Glenwood bid adjustment for market conditions, adjustments at LD, defer Short modernization to future bond, reduce scope of future projects at DMS and VV - proposing a \$1M reduction in program reserves in the ESD. DMS \$743K proposed adjustment in new STEAM building and adjustment in the gym/locker project. VV temporary housing budget increased as the scope of the project increased; adjustments made to existing buildings - reduced to highest priority items to balance the overall ESD budget.

- HSD - \$1.8M in program revenue reduction - scope reductions at SR and TL, and district-

wide tech budget reductions; MHS is a separate line item budget but is fully integrated in the main project; TL Music Center changes; small reduction in Fine Arts project at TL.

The recommendations made with this presentation accommodate what is known at this time to bring the overall budget up-to-date, with awareness there will be unknowns in the future. After Board feedback and comment, staff will bring the revised budgets back for approval.

Dr. Zaich noted the need to be ready for issues that lay ahead- will continue reconciling estimates and costs and doing value engineering, trying to meet budgets but also keeping scope of work that meets the needs for teaching and learning. He provided examples of the Phase 2 MPR project at DMS, VV demolition and SP plans that are not out of DSA yet, where there is a need to look ahead and prepare.

In the HSD, looking ahead at estimates for major projects, one being \$3M over budget and one \$5M over. Have to look at budgets and make sure the projects can be accommodated - Phase 2 at SR, totally committed because the space that housed teachers was demolished. There is less flexibility at SR than at TL - identified number of items coming up - pedestrian safety improvements at SR and AC work, TL Commons Kitchen, Library and Music building, with the last estimate \$500K over. The next priority at TL is the new main gym, looking at new escalation impacts.

- Solutions - accelerating and refocusing; possibly changing delivery method from lease leaseback to design build to get GMP at the beginning of the project and shift the risk away from the district to the developer and the architect; return to site committees after further investigation; come back to the Board and confirm scope and priorities at each site; look at stepping up bond issuance schedule; and beginning conversations with a committee and the public around a future bond measure.

Trustees and staff discussed: the original timeline of 8 years now brought into 5 years; the bond issuance schedule; the need to build as fast as we can as overall inflation is compounding escalation; keeping equity between the two high school sites with AC - should have the same expectation at both sites to be fair; technology equipment all qualified expenses for the bond; keeping an equitable lens on the budgets at SR and TL, already a \$1.2M gap from SR to TL, stay as close as we can and make the same amount of cuts at both high schools; MHS serves both high school; state bond application process; and the need for AC at ESD sites as well with global warming - keep renewable energy in mind; and consider alternatives to lockers at DMS.

Dr. Zaich noted the recommendation to access the program reserve in the ESD to balance the budget.

Trustee Llorens Gulati noted the importance of applying for grants from the Transit Authority of Marin for safe routes to schools, having a plan ready to go. Dr. Zaich noted an application will be sent as soon as the process opens up. Ms. Llorens Gulati expressed the importance of asking for specific projects, including the options as we are designing; would like to explore the possibility of a 4th Street pathway. Dr. Zaich noted the city is fixing the 3rd Street sidewalk and is talking about a walkway from Montecito Plaza. Trustee Jackson noted she will not be in attendance at the next meeting, but suggested staff check in with

Dave Parisi about a 4th Street pathway. Dr. Zaich noted budget challenges and the need to work with site design committees to strategize.

In response to Trustee Tuatagaloa's question about any future development in the city that might bring in developer fees, there was discussion of deed restricted and market rate assisted living projects; commercially rated projects do not bring in much in developer fees.

The following individuals addressed the Board regarding this item:

- Carston Anderson, Citizens Bond Oversight Committee (CBOC) member: asked for explanation of how the cap works on the ability to issue bonds, which Mr. Marquand provided. Mr. Carston commended the Board on the hard work they are doing with their attention to detail, their knowledge, diligence and transparency. He also commented on Prop AA from TAM.

George Tuttle, CBOC member: expressed concerns that projects are being watered down too much; any projects where we can say don't do now and put those funds into building out the projects already started? Dr. Zaich noted this is complex; there is commitment to projects that have already been started, while keeping integrity that site committees want, and looking at later priority projects that may not be able to happen. Trustee Tuatagaloa noted this is similar to what happened with the last bond - had to look at the budget and priorities of what each site had to have, and accelerated all the projects; went out for Certificates of Participation (COPs) instead of going out for another bond, saved taxpayers money. Town Hall meetings were held to notify the community. Dr. Zaich also responded to Mr. Tuttle's question regarding use of Wi-Fi and fiber optics in projects.

Peter Gebbie, CBOC member, SRHS parent: questioned whether the district is willing to go to the core functions/services when looking at projects and priorities, using example of the Central Kitchen - do analysis of how much is spent to make one meal per student; explore merging services with another district; think about what core services are up for discussion. He cautioned that the overriding sentiment expressed by parents is they want STEAM.

Jon Marker, community member: regarding escalation, are the numbers from this evening inclusive of the \$200 shift from original estimates of \$650 per sf to now \$850 per sf, or are they reflecting proactive upshifting of escalation? Dr. Zaich explained the figures in this presentation are hard numbers that are known right now at \$850 sf, but we are looking with caution at later projects and increasing escalation; that is why it is being recommended that projects be done sooner.

V. ADJOURNMENT: 4:59 P.M.

Minutes:

There being no further business, President Knell adjourned the meeting at 5:07 PM.

President

Superintendent