

# Mother Lode Union School District

## School Facility Projects Update (Measure C) Budget and Cash Flow Update



January 10, 2018

Presented By: SchoolWorks, Inc.





# Facility Master Plan Options Review

- Revenue Updates
- Project Bid & Cost Updates
- Budget & Cash Flow Scenarios
- Recommendations

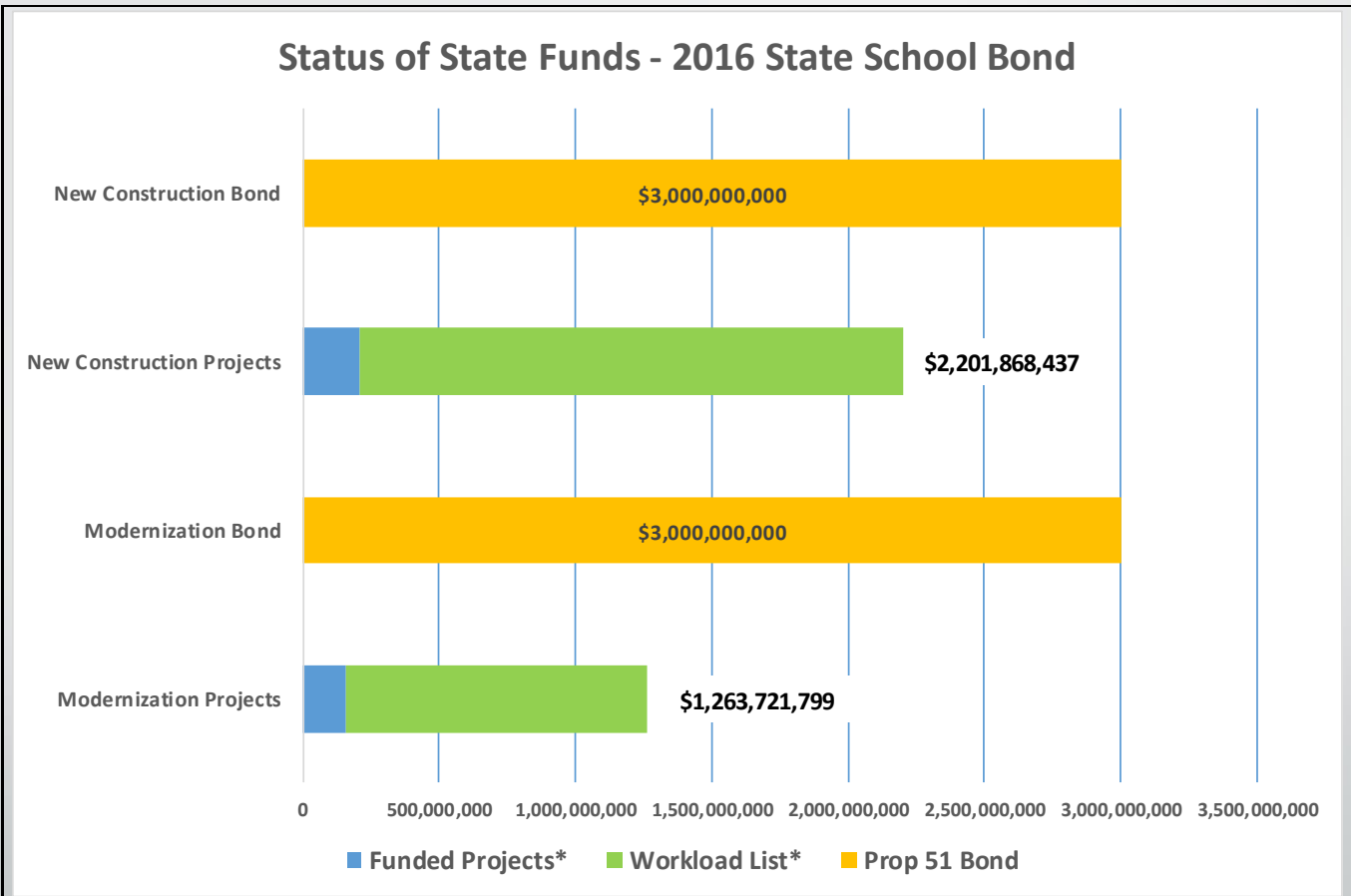
# State Bond Revenue Projections

- **\$1,171,726** in line for State modernization funds
  - The projects were on page 3 of the workload list when State bond passed in Nov. 2016. A total of 86 projects were in line ahead of Mother Lode.
  - The first sale of State bonds from Prop 51 was in August of 2017. The SAB funded \$433 million in projects in September 2017.
  - OPSC is now processing projects and the SAB approved \$171 million in projects in Dec 2017.
  - The District applications are now on page 1 of the workload list. Only 29 projects are ahead of Mother Lode. (See page 4)
  - Revenues are based on standard State funding formulas (which are/have been established).
- **\$2,207,625** to be submitted to OPSC in the next 30 days (pending Board approval)
  - The current workload list is 15 pages long.
  - OPSC should process around 1 page of applications per month based on recent processing rates.
  - At this pace, MLUSD projects would be reviewed in 16 months (approx. May, 2019).
  - After OPSC review, the estimated timeline for funding is 6 months.

**SFP APPLICATIONS**  
**Modernization School Facilities Program**  
 - Workload as of October 31, 2017 -

District	County	Site Name	Application Number	50-04 Date Received	Estimated State Grant (a)	Financial Hardship (b)
Ventura County Office of Education	Ventura	Douglas Penfield	57/10561-00-001	04/17/13	\$ 1,035,244	\$ 690,163
Martinez Unified	Contra Costa	Alhambra Senior High	57/61739-00-008	07/18/13	\$ 340,522	\$ -
Palm Springs Unified	Riverside	Agua Caliente Elementary	57/67173-00-007	07/29/13	\$ 1,144,861	\$ -
Long Beach Unified	Los Angeles	Roosevelt Elementary	57/64725-00-016	07/30/13	\$ 3,230,102	\$ -
Belmont-Redwood Shores Elementary	San Mateo	Cipriani Elementary	57/68866-00-012	08/06/13	\$ 1,209,235	\$ -
West Park Elementary	Fresno	West Park Elementary	57/62539-00-001	08/07/13	\$ 327,697	\$ 218,465
Colton Joint Unified	San Bernardino	Abraham Lincoln Elementary	57/67686-00-011	08/07/13	\$ 3,369,023	\$ -
Colton Joint Unified	San Bernardino	Mary B. Lewis Elementary	57/67686-00-012	08/07/13	\$ 3,479,782	\$ -
Colton Joint Unified	San Bernardino	Ulysses Grant Elementary	57/67686-00-013	08/07/13	\$ 3,408,075	\$ -
Colton Joint Unified	San Bernardino	Crestmore Elementary	57/67686-00-014	08/07/13	\$ 3,541,316	\$ -
Sylvan Union Elementary	Stanislaus	Woodrow Elementary	57/71290-00-008	08/07/13	\$ 2,947,519	\$ -
Clovis Unified	Fresno	Fort Washington Elementary	57/62117-00-034	08/15/13	\$ 639,395	\$ -
Clovis Unified	Fresno	Clovis West High	57/62117-00-035	08/16/13	\$ 2,034,442	\$ -
Mission Union Elementary	Monterey	Mission Elementary	57/66084-00-002	08/16/13	\$ 40,247	\$ 26,832
Guernerville Elementary	Sonoma	Guernerville Elementary	57/70722-00-001	08/16/13	\$ 1,333,577	\$ -
Larkspur Elementary	Marin	San Clemente Elementary	57/65367-00-005	08/20/13	\$ 3,016,038	\$ -
Belmont-Redwood Shores Elementary	San Mateo	Central Elementary	57/68866-00-013	08/20/13	\$ 1,063,692	\$ -
Clovis Unified	Fresno	Jefferson Elementary	57/62117-00-036	09/09/13	\$ 1,901,623	\$ -
Tustin Unified	Orange	Currie Middle	57/73643-00-021	09/10/13	\$ 3,170,159	\$ -
Santa Barbara Unified	Santa Barbara	Dos Pueblos Senior High	57/76786-00-004	09/17/13	\$ 490,239	\$ -
Placentia-Yorba Linda Unified	Orange	Travis Ranch	57/66647-00-035	09/25/13	\$ 1,814,330	\$ -
Lagunita Elementary	Monterey	Labunita Elementary	57/66076-00-001	09/27/13	\$ 43,937	\$ 29,291
Clovis Unified	Fresno	Clovis High	57/62117-00-037	10/01/13	\$ 3,507,058	\$ -
Santa Barbara Unified	Santa Barbara	Harding University Partnership	57/76786-00-005	10/07/13	\$ 600,796	\$ -
Plaza Elementary	Glenn	Plaza Elementary	57/62638-00-001	10/18/13	\$ 81,532	\$ 54,354
Los Gatos Union Elementary	Santa Clara	Lexington Elementary	57/69526-00-006	10/24/13	\$ 1,442,975	\$ 961,983
Central Unified	Fresno	Madison Elementary	57/73965-00-008	11/01/13	\$ 3,149,004	\$ -
West Contra Costa Unified	Contra Costa	Walther Helms Middle	57/61796-00-048	11/04/13	\$ 92,791	\$ -
East Side Union High	Santa Clara	Silver Creek High	57/69427-00-035	11/07/13	\$ 280,034	\$ -
Mother Lode Union Elementary	El Dorado	Indian Creek Elementary	57/61929-00-003	11/15/13	\$ 720,203	\$ 480,135
Mother Lode Union Elementary	El Dorado	Herbert Green Middle	57/61929-00-004	11/15/13	\$ 488,127	\$ 325,418
Raisin City Elementary	Fresno	Raisin City Elementary	57/62380-00-001	11/20/13	\$ 1,246,008	\$ 830,672
Paradise Unified	Butte	Paradise Senior High	57/61531-00-002	11/26/13	\$ 4,363,106	\$ -
West Contra Costa Unified	Contra Costa	Kennedy High	57/61796-00-049	12/05/13	\$ 1,145,296	\$ -
Golden Feather Union	Butte	Concow Elementary	57/61457-00-001	12/10/13	\$ 746,549	\$ 497,699
Foresthill Union Elementary	Placer	Foresthill Divide Middle	57/66837-00-001	12/20/13	\$ 965,591	\$ -
Escalon Unified	San Joaquin	Escalon High	57/68502-00-002	12/23/13	\$ 7,726,505	\$ -
Mill Valley Elementary	Marin	Strawberry Point Elementary	57/65391-00-007	01/06/14	\$ 1,316,748	\$ -
Mill Valley Elementary	Marin	Park Elementary	57/65391-00-008	01/07/14	\$ 623,848	\$ -
Pomona Unified	Los Angeles	Garey High	57/64907-00-024	01/23/14	\$ 4,397,379	\$ 2,931,586
Pomona Unified	Los Angeles	Pomona High	57/64907-00-025	01/23/14	\$ 2,223,979	\$ 1,482,653

# State Bond Status Update



	<u>Modernization</u>	<u>New Construction</u>
Average Project Submittal Rate per month:	46,095,781	65,770,293
Projected months until funds exhausted:	37.7	12.1

\*Based on OPSC records as of October 31st 2017

# ESTIMATED FACILITY COSTS

	March 2016 AMOUNT	August 2017 AMOUNT	Notes
<b>INDIAN CREEK ELEMENTARY SCHOOL</b>			
Site Rehabilitation & Modernization	\$ 1,505,944	\$ 1,620,962	Costs based on construction drawings
Remove & Replace Three (3) Existing K Portables w. Modular K Classrooms	\$ 727,745	\$ 878,825	Cost increase from AMS
Additional R/W (Right of Way) & Site Work	\$ 1,234,460	\$ 1,398,848	Modified scope & inflation increases
SUB TOTAL	\$ 3,468,149	\$ 3,898,635	
<b>HERBERT GREEN MIDDLE SCHOOL</b>			
Site Rehabilitation & Modernization	\$ 2,383,903	\$ 2,869,052	Costs based on construction drawings
Remove Admin. Bldg.; Remove Existing Portables J-O (6); Remove Portables P-S (4)	\$ 77,000	\$ 135,600	Added scope due to HazMat
Replace Admin. Bldg. & Ten (10) Existing Portables (J-S) w. Modular Classrooms & Admin. (inc. Sitework)	\$ 2,087,042	\$ 2,743,429	Cost increase from AMS & other
Extend MPR to Add Stage & Performing Arts Component	\$ 1,076,350	\$ -	Removed from Scope
Reconfigure School Entry, Parking & Circulation	\$ 1,121,670	\$ 1,938,139	Modified Scope & Inflation Changes
New HVAC & Roofing on All Permanent Classroom Bldgs.		\$ 1,711,192	Added to Scope
Add HVAC to Gym		\$ 260,000	Added to Scope
SUB TOTAL	\$ 6,745,965	\$ 9,657,412	
GRAND TOTAL	\$ 10,214,114	\$ 13,556,047	<b>\$14,429,136 Total Costs based on bids and GMP.</b>
<b>NOTES:</b>	<ol style="list-style-type: none"> <li>1). March 2016 Estimates were based on Conceptual Project Scopes.</li> <li>2). Updated Estimates are based on Construction Drawings which were 70% complete as of August 2017.</li> <li>3). Cost Estimates for Single Story Modular Classrooms from AMS (American Modular Systems) Cost Estimate Letter of July 2017</li> <li>4). Costs include All Contractor &amp; Support (A&amp;E, CM, Testing &amp; Inspection, CEQA &amp; Permits) Costs</li> </ol>		

# Project Timeline Considerations

- Doing Projects Faster and/or Sooner means:
  - Less Inflation on the Project Budgets – given current inflation rates, this is a key factor in the projected construction costs.
  - The School and Community gain the benefits of the projects sooner
  - Expenses occur sooner which can create cash flow issues
- State Applications are now being processed at a good pace
- Delaying projects would incur additional inflationary costs
  - Estimated general construction inflation rate for the next two years is 8% - 10% per year. We used an 8.5% assumption in cash flow models.
  - Correspondence from AMS states that cost increases for modular buildings will be 8.5% for labor and 12.5% for materials for 2018/19 contracts. Similar increases are estimated for the following year. We assumed a total increase of 10.75% per year,
  - Increased costs create future budget shortfalls

Description		Plan A All projects completed summer 2018
<b>Revenue</b>		
Available funds 6/2018		9,024,668
State Bond #1		904,468
Borrowing		4,500,000
<b>Total</b>		<b>14,429,136</b>
<b>Expenditures</b>		
HG Modernization		6,414,977
HG HVAC/Roof		1,861,008
HG Gym HVAC		336,952
HG SPED/Locker rooms		1,799,039
IC Modernization		4,017,160
<b>Total Expenditures</b>		<b>14,429,136</b>
<b>Repayment Schedule</b>		
Amount borrowed		4,500,000
Borrowing costs		1,175,594
Total Debt		<b>5,675,594</b>
<b>Repayment sources</b>		
State Bond #1		267,258
State Bond #2		2,207,695
total state bond		2,474,953
<b>balance of debt after state bond funding</b>		<b>3,200,641</b>
Developer Fees		375,000
Facility LCFF annual transfer		2,866,981
<b>Repayment schedule</b>		
2 Interest only payments LCFF/Developer Fee		391,000
Annual Developer Fee payments		25,000
Annual LCFF payments x 13 yrs		191,132
Total annual payments x 13 yrs (LCFF and Dev Fees)		216,132

# Plan A

## Basics

- All projects completed August 2018 on both school sites

## Pros

- Major facility issues are all addressed
- Traffic issues are addressed at both sites
- Less overall cost to finance now than we may see in cost escalation over time

## Cons

- Borrow \$4.5 million
- Remaining debt after state bond funding is \$3.2 mil
- Annual LCFF commitment of \$190k for 15 years



# Plan B

Description		Plan B No Gym HVAC, No SPED, No Locker rooms
<b>Revenue</b>		
	Available funds 6/2018	9,024,668
	<i>State Bond #1</i>	
	Borrowing	3,700,000
	<b>Total</b>	<b>12,724,668</b>
<b>Expenditures</b>		
	HG Modernization	6,414,977
	HG HVAC/Roof	1,861,008
	HG Gym HVAC	
	HG SPED/Locker rooms	
	IC Modernization	4,017,160
	<b>Total Expenditures</b>	<b>12,293,145</b>
<b>Repayment Schedule</b>		
	Amount borrowed	3,700,000
	Borrowing costs	558,510
	<b>Total Debt</b>	<b>4,258,510</b>
<b>Repayment sources</b>		
	State Bond #1	1,171,726
	State Bond #2	2,207,695
	total state bond	3,379,421
	<b>balance of debt after state bond funding</b>	<b>879,089</b>
	Developer Fees	375,000
	Facility LCFF annual transfer	141,494
	unused revenue	431,523
<b>Repayment schedule</b>		
	<i>2 Interest only payments LCFF/Developer Fee</i>	323,000
	<i>Annual Developer Fee payments</i>	25,000
	<i>Annual LCFF payments x 13 yrs</i>	9,433
	<i>Annual unused revenue x 13 yrs</i>	8,348
	<b>Total annual payments x 13 yrs (LCFF and Dev Fees)</b>	<b>42,781</b>

## Basics

- Indian Creek projects are completed
- Herbert Green does not have gym HVAC, SPED rooms, or Locker rooms completed
- All other Herbert Green projects are completed

## Pros

- Much of the facility issues are addressed
- Traffic issues are addressed at both sites

## Cons

- Not all of Herbert Green needs are addressed
- Cost escalation will make it difficult to do at a later time
- Still have a need to borrow (\$3.7 mil)
- Remaining debt after state bond funding \$880k
- Annual LCFF commitment \$9k

# Plan C

Description		Plan C
		No Gym HVAC
<b>Revenue</b>		
	Available funds 6/2018	9,024,668
	State Bond #1	567,516
	Borrowing	4,500,000
	<b>Total</b>	<b>14,092,184</b>
<b>Expenditures</b>		
	HG Modernization	6,414,977
	HG HVAC/Roof	1,861,008
	HG Gym HVAC	
	HG SPED/Locker rooms	1,799,039
	IC Modernization	4,017,160
	<b>Total Expenditures</b>	<b>14,092,184</b>
<b>Repayment Schedule</b>		
	Amount borrowed	4,500,000
	Borrowing costs	1,067,047
	Total Debt	5,567,047
<b>Repayment sources</b>		
	State Bond #1	604,210
	State Bond #2	2,207,695
	total state bond	2,811,905
	<b>balance of debt after state bond funding</b>	<b>2,755,142</b>
	Developer Fees	375,000
	Facility LCFF annual transfer	2,352,929
<b>Repayment schedule</b>		
	2 Interest only payments LCFF/Developer Fee	391,000
	Annual Developer Fee payments	25,000
	Annual LCFF payments x 13 yrs	156,862
	Total annual payments x 13 yrs (LCFF and Dev Fees)	181,862

## Basics

- Indian Creek projects are completed
- Herbert Green does not have gym HVAC.
- All other Herbert Green projects are completed

## Pros

- Most facility issues are addressed at both sites
- Traffic issues are addressed at both sites
- Remaining debt is \$300k less than if everything is completed
- Could be completed if contingencies aren't used

## Cons

- Herbert Green gym HVAC is not complete (although the infrastructure is complete)
- Cost escalation will make it difficult to do at a later time
- Remaining debt after state bond funding \$2.7 mil
- Annual LCFF commitment \$157k

# Plan D

		Plan D
Description		No Gym HVAC, No Indian Creek
<b>Revenue</b>		
	Available funds 6/2018	9,024,668
	State Bond #1	1,171,726
	Borrowing	-
	<b>Total</b>	<b>10,196,394</b>
<b>Expenditures</b>		
	HG Modernization	6,414,977
	HG HVAC/Roof	1,861,008
	HG Gym HVAC	
	HG SPED/Locker rooms	1,799,039
	IC Modernization	438,639
	<b>Total Expenditures</b>	<b>10,513,663</b>

## Basics

- Indian Creek projects are NOT completed
- Herbert Green does not have gym HVAC
- All other Herbert Green projects are completed

## Pros

- Some facility issues are addressed
- Traffic issues are addressed at Herbert Green
- No debt, no borrowing costs
- Will have State Bond #2 balance of \$2.2 mil available in 3 years to complete remaining projects
- If borrowing is needed then, it will be for a lesser amount

## Cons

- Not all of Herbert Green needs are addressed
- None of Indian Creek is completed, but still have costs incurred to date
- Cost escalation may create higher cost and/or debt at a later time
- May still be short funding by approx. \$300k, but should be absorbed by unused contingency and funding available in 2018-19



# Recommendation

Description		Plan B No Gym HVAC, No SPED, No Locker rooms
<b>Revenue</b>		
	Available funds 6/2018	9,024,668
	<i>State Bond #1</i>	
	Borrowing	3,700,000
	<b>Total</b>	<b>12,724,668</b>
<b>Expenditures</b>		
	HG Modernization	6,414,977
	HG HVAC/Roof	1,861,008
	HG Gym HVAC	
	HG SPED/Locker rooms	
	IC Modernization	4,017,160
	<b>Total Expenditures</b>	<b>12,293,145</b>
<b>Repayment Schedule</b>		
	Amount borrowed	3,700,000
	Borrowing costs	558,510
	<b>Total Debt</b>	<b>4,258,510</b>
<b>Repayment sources</b>		
	State Bond #1	1,171,726
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	<b>balance of debt after state bond funding</b>	<b>879,089</b>
	Developer Fees	375,000
	Facility LCFF annual transfer	141,494
	unused revenue	431,523
<b>Repayment schedule</b>		
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	<i>Annual Developer Fee payments</i>	25,000
	<i>Annual LCFF payments x 13 yrs</i>	9,433
	<i>Annual unused revenue x 13 yrs</i>	8,348
	<b>Total annual payments x 13 yrs (LCFF and Dev Fees)</b>	<b>42,781</b>

# Recommendation

## Plan B

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### Pros

- Much of the facility issues are addressed
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### Cons

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- Cost escalation will make it difficult to do at a later time
- Still have a need to borrow (\$3.7 mil)
- Remaining debt after state bond funding \$880k
- Annual LCFF commitment \$9k