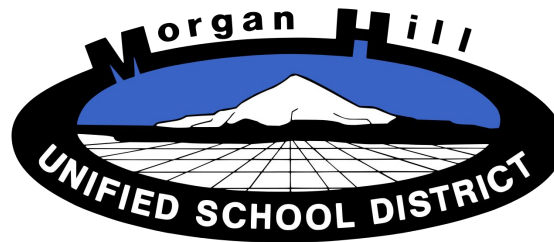


FACILITIES STUDY SESSION: PART I



Kirsten Perez

Deputy Superintendent and Chief Financial Officer
and the Construction Department

PRESENTED TO THE BOARD OF EDUCATION:
September 22, 2020

AGENDA FOR FACILITIES STUDY SESSIONS

Part I: Overview

- Facilities Program Overview including Master Program Budget and Expenditures
- Virtual Tour
- Series A and Series B Achievements and Expenditures
- Challenges/Lessons Learned
- Facilities Funding (five-year forecast)

Part II: Future Project Discussion

- Current Projects
 - Jackson Academy of Math and Music
 - Britton Middle School
- Future Projects

MHUSD CONSTRUCTION TEAM



Jackie Schaefer
Project Coordinator



Tom Herrington
Construction
Coordinator



Amy Venegas
Construction
Coordinator



Robert Orlando
Construction
Coordinator



Callie Barron
Accounting Specialist

MEASURE G OVERVIEW

- Approved by the voters in November 2012
- Total bond amount: \$198.25M

Measure G: "To improve student access to computers and modern technology and provide a quality education, repair or replace leaky roofs, upgrade old plumbing, heating/cooling systems, classrooms and outdated restrooms, upgrade fire safety, maximize energy efficiency, improve handicapped accessibility, and modernize, construct and acquire classrooms, equipment, sites and facilities, shall Morgan Hill Unified School District issue \$198,250,000 in bonds at legal rates, with citizen oversight, annual audits, no funds for administrator salaries and all funds spent on local schools?"^[3]

MEASURE G OVERVIEW

- Divided into Three Series of Bond Issuances
 - Series A: \$55M (with interest = \$56.5M) projects completed, 100% expended
 - Series B: \$80M (with interest to date = \$83M) in progress
 - Series C: \$63.25M proposed issuance date summer 2021



MEASURE G PROJECT PRIORITIES

The Board has previously approved seven categories for project priorities:

- Repair/modernization/renovation*
- Ability to leverage state funding
- Health/safety/code compliance issues
- Educational program innovation goals
- Student enrollment growth
- Equity between sites/focus on the most needy communities
- Overall District stakeholder and community priorities

* (Includes deferred maintenance/repair projects)

MHUSD FACILITIES PROGRAM: OTHER FUNDING SOURCES

District Facilities Program includes other funding sources, aside from bond resources, which are restricted in how we can use them:

- **Maintenance Funds** - 3% of General Fund Ed Code 17070.75 (~\$2.7M annually)
- **Deferred Maintenance** - Obsolete with conversion to Local Control Funding Formula
 - No funding locally or from State
- **Developer Fees** - Nexus between the impact of the development and the use of the fees
 - Construction or reconstruction of school facilities due to enrollment growth
- **State School Facilities Program** - Amount and timing are uncertain

STATE FUNDING APPLICATION STATUS

Projects	State Share Funding	Required District Share	Total Estimated Funding
Prop 51 Funded Projects			
	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
Approved Unfunded Projects - Waiting Apportionment			
	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
Submitted Projects on Workload List (Within Prop 51 Authority)			
Paradise Valley - MP Room 57/12	\$ 2,318,970	\$ 1,545,980	\$ 3,864,950
Paradise Valley - Admin 57/13	\$ 614,091	\$ 409,394	\$ 1,023,485
Britton Middle 57/14	\$ 5,996,563	\$ 3,997,709	\$ 9,994,272
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Subtotal	\$ 8,929,624	\$ 5,953,083	\$ 14,882,707

**SCHOOL
FACILITY
CONSULTANTS**

MHUSD FACILITIES PROGRAM: OTHER FUNDING SOURCES CONT.

District Facilities Program includes other funding sources, which are restricted in how we can use them:

- **Mello-Roos Community Facilities District (CFD)** - The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District which allows for financing of public improvements and services.
 - CFD #1 (1991) - (1) the acquisition of sites and construction of appropriate elementary, middle and high schools; (2) the lease/purchase of portable classrooms; (3) the lease/purchase of busses; and (4) the rehabilitation of future facilities.
 - CFD #2 (1994) - (1) the acquisition of sites and construction of elementary, middle and high schools; (2) the lease and/or purchase and/or lease-purchase of portable classrooms; (3) the lease and/or purchase and/or lease-purchase of busses; and (4) the rehabilitation of appropriate facilities.



SERIES A



SERIES A: ACHIEVEMENTS

- Series A
 - Technology District-wide
 - Charter School Morgan Hill MPR
 - Modernization projects
 - San Martin/Gwinn
 - Paradise Valley
 - PA Walsh
 - Loritta Bonfante Johnson Education Center



SERIES A: PROJECT EXPENDITURES

School/Project	Total Expenditures
Loritta Bonfante Johnson Education Center Modernization	\$7,252,241
Martin Murphy Fencing	\$35,580
Charter School Multi Use Building	\$4,828,113
Master Plans and Multi Use Design	\$238,591
Britton New Building Schematic Design	\$334,917
Technology	\$13,999,234
Roofing and HVAC	\$6,577,161
San Martin/Gwinn Modernization	\$5,571,009
PA Walsh Modernization	\$4,140,594
Paradise Valley Multi Use, Admin and Master Plan	\$9,498,851
Fire Alarm Upgrades	\$1,200,628
Programming and Project Management	\$2,835,444
Series A Total Budgets	\$56,512,363

SERIES A: CHARTER SCHOOL OF MORGAN HILL



SERIES A: PARADISE VALLEY



SERIES A: PARADISE VALLEY



SERIES A: TECHNOLOGY



SERIES A: SAN MARTIN/GWINN



SERIES A: HVAC



SERIES A: DISTRICT OFFICE



SERIES A: WALSH



SERIES B



SERIES B: ACHIEVEMENTS

- Series B
 - Britton Middle School
 - Jackson
 - Nordstrom



SERIES B: BUDGETS AND EXPENDITURES

A	B	C	D	= (C / B)								
School / Project	Board Approved Budget 2017	Current Expenses as of 07/31/2020	Current Committed Costs	% Expended of Total Approved	2020				2021			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Britton Middle School Transformation	\$49,078,449	\$37,028,417	\$41,177,008	75%								
Nordstrom Elementary School	\$10,500,000	\$3,859,697	\$8,919,655	37%								
Jackson Academy of Math and Music Technology	\$12,000,000	\$1,926,034	\$8,969,253	16%								
Programming & Project Management (thru Dec 2021)	\$5,500,000	\$2,698,206	\$2,926,868	49%								
Safety & Security*	\$2,921,551	\$1,837,412	\$2,443,642	63%								
	\$3,072,670	\$132,951	\$106,160	4%								
Series B Total Budgets	\$83,072,670	\$47,482,717	\$64,542,585	57%								
Series B Proceeds from Bond Sales	\$80,000,000											
Interest (through July 31 2020)	\$3,072,670											
Reimbursements	\$0											
Series B Total Proceeds	\$83,072,670											

SERIES B: BRITTON MIDDLE SCHOOL MODERNIZATION PROJECT

Increments currently under construction:

- Site work



- Phase 1
- Phase 2



- Classrooms



- Building A (2-story)



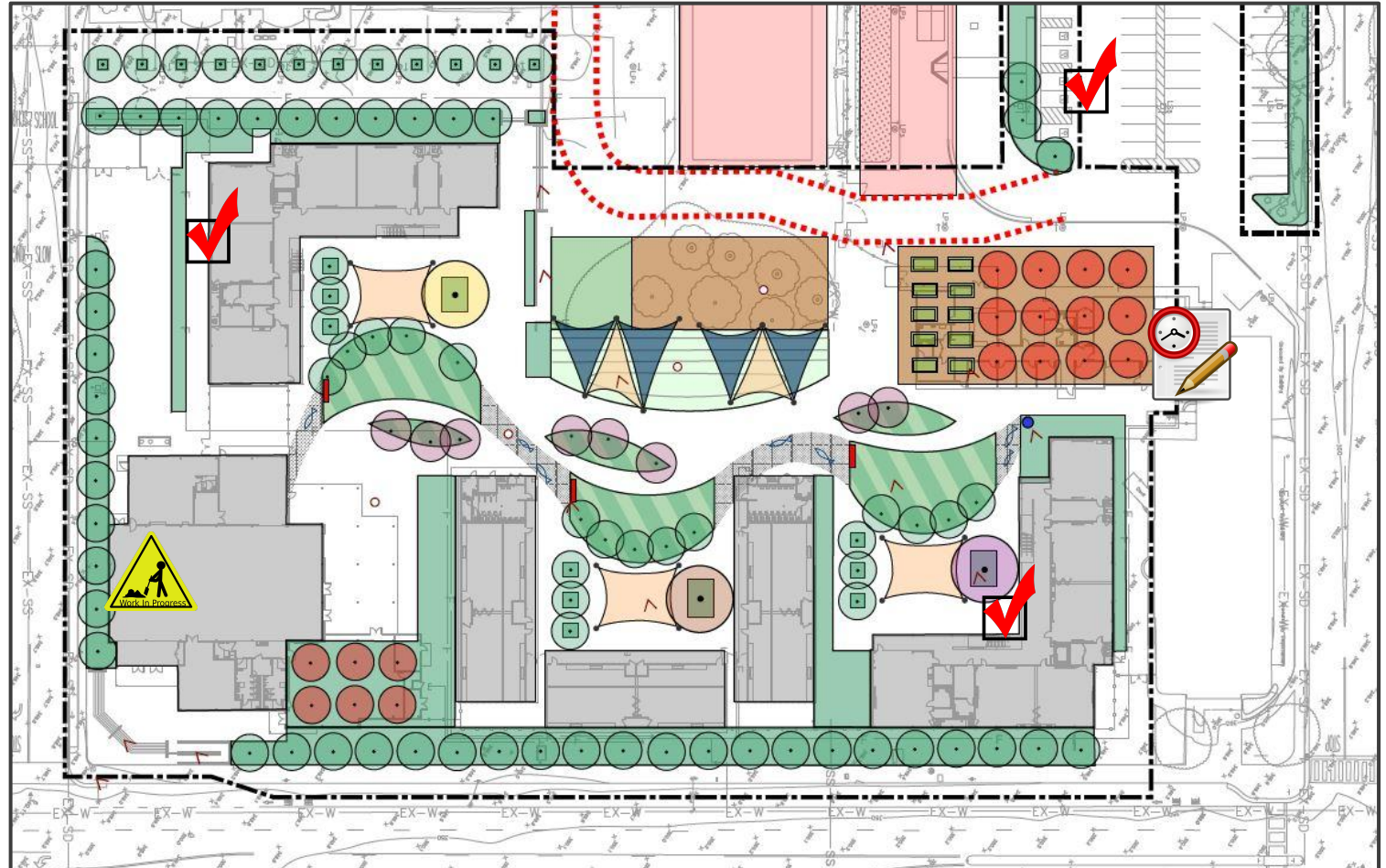
- Building C (2-story)



- Building B (Science)

- Student Union

- Administration



SERIES B: BRITTON MIDDLE SCHOOL MODERNIZATION PROJECT



SERIES B: BRITTON MIDDLE SCHOOL MODERNIZATION PROJECT



SERIES B: BRITTON MIDDLE SCHOOL MODERNIZATION PROJECT



SERIES B: NORDSTROM



SERIES B: NORDSTROM



SERIES B: NORDSTROM



SERIES B: NORDSTROM



SERIES B: JACKSON ACADEMY OF MATH AND MUSIC

Currently under construction:

- Classroom building
- Site work



SERIES B: JACKSON ACADEMY OF MATH AND MUSIC



SERIES B: JACKSON ACADEMY OF MATH AND MUSIC



SERIES B: JACKSON ACADEMY OF MATH AND MUSIC



TECHNOLOGY SERIES B: PROJECTS AND EXPENDITURES

School / Project	Current Expenditures	Current Committed Costs
Britton Infrastructure Tech	\$220,586	\$46,414
District Wide Networking	\$26,559	\$28,332
Staff Computing Devices	\$639,662	\$2,796
Classroom AV	\$1,525,757	\$109,762
Lecture Halls	\$73,667	\$6,026
Mobile AV system	\$81,446	\$9
Bond Tech Staffing	\$134,550	\$41,451
Series B Board Approved Budget 5.5M	\$2,702,226	\$234,790

Future Technology Bond Projects:

- Technology infrastructure for Borello
- Evaluation of technology for secondary schools
- Evaluation of technology for distance learning or combination
- Technology for future construction (ie. multi use rooms)

SERIES B: TECHNOLOGY



Latitude 3390 2-in-1



OptiPlex 5260

LENOVO 100E CHROMEBOOK



LENOVO 300E TOUCHSCREEN 2-IN-1 CHROMEBOOK

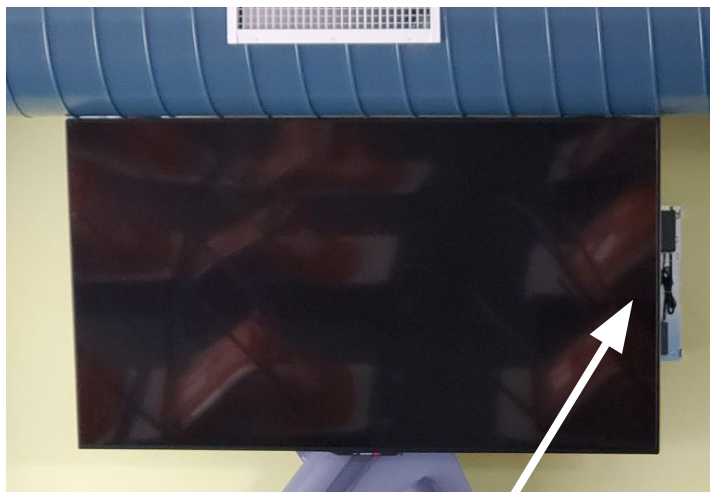


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SERIES B: TECHNOLOGY



SMP 111 Grant



El Toro AV Grant



Mobile AV Cart

BOND PROGRAM CHALLENGES

- Construction inflation
- Small pool of local contractors
- Ongoing dedicated facilities funding
 - State Bond Funds (Proposition 13) did not pass in March 2020
 - Locally Measure I did not pass in March 2020
- COVID-19

“The Bay Area construction market continues to be challenging for owners, with **more work than the current contractor and subcontractor capacity can supply**. Consequently, we continue to see construction costs exceeding cost supported by labor and material increases alone.

Additionally, **in an overburdened economy, productivity suffers**, as less experienced and less productive workers join the workforce.”

BEST PRACTICES WE CAN IMPLEMENT

- Early clarity and defined scope for each project
- Consistent direction
- Master Program Budget and Expenditure Monitoring
- Adequate and accurate cost estimates by third party estimators all along the way during project planning to avoid surprises
- Strategic thinking about project delivery methods and packaging bids to improve bidder interest and competition

FACILITIES RESOURCES AND FUNDING

Facilities Funds Five Year Projection As of September 15, 2020

	Fund 140	Fund 212	Fund 212	Fund 250	Fund 300	Fund 492	
	Deferred Maintenance	Measure G- Series B	Measure G- Series C	Capital Facilities	State School Building Fund	Mello Roos	TOTAL
Unaudited Actuals Fund Balance 6/30/2020	\$420,857	\$44,550,671	\$0	\$9,432,167	\$0	\$1,398,003	\$55,801,698
Projected Revenues (7/1/2020 - 6/30/2025)	\$10,000		\$63,250,000	\$5,000,000	\$8,929,624	\$2,750,000	\$79,939,624
Available Resources	\$430,857	\$44,550,671	\$63,250,000	\$14,432,167	\$8,929,624	\$4,148,003	\$135,741,322

**Careful monitoring of projected revenues is needed especially prior to beginning any capital project, given cash flow considerations.

CURRENT PROJECT ISSUES

These projects and their next phases present issues and options in order to meet Measure G overall budget goals. Discussion will continue into Part II of the Study Session.

- Jackson Academy of Math and Music: Multi-Use Room
- Britton: Student Union, Admin, Kitchen
- Borello: New School

STUDY SESSION PART II

Agenda

- Remaining Project Discussions
 - Jackson Academy of Math and Music
 - Britton
 - Borello
- Proposed Project List
 - Scope
 - Budget
 - Timeline
- Next Steps





QUESTION AND ANSWER

