

Capital Projects Review

Ad Hoc Committee Final Report

Date: March 13, 2017

Committee Members: School Board Members Angela Petersen, Amy Billerbeck, Phillip Elias and Louis Mafrice; Patrick O'Toole, Superintendent; Frosina Cordisco, Retired Director of Business & Finance; Scott Burchill, Director of Business & Finance

Consulting: David McLean, McLean Architects; Mike Bova, Boenning & Scattergood; Sheila Gorgonio, Director of Advancement; Tina Vojtko, Communications Specialist

Introduction - Year 2000 to Present and Beyond

With the major renovation of **Upper St. Clair High School**, completed in 2000, the District began a series of facilities updates to ensure that all of our schools are safe, comfortable, and exciting places for children to learn and grow. Our schools, a point of pride for the community, are reflective of the high standards and high expectations we share for USC's educational program.

This initiative to update facilities continued in 2003 when the renovations of the **Baker**, **Eisenhower**, and **Streams** elementary schools were completed.

The Feasibility Study of September 12, 2006, resumed the review of major capital building projects. Based on the 2006 Feasibility Study, the renovation of **Boyce** and **Fort Couch** middle schools was deemed the district priority. The two middle school buildings were both in need of mechanical and instructional updates in order to meet the needs of "teaching the whole child" - a USC 2007 Strategic Plan goal. As a result, plans for approximately \$1,000,000 of **stadium** updates, identified in the 2006 study, were postponed.

Conditions that were financially favorable for construction, specifically low interest rates and low bid prices, enabled the district to complete two "add alternate" projects - the Boyce Theatre and Boyce Field - as part of the middle schools renovation. Even with these favorable conditions, there simply was not enough funding available to also complete the proposed high school stadium renovations.

Beginning in 2008, the economic recession, combined with reduced state and federal funding, created financial challenges for the district. As a result, needed capital improvements to the high school stadium, as identified in the 2006 Feasibility Study, were further delayed.

Resumption of Priority Projects to Insure Student Safety

On November 12, 2013, facility improvement planning resumed when Dave McLean, at the Board's request, presented plans to replace the running/walking track at the stadium as a priority to insure the safety of students and residents. The track is a major community resource for our students as well as community members and its condition had deteriorated from heavy usage. In addition to resurfacing the track, the project included the replacement of the stadium fencing as both were components identified within the 2006 Feasibility Study as part of the recommendation for the future stadium renovation.

High School Track Presentation - 2-10-14 -

https://drive.google.com/open?id=0B1FpqvIA_U5veGJoTjhpM2hEZ3M

High School Track Presentation - 11-12-13 -

https://drive.google.com/open?id=0B1FpqvIA_U5vUC1QVGh6amhnSTg

Continuing to prioritize student safety, the artificial turf at the high school stadium field, which was in place for ten (10) years, was replaced in the summer of 2016.

The stadium and track are used by several Upper St. Clair High School teams including girls' soccer, boys' soccer, football, girls' lacrosse, boys' lacrosse, and track and field, as well as the marching band and cheerleaders. In addition, the facility is widely used by community groups and individuals.

The track and artificial turf replacement projects were primarily funded from refinancing bonds to more favorable interest rates. In addition, a portion of the project cost was paid for through the district's general fund budget.

Present Capital Project Considerations

The capital projects currently under review were presented to the Board by Mr. McLean at the October 12, 2015 Committee of the Whole Meeting:

https://drive.google.com/open?id=0B1FpqvIA_U5vZzFDWIRuOWYzVku

The Capital Projects Review Ad Hoc Committee presents the following information in the order of the Board's charge to the committee.

I. Conduct an in-depth review of the projects outlined by David McLean at the October 2015 Board Meeting

The committee held several meetings to review the projects under consideration. Below is a list of meeting dates.

- Feb. 1, 2016
- Feb. 8, 2016
- April 12, 2016
- April 18, 2016
- June 13, 2016
- Sept. 23, 2016
- Oct. 24, 2016
- Nov. 28, 2016
- Nov. 29, 2016 (Community Forum attended by 200+)
- Jan. 23, 2017
- Jan. 30, 2017
- Feb. 20, 2017

II. Recommend to the Board a priority ranking of the capital projects that includes a scope of sequence.

The committee unanimously recommends that the school district seek bids for the following scope of work. A breakdown of preliminary cost estimates is provided in Attachment B.

Construction costs would be financed through a bond issue. Final approval by the Board will be subject to receiving acceptable bids for the projects.

1. Construction of new 8-lane pool at the high school
 - a. Consideration of a separate Diving Well / Special Use Pool, to be bid as an add alternate or delete to the project
2. Construction of a multi-use complex at the high school stadium, to include:
 - a. Home and visitor-side bleacher repair/renovation
 - b. ADA compliant restroom facilities, ticket booth, concession area, announcing facilities
 - c. Multi-use space available for school district and community use
 - d. District Administrative Office space within the complex
3. Completion of Boyce Athletic Field facilities
 - a. A single structure to include rest rooms/changing area, concession area and announcing booth

The committee also unanimously recommends removal of the pedestrian bridge at the high school and repaving of the parking lot at the conclusion of the project, both to be included in the bond financing.

A general timetable is provided below. A more specific sequence would be determined by the architect and construction manager.

- Approval of Projects: March 2017
- Approval of Financing: TBD*
- Design Development: March 2017 to January 2018
- Approve Construction Management Services: June 2017
- Fund \$10,000,000: December 2017*
- Release of Bids: January 2018
- Acceptance of Bids: February 2018
- Construction Begins: April/May 2018
- Fund \$6,000,000: December 2018*
- Construction Completed: August 2019

** Dependent upon the financing option chosen by the Board based on consultation with Mike Bova, Boenning & Scattergood*

III. Recommend to the Board funding options that include private and/or debt financing for the projects.

The committee's recommendation is to work with Boenning & Scattergood to obtain bond capital in the amount of the anticipated total project costs in order to proceed. Mike Bova from Boenning & Scattergood presented a financing option that the committee favors (Attachment C).

This financing option enables the district to optimize the interest rate and provides a 5-year call date for refinancing and bank qualified rates at a time when interest rates remain relatively low. The District will need to work closely with Mr. Bova to monitor market conditions. In addition, further analysis regarding the amount of capital to borrow in each year (2017 & 2018) will need to take place.

The committee recommends earmarking a 0.15 mill tax increase in 2018-19 and 0.16 mill tax increase in 2019-20 to fund the projects. During this time, the district anticipates additional revenue from commercial development (Whole Foods plaza) and residential development (Bedner Estates). In addition, the School District could consider the potential sale of the former Cook School Road property, which would result in additional revenue to help pay the additional debt.

The Board's commitment to go out for the capital will demonstrate to potential donors that the projects will be built. Thereafter, private funding can also be earmarked for the debt service payments.

In addition to the bond funding consideration, the committee met with Director of Advancement Sheila Gorgonio to discuss options for obtaining private funding for the projects. Ms. Gorgonio reviewed the following: 1) a 5-year traditional capital campaign; 2) a 3 ½ year aggressive campaign; and 3) a naming/legacy campaign launched after a commitment to the projects is obtained. The committee recommends proceeding with private funding option 3) a naming / legacy campaign, to commence immediately following approval of the project.

Further analysis of the funding options will need to be conducted throughout the 2017-18, 2018-19 and 2019-20 budget processes. The recommended debt structure provides the time necessary for the cultivation and solicitation of private contributions through the legacy campaign.

Unlike the previous school renovation projects, the proposed capital projects will not need to follow Pennsylvania's PlanCon process for school construction as they are not eligible for state reimbursement.

IV. Report to the Board any other significant considerations for addressing the projects.

Attachment A is a chart describing the points of support for the recommendation presented here and other considerations given to the decision.

Indirect cost additions that are projected to result from this project have also been considered (Attachment D).

As presented during the Nov. 29, 2016, Community Forum, preliminary analysis indicates that increased utility, maintenance and custodial costs may increase by approximately \$83,200 - nearly 90 percent of which is attributed to a new pool facility. Some of this increase could be offset by increased rental opportunities. The current custodian assigned to District Administration would be re-assigned to the new multi-use complex.

V. Report back to the Board with their recommendations by the Committee of the Whole Meeting on March 14, 2016.

The committee first reported to the Board on March 14, 2016, and continued to report back on the following dates:

- April 25, 2016
- June 21, 2016
- Aug. 15, 2016
- Sept. 12, 2016
- Sept. 26, 2016
- Oct. 10, 2016
- Oct. 24, 2016
- Nov. 14, 2016
- Nov. 28, 2016
- Dec. 5, 2016
- Jan. 9, 2017
- Jan. 23, 2017
- Feb. 13, 2017

This report represents the final report and recommendation of the committee.

Attachment A: Support and Consideration

Swimming Pool:

Support	Considered
<p>Per Dave McLean’s report (see link above), the pool was built over 55 years ago (1961) and is in need of significant repairs or replacement.</p>	<p>Due to the age of the facility and the mechanical challenges it has and continues to face, opting to do nothing to the pool will result in its shut-down.</p>
<p>The pool has only five (5) lanes, which makes it difficult to maximize practice time and host meets. No other nearby competing school has only five lanes. New 6- or 8-lane pools have recently been built at Mt. Lebanon (8), Bethel Park (8), Moon (8), Fox Chapel (8), Baldwin (6), and South Park (6). Plans are moving forward for new pool construction at Thomas Jefferson (8), West Allegheny (8), and Seneca Valley (8).</p>	<p>Renovating the present 5-lane pool would not significantly and meaningfully increase the size. Renovation of the present pool and adding just one lane would not be financially prudent.</p>
<p>The swimming pool is located at the rear of the high school. The exterior wall is adjacent to a service road/fire lane as well as a hillside, which limits the ability to add the much-needed space. At most, the pool would only be able to expand by one lane and with a cost estimation of over \$2.3 million.</p>	<p>Building a stand-alone aquatics facility closer to Rt. 19 would cost more and remove the facility from the present athletic wing, making it difficult to manage. Classes would have to leave the main building, which would not be feasible. There would also be additional expenses for infrastructure that is presently in place at the high school.</p>
<p>Because of the heavy usage, it is difficult to maintain proper air quality through the present ventilation system.</p>	<p>The standard high school competition pool is eight lanes. However, some from the swim community have suggested a 10-lane pool. This request is not recommended by the Ad Hoc Committee due to the footprint of the proposed design as well as the cost vis-à-vis the Diving Well/Special Use Pool that is being recommended.</p>
<p>The proposed site for a new pool, the front exterior between the LGI and the athletic entrance keeps the pool in the athletic wing; thus, facilitating site management and making drop off and pick-up easier.</p>	<p>That location has been studied in preliminary design and works well for an 8 lane pool and possible add-alternate for the Diving Well/Special Use Pool, and works well with the athletics zones within the existing building.</p>

<p>A new facility would attract additional rentals and cut back on travel to other schools.</p>	
<p>Schools, including North Allegheny, refuse to compete at our school because of the limited number of lanes.</p>	
<p>There was substantial support for replacing the pool demonstrated at our Community Forum, via an online petition, and from the District's online request for input and questions.</p>	
<p>There would be greater availability for pool usage since practice times would be shorter.</p>	
<p>Swimming is an excellent physical activity for students of all grade levels and should be featured at our District as part of the overall student experience. Students in grades 9 and 10 are required to participate in swimming as part of the physical education curriculum.</p>	<p>There was consideration for repurposing the current pool area to house some central office staff; however, renovations would be costly and was not deemed to be financially or operationally efficient.</p>
<p>The space of the present pool could be converted to a recreation space for students to access for physical activity during and after school. Panther Empowerment Center?</p>	<p>The proposed repurposing of the current 5-lane pool space is complemented by the existing locker-room facilities as well as the proximity to the cafeteria for student use during 'free' time.</p>
<p>The C&RC does not provide adequate water space and time to accommodate competitive swimming.</p>	
<p>Consultants for swimming pool design would be engaged through McLean Architects.</p>	

Diving Well / Special Use Pool:

Support	Considered
<p>Uses for the pool for special needs students would be enhanced as the temperature of a diving well/special use pool is noticeably warmer than a competitive 8-lane pool. Standard temperature of a competition swimming pool is 78-80 degrees F, which is often too cold/uncomfortable and prohibitive for special needs students.</p>	<p>Members of the USC swim community have requested a separate diving well within the proposed new swim facility. While not a requirement, a separate dive pool allows for swimming and diving training to take place simultaneously.</p>
<p>Most high school divers travel to the University of Pittsburgh to practice. In addition to accommodating USC divers, potential exists for additional facility rentals from area schools and swimming clubs.</p>	
<p>The addition of a separate diving well enables swimmers and divers to practice simultaneously - possibly freeing up additional time for community use.</p>	<p>In addition, there are benefits to having separate diving well/special use pool based on the ability to vary water temperatures. Warmer water is more useful for younger swimmers & special education use.</p>
<p>The addition of the diving well will establish USC as one of the premier high school aquatics facilities in the region. It is likely to become a highly desired host site for school and club-sponsored competitions, which provides an opportunity for additional facility rental revenues.</p>	

Stadium Repairs:

Support	Considered
<p>Stadium bleachers are in need of repair. See Dave McLean’s presentation linked above. Some work, which included painting of the bleachers, was completed in July 1999.</p>	<p>Taking no action would in the near future result in a dangerous facility.</p>
<p>A portable handicapped restroom is used at the top of the bleachers. Permanent ADA compliant restroom facilities are needed.</p>	<p>Permanent, fully accessible restrooms are included in the new building design.</p>
<p>The concession stand is in disrepair and lacking in adequate space and updated utilities. It is a challenge to accommodate well-attended events.</p>	<p>Scope of work for the project includes repairs to the existing home-side restrooms and concession, as well as new upper-bleacher-level facilities.</p>
<p>The press box is substandard. It is too small for game operations (coaches, staff, and media) and is only accessible via a ladder. Many times when the press box is in use it is either too hot or too cold, rendering it an uncomfortable place for those who must work within the confined space; further, it is not representative of the District’s minimum standard for facilities.</p>	<p>Replacing the press box in the existing location would require an elevator in order to make it ADA compliant. An elevator on the existing visitor’s side would be inordinately expensive due to the height of its run. Placement of the facility on the home-side takes advantage of natural grade with regard to height above the accessible level.</p>
<p>A restroom and concession area at the top of the bleachers would alleviate the congestion of fans that happens in front of the home bleachers and main concession area when there are large crowds.</p>	<p>In addition to alleviating congestion, facilities at the top of the bleachers allow considerably better accessibility in relation to parking, and public entrance to the stadium.</p>
<p>Access to the filming deck is very difficult, even dangerous for some.</p>	<p>The new building includes a rooftop filming deck safely accessed by building stairs.</p>
<p>The present press box is not ADA compliant.</p>	<p>Implementing ADA access is not feasible at the existing location.</p>

District Office, Event Operations, and Community Meeting Space:

Support	Considered
<p>The District’s central offices have long been at the bottom of the list of facility expenditures for two main reasons: 1) the District rents the present office space from the Township, and 2) student and teacher facility needs have rightfully been our priority.</p>	<p>Staying in the present location with renovation. The District will need to invest approximately \$1 million on lease improvements based on the estimate of \$75 per square feet. However, approximately one-third of the present space (the basement) is not usable for future offices or meeting space. It is not fiscally responsible to invest school district money in a facility it does not own.</p>
<p>A rent vs. own analysis that considers the spending needed to renovate the present space makes building a new space more favorable. In 2015, the Township proposed a significant rent increase. Following discussions with the School District, the Township agreed to defer any significant increase. However, the District does incur annual rent increases to the Township and does not have a long-term lease agreement.</p>	<p>Doing nothing. The facility will continue to be substandard for District administration and will require additional investment in rental space and repairs.</p>
<p>The present offices look much the same as they did 30 years ago. Two areas of staff growth, technology and special education support staff, have increased significantly during this time, the result of meeting the demand of the information age and special education federal/state laws. In order to accommodate the increase, there are as many as five desks in an office, making work conditions challenging. During the 1986-87 school year, District Office was comprised of 22 staff members. Thirty years later, 33 employees (a 50 percent increase) work within the same space.</p>	<p>Relocating departments to the schools was considered. While we presently are experiencing enrollment decreases at the elementary level, freeing up some limited space, there is no guarantee this trend will continue. Also, work groups need proximity for collaboration.</p>
<p>The District lacks an up-to-date dedicated training facility for staff development.</p>	<p>Should the School District relocate its offices, the space would be repurposed. The township has indicated that it could use the additional space.</p>

<p>Community groups are in need of space that could be used in conjunction with athletics and would not have to compete for time at the high school theatre, LGIs, etc.</p>	<p>The new community complex design encourages community use of the multi-use spaces for meetings, conferences and events.</p>
<p>The plan addresses the stadium operations needs (ADA compliant restrooms, concessions, ticket booths, press box, filming deck, and District office needs) in one facility.</p>	
<p>The site location makes for easier access to the high school.</p>	
<p>The site adds no site acquisition costs and does not add significant infrastructure costs because parking and utilities are present at the location.</p>	<p>Including the administrative areas within the larger project eliminates duplicative utility and physical-plant costs.</p>
<p>An improved office space enhances staff productivity.</p>	

Boyce Facility:

Support	Considered
<p>The field was constructed as an add alternate to the middle school projects. At that time, the infrastructure was put in place to have utilities at the proposed site location for a future building of a small concession/restroom/announcer building. There were not enough funds available at the time to complete even a small facility.</p>	<p>The committee discussed having all contests played at the high school and, thus, only holding practices at Boyce. However, a survey of SD teams using the field indicates a preference for Boyce as their dedicated field; strong support exists for the basic amenities under consideration.</p>
<p>Usage is high for the field with 744 total permits issued in the last year (more than the high school stadium and pool combined), indicating the prudence of this investment for our students.</p>	<p>Turf replacement, refreshing of the track surface, and parking lot repairs will need to be considered in the future.</p>
<p>The negative aspect of the present facility is that there is not a permanent space for a P.A. announcer, concessions, and public restrooms. Portable restrooms are rented each season and a portable P.A. system is used.</p>	<p>The usage data indicates that the Township and Athletic Association use of the facility is considerable. Thus, we should evaluate our fee arrangement.</p>
<p>To reduce costs, the committee recommended that the original proposed structure be downsized and that the concession space have only the necessary utilities. Appliances and other concession stand amenities will require an investment of the various booster groups who utilize the facility.</p>	<p>The initial design was more like a field house/press box, which was rejected as not practical for the space/use or prudent given the budget.</p>

Capital Projects unrelated to the Stadium Repairs/Community Complex/Pool Project:

Two additional items are included in the capital projects financing:

- High school paving replacement
- Removal of the pedestrian bridge that links the upper parking lot to the second story of the athletic wing

These projects have been isolated because they must be completed regardless of the decision on the proposed renovations/construction considered as the Capital Projects. The paving, which was completed when the high school was renovated in 2000 (17 years ago), will need to be completed in the near future. In addition, the pedestrian bridge is in disrepair and ongoing upkeep/maintenance costs would be burdensome.

Attachment B

	Project Amt with 10% Contingency & 10% Soft Costs	Estimated Annual Debt Service	Millage Impact	Tax Impact/ \$100,000 Assessment
Proposed Capital Projects:				
High School Pool - 8 Lane Pool	\$6,081,763	\$243,271	0.1191	\$11.91
Diving Well/Special Use Pool <i>(for consideration as an add alternate or delete)</i>	\$2,060,025	\$82,401	0.0403	\$4.03
High School Community Complex/Stadium Repairs	\$3,305,944	\$132,238	0.0647	\$6.47
District Administrative Offices	\$3,538,000	\$141,520	0.0693	\$6.93
Completion of Boyce Athletic Field Facilities	\$503,800	\$20,152	0.0099	\$0.99
Total	\$15,489,532	\$619,581	0.3032	\$30.32
Additional Capital Projects				
High School Paving Replacement	\$312,000	\$12,480	0.0061	\$0.61
Pedestrian Bridge Removal	\$203,500	\$8,140	0.0040	\$0.40
Total	\$515,500	\$20,620	0.0101	\$1.01
Total for all Projects	\$16,005,032	\$640,201	0.3133	\$31.33

NOTE: Debt Service Cost > \$40k per \$1 million

****Construction contracts awarded in Jan./Feb. 2018****

Attachment C

<u>PLAN OF FINANCE</u>	<u>December 2017</u>	<u>December 2018</u>	<u>Combined</u>
Issue Two Series of Bonds	\$10,000,000	\$6,000,000	\$16,000,000
Assumed Interest Rate	4.00%	4.00%	
Estimated Total Debt Service	\$19,551,055	\$11,467,703	\$31,018,758
Estimated Annual Debt Service	\$400,239	\$234,761	\$635,000
Estimated Millage Requirement	0.020	0.011	0.031
Timing of Tax Increase	Budget Year 2018-19	Budget Year 2019-20	
Bond Structure	Wrapped	Wrapped	
Final Maturity	2043	2043	
<u>Benefits of Plan of Finance</u>			
Projects Size known	Yes	Yes	
Capitalized Interest	None	None	
Bank Qualified	Yes	Yes	
Benefit of Bank Qualification	5 to 20 Basis Points	5 to 20 Basis Points	
Call Provision	5 years	5 years	
Phase in Tax Increase	Yes	Yes	
Reduced Negative Arbitrage	Yes	Yes	

Attachment D

Indirect Costs

Indirect Costs - Operational Expenses	Community Complex (3 Floors) *	Pool	Total Incremental Expenses
Additional Custodians	See Note	0.5 FTE	\$40,000
Utility Usage Increase, net of utility costs at the Municipal Building	\$7,200	\$30,000	\$37,200
Chemicals/Outside Services	\$2,000	\$4,000	\$6,000
TOTAL INCREMENTAL COSTS			\$83,200

Note: The current custodian for the District Administration would be re-assigned to the new Community Complex.

* All electric facility.