2019 Capital Bond Update

Rationale for considering Feb 2020 vote for potential use of Capital Reserve Funds

Hastings on Hudson UFSD Board of Education
Hastings on Hudson UFSD Administration

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Purpose of this document

On December 16, 2019 the Hastings on Hudson Board of Education will consider having a community vote in February 2020 to authorize the potential use of $1,347,371 from the District’s existing capital reserve fund. If authorized, the capital reserve funds will augment funds to be raised through bonds for the Capital Project approved on February 28, 2019 for construction of an addition to Hillside Elementary School (Hillside) and the construction of improvements to Hillside, Farragut Middle School (MS) and Hastings High School (HS). The purpose of this document is to explain why the Board of Education is considering asking voters to authorize the use of capital reserve funds for the Capital Project.

Summary of key points

• The change in projected costs for the Capital Project comes from two primary places. (1) Changes in design following detailed post-bond requirements planning. (2) An increase in square footage costs driven by several factors, one of which is increases in raw material costs, such as steel.

• The use of the capital reserve funds will not increase taxes. This is money the District already has set aside for capital projects such as this.

• At this point in time we do not know if we'll need to use the full $1,347,371. We are requesting this authorization now due to the tight timeframe for submission to and approval of construction documents from the New York State Education Department (SED) in order to start construction of the Hillside addition in the Summer of 2020.

• Whatever funds we use are 42% reimbursable by New York State (State). For example, if we use $1M, $420K would come back to us.

Background / Timeline

On February 28, 2019, the Hastings on Hudson community approved a school construction bond for $18.38 million. Within days of the approval, the Board of Education (BOE) heard from a variety of community members, including several architects, who expressed concerns about the design and scale of the preliminary bond concept design for the Hillside addition. The BOE discussed and agreed to issue a request for proposal (RFP) to have architects submit proposals to complete the design for the approved Capital Project even though the RFP processes was expected to add a few months to the already-tight timeframe for the design of the Capital Project.

In March, members of the BOE and community together with District administrators interviewed five architectural firms that had submitted proposals to design the Capital Project. As stated in a memorandum submitted to the Board of Education by Maureen Caraballo, the District Treasurer, the interview committee “was in agreement that PBDW Architects stood out
from the group. They [the Committee] were impressed with their [PBDW’s] presentation, work experience in additions and buildings, strength in design and depth of understanding of the project.” PBDW Architects (PBDW) is a New York firm where longtime Hastings resident Ray Dovell is a partner. The BOE approved PBDW’s proposal in May and they started work the same month.

PBDW’s first step was to undertake a programming and scoping exercise to define the exact physical requirements of each space identified in pre-bond conceptual planning documents. In early July, PBDW delivered a programming report detailing specific uses and needs of each space. Using this programming report, PBDW worked with District administrators throughout July and August to create a refined design for the addition to Hillside. PBDW presented its refined design to the BOE at its September 9th meeting. At this meeting members of the Board of Education commented on the design’s (1) innovative use of space (2) slanted roof that helps bring the addition into scale with the existing building, (3) angled orientation that captures natural pathways and (4) retractable theater seating that improves site lines and storability.

At the October 21st BOE meeting, Triton, our construction manager for the approved Capital Project, presented a figure of $9,450,361 as an estimated construction cost for PBDW’s refined design of the Hillside addition. This was an early estimate based off schematic designs and includes contingency and escalation costs. It was $2,253,761 higher than the estimated pre-bond construction costs of $7,197,000. The BOE expected the costs of the refined design to be higher due to the increased square footage but didn’t expect the amount of the estimated difference. Two multi-hour conversations ensued at the BOE meetings held on November 4th and November 18th, and the BOE decided to proceed with the development of detailed construction documents for PBDW’s design.

The following page outlines items discussed at the Nov 4 and Nov 18 BOE meetings.

**Items discussed by BOE prior to its decision to proceed with PBDW’s current design**

- **Factors that contributed to estimated cost increases:**
  - ~$1.46M in the increased cost estimate comes from increases in square feet to meet program requirements. The total increase in square feet is 2,675. Six things primarily drove this. (1) The basement storage/mechanical area under the kitchen was captured due to the natural grade change in the angled building. 300 sf is necessary for mechanicals and plumbing. 800 square feet can be used for storage and converted to a classroom if needed. (2) Angling the building creates 300 sf on the top floor that PBDW used to design a separate entrance for nighttime and community events and playground access. (3) The retractable seating proposed for the combined cafeteria–auditorium space requires 400 sf for storage. (4) Cafeteria tables require 200 sf storage. (5) Two of the four classrooms were increased in size by 100 sf each. (6) A 300 sf staircase was pulled out of corridor to allow for connection to any potential future extension of building.
$540K in the increased cost estimate comes from an increase in dollars/sq ft since pre-bond estimates. Pre-bond estimate was $450 sq/ft. Current estimate is $490 sq/ft. One of the drivers of this is the increased cost of raw materials—for example, the cost of structural steel has increased 25% over the past year.

$250K in the increased cost estimate comes from the retractable seating solution. This tiered seating will enable removal of the stage allowing for a bigger, more flexible multiuse space when seats are retracted.

- If we need the full additional $2,253,761 it can be funded in a tax-neutral way. Having gone through detailed requirements planning, The District anticipates ~$1M can come from projected cost-savings in other parts of the Capital Project bond. ~$1.3M can be authorized by the District voters to come from the existing capital reserve fund. Also, it’s important to note that the $1.3M we might use from capital reserves fund is aid-able at 42 cents on the dollar. That means we would receive reimbursement from the State of ~$500K. There is also a chance we will not need the full $1.3M in capital reserve funds. The cost estimate we received for the Hillside addition is conservative and the overall amount may come in lower.

- The Capital Reserve Fund makes up ~15% of our overall reserves and is set aside for situations like this. As designated by the State, a capital reserve fund can only be used to pay the cost of any object or purpose for which bonds may be issued.

Frequently asked questions

Are there any tax implications with using money from the reserve fund?

No, authorizing use of these funds will not increase taxes. This is money the District already has set aside to address the capital needs of the District.

Why hold this vote? Why not wait until you know how much money you need before seeking authorization?

The vote is being considered now to obtain public authorization to expend the funds, if necessary, before submitting construction documents for the Hillside projects to the State Education Department (SED). The project design needs to be submitted to SED in the spring for it to be feasible for the construction of the project to start in the summer. A delay in commencement of the construction of the project may increase the overall cost of the project.

What happens if the Board is not authorized to access the reserve funds if needed?

If the public votes down the use of the capital reserve funds, the Board could seek to do another vote or decide to have the addition redesigned.
**How confident are you that other parts of the bond won’t also increase cost?**

When we originally priced the bond, we were working off high-level conceptual designs for each project. At this point, we are working towards more detailed designs for each project. The difference between the conceptual and schematic designs for the Hillside addition was significant. Other parts of the project do not have the same degree of differences in design. As such we don’t anticipate increases in costs for other parts of the bond. In fact, we hope to find ways to decrease costs from the current estimates for the Hillside addition and elsewhere.

**What if another repair becomes necessary? What are the BOE’s options to address a needed repair if the capital reserve funds are used for the Hillside addition?**

If the District uses all the capital reserve funds for the Hillside addition, that money is 42% reimbursable by the State. That means if all funds are used, we would receive reimbursement of ~$500K that, with voter authorization, could be used for a capital improvement in the future.

Furthermore, this current bond is addressing many large ticket items. With the roofing projects being done at both Hillside and Farragut, all the District’s roofs will be under 5 years old and will have a 20+ year warranty. We are also replacing our boilers at the MS/HS and they too will be warrantied for 20+ years. Between the last capital bond in 2013 and our current bond, all the major infrastructure work will be addressed.

**If the entire amount being allocated from the Capital Reserve Fund isn’t needed, what happens to the excess funds?**

The excess funds will remain in the capital reserve fund. The capital reserve fund money authorized to be expended on the capital projects approved by the voters will only be expended if and when needed for the costs of such projects.

**How is the other work from the capital bond proceeding?**

Our first project is expected to be submitted to SED this December 2019. This submission includes the roofing project on the existing building at Hillside, new windows, masonry work, and new flooring for some classrooms and hallways. It is anticipated that SED approval will be obtained in time to bid this work at Hillside for construction to commence in July 2020. The infrastructure work at Farragut which includes roofing, repointing and the new boiler is expected to be submitted to SED in January 2020. It is anticipated that SED approval will be obtained in time to bid this work at Farragut MS/HS for construction to commence in June 2020. The MS auditorium and HS music suite are both in the process of being designed and we expect the design and construction documents to be submitted to SED in the Fall of 2020. It is anticipated that SED approval will be obtained in time to bid this work at Farragut MS/HS for construction to commence in March 2021. The Hillside building addition is scheduled to be submitted in late Spring 2020 if the reserve funding is approved.
With the reorientation of the Hillside addition what if any additional actions needed to be considered under SEQRA?

Because of the updated design’s orientation on the property and a better understanding of certain site conditions, the District had the SEQRA updated and amended to reflect the current footprint being proposed and newly discovered site conditions. The BOE, with input from its professional consultants, has examined the current footprint and site conditions, and determined that they will not produce or give rise to significant adverse impacts upon the environment. As a result, its prior determination, as expressed in a Negative Declaration, that an Environmental Impact Statement does not need to be prepared is unchanged. The Negative Declaration has been amended to acknowledge and account for the current proposed footprint and known site conditions and to clarify the work that would be occurring at the site and its physical location.