

AGENDA
SCHOOL BOARD OF SANTA ROSA COUNTY
WORKSHOP
October 30, 2018-9:00 AM

Items for Review and Discussion

A. Elkhart School

For a complete word for word transcript, please see the video @ http://santarosacountysdfl.swagit.com/play/10302018-557_
(Select the meeting date on the calendar)

The following members were present: Dr. Diane Scott, Chairman, Mrs. Carol Boston, Vice-Chairman, Mr. Buddy Hinote, Mrs. Jennifer Granse, and Mr. Scott Peden. Also present was Timothy S. Wyrosdick, Superintendent of Schools and Secretary.

Dr. Scott called the workshop to order and noted that Board Attorney Paul Green is not required to attend this workshop. Superintendent Wyrosdick led us in the Pledge of Allegiance to the Flag and in a moment of silence.

Superintendent Wyrosdick provided opening comments. Approximately 3-4 years ago we began petitioning the Department of Education to build a new school in the south end to accommodate anticipated growth. The approval to build is driven by COFTE (Capital Outlay Full-Time Equivalent) which is not a student count but student space capacity. We have run into a roadblock related to a House Bill that was passed a few years ago relative to cost per student station - HB 7029. This workshop is about sharing information and seeking direction in how to manage cost while moving forward with building the school in an expedient fashion. The Superintendent expressed appreciation to those in attendance today. The administrators and community members can return to their school sites and share information with parents, PTOs, and other community stakeholders. This workshop is not about casting blame but working within a law that has been opened to new interpretation.

As we worked through phase development it became apparent that we cannot comply with the cost per student station allowed by DOE so we began to develop a plan to allocate money to cover the overage. Our capital millage does not generate enough money to pay cash for a new school so we began to look at capital outlay project requests.

The Superintendent summarized that he understands the purpose of the law but when you have school districts who cannot afford to pay cash to build schools it becomes more costly (to either borrow money or redesign/retrofit certain items).

George Smith of Bryant, Miller and Olive P.A. came forward to discuss Certificates of Participation. This legal firm works with many public entities across the state on financing. Mr. Smith began by providing a brief history on the evolution of school financing. In the mid-90s legislation was adopted providing a maximum cost per student station on elementary, middle, and high schools with the possibility of cost increasing over time based on certain criteria. During this time if a district exceeded the maximum cost per student station, DOE could grant a waiver which they usually did. If DOE did not grant a waiver, the penalty for exceeding the cost was that a district could only pay with local source funds (sales tax, impact fees, local millage).

Our lenders require two legal opinions; one from School Board attorney Paul Green, and the other from Mr. Smith. Mr. Smith writes two kinds of opinions - that the loan is legal under state law, and that the interest from the debt is tax exempt under federal law.

In 2016 the legislature passed a law that if a district violates the cost per student station law, the Auditor General must be brought in and DOE will be notified. The DOE has very limited ability to waive the current law regarding cost per student station and Mr. Smith stated that he does not expect them to do so. In addition, the legislation states that if a district violates the cost per student station maximum, the debt cannot be repaid from any source (previously it could be repaid from the 1.5 mills). When Santa Rosa School District first planned to build the new K8 school, we could repay what we would need to borrow since we could use the 1.5 mills. Since the law has changed and DOE is not expected to waive the cost per student station requirement, we cannot afford to repay the amount that we were planning to borrow. Mr. Smith stated that he cannot write the positive recommendation letter to investors and he doesn't think it would be legal to do so. Other penalties include loss of PECO dollars and financial oversight by DOE.

The legislation was passed in 2016 with a "grandfather" window to July 1, 2017 and a few districts were able to take advantage of this if contracts were already in place.

Mr. Smith drafted legislation that he has shared with our lobbyist and others around the state, that when you exceed the cap, you can only use local sources for the amount above the cap. He shared that he doesn't know if it will be successful or not but with current legislation, most school boards around the state will not be able to build new schools. There are a few districts who can pay for a school without financing and they may consider civil disobedience. We do not have that option.

Dr. Scott commented that we have always tried to comply with the law and she expects that we will continue to do that. If we choose not to, our funding could be affected the following year which could have significant financial impact.

Superintendent Wyrosdick feels that the possibility of gaining legislative relief is unsure; we must do something soon or we may have capacity issues. He pointed out that we have two issues right now - the legislative issue and how to move forward.

Mr. Hinote expressed his frustration that the legislature's philosophy is making it more difficult to build schools when the need exists. Superintendent Wyrosdick pointed out that the cap is associated with the CPI index that was established in the nineties; it was adjusted in 2005-06; and hasn't changed since then. We know the increase in construction costs since Hurricane Ivan; to build within those costs is impossible to do. We know that construction costs will only increase so waiting it out is not an option.

The Superintendent continued that our inability to pay cash for the school as well as our inability to borrow brings us to this part of the meeting when we discuss different cost reduction options.

Sandie Taunton and Dave Luttrell with DAG Architects came forward to present information on student station costs and cost reduction options as summarized below. They began by sharing how we came to where we are today. The Phase 1 project review showed an allowed project cost of \$30,226,104 (1182 X \$25,572). This number includes building and site construction costs, design and construction fees, school furniture and equipment costs, etc. After deducting site costs (including A/E fees and FF&E - furniture, fixtures, & equipment), we show a total of \$21,425,385. The plant survey approved square footage of 192,000 square feet based on a budget of \$21,425,385 gives a cost per square foot of \$111.59. This number is not feasible in today's economy. Superintendent Wyrosdick asked what the construction cost is today; Mr. Luttrell responded that in a recent bid for Jay Elementary's classroom addition the cost was \$234 per square foot. Mr. Luttrell stated that it became apparent that we had to cut all non-essential space not associated with students such as music, gym, cafeteria.

Mr. Luttrell shared that they looked at five different plans trying to build the lowest square footage for programs using the lowest cost exterior "skin" - the lowest square footage for foundation, roof and walls. The "pinwheel" concept is the most compact plan with the smallest roof and foundation; also closest to Elkhart which reduces pavement/site costs. He noted that they are waiting on a ruling regarding an isolated non-jurisdictional wetland area located under the building; the cost associated with this is not included in the cost per student station.

Advantages of a two-story plan includes having a smaller "footprint" with less roof area; a smaller retention pond required; shorter runs for MEP/fire protection; a compact floor plan, a common atrium that can be monitored more easily by staff; and middle school students would be mostly separated from elementary students.

Dr. Scott asked if we build a two-story school will we receive any credits for being ADA compliant? Mr. Luttrell responded that we will not.

The next slide showed an exterior picture of what was presented in March - where we were at that time.

Mr. Luttrell presented an Opinion of Cost - Phase III showing a subtotal of \$35,788,719.50 including FF&E for Student Station Cost. When additional costs (security hardening, emergency gas generator, hurricane hardening, drainage, mitigation and wetlands fill, offsite utilities and road improvements, design fees outside of student station, and security system intrusion detection) are added in the project total comes to \$43,162,721.50. This does not include track and soccer fields, exterior basketball court, north driveway, playgrounds, exterior courtyards, and building mounted canopy/sun control devices. Mr. Luttrell noted that we are \$5,562,615 above the allowed costs; we are trying to comply.

Mr. Luttrell and Ms. Taunton then reviewed the following cost reduction options with discussion following each item. Superintendent Wyrosdick pointed out that these are options; we want input and opinions from stakeholders. These options will not affect just the facility but also how we operate the school. Our goal as a staff is to listen and come back at a future meeting with recommendation/s.

Note: Several of the options are related to phasing in the middle grades 6-8.

- Middle School PE - Delete multi-purpose room - delete locker room (alternate/future)*
- Kitchen - Delete kitchen and custodial receiving (alternate/future)*
- Media Center - Reduce size, extend into Hub; build as a shell (at original or reduced size)*
- Classroom Size - Reduce classroom width*
- Middle School Classroom Flooring - No flooring in 6-8 grade classroom wings (if phasing in grades 6-8)*
- Building Exterior - Flatten atrium roof; change materials; delete west windows; lower cafeteria/media bearing height; eliminate transom windows in media and cafeteria; reduce bus and car drop off canopy length; reduce the amount of brick-change to metal wall panel*
- Site - Eliminate curb and gutter/ribbon gutter*
- Mechanical, Electrical, Plumbing - Change chiller from water cooled chiller to air cooled (necessitates adding square footage for pumps)*
- Casework - Delete cubbies; delete built-in shelving; delete classroom storage cabinets*
- Equipment and Furniture - Delete cafeteria AV; delete kilns; delete kitchen equipment (not including servery); delete media center furniture; delete middle school classroom furniture*

As Ms. Taunton reviewed the options listed above, she pointed out some of the impact/s they would have on school/student operations if delayed and added in the future, including:

- Future construction will be at a higher cost per square foot*
- Disruption to classes/students if improvements are made later*
- Disruption to site circulation/traffic*
- Some changes, such as classroom size reduction, are permanent changes and may not allow for support space, resource rooms, and storage areas for students and teachers*
- Reduction in classroom size makes them similar to older classrooms/portables; means that typical furniture may not fit in smaller classroom and some learning activities may be impacted*
- Changing exterior materials (metal panels instead of brick) makes the building less durable and may require more maintenance*
- If middle school grades are "phased in" would not provide needed relief to south end middle schools for some time*

It is important to note that changing the chiller from water cooled to air cooled will provide substantial savings initially but will reduce energy performance resulting in higher power bills; shorter equipment life expectancy, and will require additional square footage to be added to the building footprint to house central energy equipment.

In closing, the Superintendent shared that Mr. Emerson will be bringing enrollment data to the November 15 Board meeting. He reiterated that it is imminent that we begin building this school to provide relief to the elementary and middle schools in the area.

Mr. Hinote shared that he does not foresee us putting in an air cooled system (instead of a water cooled system) - even though it would provide a savings of 1.5 million. We have spent a great deal of money changing some of our current schools out to water cooled (from air cooled); it doesn't make sense to install a system that we know will have to be changed out (at great expense) in 5-10 years. He continued that (as Dr. Scott pointed out earlier) he doesn't agree with cutting back classroom size by eight feet; would prefer to cut back by four feet since this is a permanent structure.

Mrs. Granse asked if we currently have classrooms at this reduced size - where are they located. Mr. Harrell responded that we do; it is older construction such as Bagdad Elementary.

Dr. Scott stated that if we reduce class size (structure) we have a school that starts out crowded. Mrs. Boston pointed out that when her family first moved here and her son went to West Navarre it was overcrowded at that time. There was some discussion about the class size amendment which limits the number

of students in each classroom. Mr. Hinote stated that as a former principal of a K-12 school, you can't give elementary teachers too much room; they have a greater need for space than high school students.

Mr. Harrell stated that every possible cost savings item has been listed for consideration since they are unsure what the bids will look like in May. If the cost comes in over the allowed cost per student station, we will not be allowed to build the school. The idea is to grab as much cost savings as we can. While it is painful, if we are under the allowed cost per student station on bid day, we can start building the school. If we are over the allowed cost per student station, we have to start over and redesign the building. We must be under that number on bid day or we don't move forward.

Mrs. Boston added that it's frustrating to build something we know is inadequate due to the situation the legislature has placed us in.

Superintendent Wyrosdick shared that he will bring to the November 15 meeting a list of recommendations on cost reductions that would get us to the \$5.5 million. We can work through those recommendations trying to achieve the best cost savings scenario to get to the required number. He emphasized that it is critical that we get the number right the first time; we don't have time to redesign.

Mr. Harrell pointed out that we have a low change order rate on our construction projects but on a project of this size there will be some unforeseen items that will require a change order.

Mrs. Boston expressed appreciation to the School Advisory Council and other community members who are here today. It's important to understand why we don't have the school already. It's not that current and past Superintendents and Board members did not want it; it's due to the legislature and DOE not allowing more local control.

Dr. Scott thanked the presenters who came today; the knowledge they share is invaluable in making these decisions. Superintendent Wyrosdick concurred his appreciation.

The workshop was adjourned. The Superintendent requested an executive session immediately following the workshop today.

SCHOOL BOARD OF
SANTA ROSA COUNTY

Chairman

ATTEST:

Superintendent and Secretary