

## **MPSA – Report on the Building and Facilities Bond - Jan 2007**

MPSA has received several requests asking for our position on the February 7, 2007 Voter Referendum with respect to the “\$19,059,810 building project. The MPSA position on the February 7 Voter Referendum is non-committal.

The primary focus of the MPSA on the Voter Referendum is full disclosure with respect to accountability, transparency and the fairness of the supporting documentation and not in the outcome. A brief summary is provided below of the issues that require more accountability and transparency by the School District.

1) MPSA has identified, in the audited financial statements, reserves in excess of \$13,000,000 available in the General Fund. Such cash balances, in part, could be made available for building maintenance through actions similar to that which was taken in the May 2006 Building Propositions. (These reserves were the result excess revenues and under spent budgets over the past few years)

Accordingly, if these funds were made available, it would appear the Voter Referendum to fund the building project substantially through a bond offering could be reduced; which in return would reduce future taxes.

Further, it appears the School District has chosen over the past four or more years not to use these available funds for the necessary building repairs. Instead the School District made it appear that a certain segment of the community would not support building maintenance even though the community urged publicly that the repairs should be made as soon as possible.

It appears a motive for not using available reserves for the capital project is buried in the audited financial statement, in which it appears such funds are being earmarked to defend and/or settle the Union Bus Drivers arbitration and other litigation; rather than building repairs.

2) A major difference in fiscal responsibility between the School District and MPSA is the District’s willingness to incur expenses for current years’ school activities and postpone payment for facility maintenance until sometime in the future. The eventual outcome of this deferred payment arrangement will result in mortgaging the future of our children’s education. Major portions of the items in this Voter Referendum are for repairs and replacement of existing infrastructure. Most reasonable homeowners would agree such repairs and replacement should be part of the annual budget process and/or capital reserve, not financed with borrowed funds.

What appears to be happening is that the current year’s budget is burdened with significant cost from prior years and a disproportionate amount of the budget is being allocated toward Union Contracts? As such, very little, if any, funds are available for building infrastructure.

The school district also announced at a prior board meeting that future annual budgets will be increased by approximately \$1,500,000-\$2,000,000 per year for maintenance. However, such information has been withheld from the Voter Referendum documentation.

3) At a prior School Board meeting, a homeowner proposed that the “timing” of the Voter Referendum was made to ensure a successful favorable vote outcome. To now learn, a voting date of February 7<sup>th</sup> has been selected seems to be an error in judgment as many homeowners are away in the winter, thus precluding full community participation.

4) A significant missing part of the Voter Referendum disclosure is the long-term effect on school taxes. Homeowners should be provided year-by-year budget projections for the next five years on the cost of this Referendum including ancillary cost such as the planned annual \$2,000,000 increase to the maintenance budget mentioned above. The annual cost of this bond will be more than \$1,000,000 per year. The interest cost alone over the life of the bond is significant.

Assuming this project increases the annual school budget by 2 to 3%, coupled with other increases to the annual budget for items such as escalating annual Union contract increases of 5%, and potential costly lawsuits/arbitration, it would appear we will be faced with annual school budget and tax increases in excess of 10% for the foreseeable future.

**BOND DETAILS**

The Total amount of the costs of Building and Maintenance is \$22,400,000. The Original study was for Repairs & Maintenance. The new proposal includes a considerable amount for building improvements and technology projects.

The Board apparently has taken the opportunity to package together improvements plus repairs into one Bond issue. It is a judgment call as to whether these improvements are necessary. If so why were they not included as part of the budget process? It appears that approximately \$6,000,000 is included for improvements. The Bond would be significantly lower is it did not include these new improvements

<b>TOTAL JANUARY 2006 BCS PROJECT COSTS</b>	<b>\$16,717,430</b>	
<b>18% CONTINGENCY</b>	<b>\$3,009,137</b>	
<b>TOTAL JANUARY 2006 BCS COSTS</b>	<hr/>	<b>\$19,726,567</b>
<b>LESS:</b>		
<b>PROPOSITION 2 PROJECT COSTS</b>	<b>\$3,139,790</b>	
<b>PROPOSITION 2 CONTINGENCY</b>	<b>\$565,162</b>	<b>-\$3,704,952</b>
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TOTAL JAN 2006 BCS LESS PROP 2		\$16,021,615
ADJUSTMENTS MADE TO PROJECT SCOPE, INFLATION AND CONTINGENCY:		
LESS: PROJECTS ELIMINATED FROM JANUARY 2006 BCS (SEE ATTACHED)		-\$697,500
PLUS: NEW PROJECTS - SCHOOLS (SEE ATTACHED)		\$854,720
PLUS: NEW PROJECTS - DISTRICT SECURITY INFRASTRUCTURE	\$500,000	
TECHNOLOGY INFRASTRUCTURE	\$885,807	\$1,385,807
INFLATION FACTOR (SEE BELOW)		\$1,031,715
RESULTING ADJUSTMENT TO 18% CONTINGENCY		\$463,454
TOTAL ADJUSTMENTS - PROJECT SCOPE, INFLATION AND CONTINGENCY		\$3,038,196
TOTAL FEBRUARY 2007 BOND REFERENDUM		\$19,059,810

INFLATION OF COSTS OF PROJECTS IN JANUARY 2006 BCS:

Total January 2006 BCS Project Costs (without contingency)	\$13,577,640
Less: Eliminated Projects	-\$697,500
Cost of Remaining Projects in January 2006 \$	\$12,880,140
Total November 2006 Project Costs (without contingency)	\$14,766,575
Less: New Projects Not in Jan 06 BCS	-\$854,720
Cost of Remaining Jan 2006 Projects in February 2007 \$	\$13,911,855
 \$ Amount of Inflation Increase:	 \$1,031,715
% Inflation Increase	8.01%

Project costs were increased 5% per annum, and is dependent on estimated timing of project commencement from Summer 2007 to Summer 2008. See attached.

PROJECT	COST: NOV. 2006	COST : JAN. 2006	DIFFERENCE	% INFLATION FACTOR
Roofs/Skylights - Cupolas	\$77,000	\$70,000	\$7,000	10%
Ceilings & Lighting - Gymnasium	\$118,800	\$108,000	\$10,800	10%
Air Handlers - Unit Ventilators	\$22,000	\$20,000	\$2,000	10%
ADA Accessibility - Sink/Gr.Lev	\$53,900	\$49,000	\$4,900	10%
ADA Access.- Sink Art/Sci/Fac	\$15,400	\$14,000	\$1,400	10%
Sidewalks	\$28,600	\$26,000	\$2,600	10%
Exterior Doors - Hollow Metal	\$6,600	\$6,000	\$600	10%
Ceilings & Lighting - Corridors	\$214,720	\$195,200	\$19,520	10%
Lockers	\$44,000	\$40,000	\$4,000	10%

Interior Doors - WkRoomAccess	\$52,800	\$48,000	\$4,800	10%
ADA Access:LockerRmFac (2)	\$110,000	\$100,000	\$10,000	10%
ADA Access: Locker Room Facilities	\$0	\$20,000	-\$20,000	-100%
Structural Floors - Access Panels	\$2,200	\$2,000	\$200	10%
Scrape and Paint Library Lintels	\$1,650	\$1,500	\$150	10%
Exterior Doors - Wood Doors	\$26,400	\$24,000	\$2,400	10%
Ceilings & Lighting -Classrooms	\$404,800	\$368,000	\$36,800	10%
Floor Finishes	\$49,500	\$45,000	\$4,500	10%
Exterior Steps/Stairs/Ramps-HndRails	\$6,600	\$6,000	\$600	10%
Ext. Steps/Satirs/Ramps - Stair Tower	\$28,600	\$26,000	\$2,600	10%
Interior Stairs	\$3,850	\$3,500	\$350	10%
HVAC Control System	\$52,800	\$48,000	\$4,800	10%
ADA Access - Public Phone	\$0	\$0	\$0	
Interior Doors -Transoms/Frames/Door	\$3,025	\$2,750	\$275	10%
Windows	\$8,800	\$8,000	\$800	10%
Playgrounds/Equipment	\$6,600	\$6,000	\$600	10%
Exterior Steps/Sairs/Ramp Caulk Pad	\$2,750	\$2,500	\$250	10%
Interior Doors - Remove Floor Strips	\$0	\$0	\$0	
Interior Doors - Corridor	\$29,480	\$26,800	\$2,680	10%
Interior Doors - Locking Devices	\$11,000	\$10,000	\$1,000	10%
Interior Doors - Closer on Rm. 223	\$330	\$300	\$30	10%
Interior Doors - Actuators	\$0	\$110,000	-\$110,000	-100%
ADA Accessibility - Van Space	\$880	\$800	\$80	10%
ADA Accessibility - Signage	\$1,650	\$1,500	\$150	10%
ADA Accessibility - Signage	\$5,500	\$5,000	\$500	10%
Traffic Calming	\$159,720	\$0	\$159,720	
Generator	\$175,000	\$0	\$175,000	

**Total Munsey Park: \$1,724,955 \$1,393,850 \$331,105**

Exterior Walls/Columns-Small Gym	\$22,000	\$20,000	\$2,000	10%
Chimneys	\$13,200	\$12,000	\$1,200	10%
Heat Generating Systems	\$682,500	\$650,000	\$32,500	5%
Piped Heating/Cooling Dist. Syst.	\$105,000	\$100,000	\$5,000	5%
Structural Floors	\$22,000	\$20,000	\$2,000	10%
Ext. Walls/Columns - Cast in Place	\$11,000	\$10,000	\$1,000	10%
Windows - Windows & Storefront	\$1,422,377	\$1,354,645	\$67,732	5%
Windows -Corrugated Alum.Panel Sys	\$417,186	\$397,320	\$19,866	5%
Ceilings & Lighting - Kitchen	\$28,600	\$26,000	\$2,600	10%
ADA Access - Boys/Girls Toilets	\$19,800	\$18,000	\$1,800	10%
ADA Access - Mens/Womens Toilets	\$46,200	\$42,000	\$4,200	10%
ADA Access - Nurse's Facility	\$22,000	\$20,000	\$2,000	10%
ADA Access - Drinking Fountains	\$16,500	\$15,000	\$1,500	10%
ADA Access -Sink/Bubbler Units	\$53,400	\$49,000	\$4,400	9%
ADA Access - Art Room Sink	\$15,400	\$14,000	\$1,400	10%
ADA Access - Lower FA Pull/Intercom	\$24,200	\$22,000	\$2,200	10%
ADA Access - Boys/Girls Locker Rms	\$0	\$20,000	-\$20,000	-100%
ADA Access - Boys/Girls Locker Rms	\$110,000	\$100,000	\$10,000	10%

ADA Access - Corridor Handrails	\$39,600	\$36,000	\$3,600	10%
ADA Access - Lower Telephone		\$0	\$0	
Other Interior Walls	\$16,500	\$15,000	\$1,500	10%
Floor Finishes	\$33,000	\$30,000	\$3,000	10%
Interior Doors - Louvers to Fire Damp.	\$68,200	\$62,000	\$6,200	10%
Interior Doors - 28 Doors Off Corridor	\$0	\$70,000	-\$70,000	-100%
Sidewalks - South Entrance	\$16,500	\$15,000	\$1,500	10%
Sidewalks - Lrg. Play Area North	\$5,500	\$5,000	\$500	10%
Exterior Doors	\$210,100	\$191,000	\$19,100	10%
Interior Doors - Stair Tower Doors	\$38,500	\$35,000	\$3,500	10%
Interior Doors -Storage Room & Kitch.	\$13,200	\$12,000	\$1,200	10%
Interior Doors - Corridor Smoke Doors	\$15,400	\$14,000	\$1,400	10%
Air Handlers & UV's	\$44,000	\$40,000	\$4,000	10%
HVAC Control Systems	\$77,000	\$70,000	\$7,000	10%
Sidewalks - Outside Loading Dock	\$7,700	\$7,000	\$700	10%
Sidewalks - to Overhead Door	\$17,600	\$16,000	\$1,600	10%
Exterior Steps/Stairs/Ramps	\$13,200	\$12,000	\$1,200	10%
ADA Access - Aud. Seats/AL Dev.	\$15,675	\$14,250	\$1,425	10%
Sidewalks - Behind ClsRms. 9 - 11	\$3,520	\$3,200	\$320	10%
Pavement	\$8,800	\$8,000	\$800	10%
Sidewalks - Tripping Hazard 1999 Add.	\$550	\$500	\$50	10%
Sidewalks - Concrete Steps South	\$495	\$450	\$45	10%
Ceilings - Media Center	\$2,750	\$2,500	\$250	10%
Interior Doors - Lever Type Hardware	\$29,480	\$26,800	\$2,680	10%
Interior Doors - Remove Wedges, etc.	\$0	\$0	\$0	
ADA Access- Lower Braille Signage	\$1,650	\$1,500	\$150	10%
ADA Access - Signage Entrances	\$2,200	\$2,000	\$200	10%

<b>Total Shelter Rock:</b>	<b>\$3,712,483</b>	<b>\$3,579,165</b>	<b>\$133,318</b>	
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Exterior Walls/Columns	\$1,478,125	\$1,375,000	\$103,125	7.5%
Chimneys - Upper Portion	\$66,875	\$65,000	\$1,875	2.9%
Parapets	\$1,314,697	\$1,222,975	\$91,722	7.5%
Roof/Skylights	\$3,273,375	\$3,045,000	\$228,375	7.5%
Ext. Doors - Various Door Replacem.	\$28,600	\$26,000	\$2,600	10%
Ext. Doors - Repl. 3 Prs. Wood Doors	\$19,800	\$18,000	\$1,800	10%
Windows - Replace Single Sash	\$16,720	\$15,200	\$1,520	10%
Int. Bearing Walls/Fire Walls/Crawl Sp	\$6,600	\$6,000	\$600	10%
Int. Bearing Walls/Fire Walls/Quarry	\$3,850	\$3,500	\$350	10%
Floor Finishes - Lark Crack - Rm. 109	\$15,000	\$0	\$15,000	
Ceilings - 12 x 12 Conc. Spine (Pr.1)	\$264,352	\$240,320	\$24,032	10%
Interior Doors - Classroom 102	\$3,080	\$2,800	\$280	10%
Interior Doors - 16 Door Replacement	\$26,400	\$24,000	\$2,400	10%
Interior Doors - Door Actuators	\$0	\$87,500	-\$87,500	-100%
Interior Electrical Distribution	\$132,000	\$120,000	\$12,000	10%
Plumbing Drainage System	\$16,500	\$15,000	\$1,500	10%
Air Handling/Ventilation Equip.	\$104,500	\$95,000	\$9,500	10%
ADA Access-Boys/Girls Toilets	\$669,900	\$609,000	\$60,900	10%

ADA Access - Drinking Fountains	\$17,600	\$16,000	\$1,600	10%
ADA Access - 2-Stop Elevator	\$0	\$390,000	-\$390,000	-100%
Sidewalks	\$100,650	\$91,500	\$9,150	10%
Interior Non-Bearing Walls	\$58,300	\$53,000	\$5,300	10%
Ceilings - 12 x 12 Conc. Spine (Pr.2)	\$565,928	\$514,480	\$51,448	10%
Chimneys - Large Retaining Wall	\$2,750	\$2,500	\$250	10%
Exterior Doors - Refurb. 4 Pairs Wd.	\$30,800	\$28,000	\$2,800	10%
Interior Bearing Walls/Fire Walls etc.	\$16,500	\$15,000	\$1,500	10%
Bathrooms (Non BCS)	\$295,000	\$0	\$295,000	
Generator	\$225,000	\$0	\$225,000	
Windows - Repairs	\$3,520	\$3,200	\$320	10%
Interior Doors - Door Closers	\$23,760	\$21,600	\$2,160	10%
Interior Doors - Rm. 271 - 2 Egresses	\$26,400	\$24,000	\$2,400	10%
HVAC Control Systems	\$121,000	\$110,000	\$11,000	10%
Pavement	\$27,500	\$25,000	\$2,500	10%
Ceilings - 2 x 4 in 2 Story "New Wing"	\$2,200	\$2,000	\$200	10%
Exterior Steps/Stairs/Ramps	\$5,500	\$5,000	\$500	10%
Floor Finishes - VCT & Carpet Repl.	\$258,060	\$234,600	\$23,460	10%
Interior Doors - Lever Type Hardware	\$60,775	\$55,250	\$5,525	10%
Interior Doors - Locking Devices	\$19,800	\$18,000	\$1,800	10%
Interior Doors - Remove Floor Stops	\$770	\$700	\$70	10%
ADA Accessibility - Signage	\$2,750	\$2,500	\$250	10%
ADA Accessibility - Relocate Protrus.	\$0	\$0	\$0	
ADA Accessibility - Lower Braille Sign	\$0	\$0	\$0	
Interior Doors - Op. Transoms/Sidelts.	\$24,200	\$22,000	\$2,200	10%

<b>Total Secondary School</b>	<b>\$9,329,137</b>	<b>\$8,604,625</b>	<b>\$724,512</b>	
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<b>TOTAL ALL SCHOOLS</b>	<b>\$14,766,575</b>	<b>\$13,577,640</b>	<b>\$1,188,935</b>	
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<b>TOTAL NEW PROJECTS - SCHOOLS</b>			<b>\$854,720</b>	
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<b>TOTAL ELIMINATED PROJECTS - SCHOOLS</b>			<b>-\$697,500</b>	
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<b>INFLATION FACTOR</b>	<b>8.01%</b>		<b>\$1,031,715</b>	
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<b>ADJUSTMENTS TO JANUARY 2006 BCS - SCHOOLS</b>				<b>\$1,188,935</b>
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**NEW PROJECTS - DISTRICT**

<b>SECURITY INFRASTRUCTURE</b>			<b>\$500,000</b>	
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<b>TECHNOLOGY INFRASTRUCTURE</b>			<b>\$885,807</b>	<b>\$1,385,807</b>
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<b>TOTAL ADJUSTMENTS - PROJECT SCOPE AND INFLATION</b>				<b>\$2,574,742</b>
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<b>RESULTING ADJUSTMENT TO 18% CONTINGENCY</b>				<b>\$463,454</b>
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<b>TOTAL ADJUSTMENTS - PROJECT SCOPE, INFLATION AND CONTINGENCY</b>				<b>\$3,038,196</b>
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