



# **SCHOOL BOARD ACTION REPORT**

**DATE:** ~~January 10, 2017~~ **December 29, 2016**  
**FROM:** Dr. Larry Nyland, Superintendent  
**LEAD STAFF:** Dr. Lester Herndon, Associate Superintendent of Facilities and Operations  
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## **1. TITLE**

BEX IV: Approval of the General Contractor Construction Manager Services (GC/CM) Negotiated Total Contract Cost for the Loyal Heights Elementary School Modernization and Addition project

**For Introduction:** January 4, 2017  
**For Action:** January 18, 2017

## **2. PURPOSE**

The purpose of this action is to approve the final negotiation of the Total Contract Cost between Seattle Public Schools and Skanska USA Building, Inc., for the Loyal Heights Elementary School Modernization and Addition project

## **3. RECOMMENDED MOTION**

**Motion for Project without Childcare Facility:** I move that the School Board authorize the Superintendent to execute Amendment No. 1 to the General Contractor/Construction Manager (GC/CM) contract P5069 on the Loyal Heights Elementary School Modernization and Addition project increasing the Total Contract Costs (TCC) with Skanska USA Building, Inc., to the amount of \$32,710,720, in the form of the Amendment, attached to the Board Action Report, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary action to implement the contract.

In addition, I move that the School Board authorize the transfer of funds from the BEX IV Capital Levy Program Contingency in the amount of \$2,550,000 to the Loyal Heights Elementary School Modernization and Addition project budget.

Or

**Motion for Project with Childcare Facility:** I move that the School Board authorize the Superintendent to execute the staff's recommendation for Amendment No. 1 to the General Contractor/Construction Manager (GC/CM) contract P5069 on the Loyal Heights Elementary School Modernization and Addition project increasing the Total Contract Costs (TCC) with Skanska USA Building, Inc., to the amount of ~~-\$33,585,930, ——— TBD by Scenario 1 or 2~~ in the form of the Amendment, attached to the Board Action Report, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary action to implement the contract.

In addition, I move that the School Board authorize the transfer of funds from the BEX IV Capital Levy Program Contingency in the amount of ~~+\$3,400,000 ——— TBD by Scenario 1 or 2~~ to the Loyal Heights Elementary School Modernization and Addition project budget.

#### 4. **BACKGROUND INFORMATION**

- a. **Background:** Due to project complexity, historic significance and small urban site, the District was authorized by the state Project Review Committee (PRC), under state statute RCW 39.10 and authorized by the School Board on April 22, 2015, to utilize the General Contractor/Construction Manager (GC/CM) procurement delivery method to construct the modernization and addition improvements to Loyal Heights Elementary School.

The GC/CM procurement delivery method allowed the District to select a general contractor based upon qualifications and other factors, and as a result, Skanska USA Building, Inc., joined the project team during design to provide construction expertise and planning. The preliminary Total Contract Cost (TCC) was established by the District during early design for the purposes of selecting a GC/CM contractor and was approved by the School Board in September 2014 in the amount of \$28,340,330, including preconstruction services.

Since the date the preliminary TCC was established, the District has increased the project budget \$6,600,000 to meet educational specification requirements, operational objectives and address increased market costs. The initial project budget established with passage of the BEX IV Capital Levy was \$37,258,355. The revised project budget approved by the Board of Directors on April 22, 2015 totals \$43,858,355. The TCC was not adjusted when the Board of Directors increased the project budget.

We are presenting to the Board of Directors two scenarios to consider for approval:

**Scenario 1:** As some members of the local community have requested a smaller building footprint, Scenario 1 represents the planned facility of 660 students less the 3,857 square foot (SF) childcare facility. The TCC includes acceptance of Alternate No. 1 for the deletion of the childcare classrooms, Alternate No. 8 for self-adhered resistant air barrier and Alternate No. 9 for acoustical wall panels and represents a net increase of \$4,370,687 over the preliminary TCC agreement for a revised TCC amount of \$32,710,720 including preconstruction services. This scenario meets the district's educational specification requirements less the childcare classrooms and represents a total building area of ~~88,000~~ 139 SF. Scenario 1 requires a project budget increase of \$2,550,000 from the BEX IV Program Contingency Fund.

Preliminary Total Contract Value (TCC)	\$28,340,033
Increase to TCC due to Current Bids	<u>\$4,370,687</u>
<b>Revised TCC Amount</b>	<b><u>\$32,710,720</u></b>
Project Budget (Board Approved April 22, 2015)	\$43,858,355
<b>Requested Project Budget Increase (from BEX IV Program Contingency Fund)</b>	<b><u>\$2,550,000</u></b>
Revised Project Budget	<u>\$46,408,355</u>

**Scenario 2:** Staff is recommending the Board of Directors approve Scenario 2, the planned facility of 660 students including the ~~3,300~~ 857 SF childcare facility. The TCC under this scenario includes the acceptance of Alternate No. 8 for self-adhered resistant

air barrier and Alternate No. 9 for acoustical wall panels and represents a net increase of \$5,245,897 over the preliminary TCC agreement for a revised TCC amount of \$33,585,930 including preconstruction services. This scenario meets the district’s educational specification requirements and includes the childcare classrooms and represents a total building area of ~~91,300~~91,996 SF. The project budget requires a budget increase of \$3,400,000 from the BEX IV Program Contingency Fund.

Preliminary Total Contract Value (TCC)	\$28,340,033
Increase to TCC due to Current Bids	<u>\$5,245,897</u>
<b>Revised TCC Amount</b>	<b><u>\$33,585,930</u></b>

Project Budget (Board Approved April 22, 2015)	\$43,858,355
<b>Requested Project Budget Increase (from BEX IV Program Contingency Fund)</b>	<b><u>\$3,400,000</u></b>
Revised Project Budget	<u>\$47,258,355</u>

It is important to understand that either scenario will require an increase to the authorized project budget; this increase is not a construction “change order” but represents a budget increase and an increase to the Total Construction Cost (TCC).

We are requesting the project budget be increased due to the following:

- Market conditions – an active construction market has escalated costs higher than anticipated,
- A one-tenth (0.1%) percent increase to state sales tax took effect on April 2015.

The project team will continue to examine the project for cost reduction opportunities to further mitigate the increased costs.

The current school enrollment is 452 students and is anticipated to grow to 580 students with the open of the school in fall of 2018. The question was raised on the impact of the neighboring Webster School to open in 2020, but as the use of this school has not been determined, impacts on Loyal Heights are unknown at this time.

The current childcare provider Nurturing Knowledge Schools participates in the Seattle Schools Community Alignment Initiative and has an enrollment of 55 students. The new facility will be able to support up to 90 students for before and after school care.

- b. **Alternatives:** Deny Motion. If motion is denied, the district as a public agency will be required to procure a general contractor for project construction utilizing design/bid/build procurement delivery (advertised lowest price bidding). The benefits described in section 4.a. above would not be available to this project. Additional costs will be incurred to advertise for lowest price bidding. Results of lowest bids could be less or more than the proposed TCC. Other risks to the District could include possible additional escalation, labor shortages, restructuring bid documents and challenges associated with a saturated construction market.

If motion is denied, this will have a schedule impact on the completion of Loyal Heights Elementary School. The completion of Loyal Height Elementary School and its use of the interim site John Marshall will then affect Queen Anne and Daniel Bagley school projects, use of John Marshall causing further financial impacts.

c. **Research**

Capital Projects Advisory Board (CPARB). <http://www.ga.wa.gov/cparb/>

RCW Chapter 39.10.340: Alternative Public Works Contracting Procedures.  
<http://apps.leg.wa.gov/RCW.default.aspx?cite=39.10.340>

RCW Chapter 39.10: Under certain circumstances, alternative public works contracting procedures may best serve the public interest if such procedures are implemented in an open and fair process based on objective and equitable criteria.

RCW Chapter 39.10.280: A public body not certified under RCW 39.10.270 must apply for approval from the committee to use the design-build or general contractor/construction manager procedure on a project. A public body seeking approval must submit to the committee an application in a format and manner as prescribed by the committee. The application must include a description of the public body's qualifications, a description of the project, and its intended use of alternative contracting procedures.

RCW 39.10.340: Subject to the process in RCW 39.10.270 or 39.10.280, public bodies may utilize the general contractor/construction manager procedure for public works projects where:

**5. FISCAL IMPACT/REVENUE SOURCE**

Fiscal impact to this action will be ~~-\$3,400,000 budget increase~~ ~~\_\_\_\_\_TBD)~~ ~~depends on choice of scenario 1 or 2~~ or \$2,550,000 budget increase.

The revenue source for this motion is Building Excellence (BEX) IV Capital Levy funds.

Expenditure:  One-time  Annual  Multi-Year  N/A

Revenue:  One-time  Annual  Multi-Year  N/A

**6. COMMUNITY ENGAGEMENT**

With guidance from the District's Community Engagement tool, this action was determined to merit the following tier of community engagement:

Not applicable

Tier 1: Inform

Tier 2: Consult/Involve

Tier 3: Collaborate

In February 2013, 72% of Seattle voters approved supported the BEX IV Capital levy that included the Loyal Heights Elementary School Modernization and Addition project. This levy was the culmination of an eighteen-month long process analyzing the facilities needs of the District and supports the District’s long-range plans to upgrade and renovate aging school facilities. The process included countless hours of planning, coordinating efforts throughout the district, community engagement and feedback, extensive Seattle School Board guidance and input that lead to a unanimous Seattle School Board vote in November 2012 that approved the BEX IV projects list.

The design of the Loyal Heights Elementary School Modernization and Addition project was developed by the School Design Advisory Team (SDAT) that included the principal, staff, administrators, parents, and community members. This group met throughout 2014-2015 to gather and provide information about facility use, District and School programs, and educational goals, upon which the design was based. The Loyal Heights Elementary School Modernization and Addition project will support the District’s current educational goals as well as providing the flexibility to accommodate emerging educational programs. Several evening meetings were held at the school to keep the local community apprised of the design of the school.

To date, the following key actions related to this project have been approved by the Board:

- A/E Contract P1308 to BLRB Architects, October 1, 2014
- Contract P1306 for CM Services Heery International, October 1, 2014
- Resolution 2014/15-17, GC/CM Delivery Method and Budget Transfer, April 22, 2015
- GCCM Contract P5069 to Skanska, April 22, 2015
- Site Specific Educational Specifications, April 22, 2015
- Resolution 2014/15-30: Certifying project will not create or aggravate racial imbalance, August 19, 2015
- Value Engineering Report, State Funding Assistance, November 4, 2015

## **7. EQUITY ANALYSIS**

The selection of projects in the BEX IV program was designed to provide equitable access to safe school facilities across the city. As the District planned for the BEX IV program, it looked at needs through an equity lens to determine which projects should be prioritized.

## **8. STUDENT BENEFIT**

The Loyal Heights Modernization and Addition project will further address the student capacity needs in the Northwest region of the District and is designed to accommodate up to 660 students. The project will also create an exceptional high performing educational facility meeting the District Educational Specifications in which the current facility falls significantly short.

## **9. WHY BOARD ACTION IS NECESSARY**

Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)

Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)

Adopting, amending, or repealing a Board policy

Formally accepting the completion of a public works project and closing out the contract

Legal requirement for the School Board to take action on this matter

Board Policy No. \_\_\_\_\_, [TITLE], provides the Board shall approve this item

Other: \_\_\_\_\_

**10. POLICY IMPLICATION**

Per Board Policy No. 6220, Procurement, any contract over \$250,000 must be brought before the Board for approval.

**11. BOARD COMMITTEE RECOMMENDATION**

This motion was discussed at the Operations Committee meeting on December 15, 2016. The Committee reviewed the motion and moved it forward to the full Board with a recommendation for approval.

**12. TIMELINE FOR IMPLEMENTATION**

The Loyal Heights Elementary School Modernization and Addition project design has been developed in conjunction with teachers, staff, administrators, parents, community members, and other stakeholders. The Loyal Heights project will support the District's current educational goals as well as providing flexibility and parity. If this motion is approved, the contract with Skanska USA will be amended and notice to proceed will be issued. The project will be complete for the start of school in September 2018.

**13. ATTACHMENTS**

- Contract Amendment (draft)
- Overall Site Plan (Scenarios 1 and 2)

Single Family Homes

Northminster  
Presbyterian  
Church

25th Avenue NW

36,731 Square  
Foot Modernization

51,408 Square  
Foot Addition

NW 80th Street

NW 77th Street

26th Avenue NW

Single Family Homes

NORTH



Single Family Homes

Northminster  
Presbyterian  
Church

25th Avenue NW

36,731 Square  
Foot Modernization

55,265 Square  
Foot Addition

NW 80th Street

NW 77th Street

26th Avenue NW

Single Family Homes

NORTH

