Peabody Stadium Update

Overview

An expanded team of district staff and consultants have been meeting weekly over the last two months, with the goal of obtaining the best and lowest priced contractor to build the Peabody stadium project. Superintendent Matsuoka has been leading these meetings given the complexity and budget involved. The team consists of:

- District – Cary Matsuoka, Meg Jette, David Hetyonk, Steve Vizzolini, Richard Whirty (our new project manager)
- KBZ – our architect on the project
- Lundgren – our construction management firm
- Flowers and Associates – our civil engineering firm
- Craig Price and Marisa Beuoy – our attorneys from Griffith & Thornburgh
- Greg Tebbe – representing Santa Barbara High School Foundation
- Dr. John Becchio – SBHS Principal

A List of Factors to Consider

Following the rejection of higher than expected bids under a CM-multi-prime format, we have obtained new cost estimates and are rebidding the project utilizing a traditional single low-bid process. Though disappointed by escalating costs, we are endeavoring to take the steps necessary to maintain the project consistent with other District priorities. The bidding window has been re-opened since May 15, 2017 and will close on Tuesday, July 11, 2017. We wanted to provide a thorough overview of all aspects of the project so that the Board is equipped with the information needed to make an informed decision at the board meeting on July 23, 2017. Here is a list of relevant factors.

1. Cost estimates

KBZ has secured two new cost estimates from professional cost estimating firms over the last month. These are for the hard construction costs and do not include soft costs. Soft costs include fees for the architect, construction management firm, DSA building inspector, testing, legal, etc. The construction estimates now range from $25.2 million to $30.1 million. The average would be $27.7 million. We have plugged that average into the budget spreadsheet that is included as an attachment and is explained in the next section. It might be helpful to print the budget sheet out or view it on a second screen.

2. The budget contains two major areas – budget allocations or sources, and project costs. Here is a line-by-line explanation of the budget model.

Line	Explanation
5	These are the original allocation decisions made by the prior Board. There was an allocation made from the older Measure Q (2010) and the more recent Measure I (2016), and $1 million from developer fees for a total of $19.18 million.
6	The track and field was set up as a separate budget allocation as this item will not go out to bid. We are using what is called a California Multiple Award Schedule (CMAS) to purchase and install the track and field. Some items are purchased so frequently by public agencies that a state-wide pricing model is set up. The track and field cost is set at $1.3 million.
7	Through the good work of KBZ Architects and David Hetyonk, we have secured a total of $6.3 million in state seismic funds. These funds apply towards the building of the replacement stadium. This amount increased by $3.5 million over the last two months.
8	The Santa Barbara High School Foundation raised $4.75 million towards the project, with a focus on installing the track and field. This is a significant amount of funds raised by the SBHS community.
9	Measure Q has some remaining funds. We recommend applying the remaining $1.5 million towards the Peabody project.
10	As we get closer to negotiating a final price for the purchase of the Armory property, we believe we will be able to transfer $6 million out of the $20 million set aside for that project. There will be further commentary later in this report about using the Armory funds.
12	Total project funds, $39,030,000
17	This is the projected general contractor bid, based on updated cost estimates, that will be received on July 11, 2017. We have used an average of the two cost estimates. The average would be $27.7 million.
18	Every project needs a contingency fund, normally we would like to see a 10% fund. Given the size of the budget, we have budgeted 5%. We will do everything we can to manage the project to keep the contingency costs at 5% or lower.
19	We have moved the landscaping out of the general contractor bid and will bid it separately. Contractors have a markup on every subcontractor they use so this will avoid some costs. We will bid and hire a landscape contractor directly and avoid the extra overhead of having the general contractor manage that subcontractor.
20	The track and field costs are set under the state CMAS program. This cost will only change if the state CMAS price changes.
22	The construction subtotal is for the hard or actual constructions costs.
24	Soft costs for a project typically average about 25% or higher. We are taking a much more hands-on approach to managing our construction projects and believe we can get soft costs to be 22% or lower. A 1% saving on soft costs on

	$31 million is $310,000. We are using a 22% number for now.
26	Total project costs. If current estimates are accurate, the total project cost is going to be around $38 million dollars.
28	Reserve/deficit. With this budget model, we show a project reserve of $862,300 dollars. That is close enough to a balanced budget for the sake of this budget model.

It should be noted that the total project cost projection was $26.7 million as of January 2017.

3. As we unpacked and analyzed this project, it is primarily a civil works project. We estimate that about 70% of the cost of the project is for items that are underground and not directly touched or used by students or the public. These infrastructure portions of the project cannot be eliminated if the stadium is to be rebuilt. The remaining 30% of the cost is for the track and field and the stadium, which is the visible portion. Reducing the scope of the visible parts does not make a substantial difference in the total cost of the project. The civil engineering tasks include rebuilding of two storm drains, enlarging the entire bowl of Peabody stadium to fit a regulation high school track & field, retaining walls, drainage, underground utilities, etc.

4. There are two massive storm drains that run under the current Peabody stadium. We have included a synopsis and watershed diagram of the Riviera from Flowers & Associates, our local civil engineering firm that has developed the plan to replace the storm drains. Although these facilities mainly serve to capture uphill off-site storm water from the Riviera and deposit it into the County Flood Control District's East Side Storm Drain near the SBHS fieldhouse, the City of Santa Barbara and County Flood Control both declined to provide any support. Given the existing scenario, it would be unrealistic for us to construct a major capital improvement such as the stadium atop the existing storm drains. We estimate the total construction cost for the storm drains to be about $8.5 million dollars.

We have reached out to County Flood Control and the City, but both have concluded that the storm drains are the responsibility of the District. We have also shared the storm drain quandry with the offices of US Representative Salud Carbajal, Assembly Member Monique Limón, and County Supervisor, Das Williams, and we will continue to pursue every possible source of support for the storm drain part of the project.

5. The equity issue of this project runs along multiple threads. On one side, you have the equity of investments made in our secondary schools; and this is a large sum of money for one of our high schools. On the other side of the equity issue is the lack of a decent track and field for Santa Barbara High School. Their track team averages about 50 students with practices and competitions at SBCC. For a high school of 2,000 students, a track team typically involves 100 students or more. The lack of an all-weather surface affects PE classes and what can be offered to our student-athletes. Santa Barbara High School has not had a home track meet for decades.

6. There are two external sources of funds that argue for doing this project – the state seismic funds and the commitment of funds from the SBHS Foundation. From these sources a total of

$11 million dollars are directly tied to the replacement of the stadium and the track and field. Should we delay the project, it will probably jeopardize the state seismic funds and the project would get moved to the end of the line for future funding. This is an opportunity to leverage the $6.3 million from the State of California and the local support of $4.75 million from the Foundation.

7. We recommend moving funds from the Armory project to Peabody Stadium for several reasons. It is imperative that we purchase the Armory property now to take advantage of the once-in-a-lifetime opportunity created by the legislation sponsored by then Assembly member, Das Williams. Moving the funds will maintain sufficient funds to complete the purchase but leave us without current funding for alterations. Carrying out the Peabody stadium project is a shovel-ready project, a higher priority than redeveloping the Armory. Without the $6 million transfer in funds, the budget for the Peabody stadium would be at risk and to eliminate $6 million in projects from our other secondary schools would be unrealistic. The Armory purchase is a priority, its redevelopment into a future educational asset can wait. The new Peabody stadium will be an important asset for the 2,000 students at SBHS and the surrounding community.

8. Waiting for the construction market to slow down to get a better price is not a good strategy. The current inflation factor on construction appears to be around 10%, which may partially explain why the first set of bids came in so high compared to the earlier estimate. This should slow down, but some inflation always exists, and the project will be more expensive a year from now. If the construction subtotal is $31.2 million, one year of inflation at 6-7% will add another $2 million of costs to the project.

9. Construction timeline. We had a very aggressive construction timeline that we now believe may have been a factor in the high bids we received in April 2017. We were trying to get the project done in 14 months and avoid impacting the graduation ceremonies in 2017 and 2018. We have built a longer construction timeline of 21 months into the current bid package, meaning that the project would begin in August 2017 and be completed by April 2019. We will need to await the bid results to see whether this and certain other adjustments actually bring the cost of the project down from the earlier rejected bid.

Bidding Strategy and Timeline

We are providing over eight weeks of advertising and recruitment of contractors to re-bid this project. Lundgren has been reaching out to local and regional contractors with the goal of maximizing the number of bids. Greater bidding competition leads to better pricing. The bidding window closes on Tuesday, July 11th, which will give staff time to prepare a summary and recommendation at the July 25th board meeting.

Summary

The entire Peabody team has spent many hours trying to reduce costs, analyze the project, and design the best possible bidding environment to get the best price possible. We are hopeful for a bid number that fits into the budget model as presented and allows us to move forward with this very important project. This is a complex project and a weighty decision for the Board of Trustees.