

**PIEDMONT UNIFIED SCHOOL DISTRICT**

**MEMORANDUM**

**TO:** Board Of Education

**FROM:** Randall Booker, Superintendent

**DATE:** May 13, 2020

**RE:** **CONSIDERATION WHETHER TO PROCEED WITH CONSTRUCTION OF THE PERFORMING ARTS CENTER/NEW ALAN HARVEY THEATER**

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**I. SUPPORT INFORMATION**

A Measure H1 Facilities Program Update is linked [here](#) for your review.

There has been some discussion of deferring for at least one year the second phase of the construction program -- demolishing the 10s building and constructing a Performing Arts Center/New Alan Harvey Theater on the 10s site. The reasons for considering a delay include concerns over the sufficiency of contingency funds (\$1.96 million), an interest in redesign to reduce overall cost, and, mostly recently, preserving the 10s building for increased social distancing.

The District's Facilities Steering Committee, which met virtually on May 7, considered the risks and implications of proceeding and delaying the next phase. Setting aside the social distancing issue (as the District is awaiting guidance from State and County health and education officials on this issue), the Committee reached consensus in recommending that the project should otherwise proceed.

As the Committee discussed, there is always a degree of risk of exhausting contingency funds and thereby potentially exposing the District's General Fund. However, this risk is mitigated by the expertise of the project team, the ability to borrow from other District funds, the availability of low-cost financing from Overaa, and the possibility of private fundraising. On the other hand, the risks of delay include:

- Cost escalation projected to continue at a rate of 10-12% (\$2.12 to \$2.5 million) per year;
- redesign to comply with 2020 building code changes if the project is delayed one or more years;

- loss of economies of scale (staging materials, marshalling subcontractors) and continuity and efficiencies (working with those already thoroughly familiar with the two projects) due to rebidding;
- warranty issues (the two buildings have interconnected infrastructure, so there would likely be warranty and liability issues if different contractors complete the work started by Overaa); and
- prolonged loss of a performing arts space which serves roughly 300 middle and high school students this year.

Board members have inquired about the possibility of a PAC redesign to cut cost, including possible elimination of the Acting classroom/small theater or reduction of seats in the main theater. The estimated cost to do this type of redesign, including architect, plan check, and permit fees, is roughly \$2 million. Given this cost, and the loss of economy of scale and efficiencies noted above, any redesign to pare down the project scope may lead to a lesser yet more costly building that does not adequately support District programs. The Facilities Steering Committee noted an example of public construction projects that underwent redesign intended to cut costs but that backfired, resulting in lesser projects at greater cost and with significant delays.

## II. **RECOMMENDATION: REVIEW AND AFFIRM PROJECT SCHEDULE**

Affirm the project schedule to begin demolition of the 10s building and construction of the Performing Arts Center/New Alan Harvey Theater without delay.