



OFFICE OF THE SUPERINTENDENT

MEMORANDUM

September 11, 2020

TO: Mark B. Jinks, City Manager

FROM: Gregory C. Hutchings, Jr., Ed.D., Superintendent of Schools *GC*

SUBJECT: Douglas MacArthur Modernization Project Budget

Thank you and your staff for such great collaboration on the Douglas MacArthur Modernization Project, which is set to go before the City Council for Development Special Use Permit approval this Saturday, September 12, 2020.

Prior to approving this design, ACPS wants to be transparent about the budget for this project based on early cost estimates we are receiving from our construction management team. The current CIP funded budget is \$77.5 million. It is important to note that the Douglas MacArthur school may require an additional CIP budget above that for approximately **\$5-7 million**, a little less than 10% of the total project budget. There are several reasons for this potential cost escalation including:

- Increased site costs due to site constraints and geothermal well installation
- Parking garage costs exceeding budget due to site and building orientation and increased spaces to accommodate all users
- Increased square footage to accommodate specialized instruction program
- Increased construction costs due to schedule, COVID-19 implications and general inflation

While having a design currently outside of our budget is never the intent, please note that our collective staff members have been working collaboratively on value management. Our value management efforts have lessened the potential cost exposure by approximately \$10 million since May 2020. This savings has been achieved by changing materials, eliminating operable partitions in classrooms, reducing hallway square footage, exploring multiple parking garage iterations, choosing more cost effective materials and eliminating a custom canopy design. Additionally, ACPS has identified other CIP projects totaling up to as much as \$3 million that could potentially be re-prioritized, shifting funding to this project. I am confident that our team will continue on this path to reduce the potential additional request. Due to the type of construction management agreement we have pursued on this project, we are not

finalizing the construction costs at this time and have several more months of work to get costs down before negotiating a guaranteed maximum price.

Regarding net-zero energy questions received during the Planning Commission meeting on September 1, 2020, ACPS does not currently have included in its estimate the cost for purchase and installation of photovoltaic panels. Should this be required as part of this project, ACPS consultants estimate that this could be approximately \$1-2 million upfront cost for purchase and installation which could be saved in utility costs over 10-15 years. In the case this is determined to be a requirement, ACPS and its team are exploring public-private agreements that could allow for an alternate entity to support the upfront costs of the PV panels. There is no anticipated impact to the schedule based on this potential requirement at this time.

I appreciate this opportunity to inform you of where the project budget is right now and can assure you that our team will be making every effort to reduce this cost going forward. Again, I sincerely thank you and your team for your support through this fast-paced and complex project and we look forward to our continued collaboration on this community asset for our students and families.