



Board Agenda Item #	Agenda # III A D
Date:	March 7, 2018
To:	MPS Finance Committee
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo, CFO and Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Update on the 2014 Bond School Improvements Fund

Proposed Board Motion

This item is for information only.

Introduction

At the February board meeting, board members requested an update on the status of the 2014 Bond School Improvements Fund for MSA 1.

Background

In June 2014, MPS issued bonds to pay for the purchase of the MSA 1 building. In addition to paying for the purchase of the building, the funds borrowed included a fund to upgrade the building and school site called “The Project Fund” (5.08 of the Indenture) in addition to a “Repair and Replacement Fund” (5.10 of the Indenture) which is to be used for the repair and maintenance of the facility beyond the normal ongoing maintenance expenses (replacing the HVAC would qualify, for example). These fund were created because we knew we were buying an older building and because improvements were promised in the city permit process. The original amounts of these funds were \$993,648 and \$100,000 respectively.

The Repair and Replacement Funds have not been spent, so \$100,000 remains set aside. Some of the Project funds have been spent to improve the school site as follows:

Improvement Cost:				
Honest Plumbing	8/30/2017		\$ 11,750	
A&D Landscaping	8/29/2017		\$ 1,300	
A&D Landscaping	8/29/2017		\$ 3,500	
Blackwell Construction	2/27/2017		\$ 26,818	
Blackwell Construction	8/30/2016		\$ 241,358	
SubTotal		\$ 993,648	\$ 284,725	\$ 708,923

Analysis (if applicable)

In October 2017, the MSA 1 facilities project manager, PrimeSource, identified a list of upgrades

to the existing building prioritized by the school site principal and COO. The list of upgrades was based on project estimates that require the master planning work approved at the February 2018 board meeting in order to move forward. The cost of the master planning is included in the line item “owner soft costs” in the table below. Because the Project Fund is insufficient to complete all of the projects, the school site team has prioritized the projects and we are only moving forward on them as we identify funding sources. Funding for ALL of the projects is not required in order to move forward on some of them.

MSA-1 Existing Building Renovations and Estimated Costs					
MS Renovation - façade and exterior Sherman Way	3,500	SF	\$10.00	/SF	\$35,000
MS Renovation - deep clean	26,000	SF	\$2.00	/SF	\$52,000
MS Renovation - new classrooms, added space	3,000	SF	\$150.00	/SF	\$450,000
MS Renovation - facelift	26,000	SF	\$8.00	/SF	\$208,000
Subtotal - MS renovation construction costs					\$745,000
Construction contingency			15	%	\$111,750
FF&E - replace all furniture					\$200,000
Owner soft cost	21	%			\$156,450
Total MS Existing Building Renovation Project Cost					\$1,213,200

MSA-1 Existing Building Renovation Funding Sources					
Prop 39 - Energy Upgrades					\$32,000
CSFIG 2016-17					\$0
CSFIG 2017-18					\$0
CSFIG 2018-19					\$0
2014 MPS Bond					\$708,923
2017 MPS Bond					\$0
Total MS Existing Building renovation Funding Sources					\$740,923
Funding Shortfall					\$472,277

Other site needs for which these 2014 bond resources may be used include outdoor site development needs, some of which may be required by the City of Los Angeles. They include:

Site Development (Near Term) Construction					
Site - demolition and clearing	30,662	SF	\$2.00	/SF	\$61,324
Site - infiltration system	4,000	SF	\$15.00	/SF	\$60,000
Site - perimeter wall residential side)	1,744	SF	\$15.00	/SF	\$26,160
Site - perimeter fence	5,984	SF	\$8.00	/SF	\$47,872
Site - lighting (double pedestal - low height _	15	EA	\$1,500.00	/EA	\$22,500
Site - trees and irrigation on parking	20	EA	\$800.00	/EA	\$16,000
Site - landscape and irrigation'	21,062	SF	\$5.00	/SF	\$105,310

Site Development (Near Term) Construction					
Site – shade shelter, concrete slab, lighting	9,600	SF	\$30.00	/SF	\$288,000
Site - modular toilets and changing	500	SF	\$250.00	/SF	\$125,000
Subtotal - Site Development (Near Term) Construction Cost					\$752,166
Construction contingency			15	%	\$112,825
Owner soft costs	21	%			\$157,955
Total Site Development (Near Term) Project Cost					\$1,022,946

The shade shelter expense is crossed out because staff has determined that this can be addressed by doing a solar shelter project funded through the electricity generated by the shelter.

In summary, last fall the site team identified approximately \$2,236,146 in capital expenses for the improvement of the MSA 1 school facility in addition to the new high school building underway. So far, we have reduced this amount by \$288,000 by identifying the solar shade option (which is now in the bid process). Because most of these capital expenses impact the original MSA 1 property, the \$708,923 is eligible to be applied to the costs of the projects. The first stage of these projects is the site master plan, which is also required by the City of Los Angeles as part of the overall zoning and permitting process. This is the document staff will reference in the future as we move forward bringing future expenditures to the board.

Budget Implications

All of the funds and expenses described in this informational memo are capital project related, and not part of MSA 1’s operational budget. MSA 1 has a healthy operating budget with significant reserves.

Exhibits (attachments):

- None