

C.A.S.H. Conference | February 23, 2010

Maintenance Issues • Survival Mode

Closing, Maintaining, and Opening Facilities



Moderator:

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Expert Panel:

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Tova Corman, Senior Facilities Planner, Santa Ana USD



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Presentation Overview



1. Organize and Prioritize Operational Program and Structure

Internal Audit - Things that were good in the past are not good today

2. Asset Management

Closing Schools
Utilizing Land

3. Portable Removal Plan

4. Opening Schools

Career Technology/Specialized



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Organize and Prioritize



1. **Global Perspective**
Comprehensive Master Plan
- Facilities Needs Assessment
2. **District Standards**
3. **Establish Priorities**
4. **Explore Resources**
Local and State Sources
5. **Prioritization Plan**
Maintenance and Operations Needs
Strategies for Timing and Funding

Internal Audit



1. Initiate cost cutting measures now in order to reduce costs later
2. Doing more with less
3. Efficient and operational district
 - Edison – Rate structure – saved \$24,000 in 2 months
 - Team Cleaning

Efficiency Now = Economy Later



- The needs of the buildings should be brought to the table
- The conditions of today's facilities will affect the future of our general fund security. What conditions will we be facing and how much will they cost?
- Today's decisions are tomorrow's problems!
- More flexibility than ever before, restricted, non-restricted funds
- More federal money and less state money
- More competition now than ever before for programs

Local Sources



- 66.66% GO Bond
- 55% / Prop 39 GO Bond
- SFID – Bond
- Developer Fees – Level 1, 2, 3
- CFD's Tax / Bond
- Parcel Tax / Bond
- RDA – Tax Incentive / Bond
- COP's
- Asset Management of Surplus Sites
- Facility Use Fees



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State Sources



- Prop 1D, Nov 2006
- New funding, new programs
- Increasing Specialization of Funding
- Seismic Upgrades, \$199.5M
- Charter School Provisions, \$500 M
- Overcrowded Relief, \$1.0 B
- Small High Schools, \$200 M
- SFP, New Construction
- SFP, Modernization
- Facility Hardship
- Financial Hardship
- Critically Overcrowded Schools
- Career Technical Ed Facilities, \$500 M
- High Performance Schools, \$100 M
- Deferred Maintenance Extreme Hardship
- Joint Use
- Facility Hardship
- Preschool Modernization/CDE
- California Energy Commission
- Deferred Maintenance Program
- Routine Restricted Maintenance Account
- School District Local Match
- Emergency Repair Program Funding
- Use of Net Ending Balances for Maintenance Funding



AARA Stimulus Money is One Time



- Technology
- IDEA, special education
- Title I, Small improvement project
- Qualified School Construction Bonds
- Child Care facility grants
- Energy efficiency and conservation grants



Recommendations



1. Maintain the 5-year deferred maintenance plan
2. Initiate team cleaning schedules
3. Keep the plan updated and your CBO and Board informed on the needs
4. Find some money to do some projects
5. Mix and match funding and inquire and investigate possible alternative funding sources

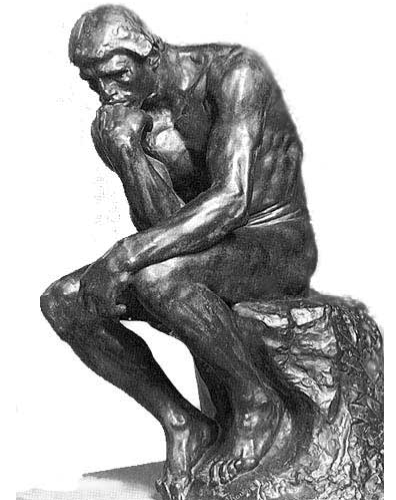
pop quiz?

Why initiate cost-cutting measures now?

A: to keep your job

B: to access state and federal funding

C: to reduce costs later



Why Asset Management?



- Districts have significant real property assets – property rich, revenue poor
- Change in demographics & declining enrollments
- Expense of operation of school sites
- Focus on the value of your assets
 - How to best maximize their use
 - How can we better manage Assets and generate revenue?

Why Asset Management Now?



- Diminishing resources and cash flow crisis
- Deferred and routine maintenance suspended
- Declining property values and assessed valuation
- State audit efforts for all State facility funds
- Debt ceiling hit, difficult to sell bonds
- Pooled money investment board freeze
- SAB making unfunded project approvals
- Districts are focused on what they own and what they can control



Analyze All District Owned Properties



- Date school was built
- Acreage and square feet of building
- Student capacity
- Current lease income (gross, net, term)
- Appraised value of property and buildings
- Underlying zoning units/acres
- Condition of facility
- Student population impacts/demographics
- Community use of fields and facilities



Statewide Examples



- Lease/sale of a surplus property to a church or private school
- Joint venture with a developer for commercial or multi-family residential use
- Relocate the district office facility
- Use as a maintenance facility
- Lease to the City or other public agency



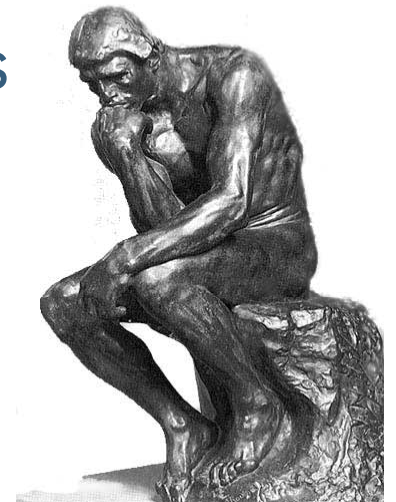
pop quiz?

Why is Asset Management important to M&O?

A: It is a way to mitigate diminishing resources and the cash flow crisis

B: So you can remove all of your portables

C: So you can hire more consultants



Portable Removal Plan



- Decreasing enrollment
- Increase of teacher/student ratio caused by fiscal need
- Aging buildings, maintenance issues



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Portable Removal Plan



- Estimated cost avoidance
- \$40 per day per portable (conservative)
 - Energy
 - Custodial
 - Maintenance
- 22 days per month X 10 months = \$8,800 per year per portable
- 119 portables X \$8,800 = \$1,047,200 savings!



Portable Removal Plan



- The first step in cost avoidance is shut down the portable
- Plan at each site which portables can be vacated, assist the school in moving to permanent classrooms or acceptable portable
- Disconnect power to vacated portable, and change locks so that they are no longer used at the site
- Stop the cost of energy and maintenance
- Next step: Develop plan to demolish or remove portables from the site



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Considerations for Removal



- Condition of portables
 - They may have exceeded their life expectancy or cost effectiveness for further maintenance
- Demographics
 - Will they be needed again in the districts' plan?
- Can they be used at another site?
- Keep documentation of removal for future use in qualification for state funds
 - Overcrowded Relief Grants or other programs

Other Costs



There may be additional costs to reconfigure permanent buildings at sites in order to remove portables. This may or may not be part of the districts' plan.



Portable Savings - Elementary



School	Rooms for 33/1 and 34/1	Number of rooms for 5th grade	Number of rooms at site	Portables to be removed or closed	Cost savings per month for closed portables	Cost savings per year per site
#1	11	3	21	7	\$6,160.00	\$73,920.00
#2	30	7	45	8	\$7,040.00	\$84,480.00
#3	17	4	40	19	\$16,720.00	\$200,640.00
#4	22	5	40	12	\$10,560.00	\$126,720.00
#5	14	3	22	3	\$2,640.00	\$31,680.00
#6	21	5	31	4	\$3,520.00	\$42,240.00
#7	23	5	49	13	\$11,440.00	\$137,280.00
#8	27	6	43	9	\$7,920.00	\$95,040.00
#9	22	5	35	5	\$4,400.00	\$52,800.00
#10	13	**	32	9	\$7,920.00	\$95,040.00
#11	9	2	13	2	\$1,760.00	\$21,120.00
#12	18	3	25	4	\$3,520.00	\$42,240.00
#13	13	3	22	6	\$5,280.00	\$63,360.00
#14	12	**	40	14	\$12,320.00	\$147,840.00
#15	22	5	37	10	\$8,800.00	\$105,600.00
#16	27	5	35	3	\$2,640.00	\$31,680.00
#17	17	5	30	6	\$5,280.00	\$63,360.00
#18	25	5	36	6	\$5,280.00	\$63,360.00
Total	343	71	596	140	\$123,200.00	\$1,478,400



Temporary Classrooms



The District's expense and liability associated with a temporary classroom's increase in age

Temporary Classroom Rehabilitation Costs Per year*

Age (years)	10	15	20	25
Total Cost	\$17,214	\$26,791	\$52,229	\$67,481
Average Cost Per Year	\$1,721	\$1,786	\$2,611	\$2,699

* State Allocation Board, August 24, 2005



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Age of Temporary Classrooms



Age of Temporary Classroom	Number	Percent	Cost of Maintenance District/Year
30 years or older	64	8%	\$172,736
20 – 29 years old	68	9%	\$269,314
15 – 19 years old	167	22%	\$516,281
10 – 14 years old	205	27%	\$535,870
9 years old or less	251	33%	\$647,957
No date	13	1%	-
Total	768	100%	\$2,142,157

The District is spending over **\$2.1M** every year
 By eliminating half our portables, the District could save between
 \$660,864 and \$1,036,864 in maintenance costs every year



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Recommendations



- Assess portable situation by surveying your sites
- Prepare capacity analysis
- Prioritize portable inventory
- Identify potential replacement funding (ex. ORG, COS, ERP, etc...)
- Investigate state funding impacts
- Create district portable replacement/removal plan in conjunction with master plan/capacity analysis

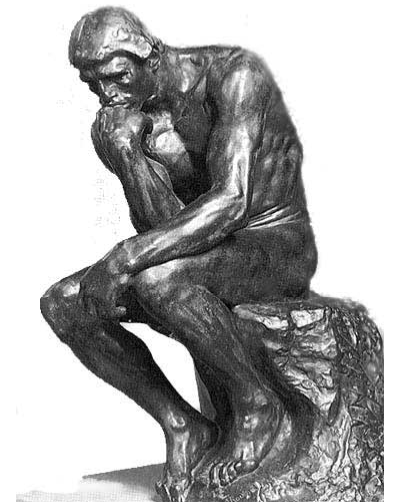
pop quiz?

How much can you save (conservatively) per day by shutting down a portable?

A: \$8,800

B: \$40

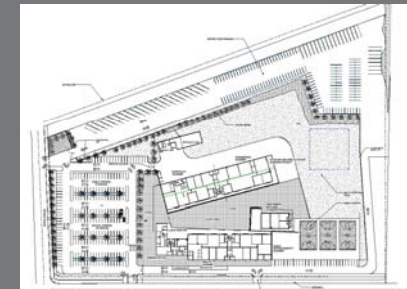
C: your yearly salary



Opening Schools



- This new Career Tech High School was part of District's plan for several years
- The planning for site, funding, construction, and instruction has been underway for years and is a District priority
- The funding became available through proposition 1D in 2006
- Bid climate and timing
- Planned increase in District ADA



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pop quiz?

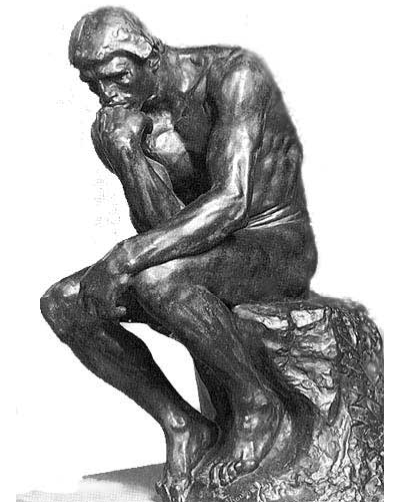
Why should M&O be involved in the planning and design of new schools?

A: increased efficiency

B: development of district standards/materials

C: integration with the overall building program

D: all of the above



One Team



- Cooperative team approach between M&O and construction.
- Building facilities with an eye to maintenance after construction.
- Connecting planning, construction, and maintenance.
- Committed to quality facilities and student success.

Recommendations



- Communicate
 - Quarterly Meetings
 - Review district website for board agendas
- Understand
 - the district's vision
 - the district's needs
 - the district's resources
- Be Proactive



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Questions?

