



2019 Bond Program Budget Realignment

December 8, 2022



2019 Bond Program

In November 2019 the community of Arlington approved a bond referendum to fund a comprehensive program of new construction, facility additions, renovations, condition deficiency and life cycle replacement projects to address facility needs identified by the Capital Needs Steering Committee. The identified needs were established to address several key areas:

- Programming
 - Full-day Pre-K
 - Fine arts and dual language academies at the secondary level
 - Expansion of Career-Tech programming
- Educational Adequacy
 - Accessible elementary school playgrounds
 - Fine Arts facility updates
 - Athletic facility updates
- Utilization
 - Excess capacity in east Arlington
- Facility Condition
 - Efficiency and productivity of aging infrastructure

2019 Bond Funds

Facilities	\$852,726,335
Fine Arts	\$6,955,752
Safety, Security and Technology	\$90,829,000
Transportation	\$15,488,913
Total	\$966,000,000

Unprecedented Construction Inflation

The Associated General Contractors of America (AGC) reports that current construction inflation has been building for more than two years and has been buffeted by several factors:

- COVID-19 Pandemic
- Increased material costs
- Supply-Chain shortages and interruptions
- Labor supply shortages and cost increases
- Russian invasion of Ukraine

Price increases for construction inputs Year-over-year change in December PPI

<u>Construction materials</u>	<u>2020</u>	<u>2021</u>
Steel mill products	5.2%	127%
Plastic construction products	5.4%	34%
Aluminum mill shapes	-1.7%	30%
Copper and brass mill shapes	24%	23%
Gypsum products	3.6%	21%
Lumber and plywood	37%	18%
Architectural coatings	1.9%	14%
Asphalt felts and coatings	2.1%	12%
<u>Used by contractors</u>		
Diesel fuel	-2.8%	55%
Truck transport of freight	2.2%	18%
Construction machinery and equipment	1.1%	10%
Truck and offroad tires	0.3%	11%

Source: Bureau of Labor Statistics, producer price indexes, www.bls.gov/ppi

Unprecedented Construction Inflation (cont'd)

The construction projects are unique and pricing cannot be quantified the same as pricing for manufactured products. They vary widely based on a number of different factors like project scope, location and project competition.

The AGC has focused on “bid price” producer price indexes (PPI) versus a construction material inputs PPI from September 2020 to June 2022 to show the relation.

Figure 5



Source: Bureau of Labor Statistics, producer price indexes, www.bls.gov/ppi

Construction Inflation - Update

In June of 2022, the Associated General Contractors of America (AGC) updated their report on current construction inflation to show that Bid Price PPI has begun to exceed Inputs PPI. This trend is projected to continue through to the middle of 2023. Afterward, it is expected that inflation rates will decline to more normal 3% to 4%. However, industry experts are not expecting to see a drop in construction pricing. This is due, in large part, to the shortage of qualified labor and the high cost of labor available.

Construction Cost Impacts - Timeline

Phase I (Years 2020 and 2021)

- Gunn JHS and Crow ES bid and began construction within expected budget

***Start of COVID-19 Pandemic in March of 2020**

- AISD Facility Planning and Construction Department continued planning, designing and bidding projects, as planned
- Phase I Playground Improvements, Food & Nutrition Service Center and the new Administration building bid and began construction within expected budget

Phases I-II (Years 2021 and 2022)

- Webb ES, Thornton ES, Berry ES replacements and Shackelford JHS/Jones Academy projects bid and began construction within expected budget
- Design work for Phase II continues

Construction Cost Impacts – Timeline (cont'd)

***District began experiencing effects of significantly increased construction materials and labor costs and impacts from supply chain delays**

- Phase II Playground Improvements, Duff ES and South Davis ES bids came in 30-40% over original construction budgets
- Bids were rejected and projects were placed temporarily on hold

Phases I-II (Years 2022 and 2023)

- Phase II architects selected and approved by Board of Trustees
- Phase II projects are designed and ready to bid

Phases I-III (Years 2023 and 2024)

- Phase III architects selected and approved by Board of Trustees
- Phase III project planning and design in progress

Construction Cost Impacts – Timeline (cont'd)

Phases II-IV (Years 2024 and 2025)

- Phase IV architect selection and approval planned for Board of Trustee approval in spring of 2023
- Phase IV project design not started

Phases III-V (Years 2025 and 2026)

- Phase V architect selection and approval planned for Board of Trustee approval in spring of 2024
- Phase V project design not started

2019 Bond Program Realignment Plan - Approved

On June 28, 2022, the Board of Trustees approved the Administration's recommended plan of action to realign the remaining bond projects according to critical program and infrastructure needs, while working to avoid additional inflationary impacts. Further, the Board approved the first steps of the plan. The following steps are underway currently.

1. Proceed with all bond projects
2. Complete bond projects currently under construction, as planned
3. District administration to prioritize remaining projects based on critical programming and educational adequacy needs
 - a. For projects addressing critical program needs, it is recommended that project scope be maintained and the budget be increased
 - b. For projects addressing critical infrastructure needs, it is recommended that project scope be refined and the budget be maintained

2019 Bond Program Realignment Plan

As a second phase to the 2019 Bond Program Realignment Plan the Administration is recommending to proceed with the final step in the plan of action. This fourth and final step will ensure that all facilities receive some form of renovation and improvement impact based first on critical needs (Safety, Security and Accessibility), then life-cycle and condition deficiency needs (MEP, Roofing and Structural), and finally, general facility improvements (facility finishes).

4. For all remaining projects, it is recommended that project scope and budget be refined to operate within Board approved bond funding
 - a. Establish refined project budget
 - b. Evaluate facility needs with campus input
 - c. Prioritize needs according to approved proposed criteria

2019 Bond Program Realignment Plan

In general, bond projects which require a refinement of both scope and budget will be evaluated to prioritize safety and security of the students and critical infrastructure needs first. All other identified needs will be ranked with assistance of the campus administrator to identify improvements which have the greatest impact on student learning.

Examples of project scope which may be reduced or removed are the gymnasium additions, kitchen / cafeteria additions, classroom additions, interior ceiling and lighting systems, and paving replacement.

2019 Bond Program Realignment Plan - Recommendation

Administration recommends approval of Phase II of the 2019 Bond Program Realignment Plan.



Questions?

