

West Lake Jr.

Seismic Damage
Insurance Discussion
Rehab vs. Rebuild

State of the school building

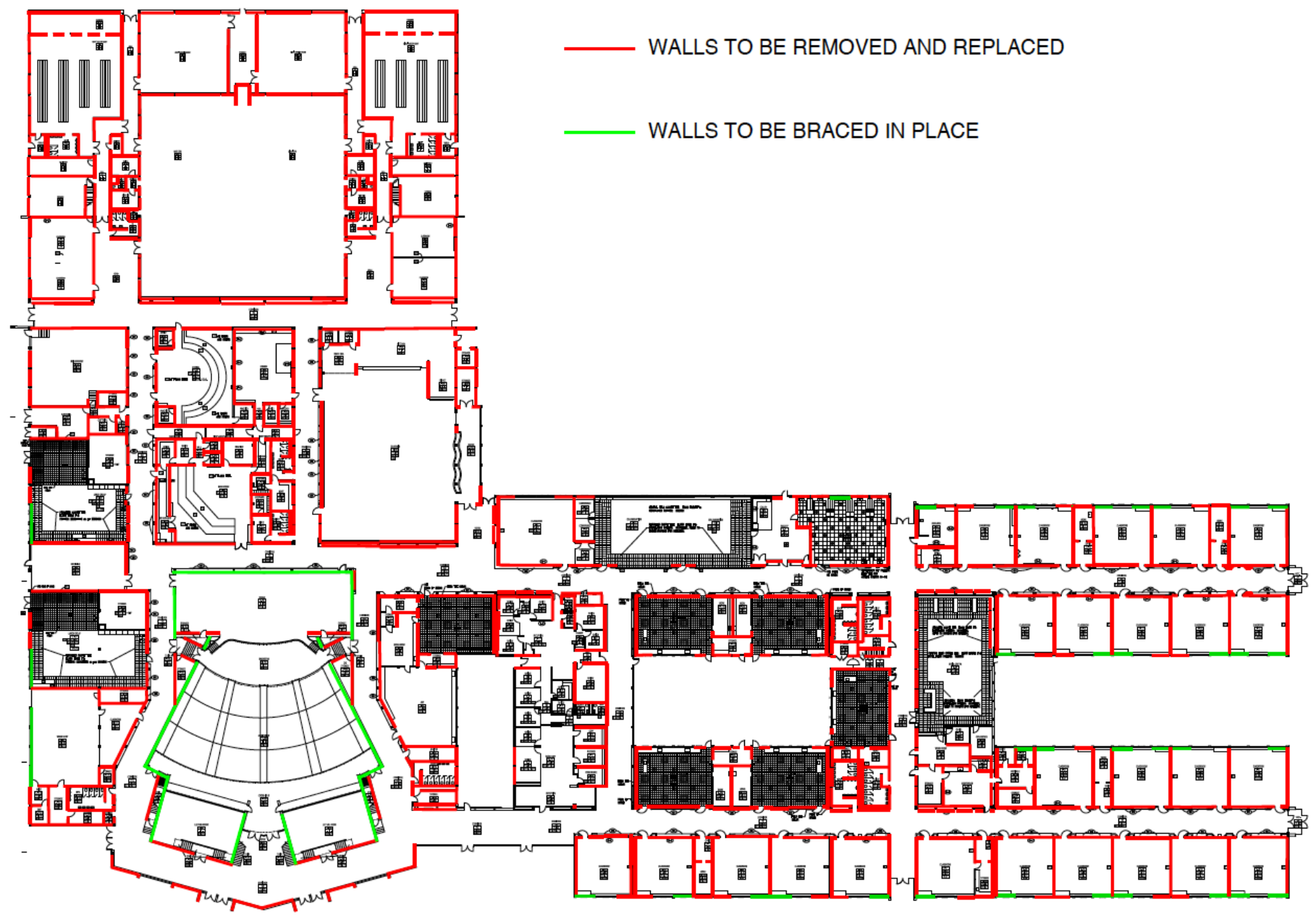
- ▶ The structure can be rehabilitated
 - ▶ Built in 1963
 - ▶ Interior remodel in 2016
- ▶ Seismic code requires structural upgrades to 75% of current code levels
- ▶ No other code upgrade requirements are “triggered”
 - ▶ Electrical
 - ▶ HVAC
 - ▶ Fire sprinklers

REVISIONS:

NO.	DESCRIPTION	DATE

— WALLS TO BE REMOVED AND REPLACED

— WALLS TO BE BRACED IN PLACE



CONCEPTUAL
DOCUMENTS

GSD WLJH
SEISMIC
REMEDATION

3400 South 3450 West West Valley, UT 84119
GRANITE SCHOOL DISTRICT

2500 South State St. Salt Lake City, UT 84115
OWNER PROJECT NO.:
GSBS PROJECT NO.: 2000.021.00
ISSUED DATE: 07/10/2020
Architectural Overall Plan

Rehabilitate structure option

- ▶ Insurance will cover costs
 - ▶ While cost estimates are important; they are not as vital in the rehab/remodel track as the insurance company will pay for actual costs
 - ▶ Approvals required along the way
 - ▶ Cost estimates are more important in a settlement as they are the foundation of negotiations, offers and counter offers.
 - ▶ Rehab/remodel - structure would be safer than pre-earthquake
 - ▶ Post rehab - Building would be very similar in layout/use as the original 1963 design
- ▶ District would need to pay for any desired upgrades to
 - ▶ Electrical
 - ▶ HVAC
 - ▶ Adding Fire sprinklers
 - ▶ Instructional technology

Rehab / Rebuild option

- ▶ Negotiate the best settlement possible
- ▶ Current offer
- ▶ District would pay for any costs above settlement
- ▶ Current settlement offer at:

Sub-total				\$27,277,869
General Conditions		10.0%		\$2,727,787
Bonds & Insurance		2.0%		\$600,113
Overhead & Profit		4.0%		\$1,224,231
Design Contingency		0.0%		\$0
Sub-total mark-ups				\$4,552,131
Total Construction Cost				\$31,830,000
Upgrade to Add Fire Protection System				\$0
Tent Roof				
Soft Costs:				
Design Fees		7.5%		\$2,387,250
Inspection Fees		0.5%		\$159,150
Owner Contingency		5.0%		\$1,591,500
GSD Project Management		2.5%		\$795,750
Moving Costs		0.0%		\$0
		2.5%		\$795,750
Total Project Cost				\$37,559,400
Escalation to May 2021		0.00%		\$0
Escalated Total Project Cost				\$37,559,400

Counter offer for settlement

- ▶ Potential counter offer based upon what we think the insurance company will really pay

- ▶ Design contingency

- ▶ We think that estimates at the high level design are off and costs will increase as design improves and specifics are known
- ▶ 15%

- ▶ Keep owners contingency of 5% (counter offer increased contingency by \$792,121) to cover unknowns in a rehab / remodel
- ▶ Add inflationary factor to cover costs for next years construction.

- ▶ All estimates are in today dollars
- ▶ Costs will go up for either scenario
- ▶ 7.5%

▶ ~~\$36.7M~~ **\$37.4** vs. \$44.6M

The question in the negotiation... Will the insurance company believe they will be spending money above the cost estimate? I.e. the contingency amounts and cost escalations...

Sub-total				\$27,277,869
General Conditions		10.0%		\$2,727,787
Bonds & Insurance		2.0%		\$600,113
Overhead & Profit		4.0%		\$1,224,231
Design Contingency		15.0%		\$4,091,680
Sub-total mark-ups				\$8,643,811
Total Construction Cost				\$35,921,680
Upgrade to Add Fire Protection System				\$0
Tent Roof				
Soft Costs:				
Design Fees		7.5%		\$2,694,126
Inspection Fees		0.5%		\$179,608
Owner Contingency		5.0%		\$1,796,084
GSD Project Management		2.5%		\$898,042
Moving Costs		0.0%		\$0
Total Project Cost				\$41,489,541
Escalation to May 2021		7.50%		\$3,111,716
Escalated Total Project Cost				\$44,601,256

Insurance Counteroffer 2



MKA Estimated Repair Summary Based on MKA Evaluation of Okland Estimate

State of Utah Earthquake
Westlake J.H.S.

MKA Project No. 2020.0821
Sedgwick No. SAL 20026320
Prepared by: CRT
Update: 1/20/21

Line No.	Description	MKA 9/30/20 Substantiated Total w/ 5% Owner Contingency	MKA 1/20/21 Substantiated Total w/ 7.5% Owner Contingency	MKA Notes
General Contractor				
1	Okland Direct Cost Estimate	\$27,424,933	\$27,424,933	Based on Okland 9/18/20 estimated direct cost.
2	General Conditions	\$2,742,493	\$2,742,493	Based on 10% for general conditions - agreed with GSBS, CCC & Okland.
3	Subtotal Estimated Direct & Indirect Costs	\$30,167,427	\$30,167,427	
4	Contractor Fee	\$905,023	\$905,023	Based on Okland's 3% fee.
5	General Liability Fee	\$235,306	\$235,306	Based on Okland's 0.78% fee.
6	Subguard Insurance	\$377,093	\$377,093	Based on Okland's 1.25% fee.
7	Grand Total Estimated Contract Value	\$31,684,849	\$31,684,849	
Granite School District Soft Costs				
8	Builders Risk Insurance	\$16,793	\$16,793	Based on \$0.053 per \$100 of estimated construction contract value.
9	Design Fees	\$2,376,364	\$2,376,364	Based on GSD's 7.5% of estimated contract value.
10	Inspection Fees	\$158,424	\$158,424	Based on GSD's 0.5% of estimated contract value.
11	Owner Contingeny	\$1,584,242	\$2,376,364	Increased from 5% to 7.5% of estimated contract value.
12	GSD Project Management	\$792,121	\$792,121	Based on GSD's 2.5% of estimated contract value.
13	Owner Moving Cost			Not included - TBD.
14	Bond	\$164,761	\$164,761	Based on 0.52% included in Okland estimate.
15	PROJECT GRAND TOTAL	\$36,612,793	\$37,404,914	

New School Costs

- ▶ MHTN estimates on recent builds

West Jordan Middle School – Replacement on site Bid March 2017						
187,820	Square Feet					
Total Project Construction Cost					\$ 36,623,595	\$ 194.99
General Conditions						
Bond					\$ 370,000	\$ 1.97
Mobilization					\$ 150,000	\$ 0.80
Supervision					\$ 300,000	\$ 1.60
Overhead					\$ 800,000	\$ 4.26
Total:					\$ 1,620,000	\$ 8.63
Site Total:					\$ 3,886,000	\$ 20.69
Demolition					\$ 380,000	\$ 2.02
Building Construction					\$ 30,737,595	\$ 163.65
If West Jordan Bid today: Inflation from 2017 bid =			15.6%			
Total 2020 Project Construction Cost Opinion					\$ 42,336,876	\$ 225.41
General Conditions Total:					\$ 1,872,720	\$ 9.97
Site Total:					\$ 4,492,216	\$ 23.92
Demolition					\$ 439,280	\$ 2.34
Building Construction					\$ 35,532,660	\$ 189.18
If West Jordan Bid today: Inflation from 2017 bid =			19.6%			
Total 2020 Project Construction Cost Opinion					\$ 43,801,820	\$ 233.21
General Conditions Total:					\$ 1,937,520	\$ 10.32
Site Total:					\$ 4,647,656	\$ 24.75
Demolition					\$ 454,480	\$ 2.42
Building Construction					\$ 36,762,164	\$ 195.73

Settlement Summary

Settlement Offer	\$	36,763,650
GSD Counter Offer	\$	44,601,256
Insurance Counter Offer 2	\$	37,404,914
MHTN replacement estimate	\$	43,801,820
GSD replacement estimate	\$	54,935,393

New School costs - recent based upon GSD bids

- ▶ GSD bids have been trending between \$285-\$304 PSF during the inflationary period since 2017

If West Jordan Bid today: based upon recent GSD bids		
Total 2021 Project Construction Cost Opinion	\$ 54,935,392.50	\$ 292.49
General Conditions Total:	\$ 2,430,000.00	\$ 12.94
Site Total:	\$ 5,829,000.00	\$ 31.04
Demolition	\$ 570,000.00	\$ 3.03
Building Construction	\$ 46,106,392.50	\$ 245.48

Alternatives

Remodel

- ▶ Commission Design
 - ▶ 6-8 month process
- ▶ Bid
- ▶ Construction 24-28 months (Total 30–36months)
- ▶ Concerns
 - ▶ Many unknowns in remodel of seismically damaged buildings
 - ▶ Negotiating change orders with insurance company
 - ▶ Would have to pay for additional desired upgrades
 - ▶ Electrical - 4250K-\$500k
 - ▶ Technology - \$350k-\$500k
 - ▶ HVAC - \$400k-\$500k
 - ▶ Fire sprinklers - \$750k - \$ 1 million
 - ▶ Auditorium - \$500k
 - ▶ Total \$2.045M - \$3.0M

New Build

- ▶ Finance through MBA
- ▶ Settlement + \$20 million
- ▶ Begin Demolition Immediately
- ▶ Commission Design
 - ▶ Select Design from Existing Facility
 - ▶ 3-6 month process
 - ▶ New Design
 - ▶ 8-12 month process
- ▶ Construction 22-24 months (Total 25–30 months w/existing plan) or (Total 30-36 months w/new original plan)
- ▶ Concerns
 - ▶ Cost containment

MBA Bond Finance Option - 10 year bond



\$20,000,000

Granite School District Local Building Authority, Utah

Lease Revenue Bonds, Series 2022

(Scenario 1 - 10-Year Amortization)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2022	-	-	-	-	-
12/01/2022	-	-	63,503.33	63,503.33	-
06/01/2023	-	-	95,255.00	95,255.00	158,758.33
12/01/2023	-	-	95,255.00	95,255.00	-
06/01/2024	-	-	95,255.00	95,255.00	190,510.00
12/01/2024	-	-	95,255.00	95,255.00	-
06/01/2025	-	-	95,255.00	95,255.00	190,510.00
12/01/2025	-	-	95,255.00	95,255.00	-
06/01/2026	-	-	95,255.00	95,255.00	190,510.00
12/01/2026	-	-	95,255.00	95,255.00	-
06/01/2027	3,265,000.00	0.680%	95,255.00	3,360,255.00	3,455,510.00
12/01/2027	-	-	84,154.00	84,154.00	-
06/01/2028	3,285,000.00	0.800%	84,154.00	3,369,154.00	3,453,308.00
12/01/2028	-	-	71,014.00	71,014.00	-
06/01/2029	3,315,000.00	0.920%	71,014.00	3,386,014.00	3,457,028.00
12/01/2029	-	-	55,765.00	55,765.00	-
06/01/2030	3,345,000.00	1.030%	55,765.00	3,400,765.00	3,456,530.00
12/01/2030	-	-	38,538.25	38,538.25	-
06/01/2031	3,375,000.00	1.110%	38,538.25	3,413,538.25	3,452,076.50
12/01/2031	-	-	19,807.00	19,807.00	-
06/01/2032	3,415,000.00	1.160%	19,807.00	3,434,807.00	3,454,614.00
Total	\$20,000,000.00	-	\$1,459,354.83	\$21,459,354.83	-



MBA Bond Finance Option - 15 year bond

\$20,000,000

Granite School District Local Building Authority, Utah
Lease Revenue Bonds, Series 2022
(Scenario 2 - 15-Year Amortization)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2022	-	-	-	-	-
12/01/2022	-	-	74,988.67	74,988.67	-
06/01/2023	-	-	112,483.00	112,483.00	187,471.67
12/01/2023	-	-	112,483.00	112,483.00	-
06/01/2024	-	-	112,483.00	112,483.00	224,966.00
12/01/2024	-	-	112,483.00	112,483.00	-
06/01/2025	-	-	112,483.00	112,483.00	224,966.00
12/01/2025	-	-	112,483.00	112,483.00	-
06/01/2026	-	-	112,483.00	112,483.00	224,966.00
12/01/2026	-	-	112,483.00	112,483.00	-
06/01/2027	1,730,000.00	0.680%	112,483.00	1,842,483.00	1,954,966.00
12/01/2027	-	-	106,601.00	106,601.00	-
06/01/2028	1,745,000.00	0.800%	106,601.00	1,851,601.00	1,958,202.00
12/01/2028	-	-	99,621.00	99,621.00	-
06/01/2029	1,755,000.00	0.920%	99,621.00	1,854,621.00	1,954,242.00
12/01/2029	-	-	91,548.00	91,548.00	-
06/01/2030	1,775,000.00	1.030%	91,548.00	1,866,548.00	1,958,096.00
12/01/2030	-	-	82,406.75	82,406.75	-
06/01/2031	1,790,000.00	1.110%	82,406.75	1,872,406.75	1,954,813.50
12/01/2031	-	-	72,472.25	72,472.25	-
06/01/2032	1,810,000.00	1.160%	72,472.25	1,882,472.25	1,954,944.50
12/01/2032	-	-	61,974.25	61,974.25	-
06/01/2033	1,830,000.00	1.210%	61,974.25	1,891,974.25	1,953,948.50
12/01/2033	-	-	50,902.75	50,902.75	-
06/01/2034	1,855,000.00	1.270%	50,902.75	1,905,902.75	1,956,805.50
12/01/2034	-	-	39,123.50	39,123.50	-
06/01/2035	1,880,000.00	1.330%	39,123.50	1,919,123.50	1,958,247.00
12/01/2035	-	-	26,621.50	26,621.50	-
06/01/2036	1,900,000.00	1.370%	26,621.50	1,926,621.50	1,953,243.00
12/01/2036	-	-	13,606.50	13,606.50	-
06/01/2037	1,930,000.00	1.410%	13,606.50	1,943,606.50	1,957,213.00
Total	\$20,000,000.00	-	\$2,377,090.67	\$22,377,090.67	-

FEMA - Potential for Public Assistance Funds

- ▶ PAPPG Funding
 - ▶ Working on 50% rule
 - ▶ If rehabilitation is greater than 50% of replacement cost facility could qualify.
 - ▶ Working to obtain eligibility.
- ▶ Could yield funds but uncertain of timing
- ▶ Could be used to repay MBA obligation



▶ Questions & Discussion