

School Board Responds -

Cost of the New Wasatch High School

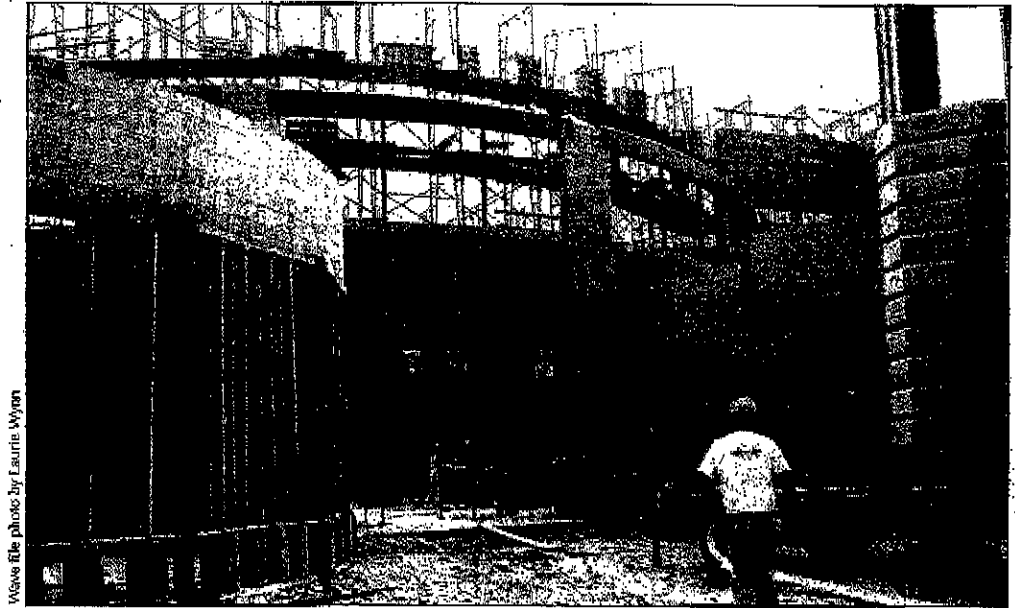
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Wasatch County School Board

Recently there has been concern over the cost and progress of the new Wasatch High School building. Some of the citizens in the county have become worried because of things they have heard in the media and from friends. Frankly, we don't blame you. If we heard only the misinformation that has been thrown to the public the last several weeks, we would also be worried.

However, the truth is a long way from the stories the public has been subjected to, so we are taking this opportunity to set the record right.

Several years ago, when the process of building a new high school began, based on construction conditions at the time, the Board of Education offered a bond to the public for \$59.5 million to build the new high school, and the bond was overwhelmingly approved by a majority of 67% of the voters. At that time, oil and construction costs were significantly lower and no one could have predicted such a dramatic inflationary increase in both construction materials and labor costs that we experienced. Following the bond election in November 2006, we sold the first series of bonds January 2007 at a very low interest rate and at a premium and prepared to begin construction that spring. Approximately a year later we sold the other series of bonds needed to finish



View the photo by Laurie Wyatt

the project. To date, we have collected more than two million additional dollars in interest and premiums from the bond monies that help with the additional costs associated with this project.

After the bond election and when the district construction management firm (Layton Construction) joined in the process, a detailed study of the construction costs with real bids in hand was completed. We soon realized that the figure for construction costs would be higher than what we had hoped for. We notified the public through articles in the Wave (June 20, 2007, July 25, 2007) that we had grave con-

cerns about escalating construction costs and went about working to reduce costs. We went through a rigorous and detailed examination of costs associated with constructing the high school, and vigorous value engineering occurred resulting in millions of dollars saved. This allowed the project to proceed. This cost cutting process involved architectural changes, engineering adjustments, materials evaluations, and even a decision to "shell in" portions of the school to be completed in the future when they would be needed. Through this all, the board was determined to retain the goals established for the school in

design, functionality, and longevity.

After the value engineering was completed and when Layton Construction signed the contract to complete the building for the net amount of \$59.8 million dollars, we were relieved that the costs for the high school were near the amount generated by the sale of the bond that the voters had approved. Since that time, the Board of Education has put a lot of thought and consideration. We have added approximately \$297,000 in necessary construction change orders. These change orders came about in the normal course of construction, and were done to

preserve the quality of the facility. Layton Construction, in a recent school board meeting, reported that the total of the change orders so far on this project is near .5% (one half of one percent) of the project, compared to an average of 3% to 5% on other projects with a similar scope.

When looking at changes that have taken place during the course of this project, one must discuss the amount of money that has been spent on changes that have been made during the normal course of construction and second: Changes that have been made due to the reconfiguration of the district's schools.

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While both of those figures are included in the costs of the school, those associated with the reconfiguration (\$750,000 to complete the shelled in portion of the school) would not have needed to be expended except for the district's need to reorganize the school levels to create long term tax savings for the county.

Critics have intimated that the new WHS building was the most expensive of the high schools that were being built at that time. A legislative procedural audit of high school construction projects with a comparison study was recently released. Of the schools compared, Wasatch High School was one of the last schools to be bid and to begin construction. Our bidding on the project occurred when construction costs were soaring. Also driving the costs up was the fact that the LDS Church was beginning to bid construction work on a major renovation in downtown Salt Lake City. In addition, the state of Utah released a record of several hundred-million dollars-worth of construction projects at this time. The end result of all of these projects coming on line at approximately the same time was that commercial builders and subcontractors were turning down work because demand was high and commercial construction for both labor and materials was dramatically increasing. This had the effect of driving up the bid prices for his project as opposed to those projects which started 6 months to a year earlier.

There are other mitigating factors present in Wasatch County which tend to drive construction costs up. While some of the labor force originated in the valley, most companies had to travel a significant distance to our work site, and consequently, bid the project to cover those additional costs. The extra travel and shipping costs, along with the rising costs of materials and labor created an environment which drove the overall costs up. Other school districts which were involved in the legislative audit were able to lock in their costs prior to this bidding frenzy and they were fortunate to miss the full measure of inflationary increases. However, school districts in Utah are now seeing the dramatic construction increases that we were forced to bear and are reflecting those concerns in media presentations.

Other school districts have dealt with the dramatic increases in construction costs in other ways. School districts who passed large, multi-project bonds simply delayed some of their projects for the next bond election because the money was not there to do all the projects. In effect, these districts bond for several projects (buildings) at a time. When construction begins, if the

money is not there to complete all of the projects, the districts will just postpone a project or two and proceed with the remaining projects as planned.

We did not feel we could or should exercise the option of not building the high school. We felt strongly that the costs would continue to escalate and we would have to go back to the voters for approval for many more dollars. We were also aware of an impending problem of needing to construct other schools because of enrollment growth.

After much study, the immediate concern of building additional schools was mitigated to a large degree when we made the decision to change the configuration of the school district and place the ninth grade in the high school. We authorized an additional \$750,000 to be spent at the high school to finish the portion of the school that had been scheduled to be "shelled in" for future use. This includes four classrooms, the little theater and one practice gym. It does not include two parking lots which will be prepared and graded but not surfaced with asphalt.

Reconfiguration is an effective cost-saving measure which saves millions of dollars over the next several years because it allows the school district time to pay down its existing debt before going to the voters to ask for more money for school construction and moves the children to buildings that can accommodate them for quite some time.

Some critics have indicated that the architect for the high school was given unfair advantage over other firms by having access to the Wasatch High School teachers and administrators in the design process. The firm came to the district and asked if they could, at their own expense, conduct a study to determine the needs of the high school. They took the initiative to discover the needs of the teachers and citizens to help them design a school which would work well for this community. No other architect asked for that access. Access would have been granted under the same conditions (no pay and no promise of a contract) had they asked. In addition, the architect in question also (at his own expense) invited a local architect to participate with his firm to bring architectural details reflective of our community. The school board visited several schools designed by the other competing architectural firms and felt that their designs did not meet the community's desires for this school. Additionally, it is important to note that Alpine School District selected the same architect and they are currently building basically the same building in Utah Valley for their newest high school that is currently being constructed in Saratoga Springs.

Our new high school is certainly not the largest high

school being built in the state and is also not the most "opulent" nor is it costing "\$75 million." Old Mill Elementary School, designed by the same architect, is by far the most efficient building we have in the district. Similar design features included in the new high school will create efficiencies that are constant throughout the life of the building in saved utility and maintenance costs.

The Board of Education believes the Wasatch County community wanted a school that they could be proud of and that would also meet the needs of its children. During the bond election process, the community was given a vision of what the school would look like, what it would contain, and the bond amount needed to accomplish it. Once again, we reiterate that the community supported the proposal by a very large majority. And, in spite of what has been said by our critics who have fought against every bond put forward by the school district, the district has no plans to go back to the voters to ask for additional monies to finish the high school.

We are disappointed in the grandstanding and the efforts being made to instill panic in the community. The school district is not "Cash Strapped". This term was thrown out in an apparent attempt to discredit the district's ability to complete this project. Indeed, the district has sufficient monies to take care of its needs.

Individuals whose motivation is hard for us to understand initiate conversations with state agencies and other organizations in efforts to prevent this project from being finished and to create scandal when there is none. They use legislative audits that have general policy implications for all school districts to make outrageous claims. They manipulate some media representatives and state officials into believing things that are simply not true, and then we take our time and resources (tax dollars) to correct them. Over the years, they have

added costs for the school district as we are forced to correct their spurious allegations. Working within a budget and responding to adverse circumstances of the economy are things that all citizens, families and governmental entities must do, and we can say with a clear conscience that we have done so faithfully and in the best interests of all taxpayers in Wasatch County.

As the county's elected school board, we came to the public with a plan for a new high school. We projected that we could complete the project for \$59.5 million dollars. By an overwhelming majority, indeed with a mandate, the voters approved these efforts and gave the approval for this project. National and world economic events that could not be foreseen have created challenges for us as we work to complete this project, but we have worked to value engineer our building to reduce costs where possible without reducing the functionality of the building.

During these difficult times we have tightened the financial controls such that you can be secure in the knowledge that we will finish this project and present it proudly to our community. We will NOT be back to the public asking for another bond to complete this project, regardless of what you may hear in the media. Sound budgeting and financial management practices by the school district, coupled with economizing and cost-cutting measures that we have employed in all of our activities, will enable us to pay for the entire cost of the new high school within our budget.

Although we are disappointed with the additional inflationary costs of the times, we are extremely excited about the facility that your children, grandchildren and neighbors will soon be using.

We look forward to seeing you at the groundbreaking ceremonies of this new wonderful facility next fall.

Wasatch Wave
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