



PIEDMONT UNIFIED SCHOOL DISTRICT

ADMINISTRATION BUILDING

760 Magnolia Avenue • Piedmont, California 94611-4088 • (510) 594-2600

SEISMIC SAFETY BOND PROGRAM March 2006 - December 2012

The Piedmont Unified School District has now completed its comprehensive program for seismically strengthening or replacing school facilities to meet or exceed current standards for life safety. This \$69.1 million Seismic Safety Bond Program involved leadership by State and local officials, stewardship of State and local bond funds during the unprecedented State budget crisis, and extraordinary community involvement and support, all of which made it possible to complete the program on the original schedule despite unusual challenges.

Improving the Life Safety of School Facilities

Before the Seismic Safety Bond Program (SSBP), the District's facilities were a mix of aging buildings built between 1935 and 1996. Although the buildings were built in compliance with applicable building codes at the time of construction, building codes changed significantly after the 1971 San Fernando earthquake and again after the 1989 Loma Prieta and 1994 Northridge earthquakes. Starting in 2000, two independent structural engineering studies identified District school buildings that would likely pose life safety risks in the event of a major earthquake on the nearby Hayward Fault. Based on the findings, the Board of Education developed plans to mitigate these seismic safety risks.

In March 2006, Piedmont voters authorized the District to sell up to \$56 million in general obligation bonds to finance the repair, strengthening, and renovation of school buildings. The following November, California voters approved Proposition 1D, authorizing the sale of State bonds for seismic strengthening of school facilities.

Following further engineering investigation and analysis, and community workshops, the District embarked on the SSBP: PUSD defined the scope and prioritized each seismic safety project; developed plans for the concept, design and construction of projects and issuance of bonds and applications for State funds; and presented these priorities and plans to the Board of Education and the Piedmont community. The priority for the multi-year SSBP was to address the most structurally deficient buildings first, including Havens, the Piedmont High School Student Center and Library/Quad buildings, and the District Maintenance Facility, with strengthening of the Wildwood and Beach Schools in later phases of the program. The construction phase was expected to take three years.

A guiding principle of the SSBP was that, although seismic strengthening may not *prevent* earthquake damage, it can significantly improve life safety and reduce the risk of harm to students and school personnel.

The budget for the SSBP was set at \$69,156,161, including the local bond funding (up to the maximum of \$56 million), City and community funds (\$1,200,000 toward the cost of the new

Havens playfield), and State matching funds for seismic strengthening, accessibility enhancements and facility modernization (initially, conservatively estimated to be roughly \$12.7 million). The construction phase began in 2009 and ended, on time and on budget, in 2012.

Stewardship of Local and State Funds

The District anticipated issuing the \$56 million in capital appreciation bonds over a period of several years, as needed, to meet the cash demands of the multi-phase SSBP. The *timing* of school district bond sales is limited by: statutory restrictions on the aggregate debt issued by the district, and the rate at which previously-issued school bonds are retired; growth in assessed local property values, which in turn determines the amount of property taxes available to repay bonds; and statutory limits on the tax rate that may be imposed to repay bonds. Also, the District anticipated that State funding for each school project would be received within a few months after establishing eligibility for the funds.

- *Impact of the State Economic Crisis*

The unprecedented State economic crisis unsettled the SSBP financing plans just as the construction phase of the SSBP was getting underway. The payment of State funds to all school districts was unexpectedly and indefinitely halted. At the same time, the crisis created uncertainty about growth in assessed local property values, affecting the timing of local bond sales. In order to keep the construction on schedule and manage cash-demand and cash-flow, the District had to continually adjust to changing variables.

In 2008, the District determined there would be sufficient local funding – bond funds plus contributions from the City of Piedmont – to complete new construction of Havens and renovation of Ellen Driscoll Auditorium, the Piedmont High School, the Piedmont Middle School fire alarm system, and the Maintenance Building. (The District had issued the first \$14,999,934 million in SSBP bonds in August 2006, and an additional \$19 million in October 2009.) These “Phase One” projects were completed on schedule without receiving any State matching funds. However, some features of these projects were deferred to reduce costs and thereby maximize the cash on hand, to make it possible to continue to the next phase the SSBP.

In 2010, the District issued \$12 million in bond anticipation notes (BANs), essentially borrowing money against its capacity to issue bonds in the future. By issuing BANs, the District preserved its ability to use new and possibly more advantageous funding options that were expected to come available in 2011 as part of the federal stimulus program. The District then used a combination of the remaining local funding, and the availability of bridge financing if needed, to complete both the Wildwood project (“Phase Two”) and design of the Beach project. During this phase, \$4.7 million of State matching funds was paid to the District, easing financial pressure on the SSBP and making bridge financing unnecessary. Nonetheless, several features of the Wildwood project (such as roof and HVAC replacement) were deferred to make it possible to continue to the final phase of the SSBP, the Beach construction.

In January 2011, the District received authorization to issue \$10 million in Qualified School Construction Bonds (QSCBs), a new option available to school districts through the federal American Recovery and Reinvestment Act. QSCBs provide federal tax credits for bondholders in lieu of interest, significantly reducing the District’s costs, and saving Piedmont taxpayers millions of dollars in interest payments on these bonds.

The District then used a combination of the remaining cash on hand and the availability of bridge financing to proceed with the Beach project (“Phase Three”). In proceeding with the Beach project, the Board considered the strong likelihood of receipt of some State funding in late 2011 or early 2012. The Board anticipated that it might need to split the Beach project into two parts: Seismic strengthening and modernization of the school building to be completed in 2011/12; and site work and landscaping, including construction of new retaining walls and installation of a garden, to be completed during the summer of 2013. However, in December 2011, the State released \$1 billion in bond proceeds to schools and the District received \$8.45 million from this allocation, making it possible to complete all remaining projects on the original schedule.

- *Eligibility for More State Funding than Originally Estimated*

To date, the District has received \$13.1 million in State funds, more than the \$12.7 million originally estimated. Although the SSBP budget (\$69.1 million) has remained the same, the aggregate funding received from all sources now totals nearly \$70.3 million, and this sum will increase as the final State payments are received. Specifically, the District is scheduled to receive an additional \$3 million in State funding in early 2013 for the Beach project, and roughly \$650,000 to \$1.2 million in Proposition 1D funding for the Havens project, although the timing of this payment remains uncertain. This additional money – roughly \$5 million – must be used for life/safety, modernization and accessibility improvements to school facilities.

Leadership by State and Local Officials

The success of the SSBP depended on the leadership of both State and local officials, and their close collaboration to promote school safety.

- *Assemblywoman Ellen Corbett and the Seismic Safety Inventory of California Schools*

More than a decade ago, State officials recognized that, given the age of most school facilities in California, significant seismic activity could cause catastrophic structural damage, injury or loss of life. Assemblywoman Ellen Corbett authored AB 300, which required the State Department of General Services (DGS) to prepare a seismic safety inventory of all public K-12 school buildings. As a result, DGS evaluated 9,959 schools for structural safety and concluded that over 7,000 schools required seismic strengthening. DGS focused on school buildings within close proximity to an active fault and ranked these buildings for the purpose of prioritizing State funding for seismic safety improvements.

- *Senator Loni Hancock and the School Seismic Safety Bond*

Following these efforts to inventory the seismic safety of school facilities, Senator Loni Hancock worked to provide the funding needed address these structural hazards. In November 2006, California voters approved Proposition 1D, authorizing the sale of \$200 million in State bonds for seismic strengthening of schools. However, the original criteria for allocating funds made it difficult for the some of the most vulnerable buildings to qualify.

When the District determined that the Havens kindergarten wing (Building A) was a significant hazard and relocated students to portable classrooms, it sought Proposition 1D funding to replace the kindergarten classrooms. Under the eligibility rules in effect at the time, Building A did not qualify. The District eventually received \$3.1 million in State *modernization* funding for Havens and used this funding – along with local bond funds - to replace Havens. Nonetheless, Senator Hancock recognized that the eligibility rules were inconsistent with the purposes of Proposition 1D, and she advocated for revision and the State eventually revised the eligibility requirements.

Although construction of the new Havens school was completed, the District was permitted to submit a new application for roughly \$1.2 million in Proposition 1D funds for Building A. The fact that the Havens project was completed, and that State *modernization* funding was used for this project, did not preclude the renewed application for *seismic* funding. Senator Hancock advocated for this application, arguing that the Havens project is an example of the kind of project the Legislature intended to reach when changing the criteria. With this support, the District's application was approved.

- *Local Leadership*

Superintendents Gail Uilkema and Constance Hubbard and members of the Board of Education confronted the District's varied seismic safety issues, building community support for the local bond program and the construction program, and working closely with State officials to maximize State funding for these projects and to facilitate State review of construction documents. In a written statement, Senator Hancock praised these efforts:

In 2006 I worked very hard to include \$200 million in the Proposition 1D measure to help local districts make their schools seismically safe.

In 2008, The Piedmont Unified Board stepped up to the plate, decided to retrofit its schools, and passed a bond to qualify for state funding. Their decision demonstrated real leadership. It isn't easy to go to the community with the news that school facilities could be vulnerable in the event of an earthquake, but when your schools sit almost directly on an earthquake fault, it is imperative to do so.

I admire the honesty, fortitude and determination of the Piedmont School Board district in deciding that the district needed to address earthquake safety immediately. The Piedmont community is to be congratulated for their willingness to contribute to making their schools safe with the passage of the local bond. For the past four years, I have worked diligently with the Piedmont Board and the State Allocation Board in an effort to help the school district qualify for a state match of the local investment. I'm delighted that we have succeeded. Congratulations to Piedmont for doing what few districts have done - and to have done it so well.

The Board members who oversaw the SSBP include: Ronnie Caplane, Chuck Chakravartula, Ray Gadbois, Cathie Geddeis, Betsy Gentry, Grier Graff, Martha Jones, Ward Lindenmayer, June Monach, Sarah Pearson, Richard Raushenbush, Andrea Swenson, Roy Tolles, and Dewey Watson.

Bill Drum, who was a close observer of the SSBP and a long-time member of both the SSBP Citizens Oversight Committee and Steering Committee, also praised the leadership and the success of the SSBP:

I spent many years managing construction for hospitals both in the public and private sectors. I can say unequivocally that the Piedmont Schools Seismic Upgrade Program has been an amazingly successful endeavor. The citizens of Piedmont should be very proud of the outcome and pleased with the low costs for such an extensive set of construction projects.

In the beginning there were concerns expressed by some Piedmonsters. In addition many problems can arise in construction projects and there were several we were

confronted with along the way. The PUSD Board of Directors provided the leadership for the whole process to achieve this outstanding result. They did this by seeking the advise and assistance from many resources including the Superintendent, Assistant Superintendent, principals, teachers, parents, parents clubs, community members and volunteers, architects, engineers, construction program planning and management consultants, community consultants, bond counsel, and bond consultants. All of these became a part of a team that provided the structure and involvement to produce extraordinary results.

With all of this advice and input the Board and Superintendent were able to make informed decisions and at times take some educated risks that proved to be important to the final results. Careful planning, seeking all avenues and opportunities of financing, careful attention to detail, timely response to barriers and problems, and a high level of communication were the characteristics of the Seismic Bond Program for our schools. As a result we now have very safe, handsome and functional schools. Now our schools will be standing strong in case of a major earthquake.

The SSBP Project Team includes Assistant Superintendent Michael Brady, Construction Managers Rich Vila and Pete Palmer, Architect John Nelson, and Program Manager David Burke.

Community Involvement and Support

The SSBP, which was at times controversial and faced unusual challenges due to the State economic crisis, would not have been successful without the following extraordinary community involvement and support.

- *Janiele Maffei Tovani and the Technical Advisory Steering Committee*

The early engineering studies that formed the basis of the SSBP were initiated by community members and structural engineers Janiele Maffei Tovani and John Sumnicht. Tovani and Sumnicht evaluated the structural safety of each of the school buildings and presented findings to the Board of Education and community groups, and Tovani later served as Chairperson of the Technical Advisory Steering Committee (TASC). For more than ten years, Tovani, now the Chief Mitigation Officer for California Earthquake Authority, volunteered her time and expertise to the SSBP. Other members of TASC include: William Blackwell, Grier Graff, Kenneth Jensen, Lisa Joyce, Mike Karasik, Ward Lindenmayer, Stan Moy, David Oppenheimer, Tom Ramsey, Katy Taylor, Janice Thatcher, Charles Thiel, and Roy Tolles.

TASC evolved into the SSBP Steering Committee, which met regularly with District staff, architects, and construction managers to oversee planning and management of the individual projects and program financing. The long-time members of the Steering Committee include: Bill Drum, Grier Graff, and Board of Education members Ray Gadbois, June Monach, Rick Raushenbush and Roy Tolles.

- *Committee to Support the SSBP Bond Measure*

In response to the structural issues raised by the engineering reports, community members organized to support the passage of the SSBP bond measure. The individuals who led this effort include Conna McCarthy and Dana Serleth.

- *Citizens Oversight Committee*

The SSBP Citizen's Oversight Committee (COC), which was formed to ensure that bond funds were used only for the purposes authorized by voters, played an unusual role in the SSBP. The COC is composed of individuals from: local businesses and organizations; legal, technical, and financial advisors; and parents. In addition to reviewing expenditures after-the-fact, as mandated by law, the COC provided input to the Board of Education and the Steering Committee on a range of policy decisions. Specifically, the COC: reviewed project budgets and schedules; reviewed revisions to budget, cash-flow and cash-demand projections that were necessitated by uncertainties in the timing and amount of State payments; and provided input on the sale and refunding of bonds, BANs, and applications for federal Qualified School Construction Bonds. Members of the COC include: the Honorable Yvonne Gonzalez, Grier Graff, Mark Aikawa, Patrick Bukowski, Philip Cardon, George Childs, William Drum, Rob Hendrickson, Ken Jensen, Robert Lally, CheeKeong Lin, Ward Lindenmayer, Stephanie Mooers, Margaret Ovenden, Dana Serleth, Nava Shaham, Cory Smegal, and Michael Zukerman.

Several members of the COC also served as representatives of the COC on the Steering Committee. Not coincidentally, they contributed significant professional expertise and helped guide the Steering Committee through a range of complicated issues: architect Grier Graff; construction attorney Rob Hendrickson; and Bill Drum, who had extensive experience with hospital construction.

Other community members contributed advice or expertise without formally serving on an SSBP committee, including Wes Smith, who shared ideas about how to phase and finance the SSBP.

- *Mark Becker and Andy Ball*

Havens had the greatest structural deficiencies and posed the greatest safety risks in the event of an earthquake. For that reason, in September 2006, portions of the school were closed because of safety concerns, and most students were taught in portable classrooms installed on the blacktop. District consultants estimated that construction of a new school, as compared with a retrofit of the old school, would be unaffordable. The District and many members of the community were skeptical about both the cost estimates and whether a retrofit would serve the needs of the community.

On his own initiative, community member and designer Mark Becker developed the design for what is now the new Havens school and playfield. Becker presented his designs to the Piedmont community in numerous community meetings, and developed broad support for construction of a new school rather than a retrofit. Becker then enlisted community member and builder Andy Ball, who agreed to construct the new school for a guaranteed maximum price that fit the District's budget.

- *Relocation of Students*

At various points during construction: each elementary school was relocated to an empty school site leased from the Emeryville Unified School District; kindergarteners and Schoolmates facilities were relocated to either Beach or Havens to remain in Piedmont; and PHS students were relocated to portables on the Havens site. Havens teacher Ken Taylor identified the Emeryville campus, which is roughly five miles from Piedmont, as a relocation option. In connection with the relocation and the related school bus program, the District held a series of community and parent meetings, and neighborhood meetings in Piedmont and Emeryville. On her own initiative, community member and business consultant Maria Breber helped analyze and present the

numerous, controversial relocation options, and the pros, cons and cost implications of each, for the Board of Education and the parent community.

The relocation and school bus programs involved close coordination and collaboration with the City of Piedmont staff, the City Council, and the Recreation Commission, and the Emery Unified School District. Special acknowledgement is due to Larry Rosenberg, Chester Nakahara, Captain Scott Wyatt, Anne Swift, John Tulloch, Mark Delventhal, Erin Rivera, Michael Murphy, Sena Weidkamp, and Sarah Normart, as well as to former Superintendent John Sugiyama, and Roy Miller, district architect for the Emery Unified School District.

- *Private Fundraising for SSBP Project Enhancements*

Parents and school support organizations have contributed more than \$500,000 to enhance SSBP projects. The enhancements include AV equipment, auditorium lighting and stage curtains, landscaping, and playground equipment.

- *Support of the Certificated and Classified Staff*

Perhaps most important, the District's certificated and classified staff have supported the SSBP and managed the disruptions associated with construction and multiple relocations, creating and maintaining a calm, upbeat environment for learning.

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As described above, members of the broad community played a substantive role in shaping and overseeing the SSBP at every stage of the program. Rob Hendrickson, a long-time COC member, commented on the importance of both collaboration and consideration all viewpoints in overcoming the challenges confronted during the SSBP:

Some of the major obstacles overcome were weathering the state budget and funding crisis which erupted in the middle of the program, developing community consensus on major decisions such as replacement of Havens and busing to Emeryville, and managing over \$60 million in design and construction contracts covering 7 separate projects, all the while maintaining the core educational programs. These successes would not have been possible without the District's assembling and directing a talented team of design, construction and finance professionals to work with dedicated community members to make the most out of the opportunities presented.

Getting the whole project completed within budget and without any major schedule hiccups was an accomplishment.

One of the District's wisest decisions was to pay attention to project management and community input. The District realized that its own staff were busy full time with their existing positions, and were not design or construction specialists in any event and therefore decided to retain experienced construction management expertise and to seek experienced community input to help plan and manage the entire process. Risk management became an integral part of the entire process, from conceptual planning, to design and continuing through construction and project close-out. Rather than waiting to react to problems, the District's team proactively sought to manage the process to avoid problems, an approach which ensured both financial success and community appreciation.

This proactive approach allowed the District to intelligently manage the many uncertainties and risks inherent in projects of this size and complexity through a deliberative process that virtually everyone would agree was a success and no one could complain that their perspective was not considered and debated.

The SSBP was at times highly controversial, with robust debate concerning scope of the overall program and individual projects, relocation of elementary students to Emeryville, and proceeding with design and construction when State funding was uncertain, among other issues. There were principled disagreements, but there was a process to air those disagreements, and decisions were made following consideration of all viewpoints and all available information. Superintendent Constance Hubbard describes the overall program in this way:

Ultimately, the Seismic Safety Program reflects the core values of the Piedmont community in its foresight, thoughtfulness, and spirit of collaboration. Piedmonters are not merely residents of a city, but are participants in a community committed to working together to allocate resources for the good of the whole, and especially its children. The collective talents, generosity, and integrity of the people in this community have ensured that Piedmont's public schools remain at the Center for Community Life; and Piedmont schools will be able to continue to be available as a resource to the community after a major earthquake. My sincerest gratitude goes to the residents of Piedmont on behalf of all students, now and for many years to come.