

Bond Oversight Committee - Status Report 1/27/2015

At the first Bond Oversight Committee meeting of 2015, members heard an update on the bond program and the impact that soaring construction costs are having on HISD's plan to build or renovate 40 schools.

Since 2012, when Houston voters approved the district's \$1.89 billion bond program, the district has seen an average 44 percent increase in building costs, from about \$146 per square foot in 2012 to about \$210 per square foot today.

Much of that spike is attributed to the oil and building boom over the last several years, which caused the economy of Houston and much of the state to flourish, and brought an influx of commercial construction projects to the area, creating a huge demand for workers and materials.

Now that oil prices have fallen significantly, many expect construction costs to follow. Similar to feedback voiced by trustees at the January 22, 2015 board workshop, BOC members said one option could be to delay the bidding of some projects.

The district has already taken some steps to deal with potential budget gaps, including moving inflation and some reserve dollars to each school's construction budget. Each school in the bond program has its own unique project budget, separate from every other school.

Some schools are on target with their construction budgets and will move forward as scheduled. In the coming weeks, other schools will undergo a scope to budget review and HISD officials will analyze the various options for each project to determine the best path forward.

BOC members discussed the need to communicate the project status accurately in the online traffic light reports, and the importance of keeping Project Advisory Teams updated on the status of projects.