

Date: December 12, 2008

For ACTION

For INFORMATION

Board Agenda: Yes
No

FROM: Margaret Byess, Executive Director of Financial Services

TO: Morton Sherman, Ed.D.

COPY: The Honorable Yvonne Folkerts, Chair, and Members of the Alexandria City School Board
Central Office Executive Staff

TOPIC: FY 2010 Approved Capital Improvement Plan Budget Adoption Motion

BACKGROUND: The School Board and staff have received guidance from City Council and City staff on the prioritization process and funding availability for the FY 2010-2015 Capital Improvement Plan (CIP) budget. At current tax rates and property values, approximately \$40 to \$60 million is available to fund the FY 2010 city-wide CIP compared to the \$81 million for FY 2010 CIP projects contained in the prior-year Final CIP. Unfunded projects totaling \$30.7 million raise the total need to \$111.7 million.

To assist in the City-wide prioritization of projects, all City departments and ACPS have been asked to categorize FY 2010 and FY 2011 projects as either maintenance or improvement and to prioritize within these categories. Maintenance projects keep existing facilities/capital infrastructure at their current level. Improvement projects increase the size or capabilities of facilities/infrastructure to provide additional quality or quantity of services.

Maintenance projects are the highest priority for allocation of CIP funds. City staff have advised there is little possibility that improvement projects will be funded.

City Council included the following language in their November 19, 2008 budget guidance resolution:

...the Capital Improvement Program budget [shall] include the following characteristics:

The budgeting of no new CIP (City and ACPS) spending aside from those expenditures meeting the following exceptions:

- *Expenditures related to the new Public Safety Center*
- *Expenditures subject to contractual obligations or other situations where cancellation or deferral would cause significant financial loss for the City*

- *Expenditures to maintain infrastructure and those that are deemed emergency in nature*
- *Expenditures that may be funded using prior-year unallocated balances already within the CIP*

To help ensure that ACPS highest priority maintenance projects are funded, ACPS staff have thoroughly analyzed the existing funded CIP projects and the FY 2010-2015 proposed CIP projects. Available funding from FY 2009 directed at improvement projects was identified. Additional capacity analysis and planning helped identify low cost solutions to meet ACPS space needs resulting from significantly increased enrollment.

Capacity Projects

Three new capacity projects are included in the recommended CIP. Through the application of standard use requirements for full-size and resource classrooms, sufficient classrooms can be regained to meet the enrollment needs of most ACPS schools in FY 2010 and FY 2011. However, by FY 2011 the short-term, inexpensive options are exhausted and additional classroom capacity will be needed at west end schools. Funding of \$2.0 million for a modular building at a location to be determined has been included in the FY 2011 CIP request.

Assuming the enrollment trends of the past two years continue, in the next five to ten years ACPS will need a new school in the west end (in addition to the modular site) and a new school at the Potomac Yard site. The Jefferson-Houston building will need to be renovated or rebuilt to be suitable for a larger student population. If enrollment projections hold ACPS will need to address extremely large middle schools and consider the possibility of K-8 schools.

ACPS staff will continue to monitor enrollment trends and will continue to work with City demographers and planning staff to enhance the planning processes for both City and Schools. Additional capacity analyses will be prepared in January. A School Board work session on demographic trends, capacity, and school construction needs will be held in February. The results will be discussed with City Council at the joint City Council School Board Budget work session held on March 9, 2009.

Summary of Recommendations

Staff recommendations for deferral of projects, reallocation of funds, and additional capacity projects are described in the attached budget adoption motion. These adjustments were discussed with the Board at the December 11, 2008 CIP budget work session.

The adjustments reduce expenditures in the FY 2008 Final CIP by \$210,965 and the FY 2009 Final CIP by \$1,472,255. The FY 2010 Approved CIP is increased by \$2,155,298 and the FY 2011 CIP is increased by \$2,108,708. The changes are narrated in the attached budget motion and shown in table format in Attachment 2.

As a result of further review of the James K. Polk project, two adjustments have been incorporated. Available unexpended and unencumbered funding of \$210,965 from the FY 2008 CIP is recommended for reallocation.

The reinstatement of the HVAC controls portion of the James K. Polk project is also recommended. This component of the HVAC project was dropped and accounted for a portion of the cost savings of \$710,699 shown for that project. Adding the HVAC controls back to the Polk project will cost \$381,000 in FY 2009. (The remainder of the difference is due to cost decreases from shifting the year of construction back to FY 2009).

Cost Increases

All current cost estimates assume a 6% annual increase in construction costs. In the current economic climate this is a very conservative estimate. ACPS Budget and Facilities staff will review the trends again in the spring before bringing final funding recommendations to the Board. If cost trends continue to be beneficial to ACPS, a lower projected rate of increase will be incorporated into the FY 2010-2015 CIP.

RECOMMENDATION: The attached motion is being presented for discussion on December 18, 2008 and adoption on January 8, 2009.

IMPACT: Adoption of the motion provides the legal authorization for staff to forward the School Board's FY 2010-2015 Approved Capital Improvement Plan budget to the City for consideration for funding.

CONTACT PERSON: Margaret Byess

School Board's FY 2010 Approved Capital Improvement Budget

Madame Chairman, in acknowledgement of the current state and local fiscal situation, I move the following:

Amend the School Board's FY 2008 Final Capital Improvement Plan (CIP) budget by reallocating available funds totaling \$210,965 to FY 2010 CIP projects.

Amend the School Board's FY 2009 Final CIP budget to:

1. Defer the plumbing, lighting, and fire alarm upgrade for John Adams Elementary School for a savings of \$1,613,255. These projects will be placed on the FY 2010 improvement projects list as the highest priority.
2. Shift the construction of kindergarten toilets to the summer of 2009, allowing use of FY 2010 funds.
3. Defer the gymnasium, elevator, and playground projects for James K. Polk Elementary for a savings of \$1,929,645. The gymnasium project will be placed on the FY 2010 improvement projects list as the second highest priority.
4. Defer the playground improvements at Cora Kelly and Matthew Maury Elementary schools for a savings of \$298,300.
5. Accelerate the completion of the James K. Polk Elementary School Boiler and HVAC project, including HVAC controls, at an additional cost in FY 2009 of \$2,312,645.
6. Fund capacity projects for renovation of classrooms and purchase of furniture and equipment to provide additional space for the division's increasing student population, at a total cost of \$256,300.
7. Reallocate the remaining available balance of \$1,472,255 from FY 2009 CIP funds to support FY 2010 CIP maintenance projects.

The School Board notes that deferring projects to FY 2010 increases construction costs by \$230,472. Cost savings from decreases in utility fees are also deferred.

Amend the FY 2010-2015 Proposed CIP budget as follows:

Maintenance projects:

8. Add capacity projects in FY 2010 for renovation of classrooms and purchase of furniture and equipment to provide additional space for the division's higher enrollment, at a total cost of \$423,970.

9. Increase expenditures in FY 2010 by \$200,000 for the construction of toilets in kindergarten rooms at John Adams Elementary School.
10. Increase expenditures in FY 2010 on replacement furniture, fixtures, and equipment by \$100,000
11. Decrease funding in FY 2010 for the James K. Polk HVAC system by \$2,640,344.
12. Increase expenditures by \$2,108,708 in FY 2011 to fund a modular addition to meet additional capacity needs at an as-yet unspecified location.

Improvement projects:

13. Add the plumbing, lighting, and fire alarm upgrade for John Adams Elementary School in FY 2010 for a total cost of \$1,710,050.
14. Add the gymnasium project for James K. Polk Elementary School in FY 2010 at a total cost of \$1,393,476.
15. Add the elevator project for James K. Polk Elementary School in FY 2010 at a total cost of \$445,836
16. Add the playground projects for Matthew Maury, Cora Kelly, and James K. Polk in FY 2010 at a total cost of \$522,310

The above changes reduce expenditures for the FY 2008 Final CIP by \$210,965 and the FY 2009 Final CIP by \$1,472,255. The FY 2010 Approved CIP is increased by \$2,155,298 and the FY 2011 CIP is increased by \$2,108,708. A summary of these changes is shown in Attachment 2.

The details of the amended FY 2010-2011 CIP maintenance and improvement projects are shown in Attachment 2 with priority rankings. No changes are made to the FY 2012 to FY 2015 CIP projects.

The Board is committed to the completion of the plumbing, lighting, and fire alarm renovation projects for John Adams and the gym and plumbing projects for James K. Polk schools, but recognizes the difficult fiscal situation. The School Board will communicate to the City Council the importance of full funding of the FY 2010 maintenance projects and the remainder of the renovation projects for these three schools.

**ACPS 2009-2011 Amended Capital Improvement Program Budget
Summary of Expenditure Changes**

	FY 2008	FY 2009	FY 2010	FY 2011
Original Amounts	\$ 16,249,275	\$ 19,879,886	\$ 19,399,434	\$ 14,156,951
Total CIP commitments to date*	16,038,310	15,488,686		
Total CIP encumbrances**		550,000		
CIP funding not committed or encumbered	210,965	3,841,200		
Net reallocations across fiscal years	(210,965)	(1,472,255)		
Approved expenditures:				
Maintain			7,142,126	3,293,148
Improve			<u>14,412,606</u>	<u>12,972,511</u>
New Total	<u>16,038,310</u>	<u>18,407,631</u>	<u>21,554,732</u>	<u>16,265,659</u>
Difference from Original	\$ (210,965)	\$ (1,472,255)	\$ 2,155,298	\$ 2,108,708

*Commitments represent funds encumbered on projects already begun which cannot be stopped

**Although these funds could be unencumbered, it would impact building envelope repair and facilities maintenance projects

ACPS FY 2009-2011 Capital Improvement Program Recommended Changes
Project Details

		FY 2009*			FY 2010*				FY 2011*			
		Final	Revised	Increase / (Decrease)	Proposed	Approved	Increase / (Decrease)	Rank**	Proposed	Approved	Increase/ (Decrease)	Rank**
Maintenance Projects												
Capacity projects	4 in FY10; 10 in FY11; modular in FY12	\$ -	\$ 79,200	\$ 79,200	\$ -	\$ 289,880	\$ 289,880	1	\$ -	\$ 2,000,000	\$ 2,000,000	1
Homeroom furniture & media equipment	14 in FY10; 10 in FY11; 8 in FY12	-	177,100	177,100	-	134,090	134,090	1a	-	108,708	108,708	1a
Minnie Howard	HVAC	-	-	-	2,992,044	2,992,044	-	2	-	-	-	
James K Polk	HVAC/Boiler	2,035,199	4,347,844	2,312,645	2,640,344	-	(2,640,344)	3	-	-	-	
John Adams	HVAC	5,850,344	5,650,344	(200,000)	2,295,112	2,295,112	-	4	-	-	-	
John Adams	Kindergarten toilet rooms	-	-	-	-	200,000	200,000	4	-	-	-	
Building Systems	Built-in equipment attached to building surfaces: whiteboards, cabinetry, bookshelves, doors, floor coverings, and ceilings	571,613	571,613	-	300,000	300,000	-	5	300,000	300,000	-	2
Fire Code Mandates		150,000	150,000	-	150,000	150,000	-	6	150,000	150,000	-	3
Building envelope repairs	System-wide repairs to building exteriors: masonry, windows, flashings	-	-	-	265,000	265,000	-	7	265,000	265,000	-	4
Capital facilities maintenance project	System-wide emergency structural, HVAC, electrical, and plumbing repairs(e.g. Cora Kelly entrance and/or foundation, Patrick Henry moisture abatement, and Jefferson Houston upgrades)	400,000	400,000	-	269,000	269,000	-	8	449,440	449,440	-	5
FF&E		387,465	387,465	-	-	100,000	100,000	9	-	-	-	
Parking lot repairs		147,000	147,000	-	147,000	147,000	-	10	20,000	20,000	-	6
Total Maintain Projects		\$ 9,541,621	\$ 11,910,566	\$ 2,368,945	\$ 9,058,500	\$ 7,142,126	\$ (1,916,374)		\$ 1,184,440	\$ 3,293,148	\$ 2,108,708	

ACPS FY 2009-2011 Capital Improvement Program Recommended Changes
Project Details

		FY 2009*			FY 2010*				FY 2011*			
		Final	Revised	Increase / (Decrease)	Proposed	Approved	Increase / (Decrease)	Rank**	Proposed	Approved	Increase/ (Decrease)	Rank**
Improvement Projects												
John Adams	Plumbing Upgrade	\$ 612,000	\$ -	\$ (612,000)	\$ -	\$ 648,720	\$ 648,720	1	\$ -	\$ -	\$ -	
John Adams	Lighting Upgrade	548,000	-	(548,000)	-	580,880	580,880	1	-	-	-	
John Adams	Fire Alarm	453,255	-	(453,255)	-	480,450	480,450	1	-	-	-	
James K Polk	Gym	1,314,600	-	(1,314,600)	-	1,393,476	1,393,476	2	-	-	-	
James K Polk	Plumbing	-	-	-	81,358	81,358	-	2	-	-	-	
George Washington	HVAC Controls	-	-	-	525,405	525,405	-	3	-	-	-	
George Mason	HVAC Controls	-	-	-	174,410	174,410	-	4	-	-	-	
Mt Vernon	HVAC Controls	-	-	-	432,328	432,328	-	4	-	-	-	
Charles Barrett	Roof	-	-	-	60,265	60,265	-	5	-	-	-	
FC Hammond	Roof	-	-	-	835,772	835,772	-	5	-	-	-	
FC Hammond	Elevator	-	-	-	529,000	529,000	-	6	-	-	-	
Cora Kelly	Elevator	-	-	-	481,452	481,452	-	6	-	-	-	
George Mason	Elevator	-	-	-	126,095	126,095	-	6	-	-	-	
James K Polk	Elevator	420,600	-	(420,600)	-	445,836	445,836	6	-	-	-	
Minnie Howard	Fire Alarm	-	-	-	518,094	518,094	-	7	-	-	-	
James K Polk	Fire Alarm	-	-	-	325,707	325,707	-	7	-	-	-	
Energy Conservation	Energy Conservation	-	-	-	150,000	150,000	-	8	150,000	150,000	-	12
Water Conservation	Water Conservation	-	-	-	100,000	100,000	-	8	100,000	100,000	-	12
Daylighting	Daylighting	-	-	-	320,000	320,000	-	8	320,000	320,000	-	12
Charles Barrett	Playground	-	-	-	234,644	234,644	-	9	-	-	-	
Cora Kelly	Playground	172,700	-	(172,700)	-	183,062	183,062	9	-	-	-	
Matthew Maury	Playground	125,600	-	(125,600)	-	133,136	133,136	9	-	-	-	
James K Polk	Playground	194,445	-	(194,445)	-	206,112	206,112	9	-	-	-	
Food Service Equipment	Food Service Equipment	60,000	60,000	-	100,000	100,000	-	10	100,000	100,000	-	13
Rowing facility	Siding	-	-	-	62,182	62,182	-	11	-	-	-	
Master Key	Master Key	-	-	-	50,000	50,000	-	12	50,000	50,000	-	14
Cora Kelly	Office	-	-	-	534,171	534,171	-	13	-	-	-	
James K Polk	Parking	-	-	-	204,617	204,617	-	14	-	-	-	
James K Polk	Sprinkler	-	-	-	572,795	572,795	-	14	-	-	-	
Maintenance Shop	Lifts	-	-	-	600,000	600,000	-	15	-	-	-	
Maintenance Shop	HVAC	-	-	-	560,692	560,692	-	15	-	-	-	
Emergency generators	Emergency generators	-	-	-	100,000	100,000	-	16	100,000	100,000	-	18
School Buses	School Buses	1,059,500	1,059,500	-	489,000	489,000	-	17	95,506	95,506	-	16
FC Hammond	Artificial Turf	-	-	-	1,381,830	1,381,830	-	18	-	-	-	
FC Hammond	Track	-	-	-	291,117	291,117	-	18	-	-	-	
FF&E	FF&E	-	-	-	500,000	500,000	-	19	94,591	94,591	-	19
Charles Barrett	Fire Alarm	-	-	-	-	-	-	-	273,673	273,673	-	1
Patrick Henry	Fire Alarm	-	-	-	-	-	-	-	286,305	286,305	-	1
Cora Kelly	Fire Alarm	-	-	-	-	-	-	-	311,567	311,567	-	1
George Mason	Fire Alarm	-	-	-	-	-	-	-	214,455	214,455	-	1
Maintenance Shop	Fire Alarm	-	-	-	-	-	-	-	77,050	77,050	-	1
Samuel Tucker	HVAC Controls	-	-	-	-	-	-	-	325,946	325,946	-	2
Charles Barrett	Roof	-	-	-	-	-	-	-	409,421	409,421	-	3
Minnie Howard	Green Roof	-	-	-	-	-	-	-	568,116	568,116	-	3
Maintenance Shop	Roof	-	-	-	-	-	-	-	191,296	191,296	-	3
Rowing facility	Roof	-	-	-	-	-	-	-	63,270	63,270	-	3
Minnie Howard	Lighting	-	-	-	-	-	-	-	776,425	776,425	-	4
Minnie Howard	Plumbing	-	-	-	-	-	-	-	344,959	344,959	-	5

**ACPS FY 2009-2011 Capital Improvement Program Recommended Changes
Project Details**

		FY 2009*			FY 2010*				FY 2011*			
		Final	Revised	Increase / (Decrease)	Proposed	Approved	Increase / (Decrease)	Rank**	Proposed	Approved	Increase/ (Decrease)	Rank**
Maintenance Shop	Plumbing	-	-	-	-	-	-		261,594	261,594	-	6
Maintenance Shop	Storage	-	-	-	-	-	-		137,724	137,724	-	7
William Ramsay	Elevator	-	-	-	-	-	-		1,243,268	1,243,268	-	8
William Ramsay	Playground	-	-	-	-	-	-		223,585	223,585	-	9
Charles Barrett	Expansion	-	-	-	-	-	-		990,887	990,887	-	10
Cora Kelly	Expansion	-	-	-	-	-	-		1,273,997	1,273,997	-	10
Charles Barrett	Sprinkler	-	-	-	-	-	-		481,288	481,288	-	11
Patrick Henry	Sprinkler	-	-	-	-	-	-		503,501	503,501	-	11
Cora Kelly	Sprinkler	-	-	-	-	-	-		547,928	547,928	-	11
George Mason	Sprinkler	-	-	-	-	-	-		377,145	377,145	-	11
Maintenance Shop	Office	-	-	-	-	-	-		566,221	566,221	-	15
George Washington	Artificial Turf	-	-	-	-	-	-		1,377,292	1,377,292	-	17
Maintenance Shop	Sprinkler	-	-	-	-	-	-		135,501	135,501	-	17
Minnie Howard	HVAC/Boiler/Chiller	3,988,615	3,988,615	-	-	-	-		-	-	-	
TC Williams	Bleachers/Track	907,500	907,500	-	-	-	-		-	-	-	
Minnie Howard	Security	200,000	200,000	-	-	-	-		-	-	-	
George Mason	Playground	133,450	133,450	-	-	-	-		-	-	-	
Rowing facility	Racks	60,000	60,000	-	-	-	-		-	-	-	
George Washington	Auditorium	55,000	55,000	-	-	-	-		-	-	-	
Charles Barrett	HVAC	33,000	33,000	-	-	-	-		-	-	-	
Total Improve Projects		\$ 10,338,265	\$ 6,497,065	\$ (3,841,200)	\$ 10,340,934	\$ 14,412,606	\$ 4,071,672		\$ 12,972,511	\$ 12,972,511	\$ -	
Total Project Expenditures		\$ 19,879,886	\$ 18,407,631	\$ (1,472,255)	\$ 19,399,434	\$ 21,554,732	\$ 2,155,298		\$ 14,156,951	\$ 16,265,659	\$ 2,108,708	

Notes:

*Most projects have multi-year funding streams. For example, in the maintenance category, fire code mandate projects are recommended for funding at \$150,000 in FY 2010 and in FY 2011, for a total two-year funding stream of \$300,000. Similarly daylighting projects in the improvement category are recommended for funding at \$100,000 in FY 2010 and in FY 2011, for a total two-year funding stream of \$200,000.

**Ranking of projects is independent across fiscal years, and is dependent on receiving the funds requested in that fiscal year. If a lower level of funding is received in FY 2010 than requested, it will impact the priority rankings of projects in FY 2011 because high priority but unfunded FY 2010 projects would displace FY 2011 projects.