

Date: June 7, 2018

For ACTION: X
For INFORMATION:
Board Agenda: Yes X
No

FROM: Elijah Gross, Director of Planning, Design, and Construction

THROUGH: Dr. Lois Berlin, Ed.D., Interim Superintendent of Schools
Mignon Anthony, Chief Operating Officer
Richard Jackson, Director of Educational Facilities
Michael Herbstman, Chief Financial Officer

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: **Budget Transfers from the CIP Reserve Account to Support the George Washington Middle School Kitchen/ Cafeteria Renovation**

BACKGROUND: On December 7, 2017, the School Board authorized the establishment of a Capital Improvement Program (CIP) Reserve Account which provides an additional option for CIP budget transfers. This reserve account allows the School Board to move budgeted funds between capital accounts through the below two-step process:

1. The School Board approves budget transfers from specific project account lines to the CIP Reserve Account.
2. The School Board later approves budget transfers from the CIP Reserve Account back to other specific project account lines based upon need justifications.

On at least a quarterly basis, ACPS staff provides recommendations to the School Board to move funding into and out of the CIP Reserve Account, as required.

The CIP Reserve Account currently has a balance of \$1,121,491.27 remaining from prior approved transfers.

SUMMARY: A transfer is recommended from the CIP Reserve Account totaling \$218,361.95 to support the George Washington Middle School Kitchen/Cafeteria renovation project. This would leave a balance of \$903,129.32 in the CIP Reserve Account.

The George Washington Kitchen/Cafeteria Renovation project has been developed in close communication with the Office of School Nutritional Services (SNS), which has provided the majority of the funding for the project through the School Nutrition Services Surplus Fund Balance. Portions of the project that are prohibited from being funded with SNS fund balance dollars (such as code required HVAC infrastructure improvements) are to be covered through CIP funding. Below is the full breakdown of the funding sources required.

Funding Source	Amount
School Nutrition Fund: Surplus Fund Balance	\$1,200,000.00
CIP: System-Wide HVAC Projects	\$167,407.89
CIP: Transfers from CIP Reserve Account	\$218,361.95
Total Contract Amount	\$1,585,769.84

The George Washington Middle School Kitchen/Cafeteria renovation project consists of renovating approximately 13,500 square feet including the kitchen, serving area and dining area. Work comprises replacement of the heating ventilation and air conditioning infrastructure and systems throughout the entire project area as well as new flooring and ceilings, lighting and equipment in the kitchen and serving area. Equipment includes new hot wells, refrigerators, walk-in cooler, etc. All of the proposed plans for the project will serve to improve functionality by modernizing the kitchen and cafeteria. Furniture and finishes for the GW cafeteria dining area are being procured and installed under a separate contract using SNS Funds.

The timing of this current request relates to three issues: (a) an unanticipated requirement by the City for mechanical (HVAC) infrastructure upgrades as a prerequisite to the primary renovation; (b) fine tuning of the pricing for that work by bidders to the ACPS request for proposals; and (c) the inability to use SNS funds for the mechanical system portion of the renovation project. Unfortunately, after significant and multiple negotiation attempts, the final fee proposal gap exceeded the available Educational Facilities CIP funds earmarked for this project.

RECOMMENDATION: The Superintendent recommends that the School Board approve this budget transfer request totaling \$218,361.95 from the CIP Reserve Account to the George Washington Middle School Kitchen/ Cafeteria renovation project.

CONTACT PERSON: Mignon Anthony, (703) 619-8038

ATTACHMENTS: 1. CIP Adjustment Analysis

Attachment 1: CIP Adjustment Analysis

Budget Transfer-GW HVAC Project						
From Account						
ORG	OBJECT	PROJECT	TITLE	Amount Transferring	ACPS Account #	
New Account			CIP Reserve	218,361.95	New Account	
To Account						
41861586	53601	20139	SW-Equipment & Systems Replacement-Replace HVAC System and/or Units	\$ 218,361.95	41861586-6-P180073	