

Date: December 1, 2016

For ACTION _____ X _____
For INFORMATION _____

Board Agenda: Yes _____ X _____
No _____

FROM: Clarence E. Stukes, Chief Operating Officer
Elijah Gross, Director, Planning, Design and Construction

THROUGH: Alvin L. Crawley, Ed.D., Superintendent of Schools
Michael R. Herbstman, Director of Budget and Financial Systems

TO: The Honorable Karen Graf, Chair, and Members of the Alexandria City School Board

TOPIC: CIP Budget Transfer – 1701 and 1705 N. Beauregard

BACKGROUND: Since February 2016, staff has been engaged in a search for properties that can accommodate the increased enrollment of students in the school division. After looking at several available properties and applying our criteria of needed square footage, site conditions and access for West End families, staff pursued the 1701/1705 N. Beauregard Street location.

The plan currently under review is to purchase and retrofit the office building at 1701 N. Beauregard, making substantial changes to the inside to convert it into space suitable for approximately 650 elementary students. The purchase would include the parking garage adjacent to the building, part of which would be converted into outdoor space for students at the school.

ACPS staff is confident that this model is an efficient and effective way to create new learning spaces and help reduce capacity issues. The anticipated cost of purchasing the land and retrofitting the building will be significantly lower than long-term leasing of the building, or purchasing land and constructing a new school. This school is needed to help resolve capacity issues on the West End.

Cost Benefits for Purchasing vs. Leasing

Preliminary lease vs. purchase analyses indicate a potential savings of approximately \$28 million over ten years or \$64 million over twenty years based on the initial lease terms, current purchase price, retrofitting costs, and projected property value.

Total Estimated Costs for Purchasing and Retrofitting 1701 and 1705 N. Beauregard and Addressing Pre-K Center Needs

At a purchase price of \$15 million and retrofitting costs of approximately \$23.2 million, the total up-front costs to purchase and retrofit 1701 and 1705 for a new elementary school is approximately \$38.2 million.

There is a need to reconfigure and modestly update John Adams Elementary School to accommodate a separate pre-K center. Due to the building layout of John Adams and existing early childhood section, it is anticipated that minor reconfiguration will be necessary. Costs are estimated at \$1.0 million.

Funding Options for Purchase and Retrofit of the New West End Elementary School and Pre-K Center

Staff has identified the following estimated funding sources to support the purchase and retrofitting of 1701 and 1705:

Description	Funding allocation
CIP: Retrofit a new West End elementary school	\$16.1 million
CIP: Retrofit a new pre-K center	\$8.3 million
Operating: Estimated partial year leasing costs	\$2.5 million
Fund Balance to address unanticipated needs	\$1.9 million
Total	\$28.8 million

In accordance with School Board Policy DAB, Operating Fund Balance, the School Board may reserve available fund balance for certain circumstances including significant unanticipated expenditures of a nonrecurring nature. At its meeting on May 26, 2016 to adopt the FY 2017 budget, the School Board committed approximately \$1.9 million in compliance with this policy. The circumstances surrounding the funding gap for the new West End elementary school and pre-K center meet these requirements.

To fully cover the funding gap with CIP funding previously allocated to ACPS, staff recommends the following project funds be used as prioritized below:

Description	Reasoning	CIP allocation	Return to Future CIP
System-wide Furniture, Fixtures, and Equipment (FF&E)	These funds are available to use for the new school project given the FF&E requirements for the new school.	\$200,000	No
George Washington Roof Replacement	Due to budget savings, after substantial completion of a partial roof replacement at GW, there are no further costs anticipated for this project. According to a recent roof assessment, the last section of the roof is in good condition and does not represent an immediate need at this time.	\$790,796	No

Charles Barrett Cafeteria Expansion	This expansion was previously allocated to expand the CB cafeteria given recent classroom additions and anticipated pressure on core spaces. Based on a study of our cafeterias this year, this project can be deferred and funds can be reprioritized.	\$910,267	No
Transportation Facility	These funds were allocated in FY 2012 to expand the parking lot for school buses at the transportation facility. The City has not authorized approval for this lot expansion. ACPS continues to be concerned about the condition of this facility and the availability of space for school buses. However, without the City's approval to use the adjacent lot, this project cannot move forward and funds can be reprioritized to support the new school.	\$2,070,174	Yes, not within 5 years
Minnie Howard Capacity and Modernization Project	Originally allocated for the design, project management, and other soft costs for the 10-classroom addition and modernization of Minnie Howard. Based on School Board feedback and a review of capacity needs we recommend that the approved Minnie Howard project be reprioritized to reflect the need to address high school capacity in grades 9 through 12. As a result, the allocated soft costs from FY 2016 and FY 2017 are being redirected to close the gap to support the new (1701) elementary school. During FY 2018-2027, the Superintendent recommends construction of a new building that would accommodate 1600 students.	\$5,159,585	Yes, within 3 years
Mathew Maury Roof Replacement	These funds were allocated to support the replacement of the roofing over the school. Since that time ACPS completed its system wide roof assessments to determine the condition of all of our roofs and developed a database for tracking the need for maintenance, repair or replacement. In addition, a roof maintenance contract was entered into to properly maintain these roofs between replacements. It was determined that a portion of Mathew Maury roof needed immediate replacement, while the rest of the roof could be maintained. Thus, we are recommending that a portion of the funds allocated be used to support 1701 with the remainder being used to support a partial roof replacement at Mathew Maury.	\$1,345,759	No
Total		\$10,476,581	

The cost of purchasing and retrofitting 1701 and 1705 properties through the use of the above ACPS funds will allow ACPS to move forward with this project without requesting additional funds from City Council.

Below is the detailed project account adjustment.

Budget Transfer- 1701/1705 N. Beauregard Street					
From Account					
ORG	OBJECT	PROJECT	TITLE	Amount Transferring	ACPS Account #
41861560	52121	20135	GW-Facility Maintenance-Roof Replacement	\$ 790,796.00	41861560-7-P150087
41862554	NEW	NEW	TCWM-Capacity-Capacity Addition A&E	\$ 327,455.00	41862554-4-P160013
			TCWM-Capacity-Design, Project Management and Other Soft		
61862554	NEW	NEW	Cost	\$ 4,832,585.00	41862554-4-P170119
41861582	53601	20149	SW-Facility Maintenance-FF&E	\$ 200,000.00	41861582-7-P160028
41862350	NEW	NEW	CB-Capacity-Core Space Renovation	\$ 910,267.00	41862350-4-P150004
41861543	52121	20140	MM-Facility Maintenance-Roof Replacement	\$ 1,345,759.00	41861543-7-P170087
41862228	52121	20148	TF-Capacity-Upgrade transportation shop	\$ 94,044.00	41862228-4-P140104
41862228	52121	20148	TF-Facility Maintenance-Parking Lot Expansion	\$ 1,976,130.00	41862228-7-P150113
41862556	52102	20534	CP-Capacity-Retrofitting Leased Space for Central Preschool	\$ 7,220,505.00	41862556-4-P170114
To Account					
41862553	NEW	NEW	WE-Capacity-Retrofitting Leased Space for West End Elementa	\$ 17,697,541.00	41862553-4-P170115

RECOMMENDATION: The Superintendent recommends that the School Board approve the attached budget transfer request in the amount of \$17,697,541.

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