

KNOX COUNTY SCHOOLS


ANDREW JOHNSON BUILDING

Dr. James P. McIntyre Jr., Superintendent



MEMORANDUM

TO: Chair and Members
Knox County Board of Education

FROM: Dr. James P. McIntyre, Jr.
Superintendent 

DATE: March 23, 2016

RE: Proposal for Accumulated Savings of Capital Funds

Our Facilities and Finance Departments have reviewed the appropriated, budgeted and expended funds for the capital budgets over the last several years, including Physical Plant Upgrades (PPUs), and they have determined that the Board of Education has approximately \$6 million available in funds accumulated through savings over time. These savings are the result of aggressive cost control structures, conservative financial management, and a favorable contracting environment over the past few years, particularly for roofing projects.

While some concerns have been expressed in recent years regarding the accounting structure of Knox County Schools capital funds, and some important changes have been made to address these concerns, these accumulated savings highlight the strong fiscal stewardship exercised within our capital budget.

In consultation with the Knox County Finance Department, we have completed a thorough review of the capital budget and PPU accounts and determined that during the period from 2008 through 2014 approximately \$6 million was accumulated in savings largely from roofing projects that came in under budget. Roofing project savings account for \$3.9 million of this total.

Significant savings in actual expenditures that came in under budget in the areas of Architect Fees, Professional Services, Temporary Classrooms and Land Purchase account for another more than \$1 million in savings in this budget line.

I think it is both necessary and appropriate at this time to consider using these accumulated funds to augment our currently approved capital and PPU work plan. Discussed below, and detailed in the attached worksheet, are several critical maintenance projects that we need to address in our schools.

1. Both Karns High and Cedar Bluff Middle Schools need some electrical upgrades. This would largely entail replacing the aging main electrical switch gear at each site.
2. After consultation with the Knox County Health Department, I believe it is necessary that we begin a systematic program of radon testing and remediation across the school system. Radon poses significant health risks, and the geology of our region is extremely conducive to the development of radon gas. This will need to be a multi-year process and additional funding in all likelihood will need to be considered for future capital budgets.
3. South-Doyle Middle School urgently needs to have its lockers replaced and some significant paint work in order to help create the safe and inviting learning environment that we seek for all of our students. Additionally, the Bearden High School auditorium has not been upgraded since its construction in the late 1960s. This facility has one of the highest use rates of any in the school system, and the time has come for us to consider a complete upgrade by replacing seats, stage curtains, carpet and paint.
4. We have five high school tracks that need significant work. The Haslam family and Pilot / Flying J have generously donated the resurfacing of these tracks as part of the larger gift of new athletic fields for our high school stadiums. However, there is

significant remedial work that must be performed on the base layers of these tracks by the school system before the new surface can be applied.

5. We currently have nine high schools, four middle schools and three elementary schools that do not have air conditioned gymnasiums. Much as we did with our science labs and football stadiums, I believe we need to begin a multi-year program to ensure all of our gymnasiums are properly cooled. This proposal addresses this need at five of the nine high school gymnasiums and provides some contingency funds to address other HVAC needs as they present themselves.

6. The owners of the small piece of property at 1709 Spring Street that is adjacent to the east side of the Powell Elementary School campus have indicated to us that this property is available for purchase and may be placed on the open market. The property has a small brick church building and a parking area currently used by parents and staff at the elementary school. While the building is of marginal value to the school system, the location of this property is critical to the access and traffic flow on the Powell Elementary School campus. This proposal includes \$300,000 to allow us to pursue the acquisition of this property in order to preserve the current access to Powell Elementary.

All of these projects are necessary and prudent enhancements, and if not addressed with these accumulated funds, they will need to be included in annual capital budgets over a number of years. The availability of these funds gives us the opportunity to make significant progress in both our deferred maintenance and needed facility upgrades. Therefore, I respectfully request the Board of Education approve using \$5 million of the accumulated savings in capital and PPU funds to address the projects identified here and in the attached worksheet. I think it is wise at this time to retain the remaining accumulated funds as a contingency fund against future needs.