

MEMORANDUM

TO: Chair and Members
Knox County Board of Education

FROM: Dr. Jon Rysewyk
Superintendent

DATE: April 19, 2023

RE: Fiscal Year 2024 Capital Budget and Capital Improvement Plan Recommendation

I am submitting for your consideration and recommended approval the attached Fiscal Year 2024 Capital Improvement Plan (FY24 CIP). In the attached plan, you will find a request for the appropriation of \$51.7 million in capital expenses to provide for the continuation, completion, and commencement of necessary capital improvement projects.

In the attached FY24 CIP and the supporting appendices, you will find four categories of requested funding: facilities upgrades, expansion planning, security and technology upgrades, and contingency planning. I would specifically like to direct your attention to the following proposals:

- \$1 million to perform a comprehensive, districtwide facilities assessment;
- \$4 million in safety and security investments, including enhanced emergency communication systems, upgraded video systems, increased perimeter security, and the installation of carbon monoxide detectors in areas with natural gas appliances;
- Solutions to ease overcrowding and plan for anticipated growth in the Farragut, Mechanicsville/Lonsdale/Beaumont, and South Knoxville communities.

You will notice that the requested appropriation of \$51.7 million is an increase from FY23. This is due in large part to the continued increase in the cost of materials, labor, and land. It is, however, also the result of increased proposed investments in areas that have not been adequately funded in the past, such as systemwide paving and school accessibility improvements. To accommodate for these increases and to reduce the strain of debt obligations on the General Purpose budget (and, ultimately, to remain good stewards of the public's dollars), the Finance team is proposing a one-time allocation of a portion of TISA funds to the capital budget. More information on this financing strategy is detailed on page 4 of the attached plan.

Thank you for your consideration of the FY24 CIP budget recommendation.

Cc: KCS District Leadership Team



Capital Improvement Plan
FY 2024 Proposal

April 2023

TABLE OF CONTENTS

	Page Number
1. Introduction	3
2. Facilities Upgrades	4
3. Expansion Planning	7
4. Security and Technology Upgrades	9
5. Contingency Planning	10
6. Conclusion	12
7. Appendix	13
<i>Appendix A: Capital Improvement Plan</i>	14
<i>Appendix B: HVAC</i>	15
<i>Appendix C: PPUs</i>	16
<i>Appendix D: Drives/Parking Upgrades</i>	17

INTRODUCTION

FY2023 Capital Improvement Projects

Last fiscal year, the Knox County Board of Education approved the appropriation of \$40.122 million in debt service and \$8 million in fund balance designations for capital improvements. As a result of these investments, Knox County Schools (KCS) was able to complete a series of projects, including the construction of two new elementary schools:

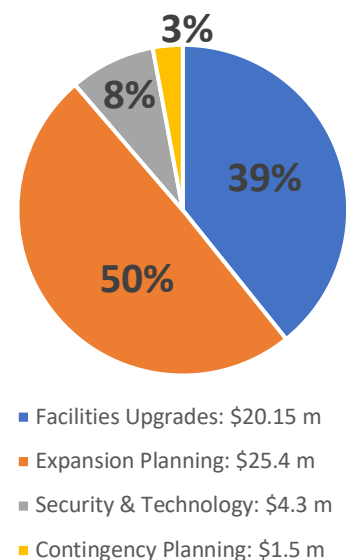
- **Lonsdale Elementary School**, which opened in August 2022; and
- **Adrian Burnett Elementary School**, which opened in January 2023.

The new **Mill Creek Elementary School** in northwest Knox County is currently nearing completion and is scheduled to open as a K-2 school in August 2023, with the expectation of opening for preschool through 5th grade in August 2024.

FY2024 Capital Improvement Plan (CIP)

We are requesting the appropriation of **\$51.7 million** for the 2024 Fiscal Year (FY2024). The increase in requested capital funds from FY23 to FY24 can be attributed to the rising cost of labor and materials and the need to plan for anticipated population growth throughout the county. These funds would ultimately provide for the completion and continuation of continuation of currently ongoing capital projects and would allow for work on a number of new construction projects to begin.

Proposed FY24 capital improvement projects have been organized into four areas of strategic investment: **Facilities Upgrades**, **Expansion Planning**, **Security and Technology**, and **Contingency Planning**. Illustrated in the chart to the right, the need to plan for population expansion comprises half the requested FY24 CIP budget. If approved, nearly forty percent of the remaining CIP funds would be invested in facilities upgrades, with another 8% allocated to security and technology improvements and 3% reserved for contingency planning. A detailed five-year outlook of projected capital improvement expenses can be found in Attachment A.



Comprehensive Facilities Assessment

In the next section, you will see a request for \$1 million to secure a third-party vendor to conduct a comprehensive facilities assessment. If approved, the data from this assessment would be used to inform and guide future CIP decision-making and funding proposals. This would mean that some project schedules and estimated costs for FY25 and beyond may be subject to adjustment based on our findings.

Financing

The Knox County Debt Service Fund allocates \$19.5 million to KCS annually for the issuance of the general obligation (municipal) bonds used to finance capital improvement projects. All additional debt obligations must be subsidized through the KCS General Purpose budget. With ESSER funds expiring in 17 months and growth in state revenue contributions expected to slow, it is imperative that we look for opportunities to create capacity within our operating budget while continuing to address our facilities improvement and expansion needs.

In FY23, KCS requested a one-time fund balance designation of \$8 million to reduce the strain of debt obligations on the General Purpose budget. This year, we are proposing the use of a portion of our operating revenue to either:

- subsidize the cost of certain FY24 capital initiatives; or
- to potentially pay off outstanding balances on a few existing bonds.

Each of these investments would provide much-needed relief on the KCS operating budget and would ultimately bolster our capacity to absorb critical initiatives into General Purpose as grant funding expires.

FACILITIES UPGRADES

We are requesting the appropriation of **\$20.15 million** to invest in necessary upgrades to existing facilities. These projects represent work that is anticipated to have a significant impact on teaching, learning, and support environments throughout the district.

Facilities Condition Assessment

To provide and plan for the effective maintenance and expansion of KCS facilities, the district requires a comprehensive planning and assessment tool. A one-time **\$1 million** investment in a districtwide facilities condition assessment would produce a baseline analysis of all existing KCS facilities. Specifically, the FY24 assessment would be aimed at measuring the condition, suitability, and functionality of each KCS facility. Assessment data would be used to develop a comprehensive strategic planning tool to inform capital-level decision making with regard to handicap accessibility, energy management, sustainability, modernization, and project shifts in population.

Middle School Gymnasiums

The gymnasiums at both Halls and Gresham Middle Schools were built in the 1930s. Despite having been properly maintained, these facilities no longer meet the educational needs of modern middle school programming.

The Halls Middle School project is currently scheduled to begin in FY25, and the estimated **\$750,000** needed for FY25 would provide design and engineering work to:

- replace four temporary classrooms;
- expand the current cafeteria to better support the student population;
- demolish the existing gymnasium; and
- construct a new gymnasium that provides for modern programming needs and better traffic flow on the middle and high school campuses.

The Gresham Middle School project is recommended to begin in FY26 and is projected to require **\$400,000** in design and engineering work over the course of that year.

Heating, Ventilation, and Air Conditioning

We have identified a number of sites in need of complete HVAC unit replacements. Due to the age of these units, repair parts are no longer available. A handful of additional boilers, cooling towers, and HAV units throughout the district are also in need of significant repair. In all, we are requesting **\$8 million** to address these needs, which are further detailed in Attachment B.

Knoxville Adaptive Education Center (KAEC) Renovation

KAEC provides critical services and supports to students with significant learning challenges. Renovation work on this facility is projected to begin in FY27 with an initial **\$2.5 million** investment. The results of the comprehensive facilities assessment will be used to guide project needs and further define project costs.

Physical Plant Upgrades (PPUs)

While smaller, systemwide maintenance projects reside in the General Purpose budget, the increasing cost of maintenance and construction materials has precipitated the need to request **\$3 million** in capital project investments to finance a series of districtwide facility upgrades. PPU projects are detailed in Attachment C and consist of:

- Major electrical projects (intercom replacements, transformer relocation, and installation of a new Primex clock system);
- Flooring, bleachers, elevator, and track replacements;
- General construction (window replacements, interior flooring replacement, door installations, bathroom renovations, and an awning installation); and
- Plumbing projects (replacement of a main water line and sprinkler pipe).

Roofing

The cost of roofing repair and replacement has increased in recent years. Using guidance from industry professionals and recent bid results for two roof replacement projects, we have approximated a cost of \$16 per square foot when budgeting for roofing repairs and replacements. Based on this estimate, the requested **\$3 million** for this line item should be sufficient to replace the existing roof at Farragut High School and potentially provide for additional roofing needs at other facilities.

Systemwide Drives, Parking, and Paving

Six years ago, KCS began the process of systematically addressing the poor asphalt conditions on school parking lots and drives. Since that time, we have made considerable progress toward the completion of systemwide paving projects. An investment of **\$3.15 million** would provide for the continuation of scheduled paving repairs by completing the projects detailed in Attachment D.

Title IX Solutions

KCS regularly monitors facilities for any significant disparities between amenities used by male and female athletics programs. For FY24, the district is requesting an appropriation of **\$2 million** to address identified discrepancies. Funds would be used to upgrade the Bearden High School softball complex and to make improvements to other facilities as needed.

EXPANSION PLANNING

KCS is actively partnering with the Knoxville-Knox County Planning Commission, the AdvanceKnox project, and the Knox County Community Development Corporation (KCDC) to identify areas of anticipated population growth or expansion throughout the county. To plan and respond to projected shifts in the population and mitigate existing pockets of overcrowding, we are requesting a total of **\$25.4 million** for FY24.

Bearden Middle School Renovation

The existing configuration of Bearden Middle School is not conducive to the school's current enrollment needs. The current configuration has resulted in unused and underused space that could be redesigned to allow the building to function at its originally intended capacity. Renovation of the school is currently slated for FY25 with a projected cost of **\$5.5 million**. The results of the comprehensive facilities assessment will be used to guide project needs and further define project costs.

Enrollment Growth (Modular Classrooms)

We are proposing the allocation of **\$1 million** to purchase two modular classroom units (comprised of two classrooms each). Compared to previous years, this is a significant increase in our projected costs per modular unit. This is due entirely to the continued increase in the market rate of these structures. While KCS has explored the possibility of relocating existing modular classrooms to accommodate for shifts in enrollment, the cost of moving these units is nearly the same as purchasing and installing a new unit. If approved for purchase, one of the two proposed new modular units is expected to be installed at A.L. Lotts Elementary School. The second unit would be assigned once enrollment numbers have settled.

Farragut Solution

Both Farragut Primary and Intermediate Schools continue to experience acute overcrowding, with a current enrollment of approximately 2,100 students between the two schools. We are continuing to search for an appropriate plot of land for the construction of a new school in this area and are optimistic we will be able to secure the necessary space in FY24. The requested appropriation of **\$4 million** for FY24 would provide for property acquisition and design services. An additional **\$42 million** will be required in FY25 for school and road construction, and **\$2.7 million** would be needed in FY26 for furniture, fixtures, equipment, and technology. The school is anticipated to open in August of 2027.

Mechanicsville, Lonsdale, Beaumont Solution

The Transforming Western Heights initiative is expected to bring more than \$220 million public and private investments into Western Heights and the surrounding community. As a result of these investments and the resulting transformation, KCDC is projecting a significant increase in the potential number of school-age children in the area. While the schools in the Mechanicsville/Lonsdale/Beaumont community are not yet overcrowded, they lack the capacity to accommodate the anticipated growth in this area. Investing in the pursuit of a strategic solution now will ensure we are equipped with adequate facilities to serve what is expected to be a rapid increase in student enrollment. The appropriation of **\$3.4 million** for potential property acquisition and design services in FY24 is the first step to proactively responding to these projected shifts in population. If approved, the project is projected to require an additional **\$49.3 million** in FY25 for school construction and potential road costs, and **\$3 million** in FY26 for furniture, fixtures, equipment, and technology.

South Knoxville Solution

Through its AdvanceKnox initiative, the county is projecting significant population growth and expansion in South Knoxville. Early projections suggest the student population south of the Tennessee River is likely to put significant strain on existing schools in the region. To provide for a proactive solution to projected growth, we are requesting **\$4.1 million** in FY25 for property acquisition and design services. If approved, the South Knoxville Solution would require an estimated **\$30.3 million** in FY26 for school construction and potential road costs, and **\$2.5 million** in FY27 for furniture, fixtures, equipment, and technology.

Sterchi Addition

To provide for a much-needed addition to alleviate overcrowding at Sterchi Elementary School, we are requesting the appropriation of **\$17 million**. This investment would provide for the addition of twelve new classrooms, an expanded kitchen and cafeteria area, a new gymnasium, a new music classroom, a new art classroom, a new administrative suite and a new entrance outfitted with a secure vestibule, as well as additional site upgrades to facilitate an improved traffic flow. This addition would also include an ICC-500 tornado shelter.

SECURITY AND TECHNOLOGY UPGRADES

Security and technology upgrades within the CIP are comprised of significant infrastructural or equipment enhancements and investments. Smaller-scale upgrades and the cost of routine maintenance of security and technology assets are reflected in the General Purpose budget. For FY24, we are proposing a total of **\$4.3 million** in security and technology upgrades.

Fire Alarm and Carbon Monoxide Detection Upgrades

Two years ago, KCS began the multi-year process of adding carbon monoxide detectors and voiced alarms to fire alarm systems in areas with natural gas appliances. To date, carbon monoxide upgrades have been completed at approximately 45 KCS facilities. We are proposing an annual investment of **\$1 million** over the course of the next four years to complete the necessary upgrades to facilities with natural gas appliances.

Security Upgrades

We are requesting **\$3 million** in security upgrades to provide for:

- the continuation of the multi-year, districtwide process of replacing and upgrading locks. This project has been significantly impacted by supply chain delays and slowdowns in the local labor market that are likely to continue over the course of several years. Upgrades involve the replacement of older and worn locksets with more efficient systems that reduce the dependence on traditional building and district master keys.

- the continued installation of antenna systems at several sites to enhance emergency radio communication. This project is currently on schedule and due to be completed in FY25. Antenna systems are being installed on a priority basis, focusing on sites with the most signal degradation first.
- continued upgrades to and maintenance of video systems. Equipment needs include camera hardware, new cabling, and server replacements to ensure continued efficacy and efficiency of video systems. These are annually recurring upgrades and maintenance needs.
- maintenance and enhancement of security fencing. KCS Security regularly identifies areas in which added fencing would enhance overall site security. These funds are used to make the necessary upgrades or additions in a timely manner.

Technology Upgrades

We are requesting **\$300,000** to address data infrastructure needs at various schools. These funds will primary be used to upgrade school networks to support instructional needs and to maintain hardware at the data center.

CONTINGENCY PLANNING

Contingency planning encompasses funds requested to proactively identify and provide for otherwise unforeseen facility needs. For FY24, we are requesting **\$1.5 million** to ensure we have the necessary funds available to identify and address critical school safety and accessibility needs as they arise.

Environmental Testing and Remediation

KCS has an active environmental testing and remediation program, which includes asbestos compliance monitoring and remediation, radon testing and mitigation, lead water testing, and indoor air quality work. A projected **\$200,000** will be required to continue this work over the course of FY24.

Asbestos Compliance Monitoring and Remediation

The district's asbestos management program was established approximately thirty years ago to comply with federal mandates and remains an ongoing program to this day.

According to our Asbestos Management Plans, we currently monitor and maintain roughly 800,000 square feet of asbestos-containing floor tile and other significant quantities of asbestos materials including thermal system insulation, surfacing materials, asbestos cement panels, mastics, adhesives, and other miscellaneous materials contained in many older facilities.

The EPA generally encourages schools to manage asbestos materials in place and to abate only during renovation, demolition, or when materials are in poor condition. The asbestos-containing materials we are currently monitoring appear to be in generally good condition. There are, however, several smaller sites that will receive abatement to flooring and other materials as scheduling opportunities and manpower permits.

Water Testing

Several years ago, KCS also began water testing in accordance with state statute and KCBOE policy. To date, the district has completed testing in all schools built prior to 1998. However, Board policy requires that schools built prior to 1998 undergo testing every two years and that all other schools undergo testing every five years. In accordance with this policy, approximately 30 schools are scheduled to be tested in FY24.

Radon Testing

In 2016, KCS began radon testing and mitigation at schools. Since that time, the district has completed testing and remediation at approximately 97% of schools countywide. Of the 88 sites that have been tested to date, 28 required some level of radon mitigation. Three sites remain to be tested and possibly mitigated, a process we anticipate will be completed over the course of the next two years.

Foundation Stabilization

As a contingency, KCS annually requests funds to address any foundation concerns that arise of the course of the year. Stabilization issues might be caused by anything from erosion to sink holes to tree root intrusions. Generally, these concerns are limited in scope and can be economically resolved with timely structural repairs. To effectively complete these projects and provide for any unforeseen foundation needs, we are requesting **\$1 million** for FY24.

School Accessibility

It has become apparent this year that our schools are in need of increased funds to address accessibility issues. In the past, KCS has requested \$100,000 biannually to fund the occasional need to install chairlifts, improve sidewalks, etc. While these needs will continue to arise and require funding, we are interested in taking a more proactive approach to enhancing school accessibility. Over the course of FY24, we intend to form an ADA Committee in partnership with Knox County government to begin the process of proactively identifying and addressing accessibility needs. We estimate the need for approximately **\$300,000** per year over the course of the next five years to effectively increase school navigability and access.

CONCLUSION

We believe the proposed FY24 Capital Improvement Plan provides for the continuation and completion of critical capital projects while also building districtwide capacity to accommodate and plan for continued enrollment increases and population expansion.

While the cost of construction and materials continue to rise, our commitment to providing students and staff with healthy, safe, and comfortable learning environments remains unchanged. We feel confident that the requested investment of **\$51.7 million** in facilities upgrades, expansion planning, security and technology upgrades, and contingency planning will make a significant impact on our existing facilities and provide for proactive decision-making where future expansion is concerned.

APPENDIX

Appendix A. FY24 Capital Improvement Plan*

Project	FY24	FY25	FY 26	FY27	FY28	Total Five-Year Project Cost
Facilities Upgrades						
Facilities Condition Assessment	\$1,000,000					
Gresham Middle School Gymnasium			\$400,000	\$5,000,000		\$5,400,000
Halls Middle School Gymnasium Replacement/Drive Improvements		\$750,000	\$6,900,000			\$7,650,000
HVAC Upgrades	\$8,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$32,000,000
KAEC General Renovation				\$2,500,000		\$2,500,000
Physical Plant Upgrades	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$15,000,000
Roof Upgrades	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$15,000,000
Systemwide Drives, Parking, and Paving	\$3,150,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$7,150,000
Title IX Solutions/Upgrades to Athletic Facilities	\$2,000,000	\$1,000,000	\$1,000,000			\$4,000,000
Expansion Planning						
Bearden Middle School Space Upgrade/Addition		\$5,500,000				\$5,500,000
Enrollment Growth (Modular Classroom Purchase/Relocation)	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Farragut Solution	\$4,000,000	\$42,000,000	\$2,700,000			\$48,700,000
Mechanicsville/Lonsdale/Beaumont Solution	\$3,400,000	\$49,300,000	\$3,000,000			\$55,700,000
South Knox Solution		\$4,100,000	\$30,300,000	\$2,500,000		\$36,900,000
Sterchi Addition 250 Student Addition	\$17,000,000					\$17,000,000
Security and Technology						
Fire Alarm Systemwide Upgrades to add Carbon Monoxide Detection	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000		\$4,000,000
Security Upgrades	\$3,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$11,000,000
Technology Upgrades	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000
Contingency Planning						
Environmental Testing and Remediation	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Foundation Stabilization	\$1,000,000	\$300,000	\$300,000	\$300,000	\$300,000	\$2,200,000
School Accessibility	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000
Grand Total - School Projects	\$51,350,000	\$120,750,000	\$62,400,000	\$28,100,000		TBD

*The above projections do not necessarily represent the level of borrowings that would be issued. KCS will continue to explore non-financed funding options to mitigate debt levels. Cost estimates and timelines for projects scheduled for FY24 and beyond are subject to change pending on the results of the facilities assessment.

Attachment B. FY24 HVAC

HVAC	Description	Cost
Systemwide	Cooling Tower, Chiller & Boiler Repairs	50,000.00
Systemwide	Install Ductless Splits	60,000.00
Systemwide	Miscellaneous HVAC Replacement Due to Parts Availability	500,000.00
Cedar Bluff Middle	Complete HVAC Replacement	3,500,000.00
Sarah Simpson	Replace 4 HVAC Units Serving the Great Room	90,000.00
Karns Elementary	Replace 4 Boilers and Pumps	375,000.00
A. L. Lotts Elementary	Replace 3 Boilers and Pumps	340,000.00
Ritta Elementary	Replace all HVAC Rooftop Equipment	400,000.00
Farragut Middle	Replace HVAC Units Serving Gym, Kitchen, Cafeteria & Lobby	390,000.00
Powell High	Replace 19 Rooftop Units	1,200,000.00
South-Doyle Middle	Replace 2 Rooftop Units Serving the Auditorium	185,000.00
Sunnyview Primary	Replace 2 Rooftop Units Serving the Gym	95,000.00
South-Doyle High	Replace all Rooftop Equipment on Auditorium Building	440,000.00
Holston Middle	Replace Units Serving Band, Choir, Library, Library Hall, 500 & 600 Halls	375,000.00
Total HVAC Upgrades		\$8,000,000.00

Attachment C. FY24 PPU's

Electrical	Description	Project Cost
Cedar Bluff Elementary	Replace Intercom System	90,000.00
Spring Hill Elementary	Replace Intercom System	30,000.00
Farragut Primary	Replace Intercom System	40,000.00
Beaumont Elemntary	Relocate Service to Padmount Transformer (per KUB)	140,000.00
Powell High	Install New Primex Clock System	50,000.00
Total Electrical		\$350,000.00

Flooring/Bleachers/Elevators/Tracks	Description	Project Cost
Gibbs High	Replace Bleachers in the Gym	500,000.00
Farragut High	Replace Upper Bleachers in the Gym	230,000.00
Spring Hill Elementary	Replace the Elevator	80,000.00
Mt. Olive Elementary	Replace the Carpet in Office, Library & Various Classrooms	25,000.00
Total Flooring/Bleachers/Elevators/Tracks		\$960,000.00

General Construction	Request Description (791302XX-570600)	Project Cost
Chilhowee Intermediate	Replace Hardwood in Office Area and Add Two Doors	50,000.00
Dogwood Elementary	Replace Windows	385,000.00
Richard Yoakley	Replace Windows (Final Phase)	480,000.00
Karns Elementary	Replace Kitchen Tile	260,000.00
Sequoyah Elementary	Replace Hardwood in Main Hall Behind Office	50,000.00
Pond Gap Elementary	Install Awning on Side Entrance	20,000.00
Pond Gap Elementary	Renovate Main Bathrooms	105,000.00
Bearden Elementary	Replace Floor Joist, Subfloor and Flooring in Front Office Area and 2 Classrooms	100,000.00
Total General Construction		\$1,450,000.00

Plumbing	Description	Project Cost
South-Doyle High	Replace Main Water Line	140,000.00
Christenberry Elementary	Replace Sprinkler Pipe - Phase 2	100,000.00
Total Plumbing		\$240,000.00
TOTAL		\$3,000,000.00

Attachment D. FY24 Drive/Parking Upgrades

Drive/Parking Upgrades	Description	Project Cost
Bearden High	Resurface Pavement	725,000.00
East Knox County Elementary	Resurface Pavement (Bus Loop & Back Lot)	135,000.00
Rocky Hill	Resurface Pavement	165,000.00
Farragut Middle	Resurface Parking Lot	255,000.00
Farragut Intermediate	Resurface Parking Lot	145,000.00
Farragut High	Resurface Pavement	1,185,000.00
Northwest Middle	Resurface Pavement	540,000.00
Total Drive/Parking Upgrades		\$3,150,000.00