

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

A handwritten signature in black ink, reading "James P. McIntyre Jr.", with a long horizontal line extending to the right.

DATE: February 14, 2011

SUBJECT: FY2012-14 Capital Improvement Plan

Attached please find a proposed three-year capital improvement plan that reflects and builds upon the priorities established by the Board of Education during the capital planning process over the past two years. This plan generally moves forward the capital projects and timeline established by the Board in the Fiscal Year 2011 (FY11) capital improvement plan. Our planning has been broad and comprehensive, but the proposed plan is limited to projects and concerns of the highest priority due to our constrained resources.

This capital improvement plan continues to focus on addressing the five capital planning priority projects identified and adopted by the Board of Education in the spring of 2009: 1) substantial renovations at Chilhowee Intermediate School, 2) an environmentally friendly addition at Belle Morris Elementary School 3) a new elementary school in the Southwest sector of the county, 4) a facility for the proposed STEM Academy magnet high school, and 5)

significant upgrades at the Carter Elementary and Middle School campus. In addition, the plan focuses resources on our greatest and most urgent facilities needs, as identified by our professional buildings and maintenance staff.

As we have previously discussed, our capital spending over the years has left us with somewhat limited fiscal capacity to undertake a significant increases in the number of capital projects. Even without major additional capital commitments, our debt service obligation in the general fund will continue to increase somewhat substantially in each of the next several years. As in recent years, this environment has compelled us to continue to develop a modest and reasonable plan to address our most pressing short-term and long-term facilities needs.

The attached documents include:

- A three year capital improvement plan (CIP) summary (FY12-FY14)
- Narrative descriptions of each of the CIP major line items
- Listings of the proposed Physical Plant Upgrades (PPUs) and Roof/HVAC projects
- An analysis of debt service obligations under the proposed capital plan
- The FY2011 CIP (as a reference)

We have not included reference to the Carter Campus project in the FY12-14 plan as the Board has already approved this project for appropriation by the Knox County Commission. The scope of work for the Carter campus renovation has been defined and the Board approved \$5 million for this project in the FY11 CIP. If the Board elects to move forward with the private "build-lease back" proposal that is being examined, this project would not be reflected in the capital budget, rather, it would be a lease payment reflected in the operating budget.

A few highlights of the capital plan:

Physical Plant Upgrades (PPUs) / Roofs and HVAC

This proposal commits \$3.7 million to PPUs as well as an approximately \$3.1 million commitment to heating, ventilation, and air-conditioning (HVAC) and roof repair and replacement in FY12. The funding allocated to support these areas over the last several years has allowed us to maintain our facilities in such a manner as to provide a clean, safe and inviting learning environment in our schools. Our PPU and roof/HVAC investments in recent years have also made it possible for us to reduce our deferred maintenance backlog, and

level of investment will also allow us to continue to appropriately maintain our existing facilities.

Southwest Knox County Elementary School

Construction of the new southwest Knox County elementary school has been targeted to begin in FY2012 with architectural work and planning to be conducted in the current fiscal year. We have completed the design competition, and I expect to bring a recommendation to engage an architectural firm to the Board at its March meeting. The timeframe we have established should allow the new elementary school to open by August, 2013.

Belle Morris Elementary School

The "green addition" for Belle Morris Elementary School remains budgeted for FY2013 construction. This project is in the design stage. However, in the coming months we will complete some additional analysis with respect to enrollment and growth trends at Belle Morris in order to verify the need for this environmentally-friendly building addition.

STEM Academy High School

The STEM Academy has been moved forward in the proposed FY12 CIP from a project planned beyond three years to provide funding in FY 12 to fund the modifications and upgrades to the L&N facility that the Board has leased for this school. The proposal provides for \$1.8 million in capital funds for this project in FY12. This level of investment, combined with the \$675,000 capital commitment from this year's PPU funds, is significantly less than the \$10 million in capital funding estimated in the FY11 CIP.

Out of an abundance of caution, we have not reflected any offset from the historic preservation tax credits for which this project may qualify. This is a prudent action at this point as it will place the Board in a position to benefit from the complex tax credit transaction if and when the credits are realized, without affecting the project's timeline.

Other Projects

We have maintained our commitment to address science laboratory needs that a team composed of persons with various science curriculum area expertise identified last year. A number of laboratories are in need of improvement, and we have prioritized the needs to address this critical component of student learning in our high schools. We were able to address the first two high schools on the prioritized list, Powell High School and Carter High School, through the FY11 capital budget. Upgrades continue to be proposed for FY13, but we have included the renovation of the next high school science lab on the prioritized list (South-Doyle High School) in the FY12 capital plan. If we are able to identify additional resources to begin more of this work in an accelerated time frame, we will do so.

Next year we will continue our safety upgrades of classroom door lock mechanisms throughout the Knox County Schools. These enhancements to our door lock mechanisms, which allow the classroom doors to be locked from the inside if necessary, represent a prudent security improvement. We have set aside \$300,000 in next year's capital budget for this important purpose.

Within the Roof and HVAC budgetary details for FY12, you will also note that we have budgeted \$1.2 million to replace the concrete football stadium stands at Fulton High School. This project is included at the specific recommendation of our structural engineer who perceives the old concrete stadium to be a future safety issue if not addressed in the next couple of years.

In order to support effective decision-making in our maintenance and buildings program with accurate quantitative information, we are updating and enhancing our facilities assessments. We programmed a modest amount last year to support this work and propose to maintain the same level of commitment in FY12. In the past, this effort has been contracted out at considerable expense. We are working to meet our needs with only some limited augmentation of the expertise that exists in our own maintenance and facilities departments.

Conclusion

I believe this proposed capital improvement plan addresses our most pressing short-term and long-term facility needs, reflects the priorities adopted by the Board over the past two years, and will help us to ensure a safe, healthy, inviting learning environment for all our students. I would respectfully request that the Board of Education approve the recommended FY2012-14 capital improvement plan.