



**To:** Board Members  
Superintendent

**Date:** April 13, 2012

**From:** Chief Operating Officer

**Subject:** Read-Ahead, April 17, 2012 Workshop, Capital Budget/Capital Program

Attached you will find documents pertinent to our discussion regarding the Capital Budget and the Capital Program. At this workshop we'd like to discuss the following topics:

- The Capital Improvement Plan
- The Capital Budget 2012/2013 thru 2016/2017
- The State of Portables
- Unfunded Competing Projects
- Work Planned for this Summer
- Rental Rates

To support these discussions we've included the following documents:

- The latest draft Capital Improvement Plan                      Tab 1
- A draft Capital Budget                                                      Tab 2
- Portable Utilization Summary                                              Tab 3
- Capital Projects Prioritization Matrix                                      Tab 4
- North Port Transportation Depot                                              Tab 5
- Project Updates                                                              Tab 6 (we'll review these as part of  
the Superintendent's report on May 1, 2012)
- Summer Project Summary                                                      Tab 7
- Rental Rate Recommendation                                                      Tab 8

Prior to the Workshop we ask that you review the Capital Improvement Plan as it summarizes both the current planning environment and the Goals and Strategies we're using to develop the Capital Budget. This document is essentially the Board's Planning Guidance to the staff.

**Board Outcomes.** We will be looking for Board guidance regarding several things. They include:

- 1) CIP. The Capital Improvement Plan represents the Board's guidance to staff regarding capital expenditures. This document includes several key goals and strategies. Are these goals still consistent with the Board's goals and philosophies?
- 2) Sarasota High School. Does the Board still support funding the renovations of Sarasota High School? We believe we have the funds to support the full project and continue full speed ahead toward contract award but it means not addressing other competing projects.
- 3) Mid-size projects. Does the Board support the mid-size projects recommended for completion?
- 4) Rental rates. We seek the Board's input regarding both our philosophy regarding facility access by the public and the intent of our rental rates.
- 5) Summer projects. As a matter of awareness we want to ensure the Board is aware of several key projects being undertaken this summer.

**Discussion.** As you review these documents you will note that capital revenue has fallen dramatically over the past several years. Borrowing at the current low rates has enabled the District to rebuild aging schools and freed up funds to renovate others while at the same time take advantage of lower construction costs and providing local employment opportunities. As a result of the Board's efforts, and the recurring efforts of our facilities team (Facilities Services, Construction Services, and Long Range Planning), you will also note that Facility Condition Indices across the District reflect high quality, well maintained facilities. This positions us well for what will prove to be several lean years.

This budget suggests funding the renovation of Sarasota High School at an estimated cost of \$26.5 million. Should the Board agree to fully fund this renovation most of the funds available for competing projects will be consumed. As you review the Capital Project Matrix you'll see that the next campuses that will require attention are likely Pine View and Bay Haven. Note that there will not be sufficient funds to address these campuses in any complete and systematic way until the 2015/2016 year at the earliest.

There are also several smaller needs at the school level. They include such projects as:

- Build a Transportation Depot in North Port
- Install Covered Walkways at Several Elementary Schools
- Expand Locker Space at North Port High School
- Continue the Upgrade to Classrooms of Tomorrow at Middle Schools and TEAL Labs at High Schools
- Address a Need for Improved Office Space and Showers at the Fires Science Academy
- Renovate Several of the Buildings at Venice Middle School—Beginning with Building 5 which Supports Oak Park South
- Complete the Renovation of Fruitville Building 3 which, in part, Houses Administration
- Expand Cafeteria Restrooms at Taylor Ranch Elementary School

For most of these mid-size projects, the Prioritization Matrix simply doesn't work. To prioritize these projects we considered: 1) impacts on instruction; 2) student safety and security; and 3) return on investment. This budget will allow us to address, in some way, those projects highlighted in yellow above. Fund sources for these projects are largely Impact Fees, the Portable line, or the Small Projects line in the Capital Budget.

- North Port Transportation Depot. See Tab 5. Impact fees are available and can be used to fund this project. With a relatively modest capital investment we can move the buses that support North Port schools closer to their stops, reduce deadhead miles, and expect an annual savings in the general fund of between \$500 and \$600K per year. This was a recommendation from MGT.
- Covered Walkways. There are more needs than can be funded but from a student safety perspective the parent pick-up loop at Garden Elementary School is most pressing. This budget funds only that project.
- NPHS Lockers. Today students are sharing athletic locker space creating a potentially unhealthy environment. There are several options available to address this issue. In the coming fiscal year we'll study those options and plan to execute the one that makes the most sense.
- Classroom of Tomorrow and TEAL labs. We've included funds to continue this effort for at least the 2012/2013 school year at a modest rate. It will posture us to take advantage of foundation support for technology expenditures and put that technology to work.
- Fire Science. Much of Fire Science remains in portables that are older. We'll move an office portable to the site and renovate their showers.
- VMS. Finally we will spend a portion of this year reviewing needs at Venice Middle School and the extent to which a building renovation may help reduce the number of portables. Given a significant portable reduction, we'd look to renovate building 5 in the 2013/2014 school year.

We pointed out earlier both that revenues have declined and that once these projects are funded there will be little funding available for additional projects. Once the projects above are funded the capital budget will have a project contingency of just over \$4 million and a fund balance of just over \$5 million. The project contingency budget remains flat through the 2014/2015 fiscal year. Given the size and dollar value of all ongoing capital projects we believe it's prudent to hold those funds in contingency. As a result, as you look through the next several years (through the 2015/2016 Fiscal Year) there will not be a large amount of money to take on additional projects.

In addition to the relatively small amount of money available, there remain several large unknowns. For example: 1) will the tax roll stabilize or continue to decline; 2) as the current COMCAST agreement comes to an end what will the next agreement look like; 3) we are in year

four of five of the HP refresh—what does year six look like; 4) will we need to address repairs beyond those programmed (especially on campuses like Pine View); 5) etc.

The combination of large unknowns and a relatively small contingency leads staff to recommend holding this contingency and not initiating any new projects for the next three years. Because of the relatively high FCIs of our buildings, the quality of our maintenance program, a reasonable bus replacement cycle, funding to continue to address security concerns, and an appropriately funded technology program we believe this recommendation is practical and executable.

We look forward to the opportunity to discuss these topics with you and hope you find the read-ahead valuable. Please let me know if you have any questions or comments.