

Salem City Schools
Capital Improvement Plan (CIP) for 2021-2026 and Projects for FY 2020
October 8, 2019

Summary of Issue:

This report is to request the Board to:

1. Approve the proposed projects for FY 2020 from the 6/30/19 year-end balance and the funding of these projects (Capital Reserve) (Attachment A with Appendix 1 for IT & Finishes lists)
2. Approve the proposed projects for FY 2020 from the 6/30/19 year-end balance and the funding of these projects (Meals Tax) (Attachment B)
3. Approve the proposed projects for FY 2020 from the 6/30/10 year-end balance of the Cafeteria fund and the funding of these projects (Attachment C)
4. Approve the proposed 2021-2026 Six Year CIP (Attachment D)

Background:

Salem's school buildings require on-going major maintenance projects on a regular basis due to age. In recent years this has included such things as roofing replacement, heating and air conditioning work, building renovations, door and window updates, classroom upgrades and similar.

In addition, the division has used capital reserve funds traditionally to replace buses, supplement its technology budget, and replace major cafeteria equipment on a planned regular basis to even out future necessary outlays. With the balance available from this past fiscal year, the projects in attachment A are the requests from the Division on how to use these funds.

There are 4 categories of how a fund balance is to be reported in the Capital Projects Fund for financial reporting purposes within the statement:

1. **Restricted Fund Balance** - restricted by external creditors (debt covenants) grantors, contributors
2. **Committed Fund Balance** - amounts that can only be used pursuant to constraints imposed by legislation, resolution, or ordinance and the constraints can only be removed by the same method
3. **Assigned Fund Balance** - amounts that are constrained by the government's *intent to be used for specific purposes*, but neither restricted or committed
4. **Unassigned Fund Balance** - any residual fund balance not in the first 3 categories.

On November 28, 2011, City Council approved a 2% tax rate increase on the Meals Tax for the City, and dedicated the proceeds to go to School Capital Projects. The tax became effective February 1, 2012. With the balance available from the past fiscal year, the projects in attachment B are the requests from the Division on how to use these funds.

Over the past several years, the division has been growing the reserves in the cafeteria fund from positive year-end balances. The State recommends we keep a minimum three (3) months expenditures in reserves at all times, and we have in excess of that with the balance at the end of FY 2019. We recommend funding the cafeteria capital needs from the reserve balances in the Cafeteria fund as listed in attachment C.

Policy Reference:

FB, Facilities Planning

Fiscal Impact:

At this time, \$2,176,666 of the unallocated capital reserve funding will be categorized in Assigned Fund Balance with the remaining being categorized as Unassigned Fund Balance. The total projects anticipated during the current fiscal year from capital reserve are listed in Attachment A.

\$650,756 of the unallocated meals tax funding will be categorized in Assigned Fund Balance. The total projects anticipated during the current fiscal year from capital reserve are listed in Attachment B.

\$41,000 of the unallocated cafeteria reserves funding will be categorized in Assigned Fund Balance. The total projects anticipated during the current fiscal year from cafeteria reserves are listed in Attachment C.

The total project requests in the CIP for the six-year period FY 2021-2026 are \$44,053,587 per Attachment D.

Recommended Motion:

Move approval of the projects for FY 2020 using funding from the 6/30/2019 year-end balance, funding from the 6/30/2019 meals tax balance and funding from the 6/30/2019 year-end cafeteria fund balance with a request that City Council appropriate funding from these year end fund balances as required, and move approval of the FY 2021-2026 CIP.

Salem City Schools		10/8/2019
CIP Requests from Principals and Central Administrators - FY 2019 Fund Balance		
		Attachment A
Capital reserve balance at 6/30/2019 - UNAUDITED		\$2,651,666
Less: amount to be held for contingencies - (approximately 1% of total budget)		(\$475,000)
Available for FY 20 projects/future AE/construction		\$2,176,666
Name of Project	Notes	Estimated Cost
Furniture for SHS Classrooms	Head start on purchasing furniture	\$120,916.00
Flooring Updates for 3 SHS Classrooms	Removing carpet and polishing concrete in classrooms as part of renovations	\$30,000.00
Resurface track at SHS	Asphalt is about 30 years old and needs a new overlay and new surface	\$352,000.00
Remodel Room 250 as a Classroom at SHS	To prepare for CTE program	\$200,000.00
Extending sidewalk from exit 5 to exit 6 at GW Carver	Snow or rain makes for a mess for parents picking up kids	\$15,000.00
Sidewalk/Handicap ramp from school to Playground at West	Not handicap accessible. Unable to get a wheelchair thorough the grass to the playground	\$30,000.00
2 Special Needs Buses	To increase the size of fleet of special needs buses to meet the demand for transportation requests	\$200,000.00
Alignment Rack Lift & Alignment Machine at SHS CTE Department	To add equipment in the Auto Services program	\$35,000.00
Bleacher Seat Replacement at SHS Gym	Seats broken in multiple places. This will replace all seats	\$70,000.00
Calculator Replacement at Secondary levels	To replace aging supplies at ALMS and SHS	\$10,530.00
Rider Floor Scrubber (at 2 schools)	To assist schools in cleaning floors in our buildings. Also provides additional safety for our staff as a rider versus a manual process.	\$16,000.00
2019 Tech Infrastructure Upgrades & Computer Replacements	Infrastructure needs and equipment replacements across Division (list)	\$70,000.00
Division Painting/Flooring Needs	Painting/Flooring needs for Division throughout school year & summer 2020 (list)	\$117,500.00
Local Match for Extended School Year Planning Grant	We received the grant in the amount of \$50,000 and the local match is \$10,000	\$10,000.00
Division Security	Local Match for Security Grant. If we receive the grant, we have to provide a 25% local match. Grant amount requested is \$243,500 (or \$48,700) but we don't need full funding to have match available	\$44,720.00
HVAC Control Updates at East	HVAC needs from the City	\$50,000.00
General Roof Improvements	Funding for general roof repairs for the division	\$50,000.00
Chiller Replacement at West	HVAC needs from the City	\$190,000.00
Central Office Flooring Replacement Phase I	To replace aging carpet at Central Office. This would complete approximately half of the building.	\$35,000.00
Resurface Track at ALMS	Aging track is cracked and deteriorating in several areas. Track is used by P.E. classes and community. If maintenance not performed will reach a state where it is unrepairable. Cracked and damaged surface also a safety risk.	\$100,000.00
ALMS Auditorium Door Replacement	These doors need to have inside locks	\$15,000.00
ALMS Fire Alarm System Replacement	Replace aging "end of life" building fire alarm system	\$30,000.00
Sealing/Striping/Paving Parking Lots	Crack repairs at all locations	\$20,000.00
ALMS Roof Replacement (Select Sections)	Roof Study shows this as the next roof needing replacement	\$250,000.00
Replace 2 Basketball Goals at SHS	Equipment in need of replacement	\$20,000.00
Exterior Door replacements (#24, 25 & Gym Atrium) at ALMS	Recommended from Safety Audit	\$20,000.00
Handrail leading down to Boiler room @ ALMS	Recommendation from VACORP Risk Assessment	\$10,000.00
2 Standard Handrails @ ALMS in front of old gym lobby in the back	Recommendation from VACORP Risk Assessment	\$10,000.00
Scoreboard @ ALMS Small Gym	Equipment in need of replacement	\$20,000.00
Dodge Caravan SXT & Vulcan camera system	For special needs transportation	\$25,000.00
Paint Mixing Equipment at SHS CTE department	To add equipment in the Auto Body program	\$10,000.00
		\$2,176,666
	(Over)/Under Budget	\$0

Bal at Sept
Bd Mtg
Minus Meals
Tax

Current Tech Infrastructure & Equipment Replacements Requests

	Name of Project	Notes	Estimated Cost
1-	ALMS PC to Projector Castings	ALMS has 8 year devices called Warpia which are dying quickly	\$ 40,000
2-	Projector Replacement	Ongoing replacement - Existing projectors were all installed at the same time and are reaching end of life and are dying with regularity	\$ 30,000
			\$ 70,000

Current Finishes/Flooring Requests

	Name of Project	Notes	Estimated Cost
1-	Paint 4 classrooms at West	Continue working on painting rooms	\$ 4,000
2-	Blinds in 7 Rooms at West	Blinds are broken and inoperable.	\$ 14,000
3-	Replace Library flooring (carpet) at West	Carpet very badly stained and coming apart in areas. Carpet original to addition in 1985.	\$ 4,000
4-	A variety of drywall repair needs to be done in at least 4 restrooms at ALMS	There is significant drywall damage that is unsightly, and could also be dangerous to students. These bathrooms are in high use areas. The bathrooms in the old big gym lobby maintain original fixture and plumbing from the 60's	\$ 20,000
5-	Completion of painting project already underway at ALMS	Basic necessity to provide a clean and safe place of learning for students and staff	\$ 20,000
6-	Flooring Stain Updates at South	Color of stain is faded and in need of update	\$ 10,000
7-	Paint office area: Front office, assistant principal and nurse at East	Main office is the first impression for East and has many areas in need of fresh paint or touch up	\$ 3,000
8-	Remove carpet in three 3rd grade classrooms and replace with no-wax floors at East	Carpet is showing age. No-wax floors would improve the appearance, are easier to maintain and are more sanitary.	\$ 15,000
9-	Replace Carpet in Tech Ed lab at ALMS with either tile or polished concrete	Under Mrs. Gerrol's leadership this class has become more of a shop than a classroom. Students are regularly doing work that produces debris and carpet is not a good material when it comes to keeping the space clean	\$ 7,500
10-	Division Painting Needs	Various needs that come up throughout the year	\$ 20,000
			\$ 117,500

Salem City Schools		10/8/2019
19-20 CIP Requests for Meals Tax Usage		
		Attachment B
Meals tax balance at 6/30/2019 - UNAUDITED		\$ 650,756
Less: amount to be held for SHS Renovation in Unassigned Fund Balance		-
Available for FY 20 projects/future AE/construction		\$ 650,756
Name of Project	Notes	Estimated Cost
SHS Building Project - Local	To continue funding the local account for the HS renovation project to cover furniture, fixtures, etc.	\$650,756
	Total	\$650,756
	(Over)/Under Budget	\$0.00

Bal as of
10/7/19

Current Balance in SHS Building Project - Local	\$208,999
Add-on for FY 19 from Above	\$650,756
New balance for SHS Renovations	\$859,755

Significant Activity 2016-2019

2016 Meals Tax Transfer	\$1,356,587
South Salem Reserves Transferred	\$89,507
2017 Meals Tax Transfer	\$34,446
Adt'l State Revenue after FY 19 Budget Adoption	\$100,000
2018 Meals Tax Transfer	\$482,062
	\$2,062,602
Proposed 2019 Fund Balance Transfer	\$650,756
	\$2,713,358
<i>A & E Design Services and related expenses - spent</i>	(\$1,853,603)
<i>Current Balance in SHS Building Project - Local</i>	\$208,999

Salem City Schools		10/8/2019
19-20 CIP Requests for Cafeteria Fund Balance Usage		
		Attachment C
Cafeteria fund balance at 6/30/2019 - UNAUDITED		\$ 636,902.87
Less: amount to be held for approximately 3 months expenditures in Unassigned Fund Balance		(500,000.00)
Available for FY 20 projects/equipment needs/construction		\$ 136,902.87
Name of Project	Notes	Estimated Cost
Replacement of Serving Line at West	Aging equipment	\$25,000
Replacement of 2 Convection Ovens at East	Aging equipment	\$16,000
	Total	\$41,000
	(Over)/Under Budget	\$95,902.87

Salem City Schools

10/8/2019

Six Year Capital Improvement Plan (CIP) for FY 2021-2026
October 2019 School Board Meeting

Attachment D

										TBD=Date To Be Determined													
										TBD		Total		Comments									
										TBD		FY 2021-2026		Comments									
										TBD		FY 2021-2026		Comments									
WHERE THE FUNDING WILL COME FROM:																							
Bond Funds	\$32,000,000		\$0		\$0		\$0		\$0		\$0		\$32,000,000										
City Funding	\$2,000,000		\$0		\$0		\$0		\$0		\$0		\$2,000,000										
Schools Funding	\$2,000,000		\$0		\$0		\$0		\$0		\$0		\$2,000,000										
State Construction Funds													\$0										
Capital Reserve Funds Available Now													\$0										
Future Capital Reserve Funds (below)	\$1,887,459		\$1,281,630		\$1,376,580		\$892,578		\$1,009,355		\$1,605,985		\$8,053,587										
Other Funding Already Appropriated													\$0										
Cafeteria Fund Balance													\$0										
	\$37,887,459		\$1,281,630		\$1,376,580		\$892,578		\$1,009,355		\$1,605,985		\$44,053,587										
WHERE THE FUNDING WILL BE SPENT:																							
Category 1: Recurring Projects																							
General System-Wide Roof Replacement on Regular Schedule (West first on list - installation in 1994)										\$380,000 FCR		\$300,000 FCR		\$309,000 FCR		\$318,270 FCR		\$327,818 FCR		\$337,653 FCR		\$1,972,741	
Two School Buses Annually										\$236,000 FCR		\$243,080 FCR		\$250,372 FCR		\$257,883 FCR		\$265,619 FCR		\$273,588 FCR		\$1,526,542	
School Technology-Infrastructure										\$30,000 FCR						\$30,000 FCR						\$60,000	Blade Servers used to store School data
School Technology-Computer Replacement										\$270,572 FCR		\$278,689 FCR		\$287,050 FCR		\$295,662 FCR		\$304,532 FCR		\$313,668 FCR		\$1,750,173	On-going replacements
School Technology-General - Other Computer/Smart Board Replacement										\$100,000 FCR		\$100,000 FCR										\$200,000	
Cafeteria/Kitchen Equipment Replacement										\$19,001 FCR		\$19,571 FCR		\$20,158 FCR		\$20,763 FCR		\$21,386 FCR		\$22,028 FCR		\$122,907	On-going replacements
Division Vehicle Replacement										\$35,000 FCR								\$35,000 FCR				\$70,000	
Category 2: Future standalone projects																							
HVAC Control Updates - Carver, then ALMS **										\$75,000 FCR		\$75,000 FCR										\$150,000	
Replacement of Fan Coil Units (East/West) **										\$330,000 FCR												\$330,000	
East Salem Air Handler Replacement														\$54,000 FCR								\$54,000	

Salem City Schools											10/8/2019				
Six Year Capital Improvement Plan (CIP) for FY 2021-2026															
October 2019 School Board Meeting											Attachment D				
Inflation factor															
1.03											TBD=Date To Be Determined				
	YR 1 FY 2021	YR 2 FY 2022	YR 3 FY 2023	YR 4 FY 2024	YR 5 FY 2025	YR 6 FY 2026	TBD	Total FY 2021-2026	Comments						
Category 3: Future Projects which might become part of a school-wide renovation															
None												\$0			
Category 4: School-Wide Renovations TBD															
Salem High School Multi-Phase Renovation (Timeline, cost and phasing to be based on upcoming concept plans and funding availability)												\$32,000,000	BD	\$32,000,000	Original cost of \$53,000,000 is based on the 2006 Facility Study. Escalated price as of CIP time Oct 2016 was \$39,825,702
City Funding												\$2,000,000		\$2,000,000	
School Funding												\$2,000,000		\$2,000,000	
Category 5: Partial School Renovations															
West Salem Elementary School Improvements												\$0	BD	\$0	(1)
East Salem Elementary School Improvements												\$0	BD	\$0	
Salem High School Fieldhouse Renovation												\$624,048	FCR	\$624,048	
Totals	\$37,887,459	\$1,281,630	\$1,376,580	\$892,578	\$1,009,355	\$1,605,985	\$0	\$44,053,587							
												<i>Cross footing</i>	\$44,053,587		
(1) Classroom improvements were completed in 2009 and 2010 and future improvements to other areas such as cafeteria, kitchen, libraries and offices will need to have revised cost estimates prepared at a future date															
Notes:															
All items in BOLD ITALICS have been inflation adjusted based on School Board guidance in prior years (by 3%)															
** = Formal quotes needed; internal estimates used for illustration/planning purposes															
Legend: FCR=Future Capital Reserve															
BD = Bond Issues by City															
CR=Capital Reserve															