

Seattle Public Schools

**The Superintendent's Recommended
Capital Fund Budget for 2003-2004**



Presented to the

Seattle School District Board of Directors

July 17, 2003

SEATTLE SCHOOL DISTRICT NO. 1
2445 Third Avenue South
Seattle, WA 98124-1165

CAPITAL FUND BUDGET
Fiscal Year 2003-2004

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Seattle Public Schools
SCHOOL BOARD ACTION

Audit and Finance Committee
(For Information: 7/17/03)
(For Public Hearing: 8/12/03)
(For Action: 8/20/03)

Date: July 17, 2003
To: Board of Directors
From: Raj Manhas
Re: **ADOPTION OF THE 2003-04 CAPITAL FUND BUDGET
(RESOLUTION 2003-13)**

RECOMMENDATION

I recommend the following motion be approved:

I move the adoption of Resolution 2003-13, adopting the 2003-04 Capital Fund appropriations.

DISCUSSION

The 2003-04 Capital Fund Budget is recommended at \$121,862,000. The Capital Fund consists of the Building Excellence (BEX) and Building Excellence II (BEX II) Programs; Buildings, Technology, and Athletic Facilities (BTA) Program; and Other Programs. The Building Excellence Program, budgeted at \$1.5 million, is primarily for site acquisition, design, and construction for nineteen projects and interim sites. The Building Excellence II Program, budgeted at \$94.4 million, continues the activities of BEX and funds seventeen additional projects. The BTA levy, budgeted at \$20.9 million includes major maintenance of District buildings, major improvements to athletic fields and updating of the District's technological infrastructure. Other program expenditures, budgeted at \$5.0 million, include projects funded from revenue generated from the lease and sale of District property.

ATTACHMENT
Resolution 2003-13

Staff: Steve Nielsen

**SEATTLE SCHOOL DISTRICT NO. 1
RESOLUTION 2003-13**

WHEREAS, the Board of Directors of Seattle School District No. 1, in compliance with RCW 29A.505.050 and 28A.505.060, has held a hearing on the budget for September 1, 2003 to August 31, 2004; and

WHEREAS, the Board of Directors has given due consideration and has fixed and determined the Capital Funds appropriation to be \$121,862,000,

BE IT RESOLVED that the above-referenced budget for 2003-04 be adopted.

BE IT FURTHER RESOLVED that the secretary file copies of the adopted budget with the Puget Sound Service District No. 121 in accordance with RCW 28A.505.060.

Nancy Waldman, President

Jan Kumasaka, Member

Steve Brown, Vice President

Mary Bass, Member

Barbara Peterson, Member

Barbara Schaad-Lamphere, Member

Dick Lilly, Member

ATTEST:_____

Raj Manhas,
Secretary, Board of Directors
Seattle School District No. 1
King County, Washington

Seattle Public Schools

CAPITAL FUND BUDGET

FISCAL YEAR 2003-2004

TABLE OF CONTENTS

<u>TOPIC</u>	<u>STARTS</u>
INTRODUCTION:	
Superintendent's Message	1
Budget Overview	3
Funding Sources	4
Budget Summaries	6
 BUILDING EXCELLENCE	
Program Description	8
Summary of Expenditures	10
 BUILDING EXCELLENCE II	
Program Description	11
Summary of Expenditures	14
 BUILDINGS, TECHNOLOGY, AND ATHLETIC FACILITIES	
Program Description	15
Summary of Expenditures	17
 OTHER PROGRAMS	
Program Descriptions	18
Summary of Expenditures	19

Superintendent's Message

Board Members, Parents, Students, Friends of Seattle Public Schools, and District Employees:

I am pleased to propose the Capital Fund Budget for fiscal year 2003-2004. This budget supports an ongoing revitalization of school facilities in keeping with our vision of academic achievement for every student in every school.

The capital fund budget reflects our commitment to taxpayers with strict adherence to the capital improvement plans prescribed in each of the capital levies. Detailed financial reporting mechanisms further ensure that capital dollars are spent wisely and that capital programs are "on time and within budget."

The capital fund budget aligns with school transformation efforts and ensures that expenditures are linked to educational priorities. These priorities establish long-range facilities planning goals and objectives for capital improvement programs. The revenue and expenditure budgets in this document support these goals and objectives and represent a single year of budgetary execution for three multi-year capital programs.

This budget sunsets the final year of the Building Excellence (BEX) capital levy program and propels the Building Excellence II program into its third year. We are truly proud of the nineteen modernized school facilities created through the BEX program and look forward to further success with the BEX II program. The Buildings, Technology, and Athletic Facilities capital levy is into its sixth year and continues its positive impact on every school in the district.

Completion of the John Stanford Center for Educational Excellence, on time and within available resources, highlights the strength of our capital programs: outstanding project management, technical support, and teamwork. The consolidated administrative support center has reshaped our ability to create a student-focused learning system.

I would like to thank a number of people for their assistance in the development of this Capital Budget: The Seattle School Board, whose members provided us with support and guidance during budget development; parents, principals, teachers, central staff, and other stakeholders who provided valuable input and advice; and the Budget Office and the Facilities, Planning and Enrollment staff. Their wisdom, hard work and support are a great gift to our district.

Sincerely,

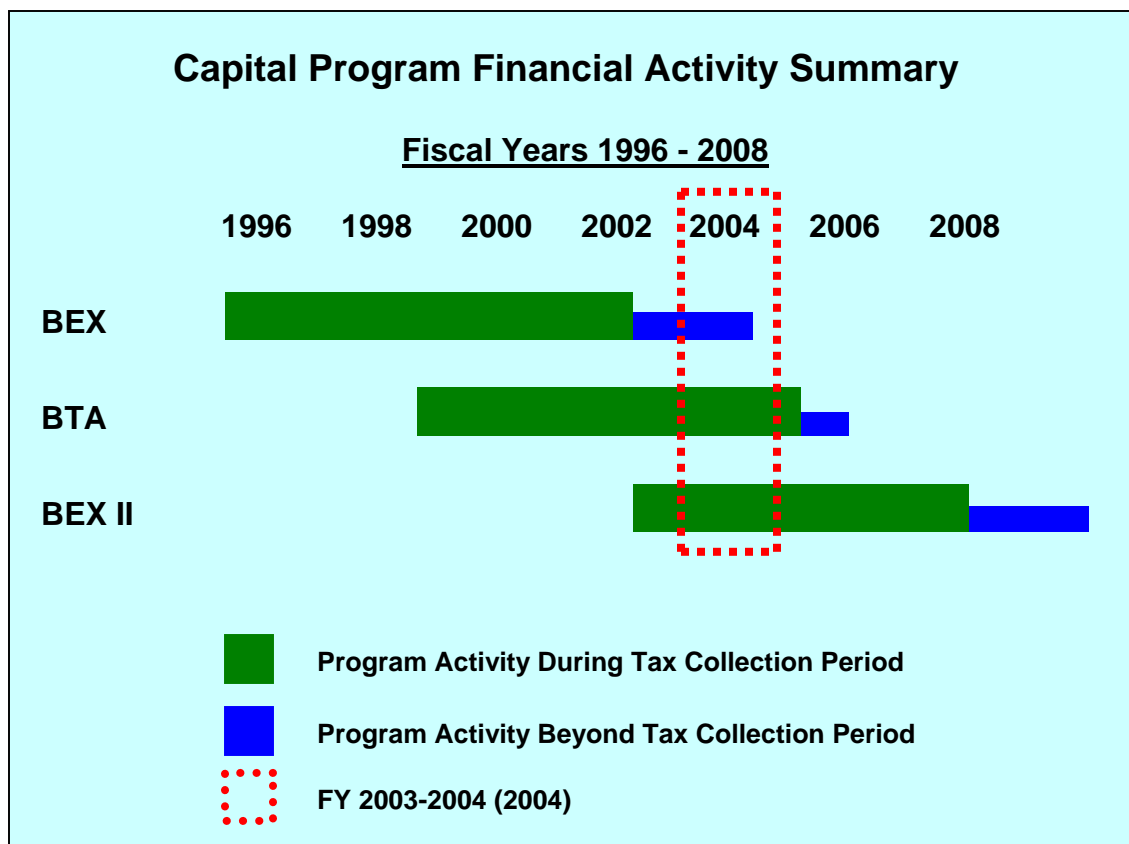
Raj Manhas
Interim Superintendent

BUDGET OVERVIEW

Capital funds are used for construction, renovation, and major maintenance of educational facilities, technology system upgrades, and equipment purchases. The Seattle Public Schools' (SPS) capital fund budget totals \$121.8 million for fiscal year (FY) 2003-2004. Direct expenditures are estimated at \$85.6 million; the remaining balance (\$36.2 million) provides funding capacity for project acceleration and program reserves.

Funding for capital programs is driven primarily through voter-approved capital levies. Three significant levies support FY 2003-2004 activities: 1) Building Excellence (BEX), 2) Building Excellence II (BEX II), and 3) Buildings, Technology, and Athletic Facilities (BTA). This upcoming fiscal year will "close the books" on the BEX program that began in 1996.

The FY 2003-2004 capital budget supports financial activities for three multi-year capital programs that overlap with simultaneous budgetary objectives. The following diagram depicts the focus of FY 2003-2004 budget within each of the levy programs.



BUDGET OVERVIEW

FUNDING SOURCES

Funding for the FY 2003-2004 capital budget is supported predominately by three voter-approved capital levies listed below. Other revenues stem from state matching funds for construction projects, interest earnings resulting from investment of the capital fund balance, income from lease and rental properties, proceeds from the sale of real estate, and other miscellaneous revenue sources.

In total, \$106.2 million in new revenues and \$15.6 million from the FY 2002-2003 ending fund balance supports the \$121.8 million capital fund budget for FY 2003-2004. The ending capital fund balance for FY 2002-2003 is estimated at \$25.8 million; the remaining \$10.2 million will be withheld from the capital fund expenditure budget for FY 2003-2004. This surplus is invested and generates interest earnings for the capital fund programs.

Voter Approved Sources of Revenue

<u>Levy</u>	<u>Tax Years</u>	<u>Amount</u>
Building Excellence	1996-2001	\$330 million
Buildings, Technology & Athletic Facilities	1999-2004	\$150 million
Building Excellence II	2002-2007	\$398 million

Building Excellence (BEX): A six-year \$330 million capital levy passed by the voters of Seattle in February 1995 that funds a capital construction program for 19 major projects and four interim sites.

Buildings, Technology, and Athletic Facilities (BTA): A six-year \$150 million capital levy passed by the voters of Seattle in February 1998 that supports infrastructure improvements to all SPS school facilities and technology systems. The planned scope of work is approximately \$60 million for Building Renovations, \$40 million for Athletic Facilities, \$40 million for Technology, and \$10 million for Science and Performing Arts Facilities.

Building Excellence II (BEX II): A six-year \$398 million capital levy passed by the voters of Seattle in February 2001 to replace, renovate, and/or provide additions at 17 facilities and to implement new technology systems.

BUDGET OVERVIEW

FUNDING SOURCES

Other Sources of Revenue (Non-voter Approved)

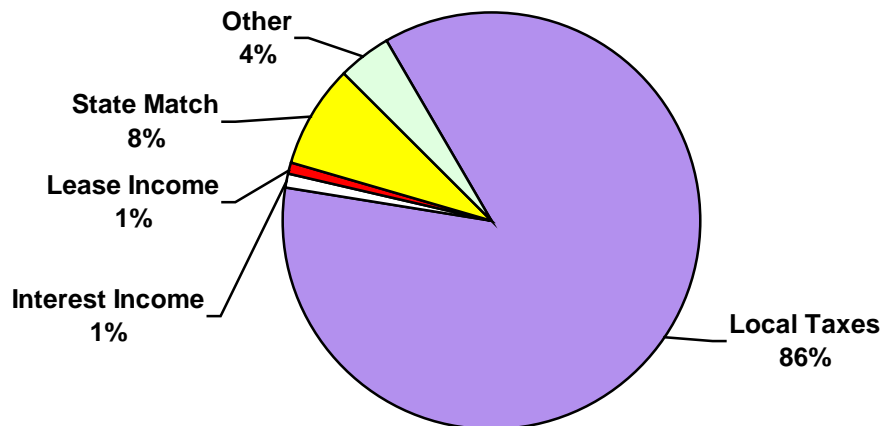
State matching construction funds
Other governmental funding (e.g. FEMA)
Interest earnings from investment of capital fund balance
Income from rental and lease properties
Proceeds from sale of real estate
Insurance claims
Reimbursable cost-sharing initiatives with private entities (i.e. Burlington Northern Railroad)
Long-term Financing
Other miscellaneous revenues (donations, gifts, etc.)

BUDGET OVERVIEW

BUDGET SUMMARIES

The direct expenditure budgets and program reserves follow a cash flow model of scheduled monthly expenses. This budget fulfills “core requirements” for a 12-month period beginning September 2003. Program reserves are formulated by combining estimated expenses one month prior to and two months after the budget year (2003-2004). These reserves provide additional capacity for program acceleration and payment for work initiated in previous fiscal years. Summary revenue and expenditure budgets for FY 2003-2004 are as follows:

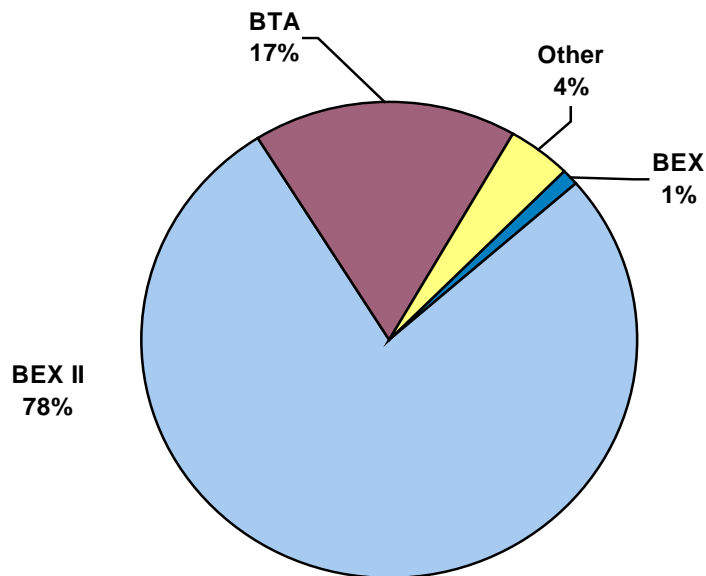
Capital Fund Revenue Budget for FY 2003-2004			
Voter-Approved Levies (Local Taxes)		Amount	
BEX			302,000
BEX II			66,333,000
BTA			24,475,000
Total			<u>91,110,000</u>
Other Revenue Sources			
State Match			8,528,500
Interest Income			1,207,000
Lease Income			1,000,000
Other			4,380,500
Total			<u>15,116,000</u>
Ending Fund Balance from FY 2002-2003			
Total Available	25,792,000		
Less: Withhold	-10,156,000		
Amount Applied to FY 2003-2004	<u>15,636,000</u>	<u>15,636,000</u>	
TOTAL ALL ACCOUNTS			121,862,000



BUDGET OVERVIEW

BUDGET SUMMARIES

Capital Budget Expense Budget for FY 2003-2004			
Fund	Core Requirement 12 Month's Expenses	Reserve Capacity 1 Month Prior 2 Month's Post	Total Budget
BEX I	600,000	900,000	1,500,000
BEX II Construction	62,991,000	23,442,000	86,433,000
Technology	5,285,000	2,715,000	8,000,000
Total	68,276,000	26,157,000	94,433,000
BTA Buildings	7,806,000	4,565,000	12,371,000
Technology	1,260,000	305,000	1,565,000
Science & Performing Arts	3,662,000	788,000	4,450,000
Athletic Facilities	1,266,000	1,280,000	2,546,000
Total	13,994,000	6,938,000	20,932,000
Other CEP (Capital Eligible Projects)	1,890,000	2,257,000	4,147,000
CIP (Capital Improvement Projects)	650,000		650,000
CLP (Capital Projects - Major Maintenance)	200,000		200,000
Total Other Capital Programs	2,740,000	2,257,000	4,997,000
TOTAL ALL ACCOUNTS	85,610,000	36,252,000	121,862,000



BUILDING EXCELLENCE

PROGRAM DESCRIPTION

The Building Excellence (BEX) program began with a six-year \$330 million levy passed by Seattle voters February 1995. To date, the BEX program has provided the District with nineteen modernized school facilities that support academic achievement.

Financial activity will cease with the BEX fund in FY 2003-2004. Although every project in the BEX construction program is complete, final payments are pending for several projects. Funding in 2003-2004 is aimed at paying these bills and “closing the books” on the remaining projects of a successful capital construction program. The bulk of financial activity in FY 2003-2004 involves the following four projects: Madrona, Greenwood, and Coe Elementary Schools and West Seattle High School.

Elementary Schools (16)

African American Academy	All new construction on new site
Bryant	Partial demolition, historic renovation, new addition & site expansion
Coe	New construction; initially planned as a historic renovation project--fire destroyed the entire site in 2001
Concord	Partial demolition, historic renovation, new addition
Cooper	All new construction on new site
Dunlap	Partial demolition, historic renovation, new addition
Emerson	Partial demolition, historic renovation, new addition
Greenwood	Partial demolition, historic renovation, new addition
Highland Park	Demolition, all new construction

BUILDING EXCELLENCE

PROGRAM DESCRIPTION

Elementary Schools (Continued)

Kimball	Classrooms addition
Latona	Partial demolition, historic renovation, new addition
Madrona	Partial demolition, historic renovation, new addition
Sanislo	Classrooms addition
Seward	Historic renovation, new addition, site expansion
Stevens	Partial demolition, historic renovation, new addition
Whittier	Demolition, all new construction

High Schools (3)

Ballard	Demolition, all new construction, site expansion
Rainier Beach	Performing arts auditorium addition
West Seattle	Partial demolition, historic renovation, new addition

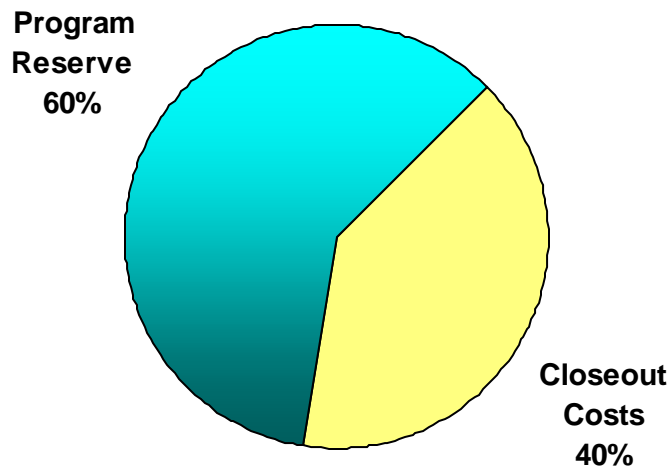
Other Projects (1)

Program Reserves	Payment for work initiated in prior fiscal years and expended in FY 2003-2004
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BUILDING EXCELLENCE

SUMMARY OF EXPENDITURES

<u>Item</u>	2003-2004
	<u>Recommended Budget</u>
Final payment - various projects	\$600,000
Program reserve	\$900,000
Total	<u><u>\$1,500,000</u></u>



BUILDING EXCELLENCE II

PROGRAM DESCRIPTION

This is the third year of the Building Excellence II (BEX II) program funded by a six-year \$398 million levy passed by Seattle voters in February 2001. Groundbreaking on the first three projects (Brighton and Graham Hill Elementary Schools and Madison Middle School) began in the spring of 2003. During 2003-2004, construction is slated for four additional projects: Beacon Hill and Wing Luke Elementary Schools and Nathan Hale and Roosevelt High Schools.

Since the BEX II program is still in the early phase, projects at five additional school sites are focusing primarily on design, permitting, and other program management activities during FY2003-2004. These schools are as follows:

Cleveland High School
Garfield High School
Dearborn Park Elementary School
Maple Elementary School
South Shore K-5

Technology initiatives are broader in scope and maximize the potential of the District's newly upgraded technology infrastructure. Funding in 2003-2004 supports continued implementation of the Student Information System, a cadre of experienced technology Master Teachers, further acquisition of computers and peripherals, and replacement of legacy systems.

Elementary Schools (7)

Beacon Hill	Replacement of portables with permanent classroom space, addition of combined cafeteria and auditorium
Brighton	Demolition of existing facility and new construction
Dearborn Park	Replacement of portables with permanent classroom space, addition of combined cafeteria and auditorium
Graham Hill	Replacement of portables with permanent classroom space

BUILDING EXCELLENCE II

PROGRAM DESCRIPTION

Elementary Schools (Continued)

Maple	Replacement of portables with permanent classroom space, addition of combined cafeteria and auditorium
South Shore	Conversion of “open concept” to regular classrooms, addition of cafeteria and auditorium space
Wing Luke	Replacement of portables with permanent classroom space, addition of combined cafeteria and auditorium

Middle Schools (2)

Lincoln (For Hamilton)	Historic renovation, facilities modernization
Madison	Historic renovation, facilities modernization, new additions, construction of parking lot

High Schools (7)

Cleveland	Historic renovation, modernization, seismic upgrades, construction of parking lot
Garfield	Historic renovation, demolition, modernization, upgraded parking lot, new gymnasium
Nathan Hale	Addition of performing arts center
Roosevelt	Historic renovation, demolition, new modernization, upgraded parking lot

BUILDING EXCELLENCE II

PROGRAM DESCRIPTION

High Schools (Continued)

High School Improvement Fund:

Center School	Creation of small high school at renovated space within Seattle Center complex
Ingraham	Upgrades to library and science wing
Sealth	Modernization

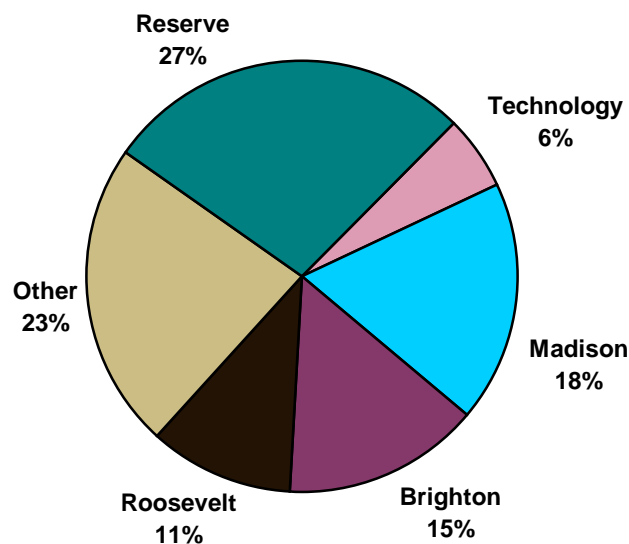
Other Projects (4)

Technology	School-based technology tools: Student Information System, Master Instructor Program, hardware upgrades, replacement of legacy systems
World School / Secondary Bilingual Orientation Center (BOC)	Replacement site for Secondary BOC currently housed at Old Hay
Interim Sites	Work required at interim sites to meet needs of relocated programs during construction
Program Reserves	Reserve funds available for program acceleration and payment of work initiated in prior fiscal years and expended in FY 2003-2004

BUILDING EXCELLENCE II

SUMMARY OF EXPENDITURES

Project	2003-2004 Recommended Budget
Technology Projects	\$5,285,000
Madison Middle School	\$16,980,000
Brighton Elementary School	\$13,809,000
Roosevelt High School	\$10,337,000
Other Projects:	
Graham Hill Elementary School	\$3,426,000
Garfield High School	\$3,407,000
South Shore Conversion	\$3,382,000
Cleveland High School	\$3,114,000
Beacon Hill Elementary School	\$2,120,000
Wing Luke Elementary School	\$2,043,000
Hale High School Auditorium	\$1,439,000
Interim Sites	\$1,305,000
Maple Elementary School	\$615,000
Dearborn Park Elementary School	\$613,000
High School Improvement Fund	\$401,000
Total Projects	\$68,276,000
Program reserve - technology	\$2,715,000
Program reserve - construction	\$23,442,000
Total Reserve	\$26,157,000
TOTAL BUILDING EXCELLENCE II	<u>\$94,433,000</u>



BUILDINGS, TECHNOLOGY & ATHLETIC FACILITIES

PROGRAM DESCRIPTION

The Buildings, Technology and Athletic (BTA) program is funded by a \$150 million capital levy passed by Seattle voters in February 1998. The levy supports nearly 500 district-wide improvement projects that upgrade existing facilities and systems. BTA projects include modernization and upgrades to athletic, science and performance arts facilities, completion of deferred major maintenance, life safety and seismic upgrades, and improvements to technology and management information systems.

The BTA program is subdivided into four major categories of capital work:

- 1) Building Reinvestment
- 2) Technology
- 3) Science and Performing Arts
- 4) Athletic Facilities

Building Renovations

The building renovations program protects the facility infrastructure for Seattle Public Schools. The scope of projects covers the full range of physical infrastructure requirements: facility envelopes, structural components, and building systems.

Highlights for FY 2003-2004 include \$375, 000 for HVAC upgrades at various sties, \$855,000 in seismic upgrades at Magnolia, Old Hay, and John Marshall, \$1.9 million in life safety improvements at various sites, \$606,000 for exterior restoration at Magnolia and Mann, \$295,000 for hazardous materials at John Marshall and Nathan Hale, and \$3.4 million for roofing work at Mann, McGilvra, Old Hay, John Marshall, Ingraham, and TT Minor.

BUILDINGS, TECHNOLOGY & ATHLETIC FACILITIES

PROGRAM DESCRIPTION

Technology

The technology program provides support for the SPS Technology Plan projects. An accelerated execution of the Technology BTA program has been instrumental in propelling the SPS Technology Plan. The FY 2003-2004 caps the final phase of the accelerated program.

The \$1.3 million expenditure budget for BTA Technology provides for continued telecommunications equipment purchases and network upgrades.

Science and Performing Arts

Funds allocated to Science and Performing Arts are used to upgrade science and performing arts facilities in secondary schools.

During FY 2003-2004, \$1.6 million in upgrades are slated for Mann, Old Hay, Aki Kurose, John Marshall, and Ingraham.

Athletic Facilities

These BTA levy funds are used to support SPS athletic programs with improvements to fields and facilities that promote a safe activity environment.

The Athletic Facilities BTA budget supports continuation of work initiated in the previous fiscal year. Field lighting projects will be completed at Summit and Nathan Hale during FY 2003-2004.

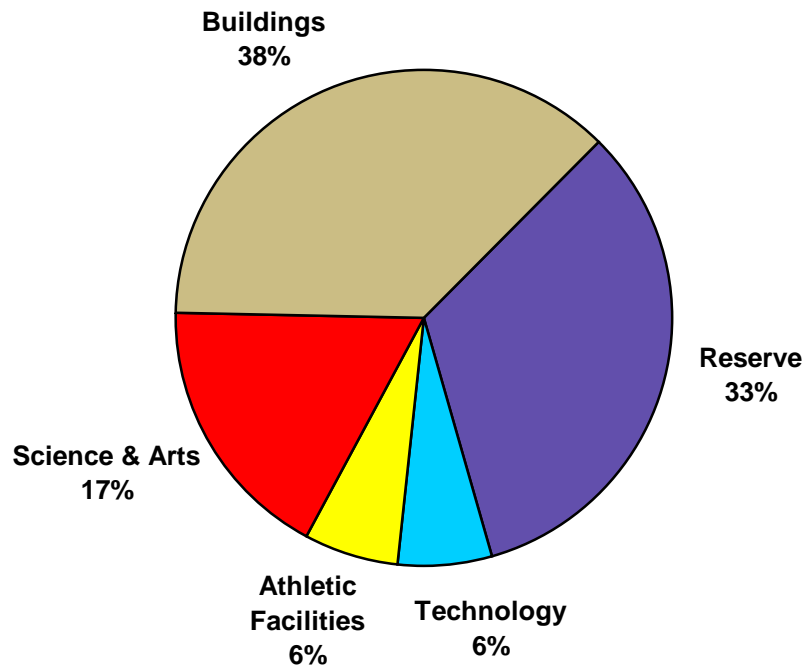
Program Reserves

This represents funds reserved for payment of work initiated in previous fiscal years, but scheduled for payment in FY 2003-2004. Also, this reserve capacity allows for acceleration of projects ahead of their respective program schedules.

BUILDINGS, TECHNOLOGY & ATHLETIC FACILITIES

SUMMARY OF EXPENDITURES

Fund	2003-2004 Recommended Budget
Project Expenditure Budgets:	
Building Renovations	\$7,806,000
Technology	\$1,260,000
Science and Performing Arts	\$3,662,000
Athletic Facilities	\$1,266,000
Total Projects	\$13,994,000
Program Reserve Capacity:	
Building Renovations	\$4,565,000
Technology	\$305,000
Science and Performing Arts	\$788,000
Athletic Facilities	\$1,280,000
Total Program Reserve	\$6,938,000
TOTAL BUILDINGS, TECHNOLOGY & ATHLETIC FACILITIES	<u>\$20,932,000</u>



OTHER CAPITAL PROGRAMS

PROGRAM DESCRIPTIONS

The Other Capital Programs allow for capital eligible projects, initiatives and equipment purchases that are beyond the scope of the voter approved levy programs. There are three capital programs that constitute the Other Capital Programs: Capital Eligible Projects (CEP), Capital Improvement Projects (CIP), and Capital Projects - Major Maintenance (CLP).

A program reserve resides within the CEP fund and is available for use by any of the capital fund programs during the budget execution year.

Capital Eligible Projects (CEP)

The CEP program includes technology upgrades, purchase of major equipment items, deferred major maintenance, unscheduled projects, emergencies, and any other “capital eligible” expenditures.

A major endeavor for FY 2003-2004 is a potential \$1.4 million joint venture with the Burlington Northern Railroad (BNR) to realign trackage and expand the parking lot for the John Stanford Center for Education Excellence. BNR will reimburse the total cost of the work upon project completion.

Capital Improvement Projects (CIP)

The CIP program provides portables, modular furniture, and modifications of school facilities to implement changes to school programs. The FY 2003-2004 CIP budget supports implementation of new Program Placement initiatives for the following 2004-2005 school year.

The \$650,000 budget is lower than historical trends and represents a conservative strategy for implementing program changes.

Capital Projects - Major Maintenance (CLP)

The CLP budget reduces deferred major maintenance backlog and provides funds for emergency work. Deferred major maintenance includes, but is not limited to, replacement or major upgrade of building components, such as mechanical and electrical systems, life and safety issues, building envelopes (roofs, siding, etc.), and structural improvements for seismic mitigation and compliance with new building codes.

OTHER CAPITAL PROGRAMS

PROGRAM DESCRIPTIONS

Project Closeout

Although this capital fund program reserve resides in the CEP budget, its use is extended to any "capital eligible" expenditure. This Project Closeout reserve fund has a twofold purpose: 1) Payment of expenditures in FY 2003-2004 for work initiated in prior fiscal years, and 2) Provides ready source of funding for unscheduled or emergency capital projects and initiatives.

SUMMARY OF EXPENDITURES

<u>Fund</u>	<u>2003-2004 Recommended Budget</u>
CEP	\$1,890,000
CIP	\$650,000
CLP	\$200,000
Total Projects	\$2,740,000
 Project Closeout (Program Reserve)	 \$2,257,000
 TOTAL OTHER CAPITAL PROGRAMS	 <u><u>\$4,997,000</u></u>

