

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PUBLIC EDUCATION FACILITIES MODERNIZATION**

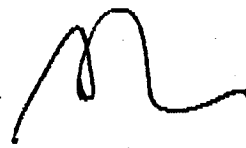


Allen Y. Lew
Executive Director

2400 East Capitol Street, SE
Washington, D.C. 20003
Phone: (202) 698-7700

MEMORANDUM

TO: Mayor Adrian M. Fenty

FROM: Allen Y. Lew
Executive Director
Office of Public Education Facilities Modernization 

DATE: May 28, 2008

SUBJECT: Revised Request to Reprogram \$81,250,000 of School Modernization General Obligation Funds to Realign Financing for New Initiatives and an Accelerated FY 2008 Spending Plan for Modernization Projects within the Office of Public Education and Facilities Modernization

This is a revised request to reprogram \$81,250,000 within the Office of Public Education Facilities Modernization's (OPEFM) FY 2008 capital budget to help finance new initiatives and an accelerated spending plan for modernization projects in FY 2008. The \$81,250,000 is part of the \$150 million in school modernization general obligation (G.O.) bonds issued in FY 2007 and FY 2008 to finance repairs and renovation of DCPS educational facilities. The OPEFM spending plan for FY 2008 and FY 2009, discussed below, cannot be implemented without the approval of this reprogramming request. The attached schedule shows the sources and uses of the reprogramming on a project basis.

Based on the attached, estimated spending plan for FY 2008 and FY 2009, OPEFM will spend and/or obligate \$487.5 million and \$223.5 million, respectively, on school facilities projects. Our agency's capital spending plan includes major new initiatives not programmed or requested in previous capital improvement plan (CIP) budget submissions, are unbudgeted for FY 2008 and in need of financing. The new initiatives include: school consolidations at approximately \$92.3 million, the Stabilization Initiative at \$120 million, athletic fields at \$24 million, and technology initiatives for DCPS at \$15 million. In addition, project managers estimate that additional funding is needed for certain ongoing modernization projects that have been

accelerated to be completed in FY 2008 or FY 2009. These ongoing modernization projects include the Deal Middle School and the Phelps High School. While monies from OPEFM's FY 2008 capital budget allotment have been used to partially fund some of these initiatives, reprogrammings are needed to fully fund each initiative or accelerated project.

The current CIP (approved in June 2007) provides OPEFM and DCPS with \$291 million in financing in FY 2008 for capital expenditures. This amount is significantly less than the FY 2008 spending plan of \$487.5 million. To fully fund this spending plan, substantially all unobligated and unexpended balances from prior-years' capital allocations to other DCPS projects must be utilized and re-aligned to pay for OPEFM's FY 2008 spending plan. Accordingly, this request reprograms school modernization G.O. funding initially allocated to the listed projects in FY 2007.

We note that the capital budgets currently loaded into SOAR were based on the 10 - year Master Facilities Plan (MFP) developed by the former Board of Education (BOE). The Council did not approve the former BOE's MFP. For FY 2008, the current budgets, reflecting the BOE's MFP, do not provide for the new initiatives discussed above. OPEFM is in the process of developing an MFP, which reflects the priorities of the Chancellor, Deputy Mayor for Education and the Mayor.

Further, we note that our agency is in the process of transferring capital projects accounts in SOAR, the District's financial system, from DCPS to OPEFM. Upon approval of this request, the reprogramming will be reflected in affected, transferred projects' balances.

Why are the funds needed?

The \$81,250,000 reprogramming is needed to fully fund three components of the School Consolidation Initiative totaling \$54,520,251; and two ongoing modernization projects totaling \$26,729,749.

The School Consolidation Initiative is in response to the mandate by the Office of the Chancellor to consolidate 23 schools prior to the 2008-2009 school year. This initiative consists of three phases. Phase I encompasses 12 schools which will require the most invasive renovation work, as they must be adapted to a new Pre-K to 8 enrollment ("Pre-K 8 Conversion"). Phase II and III ("Receiving School Blitz") encompass, at present, 16 schools where facilities upgrades require less invasive, more cosmetic improvements in order to provide a suitable environment for their current students and those being incorporated from other schools. Phase II and III facilities improvements will address deferred maintenance and essentially "stabilize" each school. The Phase II and III facilities will include the following schools: Amidon, Garnet - Paterson, Green, Hart, Hendley, Hamilton, Leckie, Lewis, Mincr, Montgomery, Park View, Patterson, Scaton, Truesdell, Tubman and Whittier. This reprogramming will apply \$33,398,501 to the Pre-K 8 Conversion (Phase I), \$18,121,750 to the Receiving School Blitz (Phase II) and \$3,000,000 for furniture, fixture, equipment and relocation expenses related to the School Consolidation Initiative.

The two ongoing modernization projects that require additional funding include \$13,880,953.38 for the Deal Middle School and \$12,848,795.62 for the Phelps High School. Deal is scheduled to be completed in FY 2009. Phelps is scheduled to be completed in FY 2008. The additional funding is the result of accelerated completion schedules and revised cost estimates for these modernization projects.

Is this a reprogramming to restore a budget cut authorized by the Mayor and/or Council?

No, these funds are needed to fully fund the School Consolidation Initiative and to complete the Deal and Phelps modernization projects.

How will the funds be reprogrammed?

The funds will be reprogrammed from object class 409 in twelve modernization projects to the same object of expenditure in the projects discussed above. The twelve modernization projects where \$81,250,000 will be reprogrammed from include: (a) \$11,000,000 Sharpe Health Special Education Centers (consisting of two separate projects); (b) \$10,850,000 from the Mamie D. Lee Special Centers (consisting of two separate projects); (c) \$7,000,000 from the Montgomery/KIPP Educational Center; (d) \$7,000,000 from Dunbar High School; (e) \$4,000,000 from the MM Washington High School; (f) \$4,000,000 from Ballou Senior High School; (h) \$14,840,000 from the Rudolph Elementary School; (g) \$9,560,000 from the Turner Elementary School; (h) \$8,000,000 from the Walker Jones project; and (i) \$5,000,000 from the Wilson Pool project.

Why are the funds available?

As discussed above, the current budget load in SOAR is based on the former BOE's 10-year MFP, which was not approved by the Council. BOE's 10 - year MFP did not provide for the new initiatives, such as the FY 2008 Stabilization Initiative. In addition, OPEFM has been working with the DCPS Chancellor and the Deputy Mayor for Education to develop a proposed MFP reflecting their programmatic priorities that is to be submitted in September 2008. Finally, pursuant to the Schools Modernization Amendment Act of 2005, the \$150 million in G.O. bonds issued in FY 2007 and FY 2008 to supplement the \$100 million in annual Paygo funds are being allocated to "repair or renovation" projects rather than new construction.

Specifically, Dunbar High School, MM Washington High School, Ballou Senior High, Rudolph Elementary School and the Sharpe Health Special Education Center, and Mamie D. Lee Special Education Center modernization projects will be rescheduled from FY 2008 to future years in the new proposed MFP, and will be financed with the scheduled future fiscal years' budget

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allocations. The cost estimate for the Turner Elementary School has been revised downwards. The Montgomery/KIPP Education Center Program, the Walker Jones project and the Wilson Pool project involve new construction, not "repair or renovation". Paygo funds will be allocated to the Walker Jones project and other G.O. bond funds will be reprogrammed to make up for the funds reprogrammed from the Montgomery/KIPP Education Centers Program and the Wilson Pool project.

What hardship will the District face if the action is postponed until the subsequent fiscal year?

If this reprogramming is not approved, the critically needed, the School Consolidation Initiative, and the Deal and Phelps accelerated modernization projects will be delayed and not completed. The School Consolidation Initiative is to adapt schools to receive students from the school closures by the beginning of the new school year in September 2008. The Phelps modernization projects will not be completed by August 2008 as scheduled. The Deal project will be delayed beyond the scheduled completion date in FY 2009.

What programs, services or other purchases will be delayed as a result of the action, and the impact on the program or agency?

Please see the response to the previous question.

Should you have any questions, please contact Warren Graves, Chief of Staff, at 698-7764 or Bert Molina, Chief Financial Officer, at 698-7760.

Attachments

cc: Gordon McDonald, Deputy CFO for Budget and Planning, OCFO
William Singer, Chief of Budget Execution, EOM
Victor Reinoso, Deputy Mayor for Education, EOM
Michelle Rhee, Chancellor, DCPS
Eric Lerum, COS for the Deputy Mayor for Education, EOM
Noah Wepman, CFO for DCPS

Office of Public Education Facilities Modernization
Office of the Chief Financial Officer

Attachment 1

FY 2008 Capital Reprogramming of School Modernization Funds
May 28, 2008

	A	B	C	D	E
Line #	Project Number	Description	Reprogram From	Reprogram To	Start Dates
1	MG438C	Sharpe Health SPED Center	4,000,000.00		2010
2	MG538C	Mamie D. Lee SPED Center	3,850,000.00		2010
3	MG638C	Montgomery/KIPP Education Center Program	7,000,000.00	-	n/a
4	MH138C	Dunbar High School	7,000,000.00	-	2015
5	ML238C	MM Washington High School	4,000,000.00	-	Excessed
6	NA638C	Ballou Senior High School	4,000,000.00	-	2010
7	NI738C	Mamie D. Lee SPED Center on Merritt Campus	7,000,000.00		2010
8	NM938C	Rudolph Elementary School	14,840,000.00	-	Excessed
9	NN638C	Sharpe Health Special Education Center	7,000,000.00	-	2010
10	NP938C	Turner Elementary School	9,560,000.00	-	2010
11	NQ338C	Walker Jones	8,000,000.00	-	n/a
12	NX638C	Wilson Pool	5,000,000.00		
13	SG121C	Pre-K 8 Conversions		33,398,501.00	Summer 2008
14	TBD	Receiving School Blitz		18,121,750.00	Summer 2008
15	SG123C	FF&E and Relocation for School Consolidation		3,000,000.00	Summer 2008
16	ND437C	Deal		13,880,953.38	Underway
17	NL938C	Phelps		12,848,795.62	Underway
18		Total	81,250,000.00	81,250,000.00	

Office of Public Education Facilities Modernization
Office of the Chief Financial Officer
Capital Improvement Plan - Recap
Planned Spending for FY 2008 and FY 2009

Attachment 2

(in thousands)

SOURCES:	FY 2008	FY 2009
Uncommitted Balance, <i>Beginning</i>	\$ 161,915	\$ 43,719
G.O. Bonds	111,197 ^A	117,450 ^A
School Modernization G.O. Bonds	80,000	-
Paygo	100,000	71,548
Intra-District Funding	6,000	-
Release of Encumbered Balances	<u>72,100</u>	<u>20,274</u>
Total Sources	\$ 531,212	\$ 252,991
 USES:		
Modernization & New Construction	\$ 211,571	\$ 189,085
School Consolidation	92,273	-
Stabilization Initiative	120,000	-
Athletic Fields	24,000	12,000
Technology Initiatives - OCTO	15,000	-
All other, Net	<u>24,649</u>	<u>22,464</u>
Total Uses	\$ 487,493	\$ 223,549
Uncommitted Balance, <i>Ending</i>	\$ 43,719	\$ 29,442

Note A - Includes G.O. Bond funding for small capital projects of \$21,203K and \$14,464K for FY 2008 and FY 2009, respectively.

Attachment 2

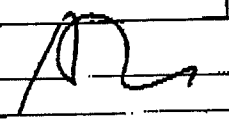
CAPITAL BUDGET REPROGRAMMING REQUEST
 Government of the District of Columbia

Originating Agency: OPRM
 FY: 2006

- Type of Change:
- Shift between Capital Projects
 - Shift between Phases
 - Shift between Subprojects
 - Substantive Change in Scope of Work

Agency FROM Which Funds are Being Reprogrammed:
 Signature of Agency Director: _____
 Approval Level: _____
 Signature of Implementing Agency Director: _____

Agency TO Which Funds are Being Reprogrammed:
 Signature of Agency Director: _____
 Signature of Implementing Agency Director: _____



TOTAL AMOUNT OF REPROGRAMMING REQUEST:

Reporting Source	Project Title	App Year	Appropriation Number	Project Cycle	Sub Project	Phase	Index	PCA	Total Project / Phase Funding	Budget Allotment	Total Obligation	Decrease (-)	Increase (+)	Budget Amount Available
	Dunbar High School	07	74581	MH1	38	01	H13RA	95101	\$4,514,800.00	0	0	\$4,514,800.00		0
	Dunbar High School	07	74583	MH1	38	03	H13BC	95101	690,000.00	0	0	690,000.00		0
	Dunbar High School	07	74584	MH1	38	04	H13RD	95101	1,855,200.00	0	0	1,855,200.00		0
	Montgomery/KIPP Education Center Program	07	74571	MG6	38	01	G63RA	95101	1,296,400.00	1,296,400.00	0	0	1,296,400.00	0
	Montgomery/KIPP Education Center Program	07	74573	MG6	38	03	G63RC	95101	690,000.00	690,000.00	0	0	690,000.00	0
	Montgomery/KIPP Education Center Program	07	74574	MG6	38	04	G63RD	95101	5,078,600.00	5,078,600.00	0	0	5,078,600.00	0
	Minnie D. Lee SPED Center	07	74561	MG5	38	01	G53KA	95101	844,000.00	844,000.00	0	0	844,000.00	0
	Minnie D. Lee SPED Center	07	74563	MG5	38	03	G53KC	95101	360,000.00	360,000.00	150,000.00	0	210,000.00	0
	Minnie D. Lee SPED Center	07	74564	MG5	38	04	G53KD	95101	2,796,000.00	2,796,000.00	0	0	2,796,000.00	0
	Minnie D. Lee SPED Center on Merritt Campus	02	86991	NI7	38	01	I1798A	95101	601,600.00	601,600.00	0	0	601,600.00	0
	Minnie D. Lee SPED Center on Merritt Campus	02	86993	NI7	38	03	I1798C	95101	482,200.00	482,200.00	0	0	482,200.00	0
	Minnie D. Lee SPED Center on Merritt Campus	02	86994	NI7	38	04	I1798D	95101	5,468,800.00	5,468,800.00	0	0	5,468,800.00	0
	Minnie D. Lee SPED Center on Merritt Campus	02	86995	NI7	38	05	I1798E	95101	437,400.00	437,600.00	0	0	437,400.00	0
	MM Washington High School	07	74591	ML2	38	01	L238A	95101	1,436,800.00	0	0	1,436,800.00		0
	MM Washington High School	07	74593	ML2	38	03	L238C	95101	360,000.00	0	0	360,000.00		0
	MM Washington High School	07	74594	ML2	38	04	L238D	95101	2,203,400.00	0	0	2,203,400.00		0
	Nation Center High School	02	86651	NA6	38	01	A638A	95101	3,068,800.00	0	0	3,068,800.00		0
	Nation Center High School	02	86653	NA6	38	03	A638C	95101	380,200.00	0	0	380,200.00		0
	Rusholph Elementary School	07	74601	NM9	38	01	M938A	95101	1,238,200.00	1,238,200.00	0	0	1,238,200.00	0
	Rusholph Elementary School	07	74603	NM9	38	03	M938C	95101	1,020,500.00	880,280.00	100,000.00	0	1,020,500.00	0
	Rusholph Elementary School	07	74604	NM9	38	04	M938D	95101	12,586,300.00	8,206,850.00	0	0	12,586,300.00	0
	Sharpe Health Special Education Center	02	87191	NN6	38	01	N638A	95101	601,000.00	0	0	601,000.00		0
	Sharpe Health Special Education Center	02	87193	NN6	38	03	N638C	95101	482,200.00	0	0	482,200.00		0
	Sharpe Health Special Education Center	02	87194	NN6	38	04	N638D	95101	5,468,800.00	0	0	5,468,800.00		0
	Sharpe Health Special Education Center	02	87195	NN6	38	05	N638E	95101	437,400.00	0	0	437,400.00		0
	Sharpe Health Special Education Center BSA 2	7	74551	MG4	38	01	G438A	95101	937,900.00	937,900.00	0	0	937,900.00	0
	Sharpe Health Special Education Center BSA 2	07	74565	MG5	38	03	G538C	95101	360,000.00	360,000.00	0	0	360,000.00	0
	Sharpe Health Special Education Center BSA 2	07	74574	MG6	38	04	G638D	95101	5,078,600.00	2,702,100.00	0	0	2,702,100.00	2,371,500
	Turner Elementary School	02	87311	NP9	38	01	P938A	95101	471,800.00	0	0	471,800.00		0
	Turner Elementary School	02	87313	NP9	38	03	P938C	95101	717,000.00	0	0	717,000.00		0
	Turner Elementary School	02	87314	NP9	38	04	P938D	95101	8,371,500.00	0	0	8,371,500.00		0
	Walker Jones	02	87321	NQ3	38	01	Q338A	95101	2,199,900.00	2,199,900.00	0	0	2,199,900.00	0
	Walker Jones	02	87323	NQ3	38	03	Q338C	95101	600,000.00	600,000.00	0	0	600,000.00	0
	Walker Jones	02	87324	NQ3	38	04	Q338D	95101	5,200,100.00	5,200,100.00	0	0	5,200,100.00	0
	Wilson	07	70611	NX6	38	01	X638A	95101	4,587,200.00	4,587,200.00	0	0	4,587,200.00	0
	Wilson	07	70613	NX6	38	03	X638C	95101	412,800.00	412,800.00	0	0	412,800.00	0
	Pre WR Conversion	08	75684	SG1	21	04	G11D	95101	25,400,000.00	25,400,000.00	13,152,706.00	0	38,391,501.00	45,645,795
	Reaching Schools	08	75684	SG1	23	04	G11D	95101	0	0	0	0	18,121,730.00	16,121,730
	Furniture, Fixtures & Equipment	08	75685	SG1	24	05	G24B	95101	0	0	0	0	3,000,000.00	3,000,000
	Deal	08	75484	NT4	37	04	N438D	95101	0	0	0	0	13,880,951.38	13,880,951
	Phelps	08	75464	NI9	37	04	N938D	95101	3,150,000.00	3,150,000.00	745,841.00	0	12,848,795.62	15,252,853
TOTAL:									105,421,500	73,549,300	14,148,547	81,250,000	81,250,000	98,772,953

JUSTIFICATION:
 See reprogramming request.

SCOPE OF WORK:
 See reprogramming request.

Certification by Agency CFO: Bon Molina Date: 5-28-08
[Signature] (Signature)

Certification by Agency CFO: _____ Date: _____
 _____ (Signature)