

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

September 9, 2021

MEMORANDUM

To: Members of the Board of Education

From: Monifa B. McKnight, Interim Superintendent of Schools

Subject: Fiscal Year 2022 Supplemental Appropriations and Amendments to the *Fiscal Year 2021–2016 Capital Improvements Program* Transfer of Funds—Capital Projects

Background

As part of the Montgomery County Public Schools (MCPS) adopted *Fiscal Year 2021–2026 Amended Capital Improvements Program* (CIP), DuFief Elementary School is scheduled for a facility upgrade/addition project with a completion date of September 2023. The DuFief school community is scheduled to relocate to the former Rock Terrace School in Rockville, in January 2022, during the 18-month construction project.

As part of the construction project to address the aging infrastructure, DuFief Elementary School is to be expanded to accommodate enrollment growth at Rachel Carson Elementary School. A boundary study is scheduled to be conducted in spring 2022, with Board action scheduled for November 2022.

In May 2018, as part of the adopted *Fiscal Year 2019–2024 Capital Improvements Program*, enrollment projections for Rachel Carson Elementary School indicated that over the six-year planning period, the elementary school would be approximately 300 students overutilized. During the next few CIP cycles, projections indicated that student enrollment would not grow at the rate previously projected. As the table below illustrates, official September 30 enrollments have decreased since the 2017–2018 school year.

School Year	Official September 30 th Enrollment
2017–2018	1,031
2018–2019	973
2019–2020	893
2020–2021	792

As of August 30, 2021, the first day of the 2021–2022 school year, enrollment at Rachel Carson Elementary School was 674 students. While Rachel Carson Elementary School will continue to be overutilized, the decrease in student enrollment will, as a result, reduce the overutilization at the school to a more manageable level.

As a result of the COVID-19 health pandemic the past 18 months, the construction industry has experienced an unprecedented rise in material prices, disruptions in the supply chain, and staffing shortages, which has caused an approximate 23.0 percent increase in construction costs. Due to these extraordinary circumstances, there is a funding shortfall between the budgeted costs and the actual planned expenditures for all capital projects in the adopted CIP.

This fall, MCPS will need to bid six capital projects in order for them to maintain their approved completion dates—Burnt Mills, Clarksburg Cluster Elementary School #9; South Lake, Stonegate, and Woodlin elementary schools; and Poolesville High School. The anticipated total expenditures for these six projects currently exceed the budgets included in the adopted CIP. Therefore, \$33,941,000 is required to address the funding shortfalls for the six projects noted.

With the current fiscal constraints facing our county and state, I must examine what we can do, as a school system, to address this funding shortfall while considering the needs of all students and staff in the county. After a thorough evaluation and review of all capital projects in the adopted CIP, the expenditures from the DuFief Elementary School Addition/Facility Upgrade project were identified to address the shortfall in the six listed projects. Removing these expenditures from the DuFief Elementary School project and reallocating those funds to the six capital projects will allow MCPS to commence with construction and provide for a budget neutral funding solution.

A delay or deferral of a capital project is not a recommendation made lightly, and I know that the DuFief Elementary School community, looking forward to their capital project, will be disappointed by the change to their scheduled completion date. However, with limited capital funding, it was necessary to find a solution within the school system to address the unprecedented rise in construction costs. While it was possible for MCPS to address this first group of projects experiencing funding shortfalls, unless the construction market recovers and costs reduce to pre-COVID-19 levels, I am concerned that more project completion dates will be affected. As a result, my recommendation is to remove all expenditures for the DuFief Elementary School Addition/Facility Upgrade project, and consider funding for this project in the context of a full review of all capital projects as part of the *Fiscal Year 2023 Capital Budget and Fiscal Year 2023–2028 Capital Improvements Program*. This project will have a to be determined completion date until construction funds are approved in a future CIP.

I recommend the Board of Education approve the following resolution.

WHEREAS, The DuFief Elementary School Addition/Facility Upgrade project was approved to address aging infrastructure as well as to address overutilization at Rachel Carson Elementary School; and

WHEREAS, The adopted *Fiscal Year 2019–2024 Capital Improvements Program* indicated student enrollment projections for Rachel Carson Elementary School, during the six-year planning period, would be approximately 300 students overutilized; and

WHEREAS, During the next few Capital Improvements Program cycles, projections indicated that student enrollment would not grow at the previously projected rate and official September 30 enrollments slowly have decreased the past few school years; and

WHEREAS, While Rachel Carson Elementary School will continue to be overutilized, the decrease in student enrollment will, as a result, reduce the overutilization at the school to a more manageable level; and

WHEREAS, As a result of the COVID-19 health pandemic, during the past 18 months, the construction industry has experienced an unprecedented rise in construction cost of approximately 23.0 percent; and

WHEREAS, Due to these extraordinary circumstances, there is a funding shortfall between the budgeted costs and actual planned expenditures for all capital projects in the adopted Capital Improvements Program; and

WHEREAS, This fall, Montgomery County Public Schools will need to bid six capital projects in order for them to maintain their approved completion dates—Burnt Mills, Clarksburg Cluster Elementary School #9; South Lake, Stonegate, and Woodlin elementary schools; and Poolesville High School; and

WHEREAS, The anticipated total expenditures for these six projects currently exceed the budgets included in the adopted Capital Improvements Program and an additional \$33.9 million is required to address the funding shortfalls for the six projects noted; and

WHEREAS, With the current fiscal constraints facing our county and state, and after a thorough evaluation and review of all capital projects in the adopted Capital Improvements Program, the expenditures from the DuFief Elementary School Addition/Facility Upgrade project were identified to address the shortfall in the six previously listed projects; and

WHEREAS, Removing these expenditures from the DuFief Elementary School Addition/Facility Upgrade project and reallocating those funds to the six capital projects will allow Montgomery County Public Schools to commence with construction and provide for a budget neutral funding solution; now therefore be it

Resolved, That the Board of Education approves the removal and reallocation of expenditures from the DuFief Elementary School Addition/Facility Upgrade project; and be it further

Resolved, That the Board of Education request a *Fiscal Year 2022 Capital Budget and Amendments to the Fiscal Year 2021–2026 Capital Improvements Program* transfer of funds in the amount of \$33,941,000 from the DuFief Elementary School Addition/Facility Upgrade project to the Capital Budget Unliquidated Surplus account; and be it further

Resolved, That the Board of Education request the Montgomery County Council to transfer the total of \$33,941,000 from the Capital Budget Unliquidated Surplus account to the capital projects as indicated in the following list for Fiscal Year 2022;

- \$ 1,890,000 to Burnt Mills Elementary School Major Capital Project
- \$ 5,292,000 to Clarksburg Cluster Elementary School #9
- \$ 5,946,000 to South Lake Elementary School Major Capital Project
- \$ 4,840,000 to Stonegate Elementary School Major Capital Project
- \$ 3,100,000 to Woodlin Elementary School Major Capital Project
- \$12,873,000 to Poolesville Elementary School Major Capital Project

and be it further

Resolved, That a copy of this resolution be forwarded to the county executive and the Montgomery County Council, and be it further

Resolved, That the county executive be requested to recommend approval of the resolution to the Montgomery County Council.

MBM:ESD:SPA:AK:imt