

ED COMMITTEE #2
June 8, 2009
Worksession

MEMORANDUM

June 4, 2009

TO: Education Committee

FROM: Essie McGuire, Legislative Analyst 

SUBJECT: **Worksession – Special Appropriation to the Montgomery County Public Schools FY09 Capital Budget, \$335,000 for the Current Replacements/Modernizations project (Walter Johnson High School)**

Today the Education Committee will review a special appropriation to the Montgomery County Public Schools FY09 Capital Budget, \$335,000 for the Current Replacements/Modernizations project (Walter Johnson High School). The source of funds for this appropriation is contributions from the Bethesda Soccer Club, and it does not require any County funds.

The Board of Education requested this appropriation on March 13. The Council introduced the appropriation on May 12 and is tentatively scheduled to hold a public hearing on June 9 and take action on June 16. The appropriation is necessary to accept the contribution of the Bethesda Soccer Club to support the installation of an artificial turf athletic field at Walter Johnson High School as part of its modernization.

The Board of Education approved financing elements of this project on three occasions. The action memoranda from Board discussions on February 10, March 10, and May 26, 2009, are all attached beginning at circle 3 for reference. A draft appropriation resolution is attached on circles 1-2. The County Executive has not commented on this appropriation request.

BACKGROUND

In March 2008, the Council approved a supplemental appropriation to support installation of an artificial turf field at Richard Montgomery High School. The cost of the project was supported by contributions from a private entity, Maryland Soccer Enterprises (MSE). The Education Committee reviewed the health, safety, and environmental concerns regarding artificial turf, and was satisfied that the preponderance of the evidence supports the relative safety of artificial turf. The Committee and Council supported the installation of the turf field on the basis that it would likely result in higher

quality fields with lower maintenance over time and would significantly increase community access to ballfields generally.

The Education Committee reviewed this issue in March of this year during capital budget discussions, and received a positive report of RMHS field use from MCPS and from the Community Use of Public Facilities. The Committee heard from both entities that the field has maximized school use as well as increased community access to other fields. The Committee reiterated its support for artificial turf field installation going forward, and expressed interest in private partnerships where possible.

The Committee also discussed with MCPS the preliminary plans for Walter Johnson HS, and that the next high schools in the modernization queue are: Paint Branch (8/12); Gaithersburg (8/13); and Wheaton (8/16).

AGREEMENT

MCPS conducted a competitive process to select a partner for the Walter Johnson HS field agreement (detailed on circles 3-4). Three organizations expressed interest and participated in the selection process.

The agreement with Bethesda Soccer Club (BSC) is very similar in structure to that with Maryland Soccer Enterprises (MSE) at the Richard Montgomery HS field. The BSC agreement is for five years, with an initial payment of \$335,000 (the subject of the special appropriation) and four subsequent annual payments of \$16,750 each. In exchange for the contribution, BSC will receive 895.5 hours of preferred use per year during non-school hours. These hours are slightly more than the MSE hours at RMHS, which total 837 annually. MCPS states that the hours of preferred use will be similar to those at Richard Montgomery.

FINANCING

The total cost of the field installation is projected to be \$1.2 million. Circle 10 outlines the cost components of the financing. The funding sources for installation are:

BSC initial payment	\$335,000
Lease financing	\$451,423
Project contingency funds	\$413,577

Lease financing: Circles 8-9 detail the Board action to enter into the financing agreement. MCPS plans to finance part of the initial installation cost for the field and support the payments over six years through the annual BSC payments, booster club contributions, community use operating revenues, and offset operating cost savings (detailed on circle 10). The interest rate is 5.45% with a balloon payment at the end of the term.

Council staff recommends approval of the \$335,000 special appropriation toward the Walter Johnson High School artificial turf athletic field.

Resolution No.: _____
Introduced: May 12, 2009
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Special Appropriation to the FY09 Capital Budget
Montgomery County Public Schools
Current Replacements/Modernizations (No. 926575)
(Walter Johnson High School), \$335,000

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. The Board of Education requested a special appropriation for the Montgomery County Public Schools' Current Replacements/Modernizations capital project as follows:

<u>Project Name</u>	<u>Project Number</u>	<u>Amount</u>	<u>Source of Funds</u>
Current Replacements/ Modernizations	926575	\$335,000	Contribution
TOTAL		\$335,000	Contribution

3. Bethesda Soccer Club has agreed to contribute \$335,000 toward the construction of an artificial turf athletic field at Walter Johnson High School as part of the school's modernization. In exchange, Bethesda Soccer Club will get preferred scheduling use of the stadium field during non-school hours for a period of five years.
4. The total estimated cost of the artificial turf field installation at Walter Johnson High School is \$1.2 million. This contribution will be combined with already budgeted project funds, lease financing, related operating cost savings, and community use revenue to support the full cost of the project.

5. Notice of public hearing was given and public hearing was held on June 9, 2009.
6. The County Council declares this request is in the public interest to be acted upon without delay as provided for under special appropriation requirements described in Article 3, Section 308 of the Montgomery County Charter.

Action

The County Council for Montgomery County, Maryland approves the following action:

A special appropriation to the FY09 Capital Budget is approved for the Montgomery County Public Schools as follows and as shown on the attached project description form.

<u>Project Name</u>	<u>Project Number</u>	<u>Amount</u>	<u>Source of Funds</u>
Current Replacements/ Modernizations	926575	\$335,000	Contribution
TOTAL		\$335,000	Contribution

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

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

February 10, 2009

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: Artificial Turf Project for Walter Johnson High School

Board members may recall that I reported to you in December that the Department of Facilities Management issued a Request for Proposals for a partner to contribute to the installation cost of artificial turf at Walter Johnson High School. Three organizations expressed an interest in modeling the pilot agreement approved for the installation of artificial turf at Richard Montgomery High School—Bethesda Soccer Club (BSC), Montgomery Soccer, Inc., and Premier Sports Management, LLC.

A selection committee composed of Montgomery County Public Schools (MCPS) administrative and school staff, as well as the Office of Community Use of Public Facilities (CUPF), evaluated the proposals on the basis of applicant qualifications, program plan, personnel, and financial offer. BSC offered the highest-rated proposal, with an initial payment of \$335,000 lump sum and annual payments of \$16,750 for the following four years. In exchange for its contribution, BSC would receive 895.5 hours of stadium field use, including approximately 300 hours of stadium lighting use. It is important to note that BSC is a community-based organization, and the hours of use scheduled by BSC will free up time on other fields scheduled by CUPF for other community users.

The cost to install the artificial turf at Walter Johnson High School is estimated at approximately \$1,200,000 because of a more extensive stormwater management system than was required at Richard Montgomery High School. In efforts to minimize the impact on the capital budget, staff has developed a cost model identified in the attached spreadsheet that outlines a revenue neutral funding plan for the artificial turf field at Walter Johnson High School.

This cost model includes all anticipated annual revenues and expenses related to the artificial turf for a period of ten years. While the Walter Johnson High School modernization project—including site work—will not be fully completed until August 2010, the project has been proceeding with little change to the contract documents, resulting in minimal change orders to date. As a result, it is anticipated that adequate funds are available in the project contingency to cover a portion of the cost to install the artificial turf and complete the balance of the modernization project.

February 10, 2009

Staff negotiations with BSC are in their final stages, and I plan to bring a formal recommendation to provide artificial turf at Walter Johnson High School to the Board at the March 10, 2009, meeting.

If you have any questions about this project, please contact Mr. Joseph Lavorgna, acting director, Department of Facilities Management, at 240-314-1060.

JDW:vnb

Attachment

Copy to:

Executive Staff
Dr. Beattie
Dr. Garran
Mr. Lavorgna
Mr. Song
Ms. Turpin

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

March 10, 2009

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: FY 2009 Special Appropriation and Amendment to the FY 2009–2014 Capital Improvements Program—Walter Johnson High School Artificial Turf

Last month, I reported on the progress of negotiations with the selected partner athletic organization which responded to a Request for Proposals to contribute to the installation of artificial turf at Walter Johnson High School, estimated at \$1,200,000.

The Bethesda Soccer Club (BSC) offered the best proposal for a five-year agreement with an initial payment of \$335,000, lump sum, and \$16,750 for each of the following four years. The following is a resolution to accept the offer from BSC to assist in the funding of the artificial turf stadium field at Walter Johnson High School.

The funding model we plan to use is partner contribution, contingency funds from the modernization project, and lease financing. Once we receive a commitment from a leasing company to fund that share of the cost, we will return to the Board of Education for further authorization to proceed with the artificial turf installation.

The following resolution is recommended for approval.

WHEREAS, Current technology for artificial turf provides a safe and durable playing field for a wide range of athletic activities and requires very little maintenance; and

WHEREAS, Montgomery County Public Schools requested proposals from athletic organizations to partner with MCPS for the installation of artificial turf at Walter Johnson High School; and

WHEREAS, Staff has received three proposals with the most viable offer from the Bethesda Soccer Club to contribute to the cost of artificial turf in exchange for preferred scheduling of the stadium field; and

WHEREAS, Contingency funds are available in the Walter Johnson High School modernization project to cover a portion of the cost for the installation of artificial turf; and

WHEREAS, The balance of funding needed to install the artificial turf will be comprised of funds received through lease financing and the funds proposed by Bethesda Soccer Club; now therefore be it

Resolved, That the Board of Education approve the installation of artificial turf at Walter Johnson High School subject to arranging suitable lease financing; and be it further

Resolved, That a FY 2009 special appropriation and amendment to the FY 2009–2014 Capital Improvements Program be requested in the amount of \$335,000 for the Walter Johnson High School modernization project; and be it further

Resolved, That the Montgomery County Council be requested to accept a contribution of \$335,000 from the Bethesda Soccer Club for the installation of an artificial turf field at Walter Johnson High School; and be it further

Resolved, That the contribution from Bethesda Soccer Club be accepted toward the installation of an artificial turf field at Walter Johnson High School in accordance with Board of Education Policy CNE, *Facility Improvements That Are Not Funded with Montgomery County Revenues*; and be it further

Resolved, That this resolution be forwarded to the county executive and County Council for consideration and action.

JDW:jlc

Current Replacements/Modernizations -- No. 926575 -- Master Project

Category	Montgomery County Public Schools	Date Last Modified	May 19, 2008
SubCategory	Countywide	Required Adequate Public Facility	No
Administering Agency	MCPS	Relocation Impact	None
Planning Area	Countywide	Status	On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY07	Est FY08	Total 6 Years	FY09	FY10	FY11	FY12	FY13	FY14	Beyond 6 Years
Planning Design and Supervision	52,657	12,504	6,588	33,565	4,513	5,989	6,828	9,064	5,765	1,406	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	92,222	8,247	12,508	71,467	3,468	10,103	15,333	22,021	8,901	6,641	0
Construction	683,215	74,249	87,189	489,452	80,029	61,892	63,159	96,746	108,216	79,411	32,328
Other	25,065	1,800	2,735	19,402	2,719	3,289	3,501	3,066	3,494	3,333	1,128
Total	853,162	96,800	109,020	613,886	95,728	81,273	88,821	130,897	126,376	90,791	-

FUNDING SCHEDULE (\$000) 96063

Contributions	300	0	300	0	335	0	0	0	0	0	0
Current Revenue General	16,716	2,500	4,622	9,594	7,346	2,248	0	0	0	0	0
G O Bonds	641,911	50,965	87,501	469,989	49,742	70,535	79,286	114,223	90,806	65,397	33,456
State Aid	59,520	28,289	9,029	22,202	22,202	0	0	0	0	0	0
Agricultural Transfer Tax	0	0	0	0	0	0	0	0	0	0	0
PAYGO	600	600	0	0	0	0	0	0	0	0	0
Recordation Tax	0	0	0	0	0	0	0	0	0	0	0
Current Revenue Recordation Tax	70,525	14,446	6,253	49,826	6,081	6,590	0	0	19,050	18,105	0
Schools Impact Tax	63,590	0	1,315	62,275	10,357	1,900	9,535	16,674	16,520	7,289	0
Total	853,162	96,800	109,020	613,886	95,728	81,273	88,821	130,897	126,376	90,791	33,456

OPERATING BUDGET IMPACT (\$000) 96063

Energy	508	152	152	152	152	0	0	0	0	0
Maintenance	1,544	386	386	386	386	0	0	0	0	0
Program-Staff	288	72	72	72	72	0	0	0	0	0
Net Impact	2,440	610	610	610	610	0	0	0	0	0
Work Years		1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0

DESCRIPTION

This project combines all current modernization projects as prioritized by the FACT assessments. Future modernizations with planning in FY 2011 or later are in PDF No. 926575. Due to fiscal constraints, the FY 2005-2010 CIP adopted by the County Council, shifted funds for elementary school modernizations beginning with College Gardens ES and shifted funds for the Richard Montgomery and Walter Johnson high school modernization projects. An FY 2006 appropriation was approved for construction funds for Parkland MS and Richard Montgomery HS, and planning funds for Walter Johnson HS, Francis S. Key MS and College Gardens ES. During the budget process for the amendments to the FY 2005-2010 CIP, the County Council shifted the planning funds for Cashell and Galway elementary schools from FY 2006 to FY 2007, but did not change the completion dates.

An FY 2007 appropriation was approved for the balance of construction funds for Richard Montgomery HS, and Parkland MS; construction funds for Walter Johnson HS and College Gardens ES, planning funds for Paint Branch HS, Francis S. Key MS, Cashell, Galway, and Cresthaven elementary schools. The County Council, in the FY 2007-2012 CIP, approved the acceleration of the modernization of Bells Mill Elementary School. Therefore, the FY 2007 appropriation also will provide funding to begin planning for the modernization of Bells Mill Elementary School. An amendment to the FY 2007-2012 CIP was approved to provide an additional \$3.5 million in construction funding for one modernization project.

The approved FY 2008 appropriation will provide construction funding for five modernization projects and planning funds for two modernization projects. An FY 2008 transfer of \$3.1 million was approved for the Richard Montgomery HS modernization. Due to fiscal constraints, the County Council, in the adopted FY 2009-2014 CIP, delayed high school modernizations one year, with the exception of Wheaton HS which was delayed two years, beyond the Board of Education's request. An FY 2009 appropriation was approved to provide planning funds for Cannon Road ES, Garrett Park ES, and Farmland ES, construction funds for Cresthaven ES, Carderock Springs ES and Cabin John MS, and furniture and equipment funds for five modernizations.

FISCAL NOTE

The impact tax reflected in the expenditure schedule shown above is applied to the addition portions of some modernizations within this project.

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
Date First Appropriation	FY (S000)	
First Cost Estimate	FY02 520,518	
Current Scope		
Last FY's Cost Estimate	764,674	
Appropriation Request	FY09 105,348	
Appropriation Request Est	FY10 58,499	
Supplemental Appropriation Request	335K	
Transfer	0	
Cumulative Appropriation	324,331	
Expenditures - Encumbrances	137,749	
Unincumbered Balance	186,582	
Partial Closeout Thru	FY06 150,136	
New Partial Closeout	FY07 132,012	
Total Partial Closeout	282,148	

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

May 26, 2009

MEMORANDUM

To: Members of the Board of Education
From: Jerry D. Weast, Superintendent of Schools
Subject: Walter Johnson High School Artificial Turf Financing

In March, staff briefed the Board of Education on negotiations with the selected partner athletic organization, the Bethesda Soccer Club, to contribute \$335,000 to the installation of artificial turf at the Walter Johnson High School stadium. The funding model for the estimated \$1,200,000 cost to install artificial turf was to combine the partner contribution with contingency funds from the modernization project and lease-purchase financing. At the time, Montgomery County Public Schools had not yet received a firm commitment from a leasing company for the finance portion. Department of Facilities Management staff promised to return to the Board for additional authorization when a recommendation on the lease-purchase financing was prepared.

We now have received a proposal from Municipal Leasing Consultants, an independent, woman-owned business, for a tax exempt lease-purchase in the amount of \$459,019 to be paid in five annual installments of \$43,163 each, followed by one balloon payment of \$335,000. The funds for the annual payments would generate from community use of the artificial turf field, including \$16,750 per annum from the Bethesda Soccer Club. The balloon payment funds would generate from the lease renewal by the Bethesda Soccer Club or other athletic partner in the sixth year.

I am, therefore, recommending the following resolutions.

WHEREAS, The Board of Education approved an action on March 10, 2009, to request a FY 2009 special appropriation and amend the FY 2009-2014 Capital Improvements Program to accept a contribution from the Bethesda Soccer Club in the amount of \$335,000; and

WHEREAS, Funds in the amount of \$405,981 are available from the contingency funds in the modernization project; and

WHEREAS, The Board of Education has received a lease purchase proposal in the amount of \$459,019 from Municipal Leasing Consultants; now therefore be it

Resolved, That the proposal from Municipal Leasing Consultants be accepted in the amount of \$459,019 for lease-purchase financing for a six-year term to install artificial turf at Walter Johnson High School; and be it further

Resolved, That the proceeds from the financing be used to reimburse Montgomery County Public Schools accounts to the extent that the artificial turf field is acquired before closing; and be it further

Resolved, That the Board of Education president and superintendent of schools be authorized to execute the documents necessary for these transactions.

Resolved, That the Board of Education authorize the superintendent of schools to enter into a contract for the installation of artificial turf at Walter Johnson High School for a cost not to exceed \$1.2 million.

JDW:LAB:JLL:jlc

Montgomery County Public Schools

Walter Johnson High School Artificial Turf Funding Plan

Installation

Installation Cost

Planning, excavation, and specialized subbase	680,000
Artificial turf material	480,000
Field paint, inlaid lines, logo	21,000
Maintenance equipment - specialized	19,000
Total Funding	<u><u>1,200,000</u></u>

Funding for Installation Cost

Use agreement with Bethesda Soccer Club initial payment for 5-year agreement	335,000
Finance through leasing company	451,423
Funding from contract contingency	413,577
Total Funding	<u><u>1,200,000</u></u>

Annual Revenues and Expenditures

Operating revenues

Bethesda Soccer Club annual contribution for 895.5 field hours (years 2-4)	16,750
Booster's club contribution ³	9,000
MCPS annual offset costs:	
Irrigation	6,000
Field maintenance allowance	12,500
Operating revenues for 270 hrs remaining comm use @ \$75/hr	17,213 ¹
Total Operating Revenues	<u><u>61,463</u></u>

Operating expenses

Annual debt service at 5.45% for 6 years with balloon at end of term	43,133 ²
Stadium lighting in contract with BSC	10,500
Maintenance ⁴	7,800
Total Operating Expenses	<u><u>61,433</u></u>

Net Income (loss)

29.50

¹ Assumes 85 percent of 270 hours of available community use (1,139 hours) per year

² Using amortization calculation with Bethesda Soccer Club contract renewal payment at Year 6

³ Includes \$7,800 for maintenance contract below

⁴ Will be paid from Booster's Club contribution