



School Board Briefing/Proposed Action Report

Informational (no action required by Board) **Action Report** (Board will be required to take action)

DATE: October 7, 2015
FROM: Dr. Larry Nyland, Superintendent
LEAD STAFF: Dr. Lester Herndon, Associate Superintendent of Facilities & Operations,
(206) 252-0644, ltherndon@seattleschools.org

I. TITLE

BEX IV: Procurement of Portables and Capital Improvements made by Tenant while at E. C. Hughes Elementary.

For Introduction: October 21, 2015
For Action: November 4, 2015

II. WHY BOARD ACTION IS NECESSARY

Per Board Policy 6220, Procurement, all contracts for more than \$250,000 initial value, excluding sales tax and contingencies, and changes or amendments of more than \$250,000, excluding sales tax and contingencies, must be approved by the School Board.

III. FISCAL IMPACT/REVENUE SOURCE

Fiscal impact to this action will be \$525,000.

The revenue source for this motion will be BTA IV or BEX IV Contingency.
Expenditure: One-time Annual Other Source

IV. POLICY IMPLICATION

This action is consistent with School Board Policy No. 6220, Procurement, to acquire equipment and capital improvements for District purposes.

V. RECOMMENDED MOTION

I move that the School Board authorize the Superintendent to execute the purchase from Westside School in the amount of \$525,000, plus Washington State Taxes, of four existing portables and leaseholder improvements to the site and facility at E. C. Hughes Elementary School.

VI. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the Operations Committee meeting on October 15, 2015. The Committee reviewed the item and moved the item forward to the full Board with a recommendation for approval.

VII. BACKGROUND INFORMATION

E. C. Hughes is located at 7740 34th Ave. SW, Seattle, WA 98126 on a site area of approximately 160,736 sq. ft. The school was constructed in 1926 with a three story classroom addition completed in 1949. The school is designated as a historical landmark.

E. C. Hughes facility was used as a school interim site before it was leased to Westside School, which occupied the building from fall of 2010 until the summer of 2015. During their tenure, a number of capital improvements were made to the facility by the tenant that included the installation of four portables containing nine classrooms (all of the portables are plumbed and contain sinks), new K-12 playground equipment, pavement of the staff/visitor parking lot, miscellaneous site improvements and mechanical equipment upgrades totaling \$1,146,444. Items the District is not compensating Westside Schools include interior painting, added casework and technology improvements, as the value for these items will not be realized if the building were to be renovated.

The E. C. Hughes facility has recently received funding from the State of Washington through a Distressed School Grant to modernize the facility. The District is seeking additional funding through the upcoming BTA IV Levy to implement accessibility upgrades and seismic, mechanical, and electrical infrastructure improvements to the historic structure.

The site has a capacity to house 550 students in grades K-5 when including the nine portables.

This motion allows the district to procure the leaseholder improvements and four portables as outlined in Attachment 1, for a total amount of \$525,000, plus Washington State Sales Tax.

VIII. STATEMENT OF ISSUE

Whether or not to procure the leaseholder improvements and portables for a total negotiated cost of \$525,000, plus Washington State Sales Tax.

IX. ALTERNATIVES

Do not procure leaseholder improvements and portables. This alternative is not recommended as the existing portables are in excellent condition. The District would have to purchase and install new replacement portables to achieve the desired capacity target at a considerably higher cost.

X. RESEARCH AND DATA SOURCES / BENCHMARKS

Revised Code of Washington Title 43 Section 28A.525 Section 301 iv.b.ii (page 6; lines 23-26) which defines useful life of portables to be “at least 15-years.”

XI. TIMELINE FOR IMPLEMENTATION / COMMUNITY ENGAGEMENT

Upon approval of this motion, the District will execute an agreement with Westside School to procure leaseholder improvements and four portables that will enhance the educational environment of the facility and reduce the cost of the scheduled modernization that will reopen the school for up to 550 K-5 students.

Design Start	October 2015
Construction Start	April 2017
Construction Complete	April 2018
School Opens	September 2018

XII. ATTACHMENTS

- Attachment 1: E. C. Hughes Depreciation Schedule
- Attachment 2: Purchase and Sale Agreement
- Attachment 3: Portable Photograph

EC Hughes Portables and Leasehold Improvements

*Portables	Serial Number	Year(s) Originally Acquired	Original Cost	Useful Lives	Accumulated Depreciation	Net Value
Portable #1 McKinney Mobile Module	CD1464-3MK999134, 135 & 136	2000	\$ 145,735	15	\$ (145,735)	\$ -
Portable #2	CC1464-2WS0513889	2006	\$ 96,137	15	\$ (57,682)	\$ 38,455
Portable #3	CCR1464-2WS0715076 & 077	2007	\$ 138,390	15	\$ (73,808)	\$ 64,582
Portable #4	CC1464-2WS0816611-01	2008	\$ 151,565	15	\$ (70,730)	\$ 80,835
Portable improvements:						
Portable #1 flooring		2011	\$ 6,332	10	\$ (2,533)	\$ 3,799
Portable #1 sprinkler		2011	\$ 19,192	10	\$ (7,677)	\$ 11,515
Portable #3 windows		2011	\$ 3,594	10	\$ (1,438)	\$ 2,156
Portable installation-ECH		2011	\$ 332,422	15	\$ (88,646)	\$ 243,776
Total Portables			\$ 893,367		\$ (448,249)	\$ 445,118
**Leaseholder Improvements at ECH Hughes						
Playground equipment and installation		2005, 2010/11, 2013	\$ 157,327	10	\$ (79,167)	\$ 78,160
Parking lot improvements		2010/11, 2013	\$ 61,533	8-10	\$ (19,066)	\$ 42,467
Equipment upgrades		2010-2014	\$ 34,217	3-10	\$ (20,244)	\$ 13,973
<i>Cost/Negotiation Adjustment</i>						\$ (9,970)
Total Leasehold Improvements			\$ 253,077		\$ (118,477)	\$ 124,630
Grand Total			\$ 1,146,444		\$ (566,726)	\$ 569,748
AGREEMENT TOTAL						\$ 525,000

*Note 1

Portable cost (including installation) the District negotiated a 15 year useful life from the original offer that which included a 22 years useful.

**Note 2

Leaseholder Improvements: There were additional interior and exterior improvements, including equipment and parking lot improvements, that the District negotiated out of the final amount shown.

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT ("Agreement") is entered into and effective as of September ~~30~~³⁰, 2015 (the "Effective Date"), by and among Westside School ("Seller") and Seattle School District No.1 ("Buyer"). Seller and Buyer are also referred to individually as a "Party" and collectively as the "Parties." The Parties agree as follows:

1. **Sale of Assets.** Seller hereby sells, conveys, transfers, assigns and delivers (collectively, "Transfers") to Buyer, and Buyer hereby purchases and acquires from Seller, the assets and other items listed on **Schedule 1** to the Bill of Sale (the "Purchased Assets"). The Parties agree that the Purchased Assets are all ~~the~~ personal property of the Seller and are not real property. (KW 9/30/15)

2. **Conditions of Sale.** Seller is Transferring the Purchased Assets to Buyer "as is" with no representations or warranties of any kind. It is Buyer's exclusive responsibility to repair, recondition, and upgrade the Purchased Assets, as necessary and in Buyer's sole discretion, so that the Purchased Assets are in a safe and merchantable condition. Seller warrants that it has title to the Purchased Assets and has the right to Transfer the Purchased Assets to Buyer free any clear of any liens or claims.

3. **Purchase Price.** The total purchase price (the "Purchase Price") for the Purchased Assets is Five Hundred Twenty-Five Thousand Dollars (\$525,000.00) plus applicable sales tax. Sales tax is not included in the Purchase Price and shall also be paid by Buyer as required by applicable law. Upon Buyer's payment of sales tax, Seller is responsible for all sales tax consequences of this Agreement. Upon execution of this Agreement, Buyer shall pay to Seller the Purchase Price plus sales tax in immediately available funds, and Seller shall deliver to Buyer: (i) the Bill of Sale in the form attached hereto as **Exhibit A**, duly executed by Seller (the "Bill of Sale") and (ii) such additional documents as Buyer may reasonably request in order to effect, perfect and evidence the transactions contemplated by this Agreement.

4. **Delivery of Assets.** The Assets all exist on property already owned by the Buyer, at the location commonly known as E.C. Hughes Elementary School, 7740 34th Avenue SW, Seattle, Washington, 98126. Execution of this Agreement shall constitute delivery of the Assets from Seller to Buyer.

5. **Cooperation.** The Parties agree to cooperate and to take all additional actions and execute such documents that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

6. **Successors and Assigns.** This Agreement will be fully binding upon, inure to the benefit of, and be enforceable by, each of the Parties and their respective successors and assigns.

7. **Governing Law.** This Agreement will be interpreted, construed and enforced in accordance with the laws of the state of Washington without reference to its rules relating to choice of law.

8. **Counterparts.** This Agreement and the Bill of Sale may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Each of the Parties shall accept facsimile or PDF copies via electronic mail of this Agreement and the Bill of Sale. Upon request, each party shall deliver to the requesting party an original, manually signed copy of such party's signature.

9. **Board Ratification.** This Agreement is contingent upon formal ratification by the School District's Board of Directors. This Agreement will be presented to the Board at a regularly scheduled board meeting. This Agreement shall be null and void unless all Parties sign this Agreement and the School District's Board of Directors ratifies this Agreement in an open public meeting.

10. **Entire Agreement; Amendment.** This Agreement and the Bill of Sale attached hereto constitutes the entire agreement between the Parties and supersedes any and all prior discussions, commitments, agreements, amendments or understandings between the Parties with respect to the subject matter of this Agreement. No modification or amendment of this Agreement will be valid or binding on the Parties unless made in writing and duly executed by the Parties.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

BUYER:

Seattle School District No.1

By: _____
Name: _____
Title: _____

SELLER:

Westside School

By: Kathleen Mulligan
Name: Kathleen Mulligan
Title: Head of School

**EXHIBIT A
BILL OF SALE**

This Bill of Sale is executed and delivered as of September 30 2015, by Westside School ("Seller") and the Seattle School District No.1 ("Buyer"), pursuant to that certain Purchase and Sale Agreement, dated September 30, 2015, by and between Seller and Buyer (the "Purchase Agreement").

For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Seller hereby sells, conveys, transfers, assigns and delivers to Buyer all of the assets set forth on **Schedule 1** attached hereto (the "Purchased Assets").

At any time or from time to time after the date hereof, at Buyer's request and without further consideration, Seller shall execute and deliver to Buyer such other instruments of sale, transfer, conveyance, assignment and confirmation, and provide such information and take such other actions as Buyer may reasonably deem necessary or desirable in order to effect, evidence, record and perfect the sale, conveyance, transfer, assignment and delivery to Buyer, and to confirm Buyer's title to, all of the Purchased Assets, and, to the full extent permitted by law, to put Buyer in actual possession and operating control of the Purchased Assets and to assist Buyer in exercising all rights with respect to the Purchased Assets.

This Bill of Sale is being delivered in connection with the Purchase Agreement, and is subject to, and is entitled to the benefits in respect of, the Purchase Agreement.

This Bill of Sale shall be binding upon and inure to the benefit of Buyer and Seller and their respective successors and assigns.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be signed by its duly authorized officer as of the dated first written above.

BUYER:

Seattle School District No.1

By: _____
Name: _____
Title: _____

SELLER:

Westside School

By: Kathleen Mulligan
Name: Kathleen Mulligan
Title: Head of School

**SCHEDULE 1
PURCHASED ASSETS**

Portable No. 1, Serial Number CD1464-3MK999134, 135 & 136

Portable No. 2, Serial Number CC1464-2WS0513889

Portable No. 3, Serial Number CCR1464-2WS0715076 & 077

Portable No. 4, Serial Number CC1464-2WS0816611-01

Any and all improvements to the above portables, including but not limited to:

- Portable No. 1 flooring
- Portable No. 1 sprinkler
- Portable No. 3 windows
- Portable installation
- any items attached to or inside any of these portables

Playground Equipment

Parking Lot Improvements

Equipment Upgrades

Any other item physically existing at E.C. Hughes Elementary School as of ~~September 1~~, 2015 that belonged to Seller, it being the intent of the Parties that the Buyer shall now own any item left by Seller at E.C. Hughes Elementary School.

October 31, ~~September 1~~
(KW)
9-30-15

