



Cape Elizabeth Schools, Community Services, Pool Capital Stewardship Plan

“Sustain and Renew”



Summary

- Internal review and external engineering study indicate increasing capital improvement needs at schools, community services and pool
- Current facilities provide sufficient capacity to meet student enrollment and community usage projections
- Scheduled asset maintenance and capital investment needed to sustain quality of buildings, facilities and infrastructure
- Scheduled bond retirements provide sufficient capital to fund capital stewardship plan in a tax neutral manner

Capital Stewardship Plan Timeline

Building and Grounds Committee (School Superintendent, School Business Manager, School Board Finance Chair, Director of Facilities) was formed to lead capital needs analysis

- Completed capital improvement projects review and presented findings to School Board
-completed June 18, 2013
- Develop funding options for school and community services/pool capital needs
-preliminary analysis and recommendations included in presentation
-on-going process; final recommendations will be presented to School Board in September/October
- Town Council and School Board Finance Chairs combine school, community services/pool and municipal capital needs and present findings/recommendations
-Joint School Board and Town Council meeting targeted for September/October
- Building and Ground Committee finalizes capital stewardship plan and presents plan to School Board
-September/October target
- School Board takes necessary next steps to implement plan

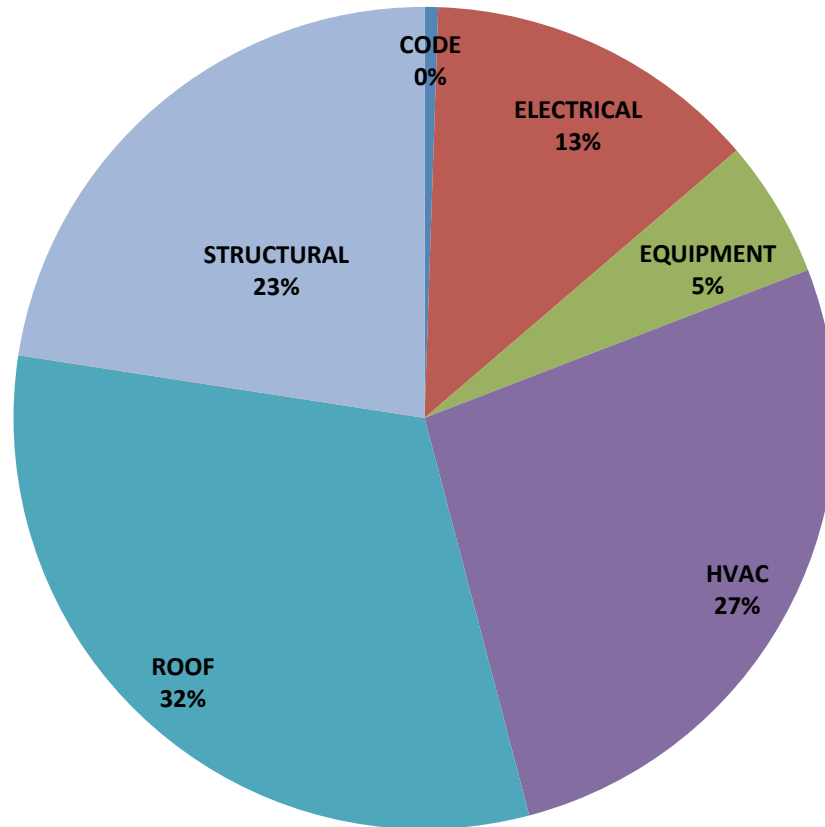
School CIP Overview

2015-2024

- \$11.8 million in total school capital improvement projects over ten years
- Recommend \$2.7 million in bond funding (\$1.8 million in 2016, \$850,000 in 2022)
 - Recommended bond funding is less than the \$6.1 million in school bond retirements scheduled over next 10 years
- \$8.6 million funded through annual school CIP budget and \$580,000 in other financing (municipal lease)

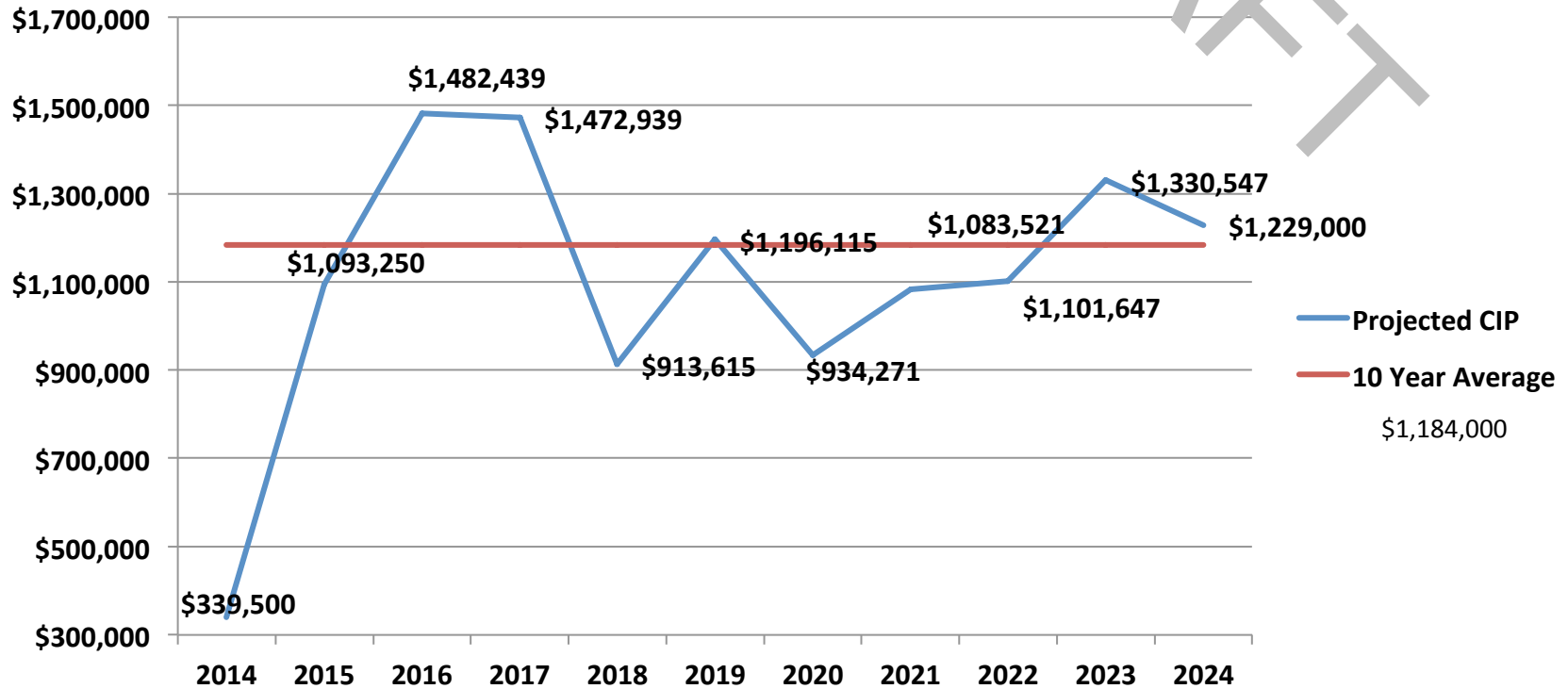
School CIP Summary

Schools 10 Year Projected CIP (2015-2024)
\$11,837,343



DRAFT

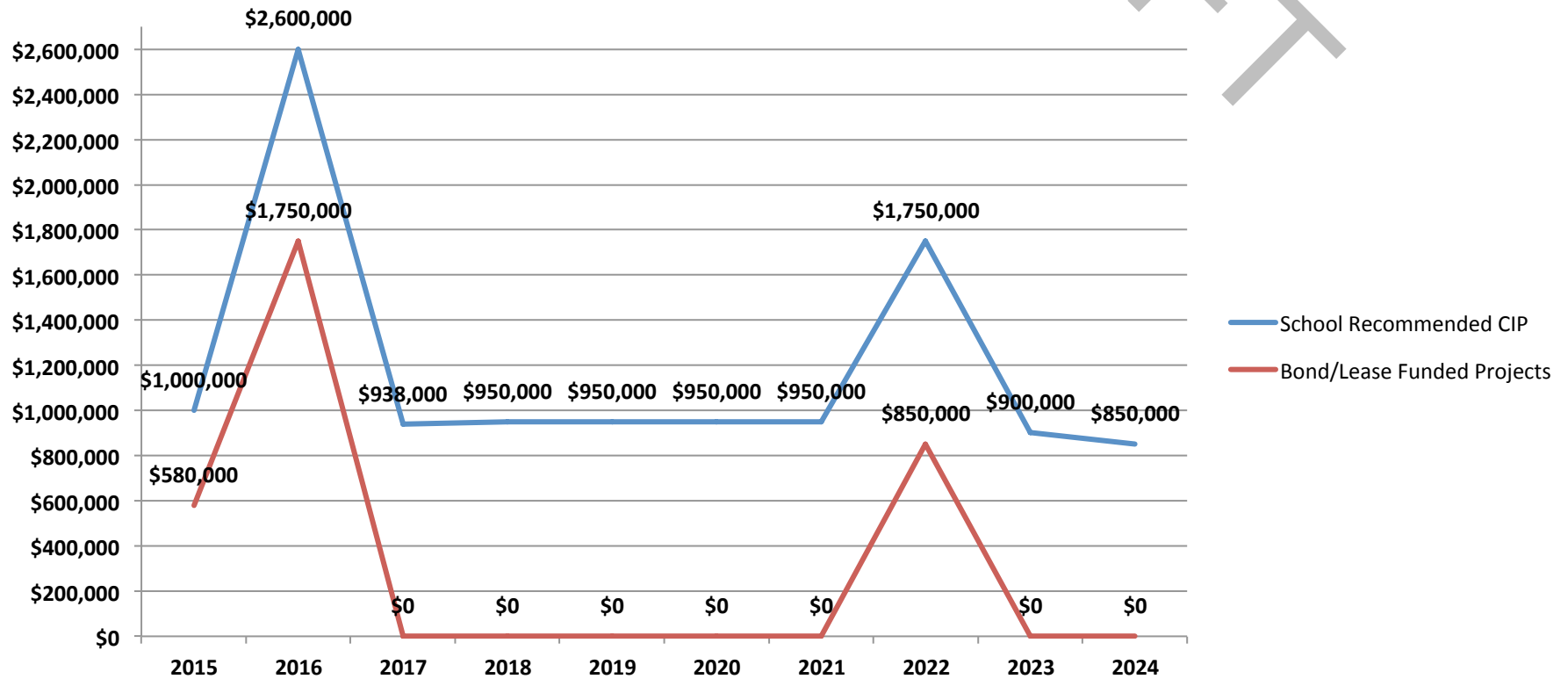
Annual Projected CIP Needs
Schools (2015-2024)



- difficult to fund year to year changes through annual school CIP budget
- creates volatile local appropriations/tax changes each year
- 2016 and 2017 are peak years

DRAFT

Annual Recommended School CIP 2015-2024



- Bond funding addresses peak years needs in 2016 and 2017
- Bond funding creates sustainable annual school CIP budget model

School Bond Funding Rationale

- Multiple large dollar projects (15 projects over \$150,000, 8 projects over \$250,000, 5 projects over \$500,000)
 - recognizes difficulty in funding large dollar projects through annual school CIP budget
 - reduces annual volatility of local appropriations
- Long-life projects (avg. project has 15-20 year estimated life)
 - allows prudent stewardship sharing of long-life project funding between current taxpayers and future taxpayers
- Projects are not discretionary nor expansionary (e.g. roof replacement, HVAC equipment, electrical upgrades) and cannot be deferred
 - encourages scheduled asset maintenance which is prudent and cost effective
- Provides opportunity to reduce overall annual tax impact for school CIP projects
 - provides path to reduce overall tax funding for CIP and debt service over the ten year plan
 - single largest annual tax increase is 0.15%
 - peak year of taxes is 2017, 0.02% increase over current avg. tax bill
 - 2024 taxes are estimated to decline -0.6% from current avg. tax bill

School Bond and Lease Project Recommendations

2015 Municipal Lease Projects

MS Boiler Plant Replacement	\$ 580,000
-----------------------------	------------

2016 Bond Projects

HS Roof Replacement	\$ 800,000
---------------------	------------

MS Roof Replacement	\$ 175,000
---------------------	------------

PC Roof Replacement	\$ 175,000
---------------------	------------

MS Roof Top Heating Recovery Unit	\$ 325,000
-----------------------------------	------------

Electrical Primary Service Entrance	\$ 275,000
-------------------------------------	------------

Total 2016 Bonding Projects	\$ 1,750,000
-----------------------------	--------------

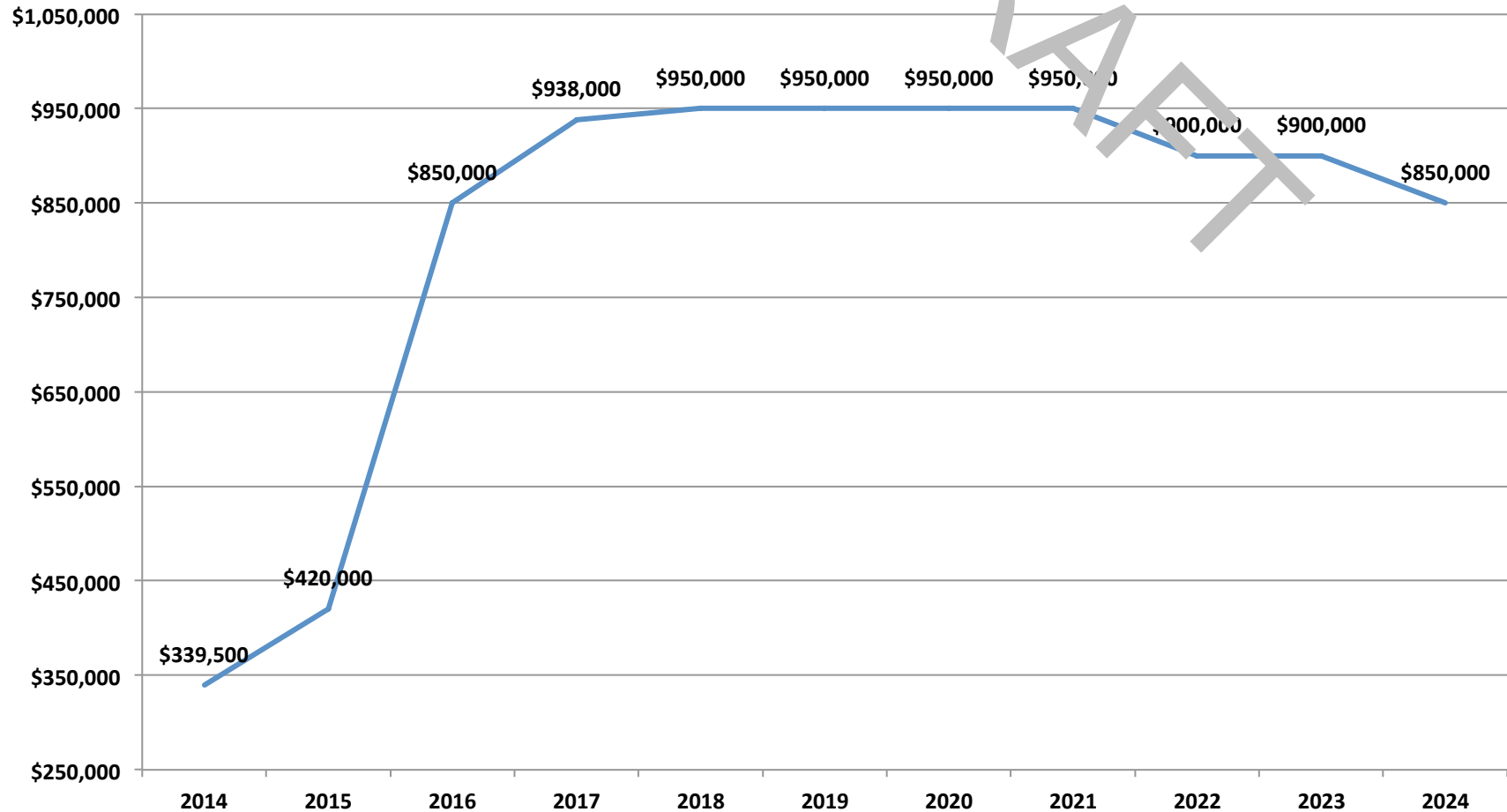
2022 Bond Projects

HS Roof Replacement	\$ 600,000
---------------------	------------

MS Roof Replacement	\$ 250,000
---------------------	------------

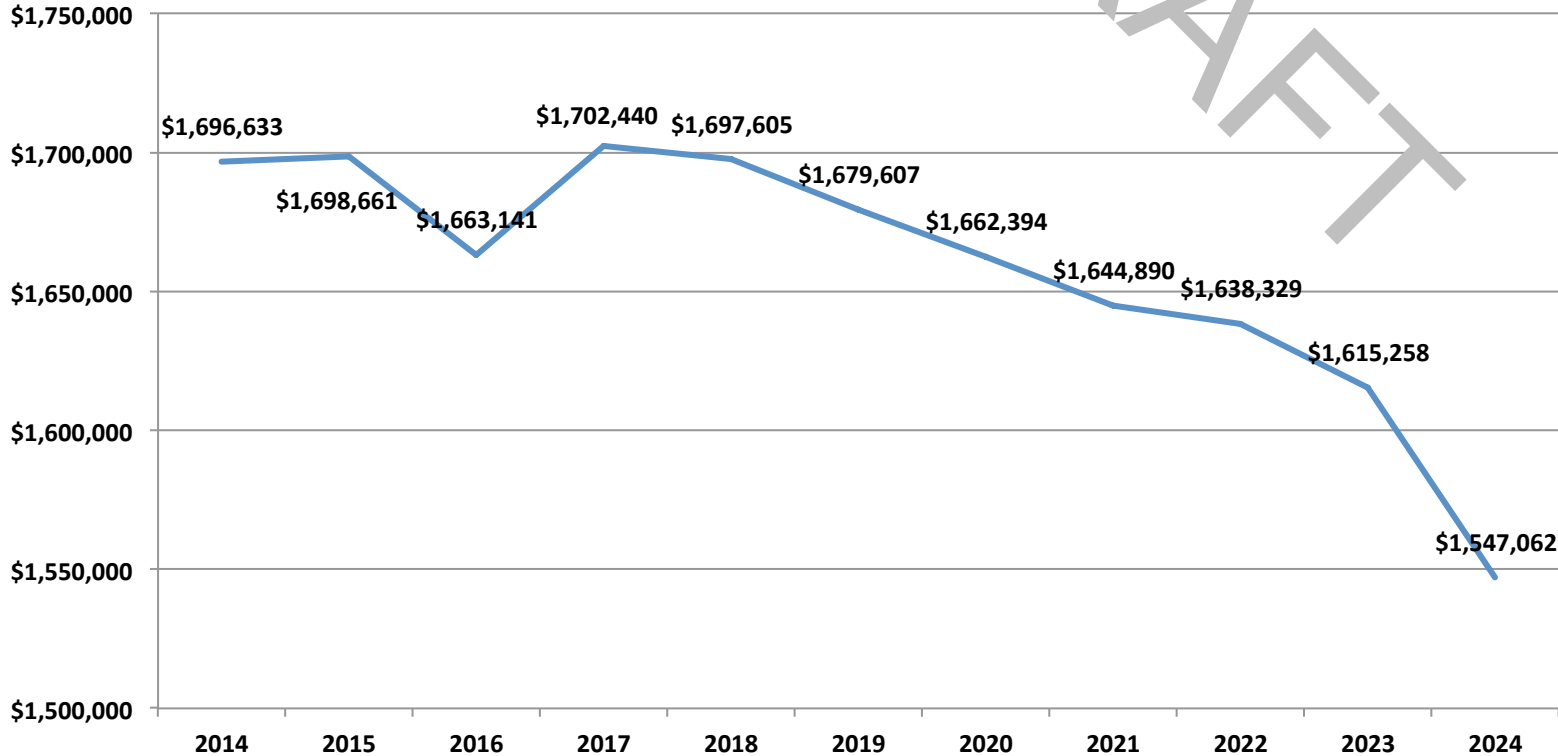
Total 2022 Bonding Projects	\$ 850,000
-----------------------------	------------

School Annual CIP Budget (CIP Only)



- Amounts represent annual CIP funding through annual school CIP budget; excludes debt service payments
- 2016 and 2017 CIP increases offset by decreased debt service requirements

School Total CIP Budget Funding (CIP and Debt Service)



Tax Analysis

Single Largest Annual Increase	0.15%
Peak Year	2017
Peak Year Increase Over Avg. Current Bill	0.02%
2024 Tax Change over Avg. Current Bill	-0.6%

Bond Assumptions:

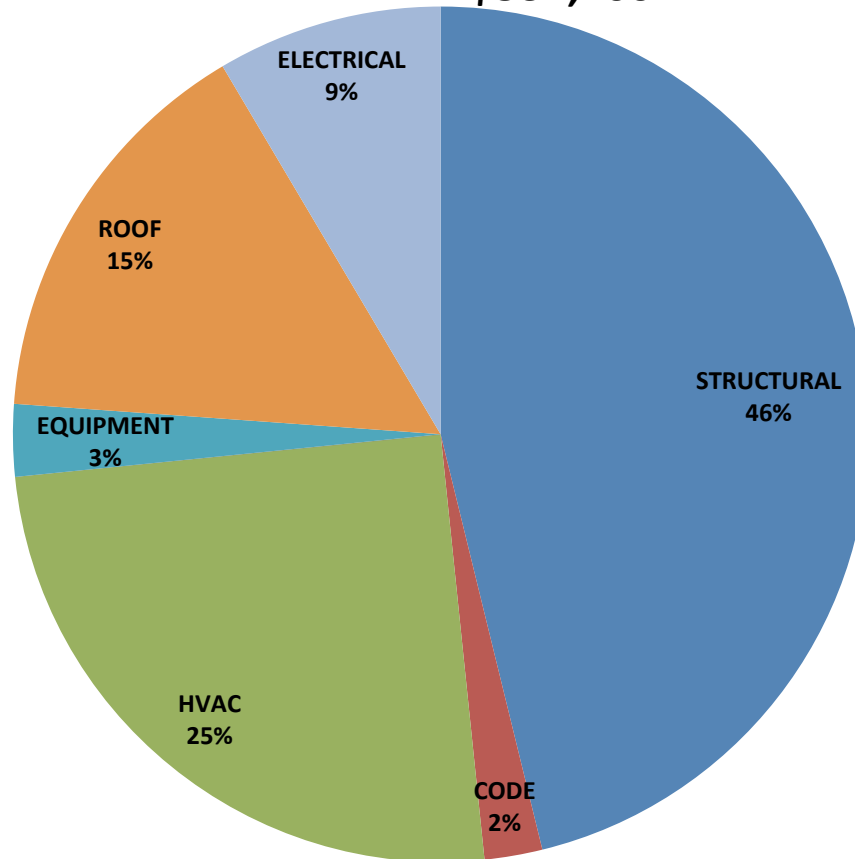
Interest Rate:	4.00%	Median Household:	\$320,000
Payback Years:	20	Town Value (\$1000)	\$1,648,500

Community Services/Pool CIP Overview 2015-2024

- \$2.2 million in total capital improvement projects over ten years
 - Community Services: \$537,000
 - Pool: \$1.7 million
- Recommend \$1,025,000 in bond/municipal lease funding (\$675,000 in 2021, \$350,000 in 2023)
- \$1.2 million funded through annual Community Services\Pool CIP budget

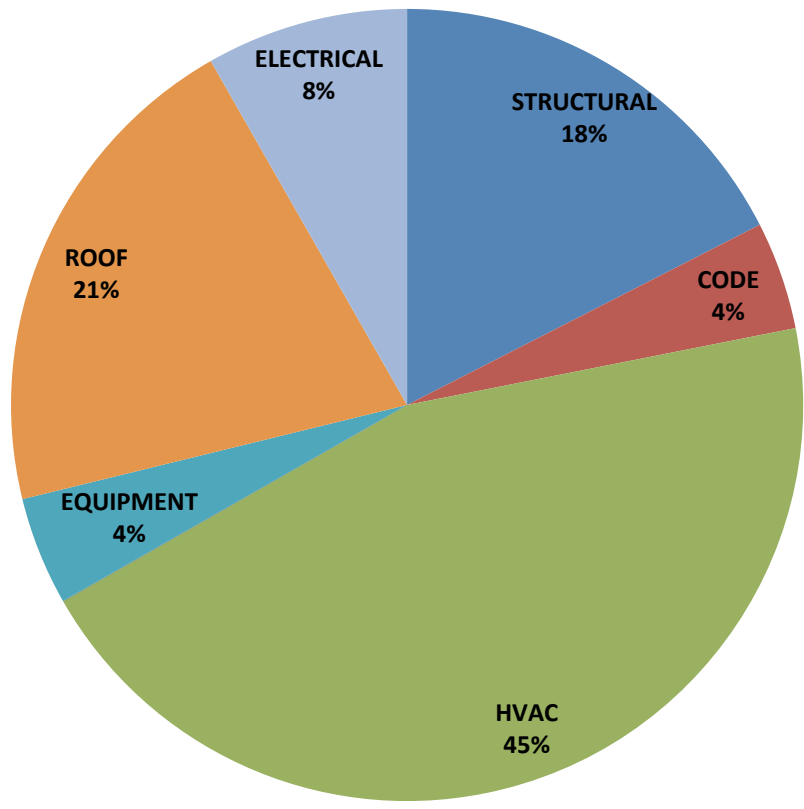
DRAFT

Community Services 10 Year Projected CIF (2015-2024)
\$537,400



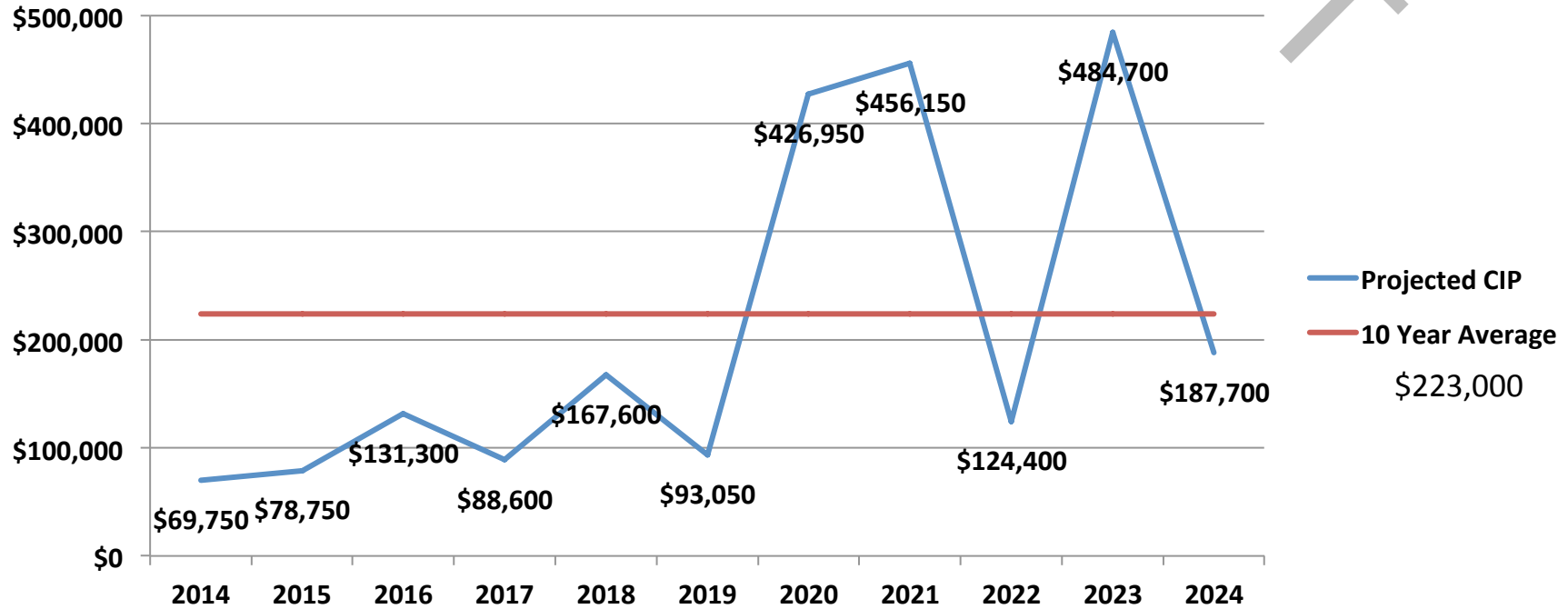
DRAFT

Pool 10 Year Projected CIP (2015-2024)
\$1,701,800



DRAFT

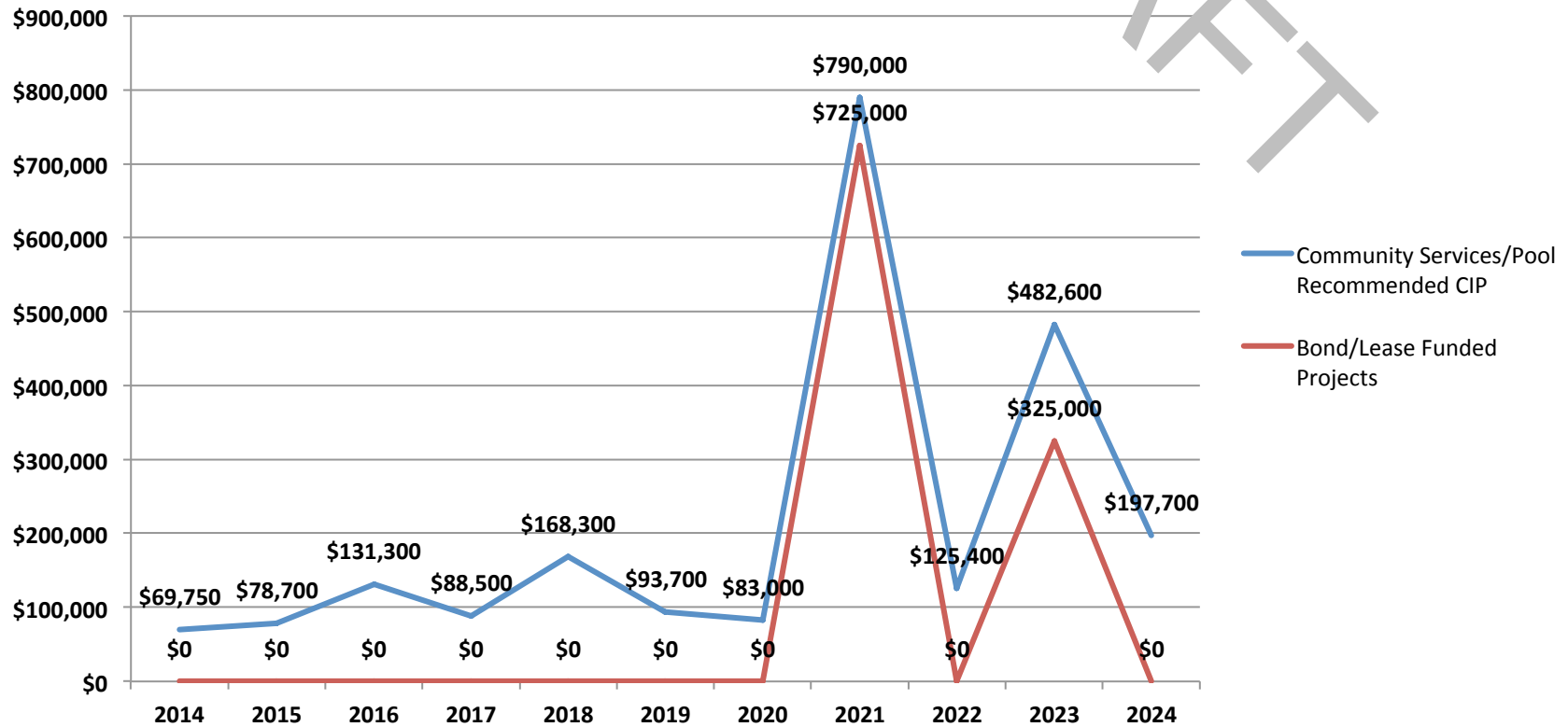
Annual Projected CIP Needs
Community Services/Pool (2015-2024)



- 2020, 2021 and 2023 are peak years
- Difficult to fund year to year change through annual CS CIP budget

DRAFT

CS/Pool Recommended Annual CIP



- Bond/lease funding addresses peak years needs
- Bond/lease funding creates more sustainable annual CS CIP budget model

CS/Pool Bond Funding Rationale

- Multiple large dollar projects (3 projects over \$325,000)
 - recognizes difficulty in funding large dollar projects through annual CIP budget
 - reduces annual volatility of local appropriations
- Long-life projects (avg. project has 15-20 year estimated life)
 - allows prudent stewardship sharing of long-life project funding between current taxpayers and future taxpayers
- Projects are not discretionary nor expansionary (e.g. roof replacement, HVAC) and cannot be deferred
 - encourages scheduled asset maintenance which is prudent and cost effective
- Provides opportunity to reduce overall annual tax impact for CS/Pool CIP projects
 - reduces annual volatility of local appropriations
 - single largest annual tax increase is 0.29%
 - peak year of taxes is 2024, 0.40% increase over current avg. tax bill

CS/Pool Bond and Lease Project Recommendations

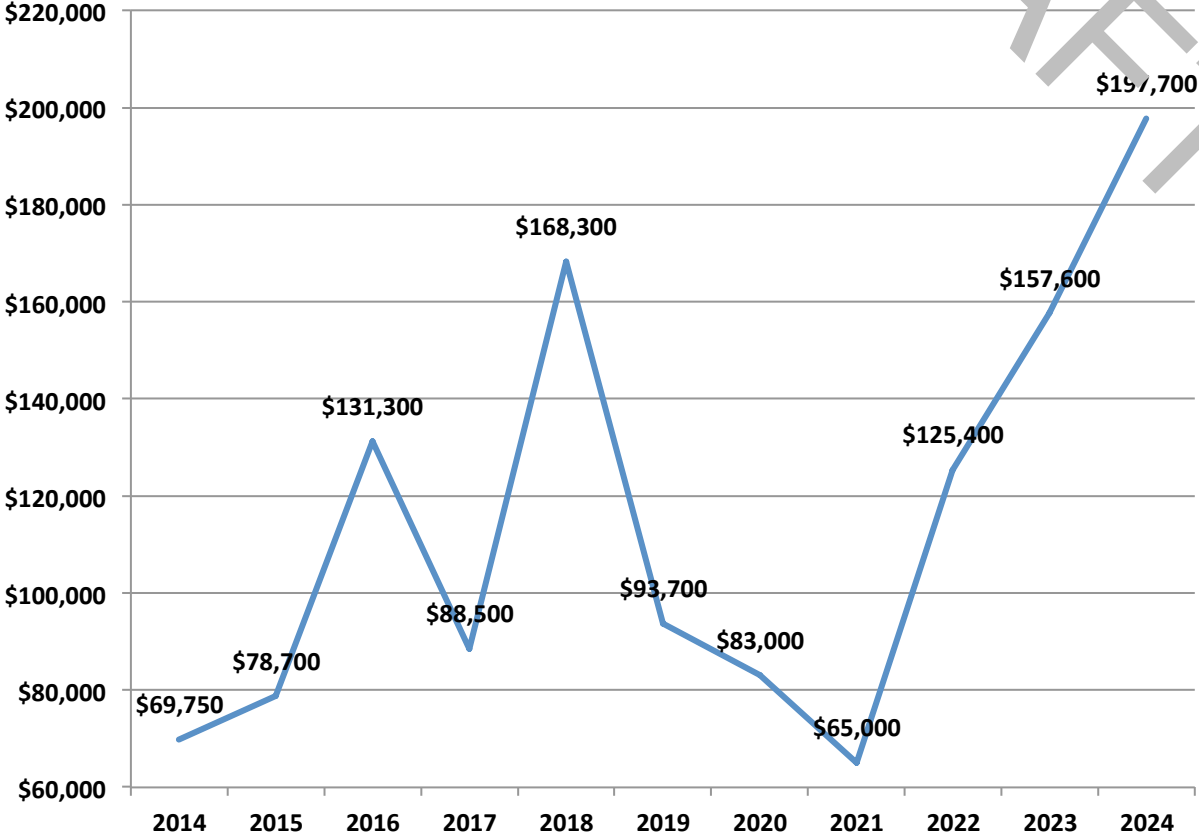
2021 Bond Projects

HVAC System Replacement	\$ 375,000
Pool Roof	<u>\$ 350,000</u>
Total 2021 Bond Projects	\$ 725,000

2023 Municipal Lease Project

Solar Reheat System	\$ 325,000
---------------------	------------

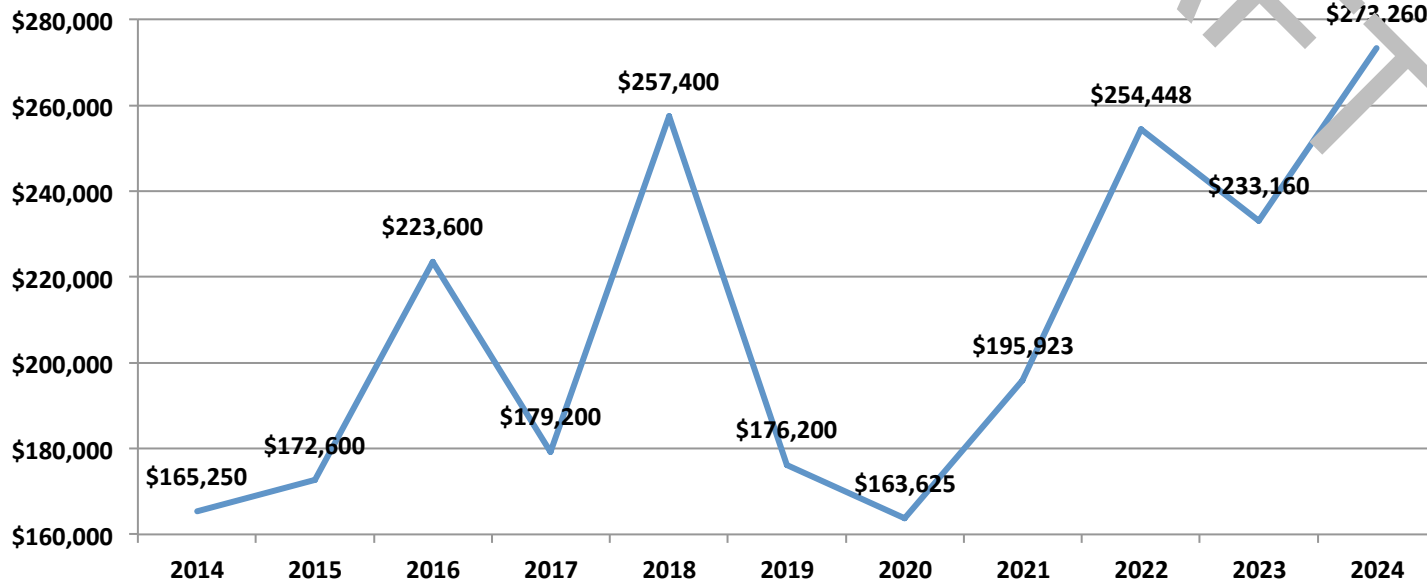
CS/Pool Annual CIP Budget (CIP Only)



- Amounts represent annual CIP funding through annual CS CIP budget; excludes debt service payments

DRAFT

CS/Pool Total CIP Budget Funding (CIP & Debt Service)



Tax Analysis

Single Largest Annual Increase	2018	0.29%
Peak Year	2024	
Peak Year Increase Over Avg. Current Bill		0.40%
2024 Tax Change over Avg. Current Bill		0.40%

Bond Assumptions:

Interest Rate:	4.00%	Median Household:	\$320,000
Payback Years:	20	Town Value (\$1000)	\$1,648,500

- Assumes no CS/pool user fee increases; all incremental funding by local appropriations

Summary

- Capital investment needs are clear and required
- Broad stakeholder use of facilities and expectation that assets are maintained
- Clear path to tax neutral impact through sustained annual CIP budgeting and new bond funding