



Cape Elizabeth School District

School Bond Proposal Presentation to Town Council

January 28, 2014



Community Expectations

- Our school buildings are a significant community-wide investment and the quality and condition of our buildings should be maintained
- Our school buildings serve over 350,000 patrons annually and should be safe for our children, teachers, administrators, volunteers and citizens
- Our elected officials should be effective stewards of our school buildings and facilities

School Board Stewardship Principles

- Scheduled capital maintenance and improvement projects (CIP) reduce the risk of major, large scale renovations in the future
- Deferring needed capital maintenance projects is not a sustainable nor cost effective long-term strategy
- Capital maintenance investments can be large and should be planned and communicated in advance
- Minimizing annual budget volatility and variances should be considered
- The benefits and costs of long-life capital projects should be balanced/considered between current and future taxpayers

School Board CIP Planning Process

CIP is a Goal: Developing and implementing the Capital Improvements Plan is part of the district's Strategic Plan Goals and Objectives for 2013-2018 which were adopted by the School Board.

All Stakeholders were Involved: Full School Board, Buildings and Grounds Committee, Finance Committee, Strategic Planning Committee, District Leadership Team, Administrators, Teachers, Students and Citizens were all part of the planning process.

Timeline and Process:

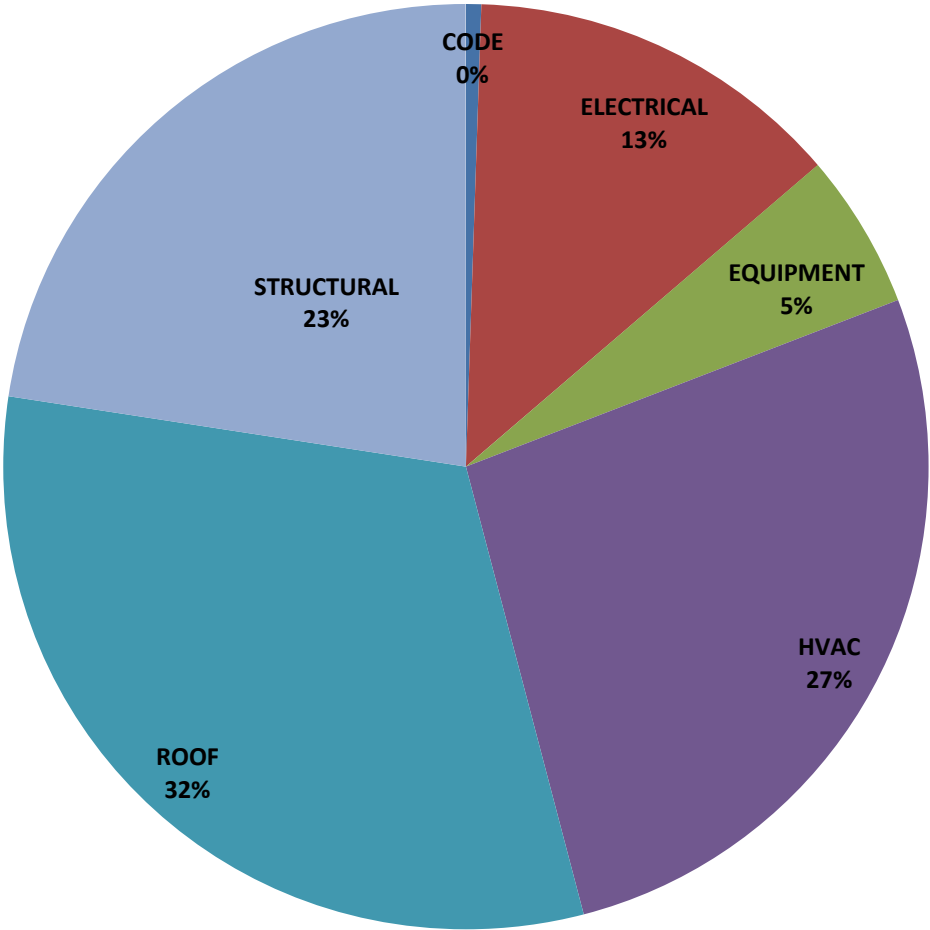
- October 2011-Buildings and Grounds Committee Formed
- March 2012-School Board Budget Workshop CIP Review (reviewed annual CIP budget and long-term needs)
- June 2012-Buildings and Grounds Committee Meeting
- September 2012- Buildings and Grounds Committee Meeting
- October 2012 School Board Finance Workshop (reviewed external engineering study analysis)
- November 2012-Buildings and Grounds Committee Meeting
- January 2013-Joint School Board and Town Council Workshop (discussed CIP planning strategy and joint coordination)
- January 2013-Buildings and Grounds Committee Meeting
- February 2013-Buildings and Grounds Committee Meeting
- February 2013-School Board Adopts Goal to Develop 5-10 year Capital Improvement Plan
- March 2013-School Board Budget Workshop CIP (reviewed annual CIP budget)
- March 2013-School Board Budget Workshop CIP (reviewed long-term needs and discussed next steps)
- April 2013-Buildings and Grounds Committee Meeting
- May 2013-Buildings and Grounds Committee Meeting
- June 2013-Buildings and Grounds Committee Meeting
- June 2013-School Board Meeting-Building and Grounds Committee Update
- June 2013-School Board Workshop (B&G Committee presented "School and Community Services Capital Projects Overview" Report)
- August 2013-B&G Committee distributed "10 Year Capital Stewardship Plan for School, Community Services, Pool" Report including bond funding recommendations to stakeholders and School Board for comments and feedback
- September 2013-School Board Meeting (B&G Committee presented 10 Year "Capital Stewardship Plan for School, Community Services, Pool" Report including bond funding recommendations and addressed community and School Board feedback)
- September 2013-Joint Town Council/SB Workshop (Joint Finance Chairs presented "Combined CIP Summary" report which included bond funding recommendations and discussed next steps)
- November 2013-Buildings and Grounds Committee Meeting
- November 2013-School Board Meeting (B&G Committee presented "School Bond Proposal" Report)

School CIP Plan Overview

2015-2024

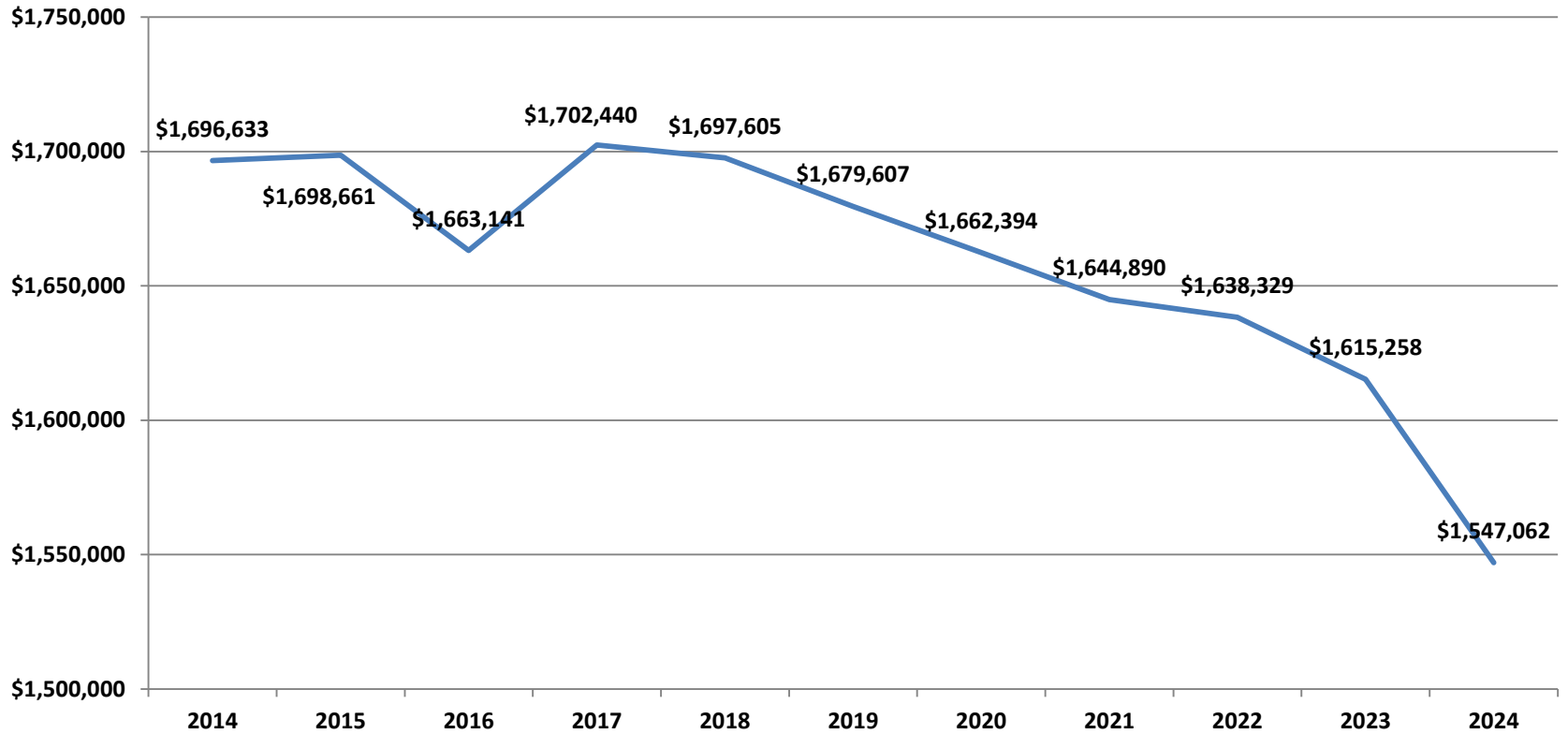
- \$11.8 million in projected school capital improvement projects over ten year period (estimated \$53 million replacement cost for school capital assets)
- Recommends \$2.7 million in bond funding (\$1.75 million in 2016, \$850,000 in 2022 (roof replacement in 2022))
- \$8.6 million funded through annual school CIP budget and \$580,000 in other financing (municipal lease)
- Approximately 75% of projected needs projected to be funded through annual school CIP budget

**Cape Elizabeth Schools
10 Year Projected CIP (2015-2024)**



- Please refer to the 10 Year Plan for Schools or the 10 Year Combined Summary (Town and Schools) for specific project details

School CIP Related Budget Expenditures (Annual CIP Budget and CIP Related 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

Bond Proposal and Bond Projects

Projects	Cost	Useful Life (years)
High School Roof Replacement	\$ 800,000	25-30 years
Middle School Roof Replacement	\$ 175,000	25-30 years
Pond Cove Roof Replacement	\$ 175,000	25-30 years
Middle School Roof Top Heating Recovery Unit	\$ 325,000	20-25 years
Electrical HS Primary Service Entrance	\$ 275,000	40-50 years
Bond Projects	\$ 1,750,000	

Categories Summary	Total	% of Total
Roof Replacement	\$ 1,150,000	65%
Roof/HVAC Equipment	\$ 325,000	19%
Electrical Systems	\$ 275,000	16%
Total	\$ 1,750,000	100%

- **Bond proposal is the same amount and same projects as communicated to Town Council at the Joint School Board/Town Council workshop in September 2013**
- Average age of asset being replaced is 25-30 years
- 84% of projects are roof replacement and roof/HVAC equipment

Bond Project Details

Roof Removal and Replacement (\$1.1 million)

- estimated 74,000 square feet scheduled for replacement (portions of roofs at each school)
- average age is 26 years
- Needs prioritization and timing based on internal analysis (Finance Committee, B&G Committee, Facilities Dept., full School Board) and external analysis (Tecta America, largest national roofing company, and Harriman and Associates study)
- Supported by annual roof condition and maintenance assessment reports from Tecta America (estimate \$1.4-1.5 million of roof replacement needs in 2015-2016)
- Cost estimates and needs supported by internal RS Means based pricing analysis

Electrical Primary Service Equipment Replacement and Reposition (\$275,000)

- Electrical generation/network feed to high school, 48 years old
- Undersized and has failed three times in the past five years
- Direct burial system from the Middle School which runs under the multi-purpose field and tennis courts; move feed and equipment to Ocean House Road

Roof Top Heating Recovery Unit Replacement (\$325,000)

- Located at middle school on one of roofs scheduled for replacement
- Captures heat loss and recirculates heat reducing overall fuel consumption costs
- 23 years old and reached useful life

Bond Funding Rationale

- 1) Bond funding promotes prudent sharing of capital investment costs between current taxpayers and future taxpayers as the costs for the projects are spread over a twenty year+ period.
- 2) By matching the life of an asset (20-25 year roof) to the funding of that asset (20-25 year bond), funds are available to meet future capital maintenance needs as those assets depreciate and the related bond matures.
- 3) Bond funding reduces the annual tax impact and budget volatility compared to funding all the projects through the annual CIP operating budget in 2016.

2015-2016

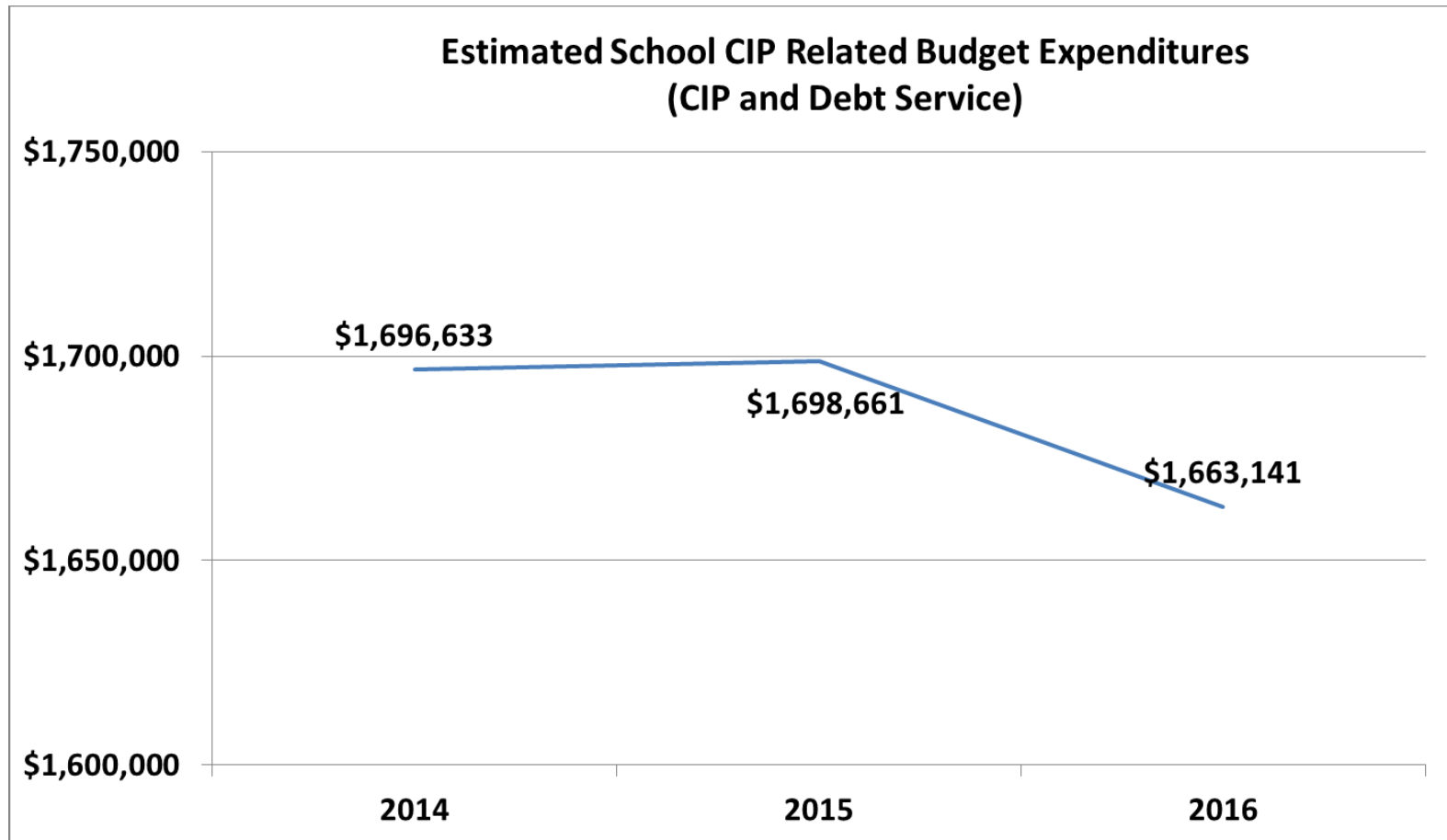
Impact on Annual Budget and Taxes

- The final payment for a 1994 bond is scheduled for fiscal year 2016.
- The final payment is approx. \$580,000. The estimated debt service costs for the proposed bond would be approximately \$129,000 (assumes 20 year bond, 4% interest rate).

What is the School Board planning to do with the potential debt service “savings”?

- The Capital Stewardship Plan anticipates increasing the annual capital improvement projects operating budget in 2016 to address needs not funded by the proposed bond.
- This anticipated operating budget increase would offset the decline in debt service payments from the final payment of the 1994 bond.
- The net result would be flat school capital improvement projects related budget expenditures in 2016.

School CIP Related Budget Expenditures



Summary

- Capital maintenance needs and scheduled projects supported by external and internal analysis
- CIP plan and bond proposal reflects lengthy, detailed planning process involving all stakeholders
- Bond funding proposal and CIP plan are consistent with community expectations and School Board stewardship principles