



Cape Elizabeth Schools, Community Services, Pool 10 Year 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 improvement 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 improvement project analysis

- Completed capital improvement projects review and presented findings to School Board
-completed June 18, 2013
- Developed 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 in September/October for approval
- School Board takes necessary next steps to implement plan

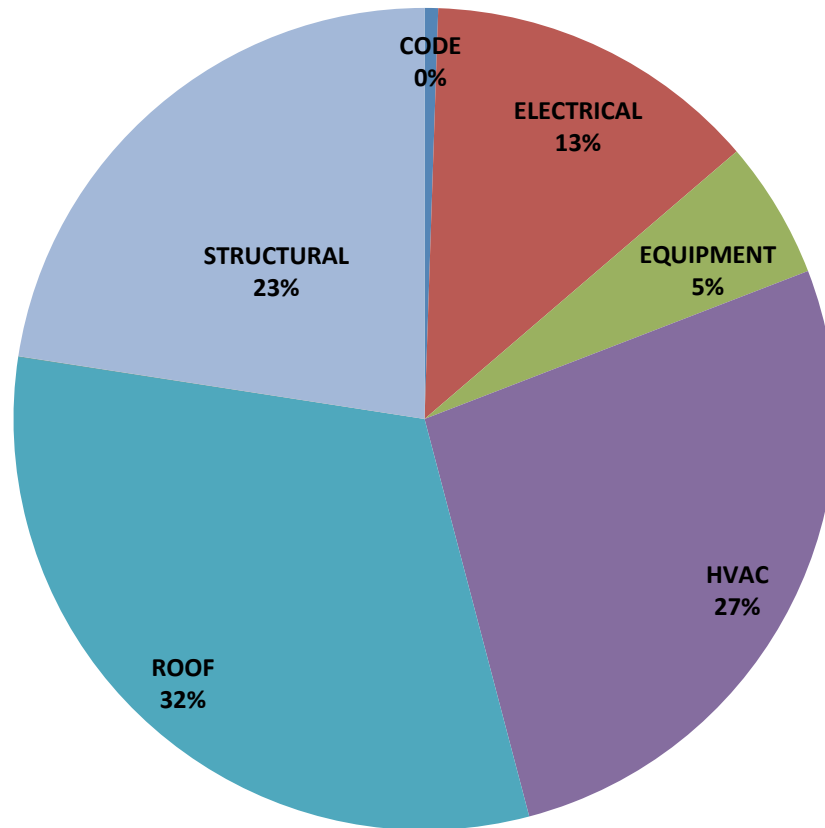
School CIP Overview

2015-2024

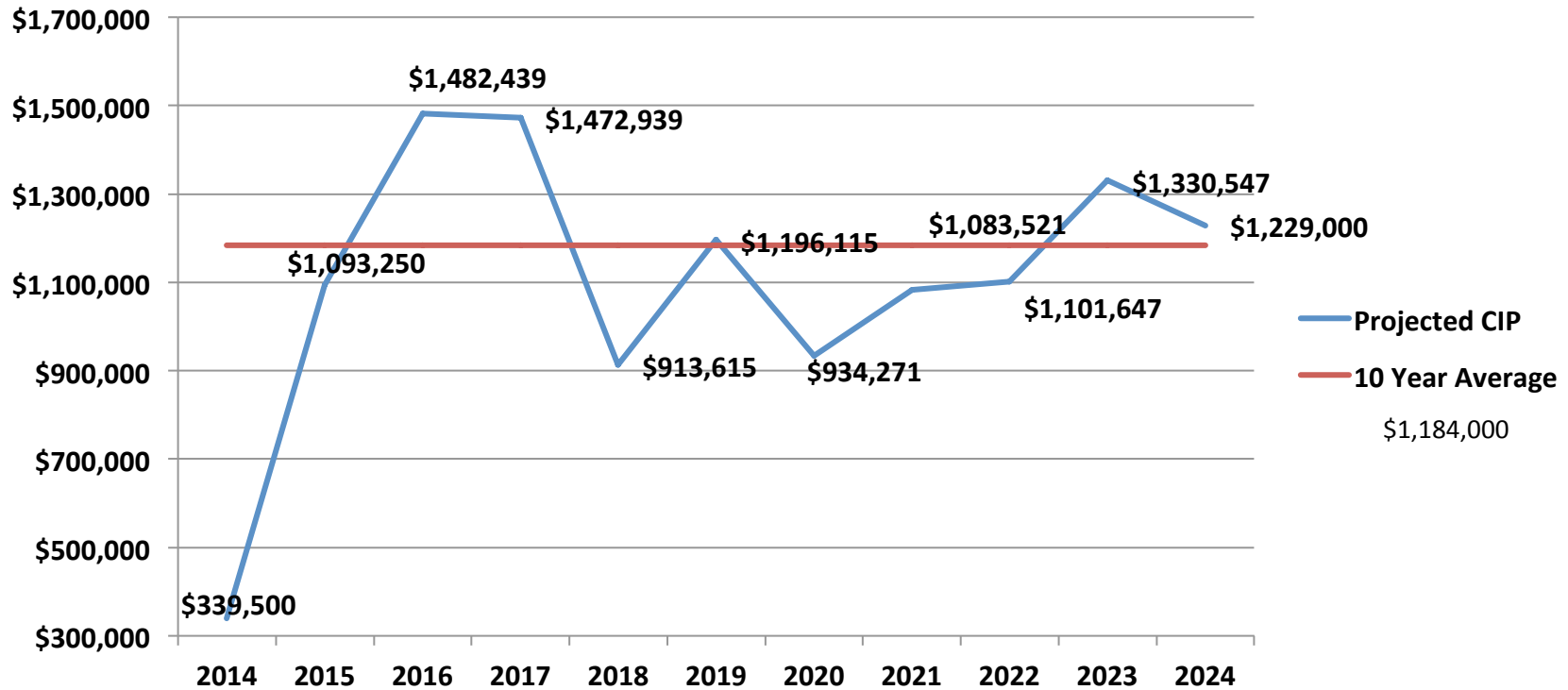
- \$11.8 million in total school capital improvement projects over ten years
- Recommend \$2.7 million in bond funding (\$1.8 million in 2016, \$850,000 in 2022)
 - Recommended bond funding is less than the \$6.1 million in school bond retirements scheduled over next 10 years
- \$8.6 million funded through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

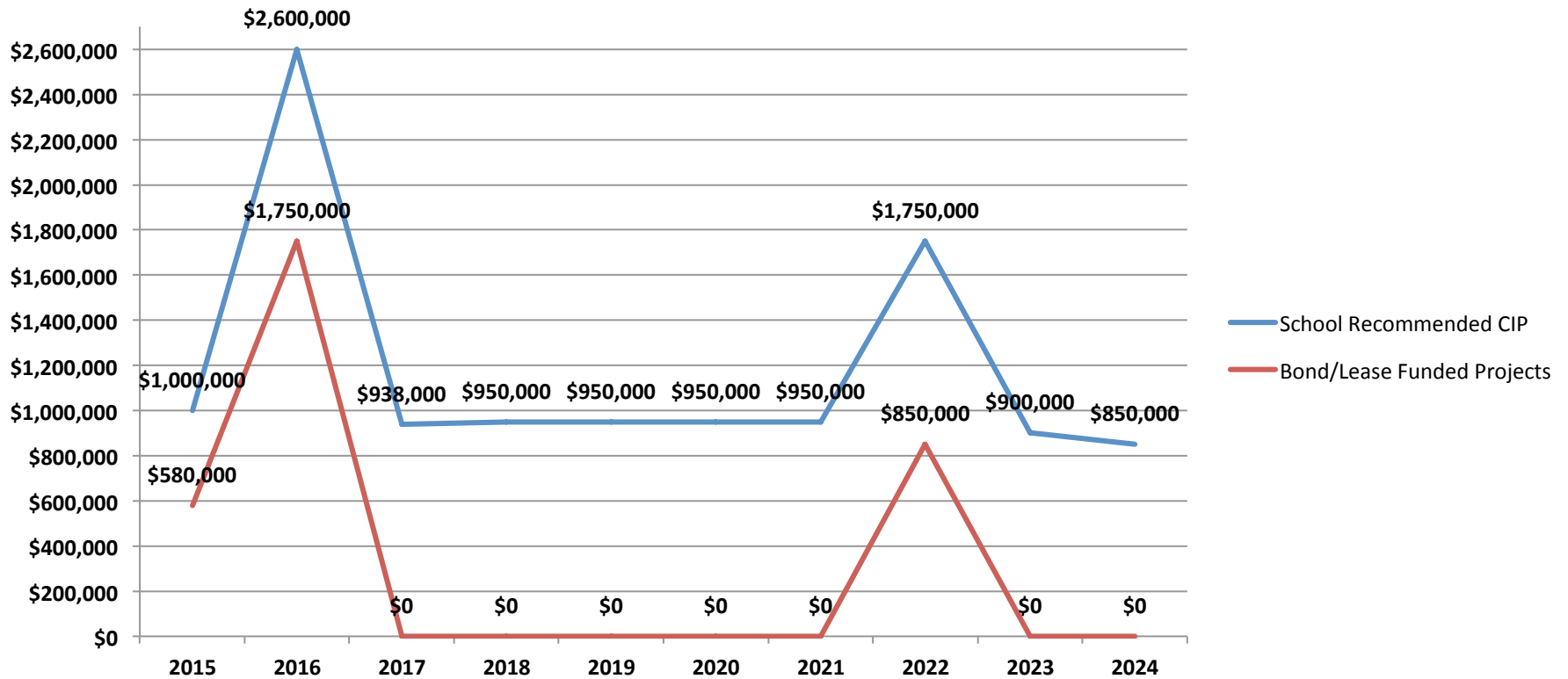


Annual Projected CIP Needs Schools (2015-2024)



- 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

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 20-30 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
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2016 Bond Projects

HS Roof Replacement	\$ 800,000
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MS Roof Replacement	\$ 175,000
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PC Roof Replacement	\$ 175,000
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MS Roof Top Heating Recovery Unit	\$ 325,000
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Electrical Primary Service Entrance	\$ 275,000
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Total 2016 Bonding Projects	\$ 1,750,000
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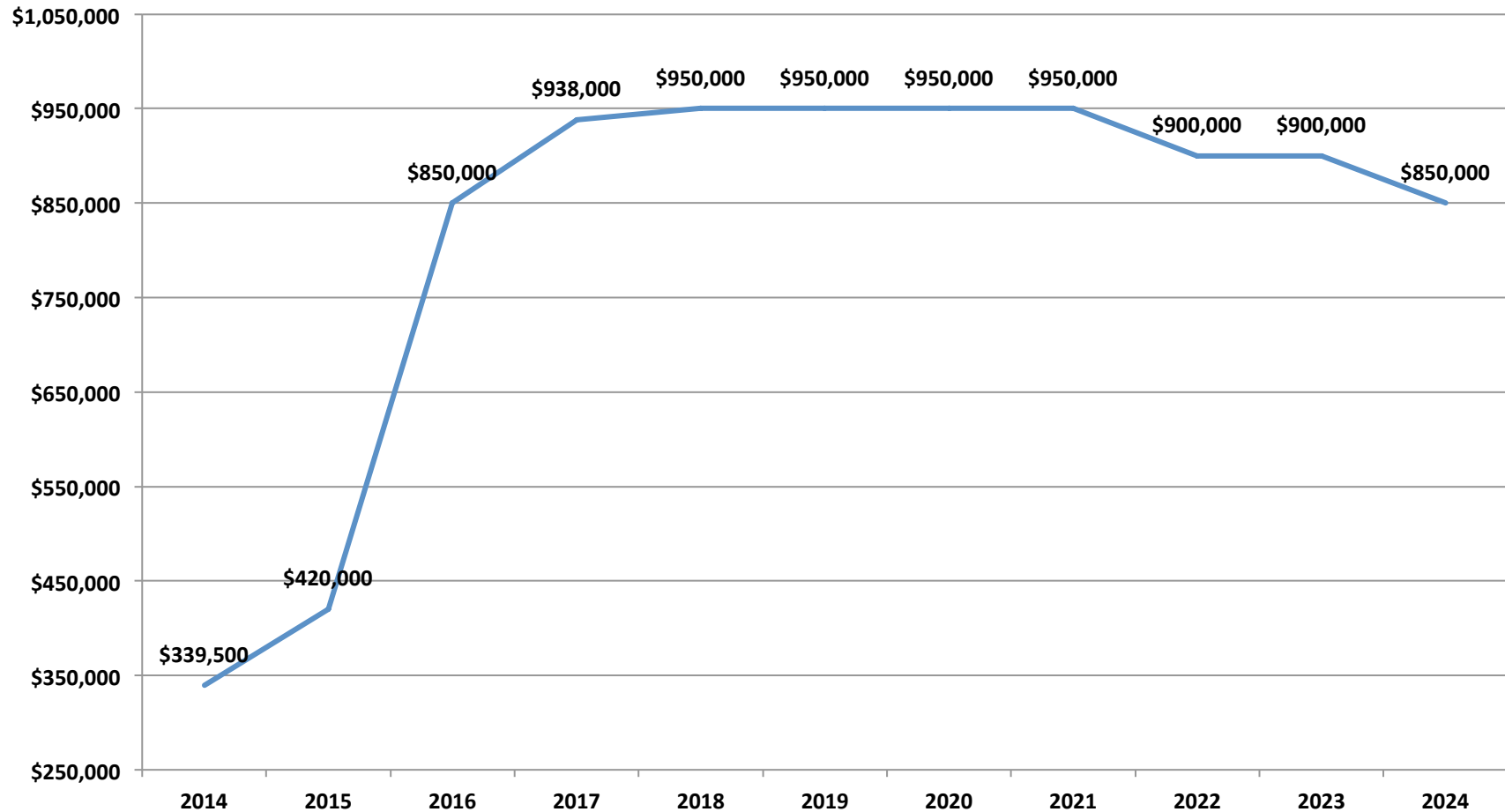
2022 Bond Projects

HS Roof Replacement	\$ 600,000
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MS Roof Replacement	\$ 250,000
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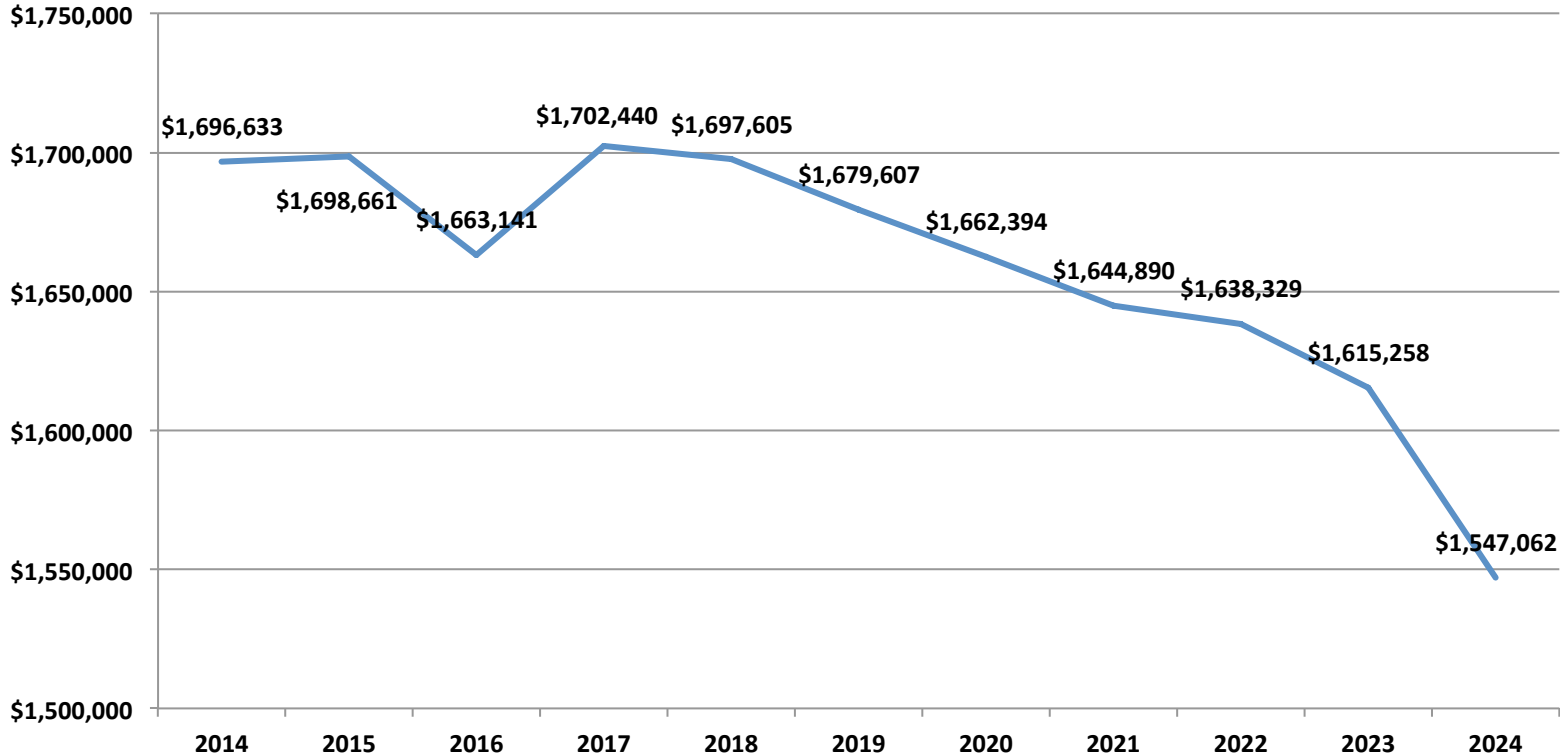
Total 2022 Bonding Projects	\$ 850,000
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School Annual CIP Budget (CIP Only)



- 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%

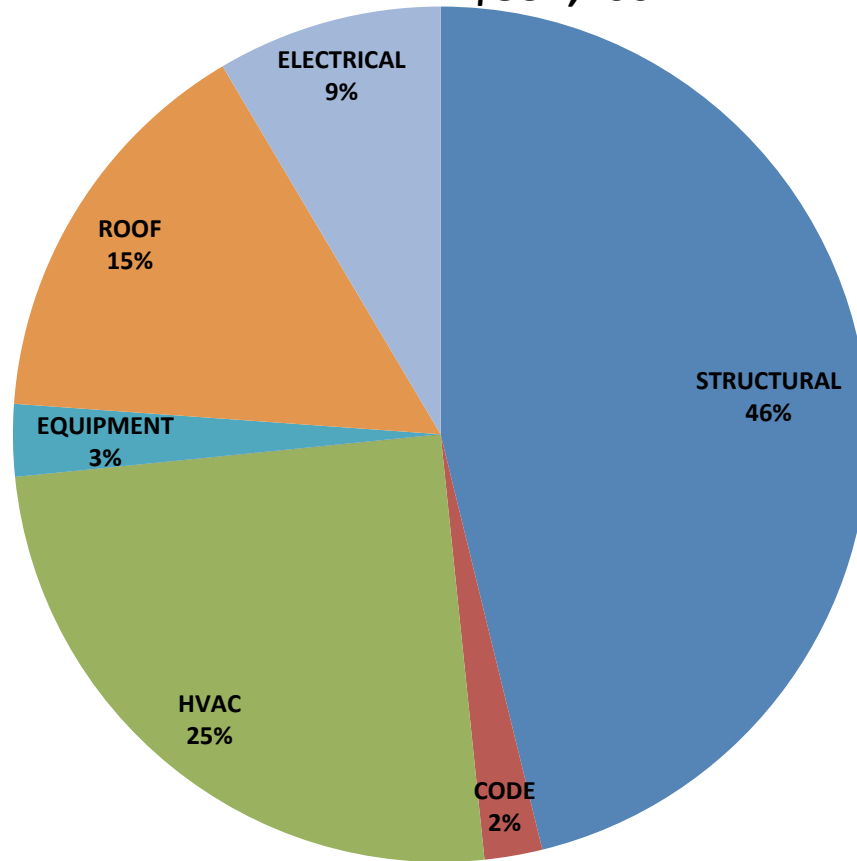
Bond Assumptions:

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

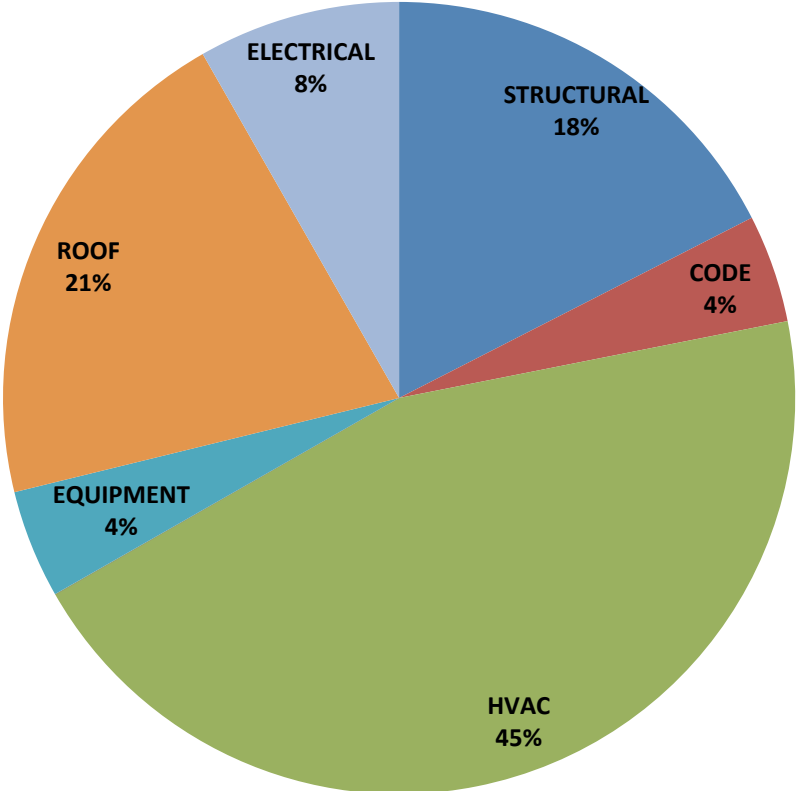
Community Services/Pool CIP Overview 2015-2024

- \$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

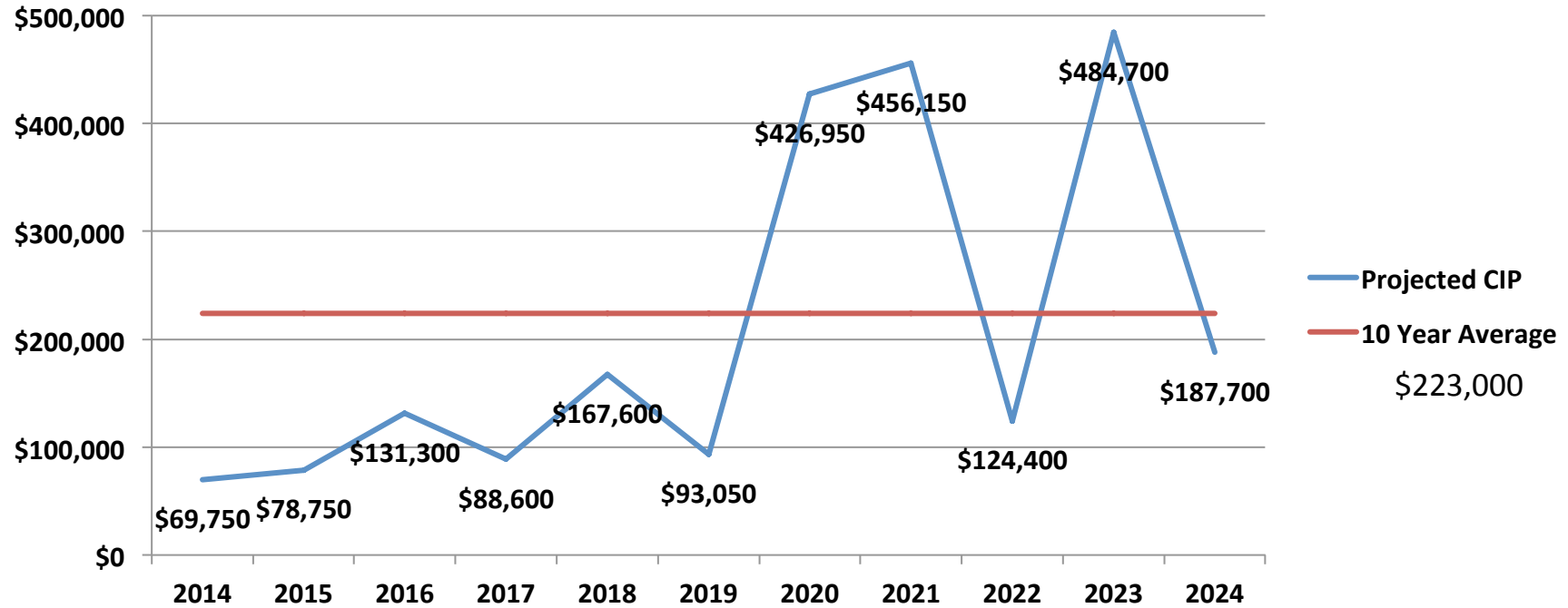
Community Services 10 Year Projected CIP (2015-2024)
\$537,400



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

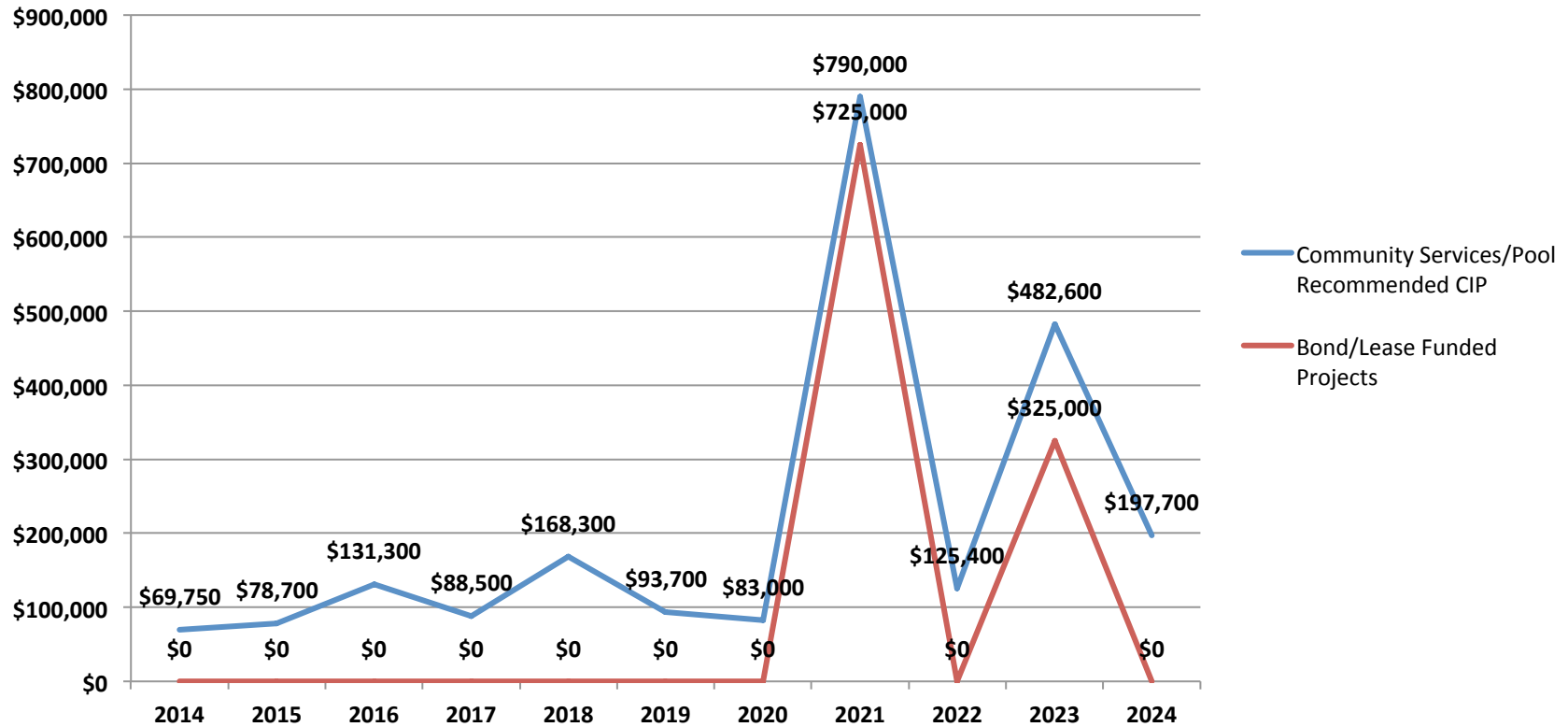


Annual Projected CIP Needs Community Services/Pool (2015-2024)



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

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 15-30 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

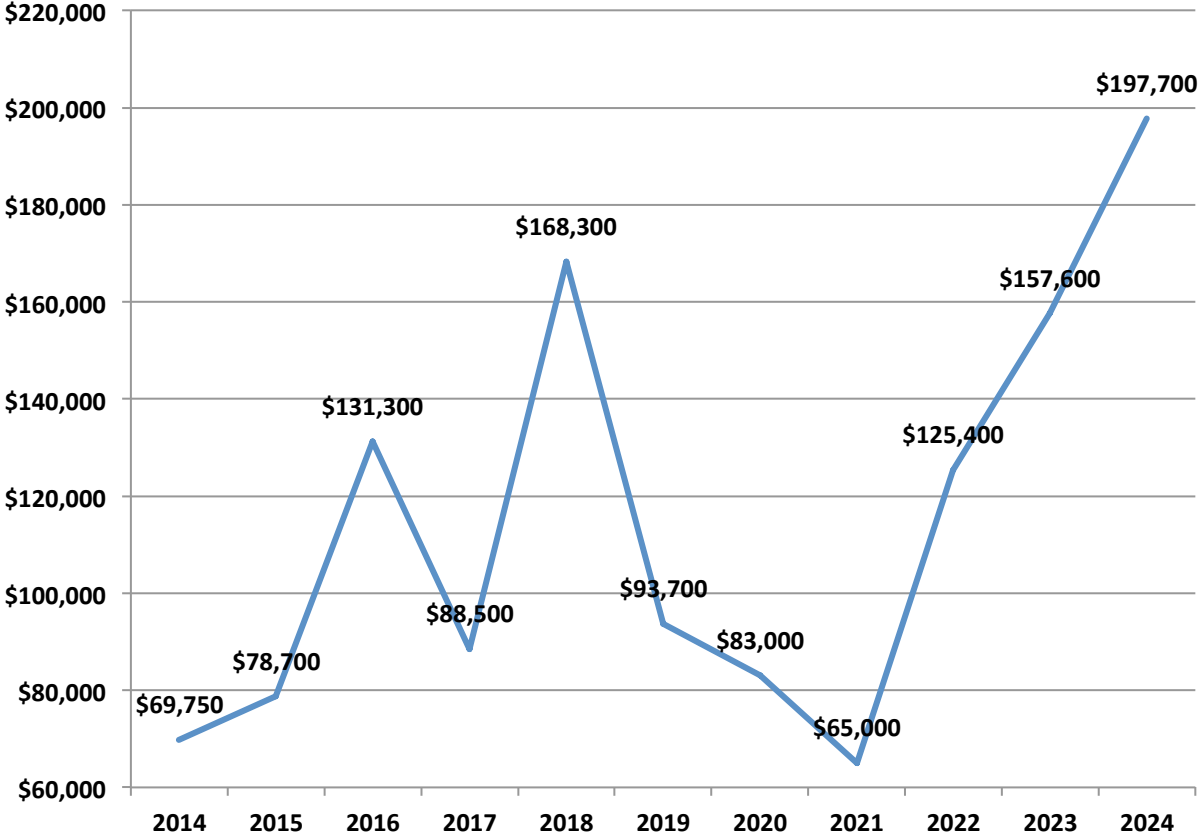
2021 Bond Projects

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

2023 Municipal Lease Project

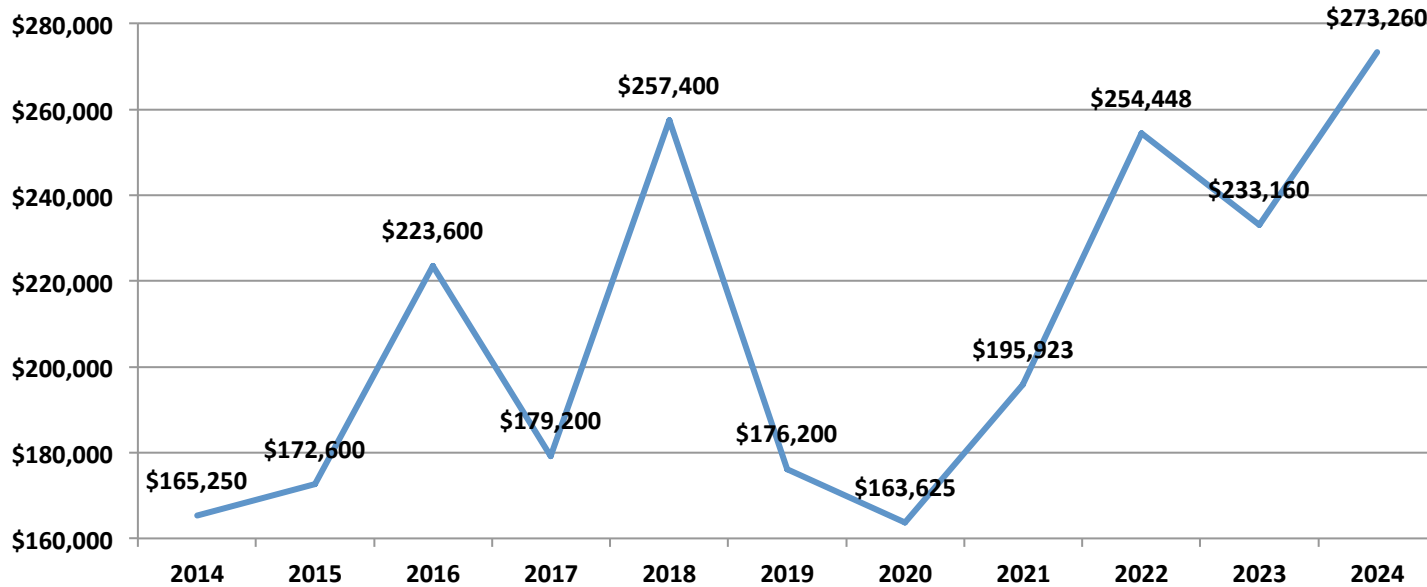
Solar Reheat System	\$ 325,000
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CS/Pool Annual CIP Budget (CIP Only)



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

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

Combined School/CS/ Pool CIP

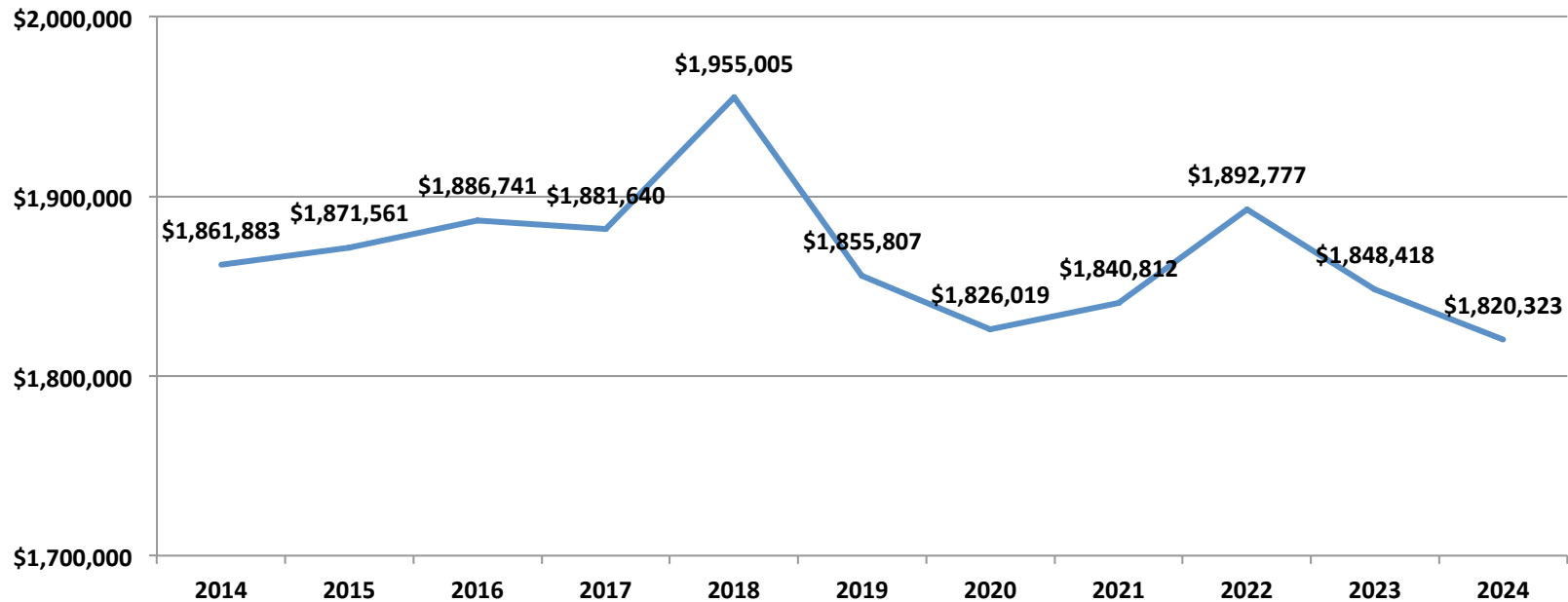
	<u>2015-2024</u>	<u>% of Total</u>	<u>Description</u>
Combined Capital Improvement Projects	\$14,076,543	100%	School, Community Services, Pool
Categories:			
CODE	147,250	1%	Fire Egress/Alarms, Emergency Lighting, ADA
ELECTRICAL	1,689,750	12%	Primary Service Entrance, Classrooms, Generator
EQUIPMENT	707,450	5%	Locker Rooms, Restrooms, Phone and Intercom
HVAC	3,948,600	28%	Boiler Plant, Rooftop Heating Recovery, Ventilation, Ducts
ROOF	4,027,500	29%	Roof Replacement and Recertification
STRUCTURAL	3,117,000	22%	Cafeteria Split Level Upgrade, Wall Repair, Columns Repair, Floor Replacement, Brickwork
RECURRING	438,993	3%	Food Service, Custodial and Maintenance Equipment, Non Bus Vehicles
Total Capital Improvement Needs	\$14,076,543	100%	

Departments:

School
Community Services
Pool

	<u>2015-2024</u>	<u>% of Total</u>
School	\$ 11,837,343	84%
Community Services	\$ 537,400	4%
Pool	\$ 1,701,800	12%
Total	\$ 14,076,543	100%

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



Tax Analysis

Single Largest Annual Increase	2018	0.27%
Peak Year	2018	
Peak Year Increase Over Avg. Current Bill		0.35%
2024 Tax Change over Avg. Current Bill		-0.15%

Bond Assumptions:

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

- Stable, manageable annual CIP and debt service model
- Favorable tax impact over 10 year plan; minimizes year to year tax volatility

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