



# Capital Improvement Plan

## Board Retreat

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# Today

- Referendum and Annual Update of 7 year Plan
- Drivers of Plan Changes and Scope of Referendum
- Dialogue about Future Decisions

# Update – Referendum vs 7 Year Plan

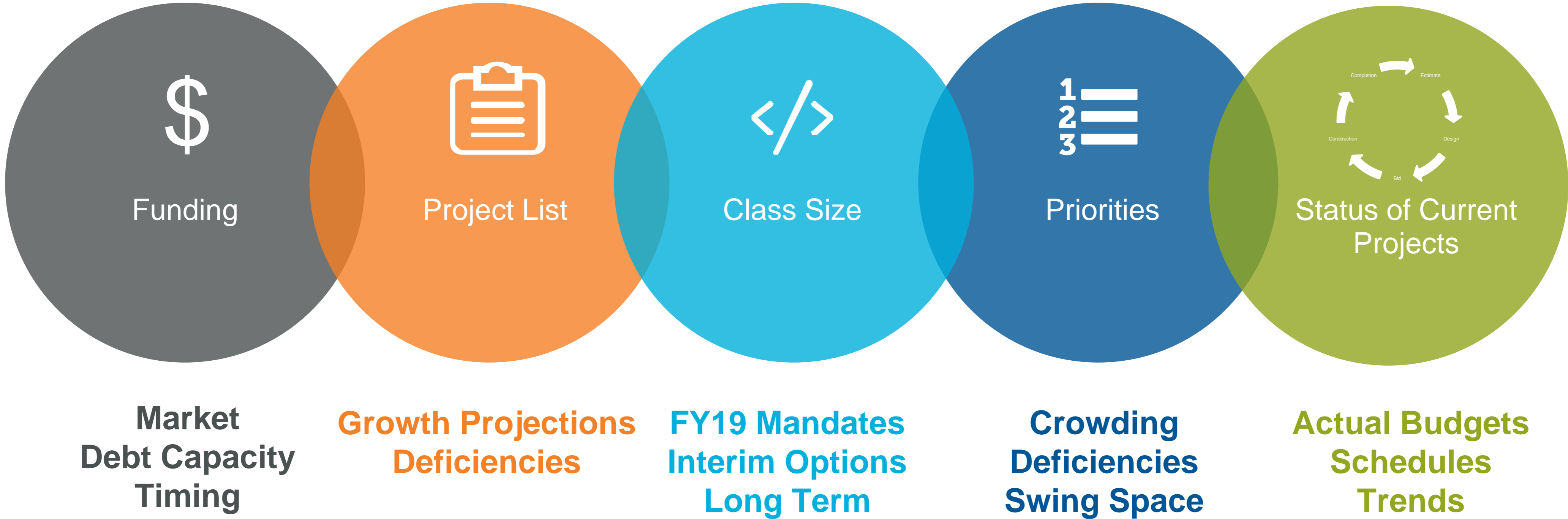
Calendar	Referendum 2 or 4 Years – FY19-FY22	7 Year Plan FY19-FY25
October	Joint Meeting	
November	Cost Model Update	Cost Model Update
December	BOE Resolution to BOC	Program Assumptions Plan Adjustments
January	BOC Preliminary Findings	Enrollment Projections Prioritization of New and Existing
February	BOC Public Hearings and Resolution	Scenarios
March	Communication	Joint Meeting on Draft 7yr Plan
April	Communication	
May	Referendum	BOE Resolution to BOC

# Update – Referendum vs 7 Year Plan

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*Align to schedule of May Referendum*

# Drivers of Plan Changes and Scope of Referendum



What impacts the Referendum or what can the Referendum impact?

# Debt Planning Recap

## Education Capital Programs

Both WCPSS and Wake Tech have moved to rolling 7-year building programs beginning in FY17

The first two years of the programs (FY17 & FY18) were financed with Limited Obligation Bonds with May 2018 Bond Referendum anticipated

## Referenda Timing

Based on 2014 change in state law, County referenda may only be held during county-wide elections where all polls are open.

For Wake County, this means even numbered years: 2018, 2020, 2022

Next opportunities are May or November 2018

## Debt Capacity Constraints

Maximum debt capacity is on financial policy limits for Debt to Assessed Value

**And**

Revenue stream (Property Tax Rate) required to support anticipated debt service and cash funding for capital to maintain 80/20 Debt to Cash funding policy

# Referendum Calendar for May 2018

Date	Event
December 2017	Board of Education (BOE) approves Resolution requesting Board of Commissioners (BOC) to take necessary steps to fund capital program
January 16, 2018 Regular Meeting	BOC adopts preliminary findings resolution.
January 19, 2018	Publication of notice of intent to file an application with the Local Government Commission (LGC).
January 30, 2018	Application to the LGC due.
February 5, 2018 Regular Meeting	Introduction of bond order by the BOC; file Sworn Statement of Debt with Clerk; set referendum date.
February 9, 2018	Publication of bond order as introduced and notice of public hearing.
February 19, 2018 Regular Meeting	BOC conducts public hearing regarding bond order, adopts bond order; adopts resolution calling for referendum.
By: February 22, 2018	Deliver certified copy of resolution calling for referendum to BOE
May 8, 2018	Referendum.
June 4, 2018 Regular Meeting	Certification of results of referendum by the BOC

To meet the deadlines for a May 2018 referendum, final decisions are required by the end of November / early December

# Board Decision Areas

## Tax Rate

Current WCPSS, Wake Tech and Capital Programs require a tax increase

If no appetite for tax increase, programs would have to be constrained to amount that current tax rate supports

## Timing \*

May: Allows for tax increase in June and ability to move forward in August with debt issues in FY19 to support capital programs

November: Assuming no June tax increase, programs would be constrained to amounts current tax rate supports and earliest debt could be issued is Jan / Feb 2019

***\*Assumes referendum is successful***

## Purpose, Amounts & Frequency

Will programs other than Education be considered for a ballot question?

What would be the allocation of the debt capacity between programs?

Would the bond amount cover a two or four year time period.

# Funding Levels

## MAXIMUM CAPACITY FOR DEBT / CAPITAL

	FY 2018	FY 2019*	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
<b>Total</b>	\$332 M	\$459 M	\$476 M	\$489 M	\$473 M	\$512 M	\$487 M	\$3.228 B
<i>Property Tax Increase</i>		<i>4.50 Cents</i>						<i>\$2.714 B of Total is Debt</i>

## EDUCATION CAPITAL PROGRAMS

	FY 2018	FY 2019*	FY 2020	FY 2021* **	FY 2022	FY 2023*	FY 2024	TOTAL
WCPSS	\$258 M	\$336 M	\$308 M	\$319 M	\$301 M	\$347 M	\$323 M	\$2.192 B
WTCC	\$73 M	\$68 M	\$108 M	\$110 M	\$112 M	\$105 M	\$104 M	\$681 M
<b>EDUCATION</b>	<b>\$331 M</b>	<b>\$404 M</b>	<b>\$416 M</b>	<b>\$429 M</b>	<b>\$413 M</b>	<b>\$452 M</b>	<b>\$427 M</b>	<b>\$2.871 B</b>
<i>Property Tax Increase</i>		<i>3.25 Cents</i>				<i>1.00 cent</i>		

## CAPACITY WITH NO TAX INCREASE

	FY 2018	FY 2019*	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
Debt	\$286 M	\$275 M	\$275 M	\$275 M	\$275 M	\$275 M	\$275 M	\$1.936 B
Cash	\$45 M	\$35 M	\$35 M	\$35 M	\$35 M	\$35 M	\$35 M	\$255 M
<b>TOTAL</b>	<b>\$331 M</b>	<b>\$310 M</b>	<b>\$310 M</b>	<b>\$310 M</b>	<b>\$310 M</b>	<b>\$310 M</b>	<b>\$310 M</b>	<b>\$2.191 B</b>

## PROGRAM REDUCTIONS IF NO TAX INCREASE

<b>TOTAL</b>	-	\$94 M	\$106 M	\$119 M	\$103 M	\$142 M	\$117 M	\$681 M
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# Process for Reaching Decisions

**WCPSS:** Working to schedule a joint meeting with the Board of Education in October to review the WCPSS Capital program

**Wake Tech:** Will have an updated plan by beginning of October

- What information does the BOC need from County or WCPSS / Wake Tech staff to help inform decision
- Would individual briefing meetings be helpful? An Education Committee meeting?

# Class Size Impact

- ~9,500 less seats in K-3
  - Equates to 14 schools
  - All ES constructed since 2009
  - K-3 classroom capacity changes from an average of 21 to 17
- Elementary crowding percentage changes from 107% to 116%
  - From 93% to 99% with trailers
  - Based on new capacity methodology
- Interim options to meet FY19 mandates under review
- Can the next two years of the CIP (FY19/FY20) be changed to provide additional solutions?



# Project List – Priorities – Status of Current Projects

School	Calendar Year Const Complete	Comments	Funding	Change?
Vandora Spgs	2018	Swing at Bryan Rd	LOB	N/A
Willow Spring HS (H13)	2019	Build before FVHS renovation	LOB	N/A
Barton Pond ES (E24)	2019	Build before Stough and York renovation	LOB	No – In Design and Swing Space Need
Alston Ridge MS (M16)	2019		LOB	No – In Design and Crowding
Parkside ES (E50)	2019		GO	No – In Design, Crowding and ES Capacity
ES 46	2019	YMCA PPP	LOB	No – In Design and ES Capacity
Apex HS	2019	Swing at Green Level HS	LOB	N/A
Wiley	2019	Swing at Garner 9th Grade Ctr	GO	No – In Design and Swing Space Available

# Project List – Priorities – Status of Current Projects

School	Calendar Year Const Complete	Comments	Funding	Change?
North Ridge	2019	Swing at Spring Forest	GO	No – In Design and Swing Space Available
ES 35	2020	FV near Willow Spring HS	GO	No – In Design and ES Capacity
Stough	2020	Swing at ES 24	GO	No – In Design and Swing Space Available
East Wake MS	2020	Swing on campus	GO	? – In Design
Conn	2020	Swing at Spring Forest	GO	No – In Design and Swing Space Available
HS 15	2021	Capital Blvd	GO	? – Design starting, HS capacity
FVHS	2021	Swing at Willow Spring HS	GO	No – In Design and Swing Space Available
Designs for 10 Projects	2021-2024	New and Existing Schools	GO	TBD

# Project List – Priorities – Status of Current Projects

School	Calendar Year Const Complete	Comments	Funding	Change?
York	2021	Swing at ES 24	GO	No – Design starts soon and Swing Available
Fuller	2021	Swing TBD	GO	? – Design starts FY18
ES 52	2022	Near Parkside	GO	? – No land available - capacity
MS 14 or 12	2022	Herbert Akins/Bryan Rd sites	GO	No – Design starts FY19 – capacity and needed for Swing
Swift Creek	2022	Swing TBD	GO	? – Design starts FY19
ES 51 or 41 or 44	2023	From FV to Apex	GO	? – Design starts FY20 – capacity
West Millbrook	2023	Swing on Campus	GO	? – Design start FY20
MS Reno	2024	Needs MS 14 or MS 12 to Swing	GO	? – Design start FY20 - Partial Construction Funding

# Priorities

## Growth

School Level	Registrations a/o Sep 5th	Projected
Elementary	74,140	74,603
Middle	36,787	37,132
High	50,223	50,020
Total + 641 in Sp/Opt Schools	161,791	161,755

- ❖ These are registration numbers. No shows still counted. It will change!
- ❖ Provided only to inform dialogue about potential “drivers”.

# Other CIP Line Items

School	FY18	FY19	FY20
Life Cycle	-	-	\$27
Life Cy Furniture	-	\$1.9	\$2.0
Inst Equipment	-	\$1.0	\$1.0
Env/ADA	-	\$4.0	\$4.1
Technology – Devices and Infrastructure	-	\$28.2	\$29.1
Security	\$4.1	\$4.2	\$4.3
Trailers	-	-	\$1.3
Land Acquisition	\$10	\$10.3	\$10.6

# Other CIP Line Items

School	FY18	FY19	FY20
SNAP	\$6.0	\$15.0	\$15.0
Facilities Assessments	-	\$0.5	\$0.5
Program Contingency	\$9.4	\$11.4	\$8.7
Program Management	-	\$7.7	\$9.4
<b>Total</b>	<b>\$29.5</b>	<b>\$84.2</b>	<b>\$113.0</b>

# Dialogue about Future Decisions

- Ongoing staff efforts
  - Update of cost models based on current construction market and academic programs
  - Monitor current enrollment numbers and update projections as necessary
  - Develop interim options to meet class size legislation
- Board efforts
  - Identify information the BOE needs to decide if the next two years (FY19 and FY20) of the capital plan need to change
  - Schedule a joint meeting with the Board of Commissioners to obtain a mutual understanding of what is driving future capital