

Master Planning and Visioning

Financial Subcommittee Report

August 23, 2016

Agenda

- Review of Financial Model
- Demographics
- Capacity Analysis
- Stewardship Costs
- Operating Cost Savings
- Upgrade Costs
- Discussion Points
- Next Steps

Review of Financial Model

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Overall District	\$7 million	\$7 million	\$7 million	\$7 million	\$7 million
Elementary Schools (Exist & New)	\$6 million	\$12 million	\$7 million	\$36 million	\$39 million
Middle School	\$3 million	\$12 million	\$14 million	\$12 million	\$14 million
High School	\$7 million	\$27 million	\$31 million	\$30 million	\$29 million
Total	\$23 million	\$58 million	\$59 million	\$85 million	\$89 million

Review of Financial Model – Elementary Only

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Stewardship	\$23 million	\$21 million	\$19 million	\$18 million	\$17 million
Upgrades/ Accommodations	\$0	\$7 million	\$6 million	\$5 million	\$2 million
New School	\$0	\$0	\$0	\$29 million	\$38 million
Total	\$23 million	\$28 million	\$25 million	\$52 million	\$57 million

Review of Financial Model – Elementary Only

CONDO						
(\$226,000 Value)			2016 Taxes = \$4,701			
	No Changes	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
2026	\$5,772	\$5,813	\$5,832	\$5,785	\$5,903	\$5,970
2031	\$6,509	\$6,559	\$6,589	\$6,522	\$6,602	\$6,665
2036	\$7,339	\$7,399	\$7,422	\$7,353	\$7,399	\$7,456

HOUSE						
(\$366,000 Value)			2016 Taxes = \$7,614			
	No Changes	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
2026	\$9,348	\$9,414	\$9,445	\$9,368	\$9,560	\$9,668
2031	\$10,541	\$10,622	\$10,671	\$10,561	\$10,692	\$10,794
2036	\$11,885	\$11,983	\$12,020	\$11,909	\$11,982	\$12,075

Review of Financial Model

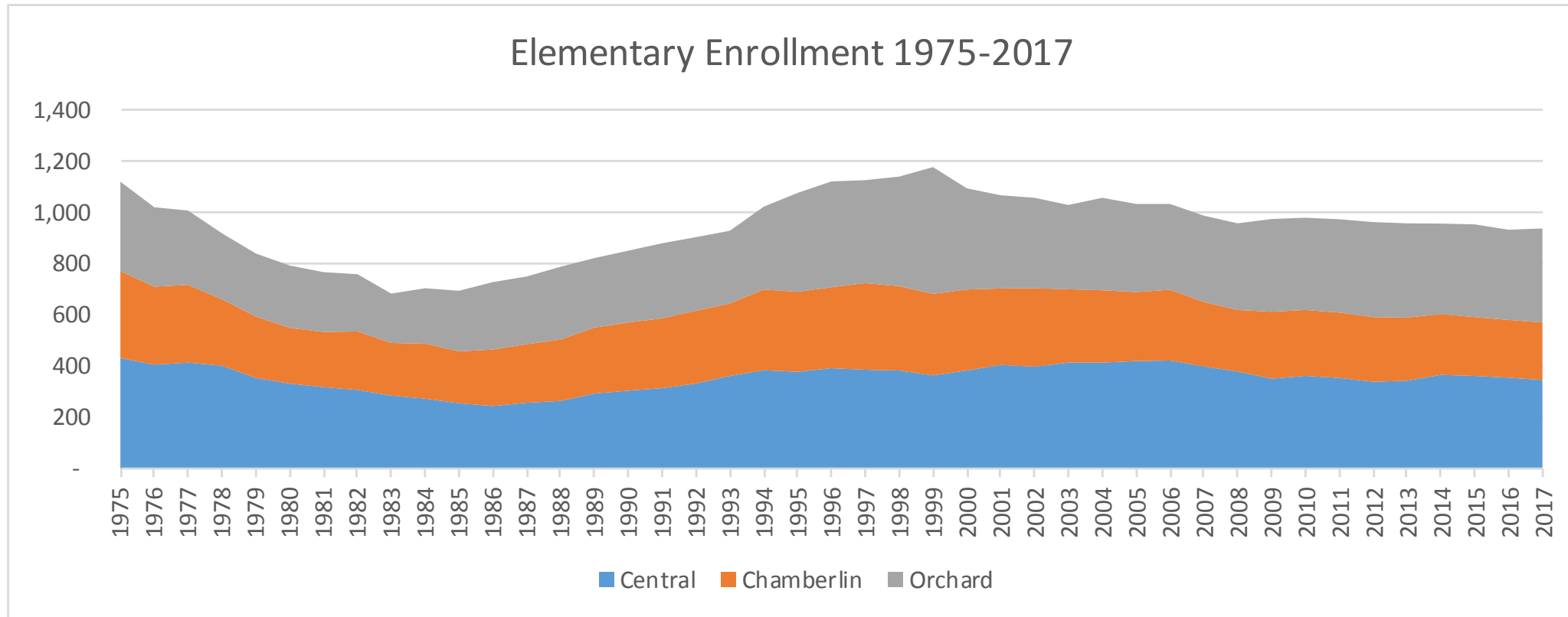
- Structure
- Focused on real estate options
- Questions about assumptions with focus on elementary schools
 - Demographics
 - Capacity sensitivities
 - Operating cost savings
 - Stewardship costs
 - Upgrade costs

Demographics

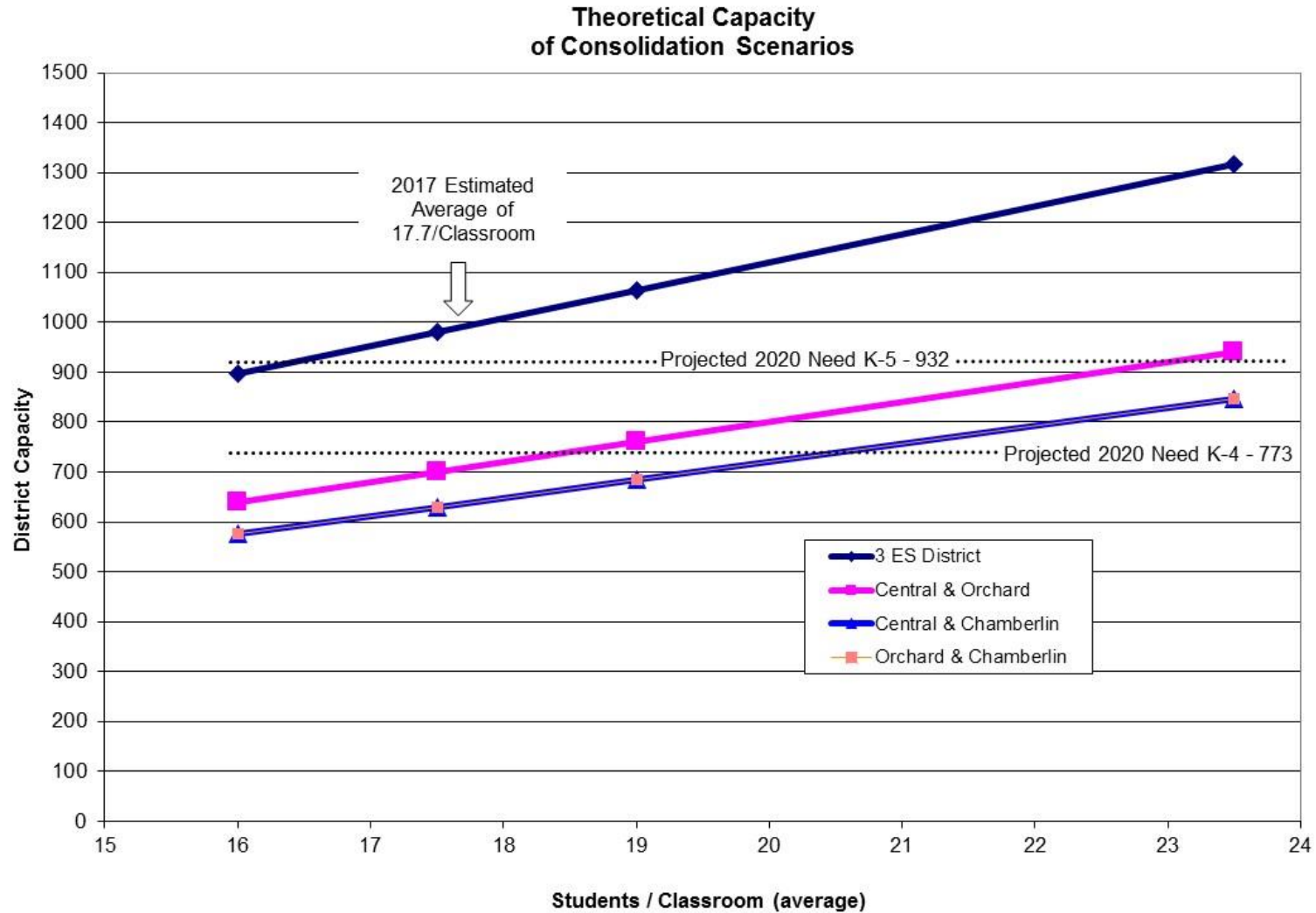
- First two years of enrollment are tracking demographic projections

	2016 P	2016 A	Variance	%	2017 P	2017 A	Variance	%
Orchard	359	353	(6)	-1.7%	364	368	4	1.1%
Chamberlin	227	226	(1)	-0.4%	215	225	10	4.7%
Central	362	355	(7)	-1.9%	370	346	(24)	-6.5%
TOTAL DISTRICT	948	934	(14)	-1.5%	949	939	(10)	-1.1%

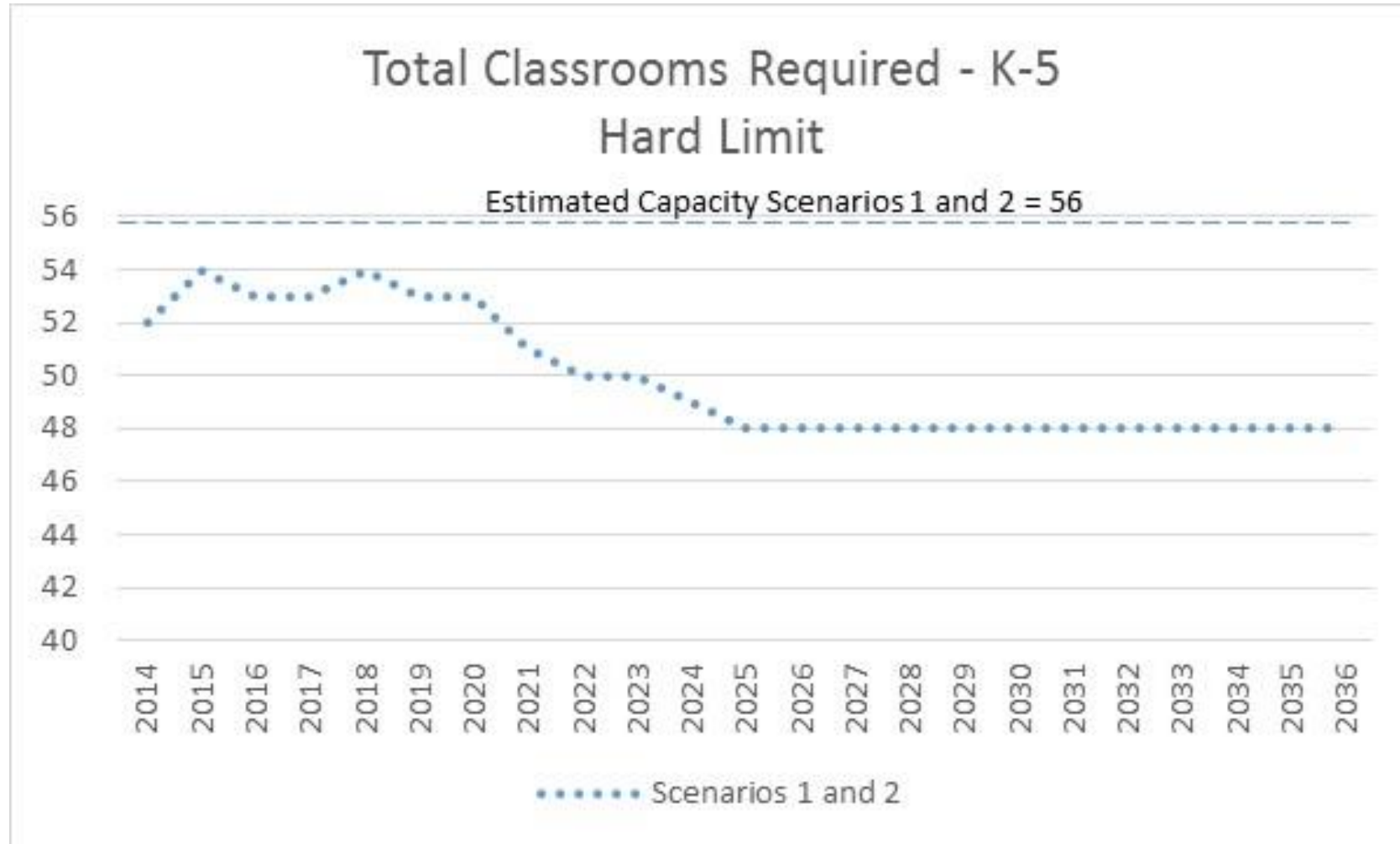
Demographics



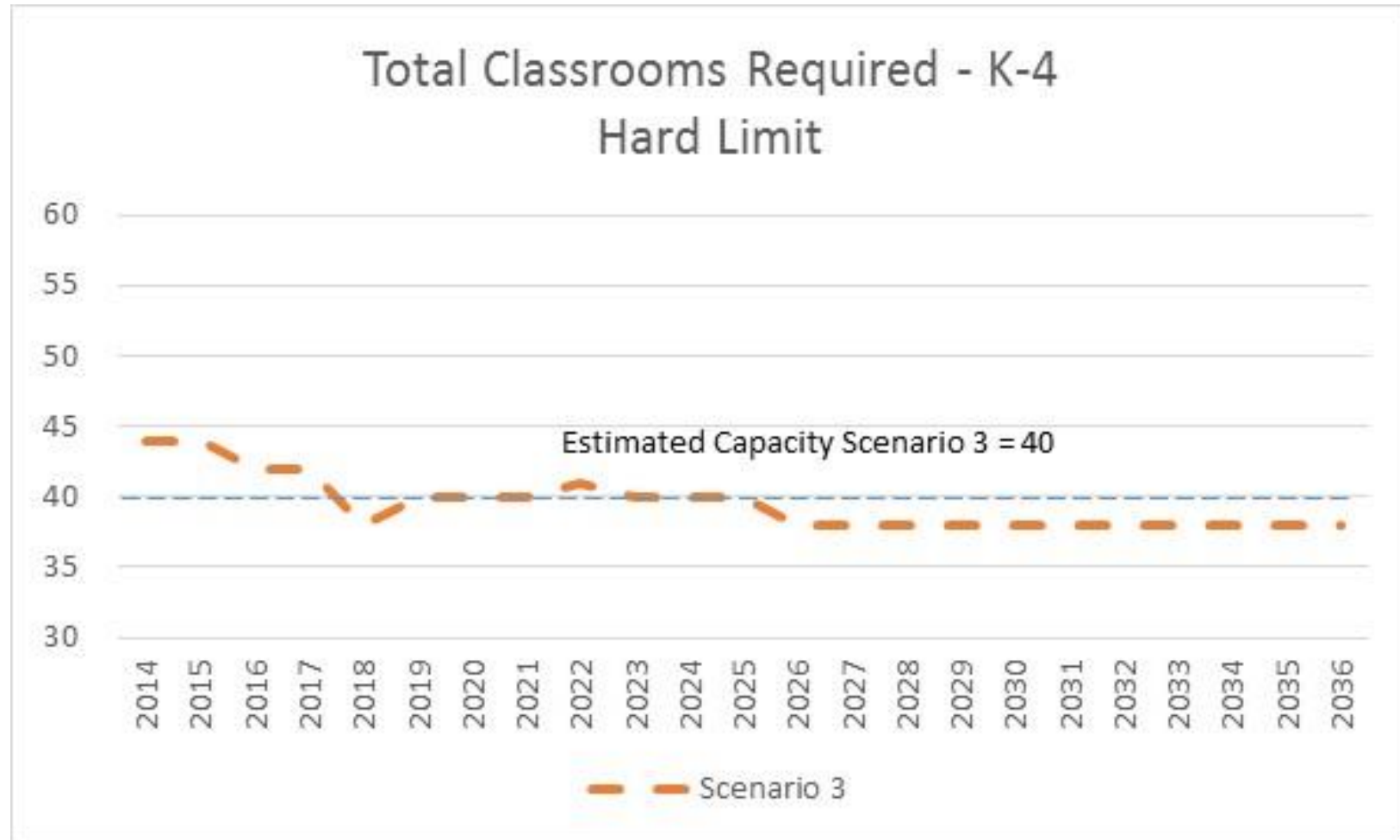
Capacity Analysis



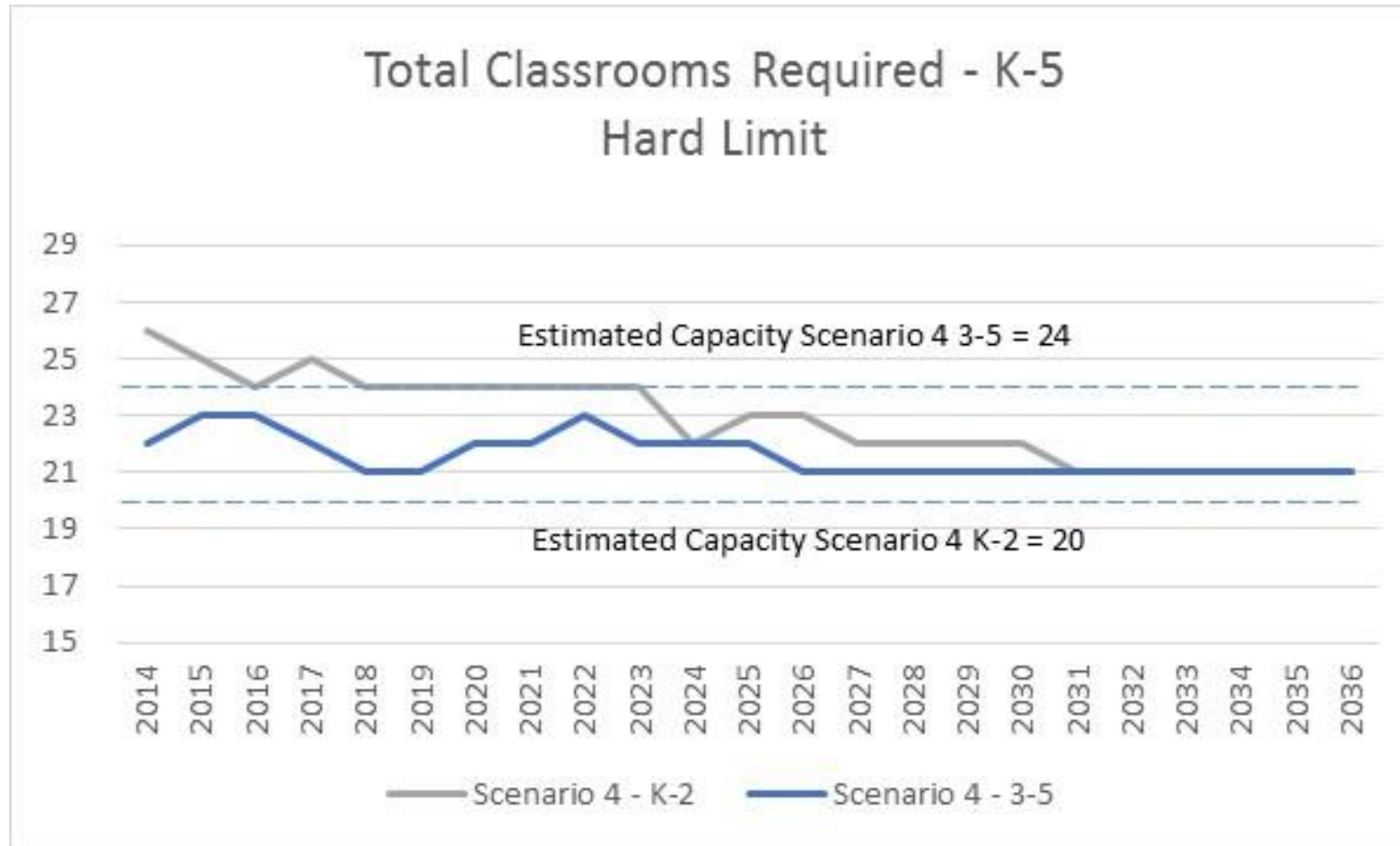
Capacity Analysis – Options 1 and 2



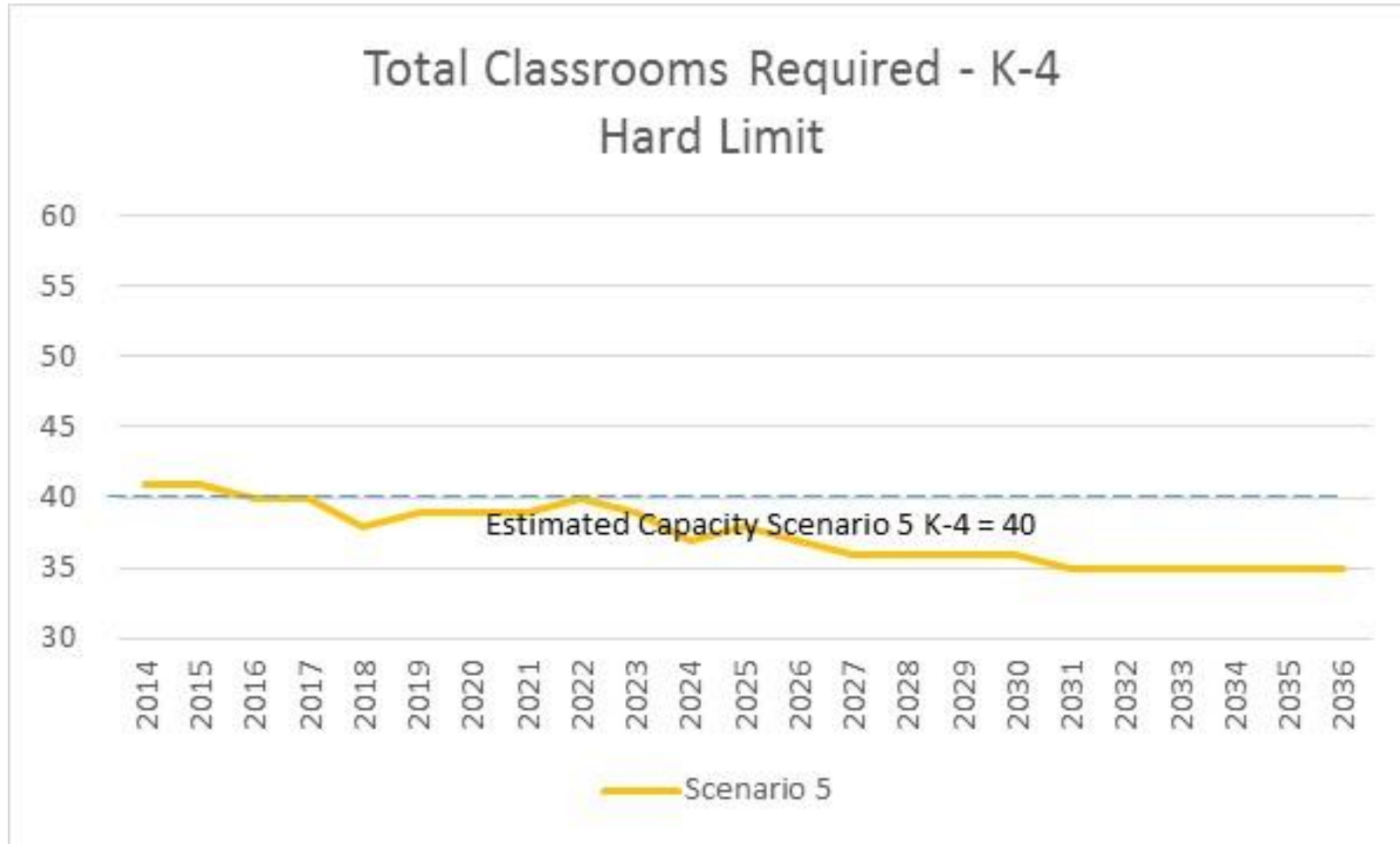
Capacity Analysis – Option 3



Capacity Analysis – Option 4



Capacity Analysis – Option 5



Stewardship Costs – Elementary Only

2017-2036	Option 1	Option 2	Option 3	Option 4	Option 5
Projected Stewardship (Elementary Schools) ¹	\$ 10,856,250	\$ 10,365,543	\$ 8,045,607	\$ 6,682,587	\$ 5,116,268
Stewardship Savings v. Option 1 (Elementary Schools) ²	\$ -	\$ 490,706	\$ 2,810,642	\$ 4,173,663	\$ 5,739,982
Capital Costs for Reconfiguration	\$ -	\$ -	\$ (2,540,427)	\$ (2,650,221)	\$ (1,902,405)
Capital Costs for New Schools	\$ -	\$ -	\$ -	\$ (27,955,900)	\$ (37,087,700)
Net Savings/(Additional Spending)	\$ -	\$ 490,706	\$ 270,215	\$ (26,432,458)	\$ (33,250,123)

¹Stewardship for elementary schools comprises direct projections for each building plus 60% of unallocated overall district improvements.

²Stewardship savings for Option 2 are generated as a result of upgrades to the elementary schools. Upgrades are excluded from this analysis for clarity.

Operating Cost Savings – Elementary Only

2017-2036	Option 1	Option 2	Option 3	Option 4	Option 5
Projected Stewardship (Elementary Schools) ¹	\$ 10,856,250	\$ 10,365,543	\$ 8,045,607	\$ 6,682,587	\$ 5,116,268
Stewardship Savings v. Option 1 (Elementary Schools) ²	\$ -	\$ 490,706	\$ 2,810,642	\$ 4,173,663	\$ 5,739,982
Capital Costs for Reconfiguration	\$ -	\$ -	\$ (2,540,427)	\$ (2,650,221)	\$ (1,902,405)
Capital Costs for New School	\$ -	\$ -	\$ -	\$ (27,955,900)	\$ (37,087,700)
Operating Costs Savings v. Option 1 ³	\$ -	\$ -	\$ 8,636,251	\$ 17,388,221	\$ 10,884,936
Net Savings/(Additional Spending)	\$ -	\$ 490,706	\$ 8,906,467	\$ (9,044,238)	\$ (22,365,187)

¹Stewardship for elementary schools comprises direct projections for each building plus 60% of unallocated overall district improvements.

²Stewardship savings for Option 2 are generated as a result of upgrades to the elementary schools. Upgrades are excluded from this analysis for clarity.

³Operating cost savings are generated at elementary schools in Options 3-5, offset by additional operating costs at middle school to accommodate 5th grade in options 3 and 5.

Upgrades – Elementary Only

2017-2036	Option 1	Option 2	Option 3	Option 4	Option 5
Projected Stewardship (Elementary Schools) ¹	\$ 10,856,250	\$ 10,365,543	\$ 8,045,607	\$ 6,682,587	\$ 5,116,268
Stewardship Savings v. Option 1 (Elementary Schools) ²	\$ -	\$ 490,706	\$ 2,810,642	\$ 4,173,663	\$ 5,739,982
Capital Costs for Reconfiguration	\$ -	\$ -	\$ (2,540,427)	\$ (2,650,221)	\$ (1,902,405)
Capital Costs for New School	\$ -	\$ -	\$ -	\$ (27,955,900)	\$ (37,087,700)
Operating Costs Savings v. Option 1 ³	\$ -	\$ -	\$ 8,636,251	\$ 17,388,221	\$ 10,884,936
Upgrades (Elementary Schools)	\$ -	\$ (5,242,169)	\$ (6,319,650)	\$ (4,946,900)	\$ -
Net Savings/(Additional Spending)	\$ -	\$ (4,751,463)	\$ 2,586,817	\$ (13,991,138)	\$ (22,365,187)

¹Stewardship for elementary schools comprises direct projections for each building plus 60% of unallocated overall district improvements.

²Stewardship savings for Option 2 are generated as a result of upgrades to the elementary schools.

³Operating cost savings are generated at elementary schools in Options 3-5, offset by additional operating costs at middle school to accommodate 5th grade in options 3 and 5.

Conclusions

- Sound work by White + Burke and district business office
- Demographics tracking projections but must be prepared for fluctuations in enrollment
- Capacity is a concern in consolidation scenarios – further discussion required
- Costs of Options 4 and 5 not offset by reductions in operating costs and stewardship
- Upgrades need further work but not a binary decision
- Need additional work on district vision for learning and pre-K/MS/HS overall

Further Discussion

- Monitoring of elementary enrollment and development of “guardrails”
- Redistricting
- Other options to address challenges
 - Noise
 - Equity
 - Enrollment fluctuations
- City center development/UVM arena
- Obstacles/opportunities for 21st Century learning