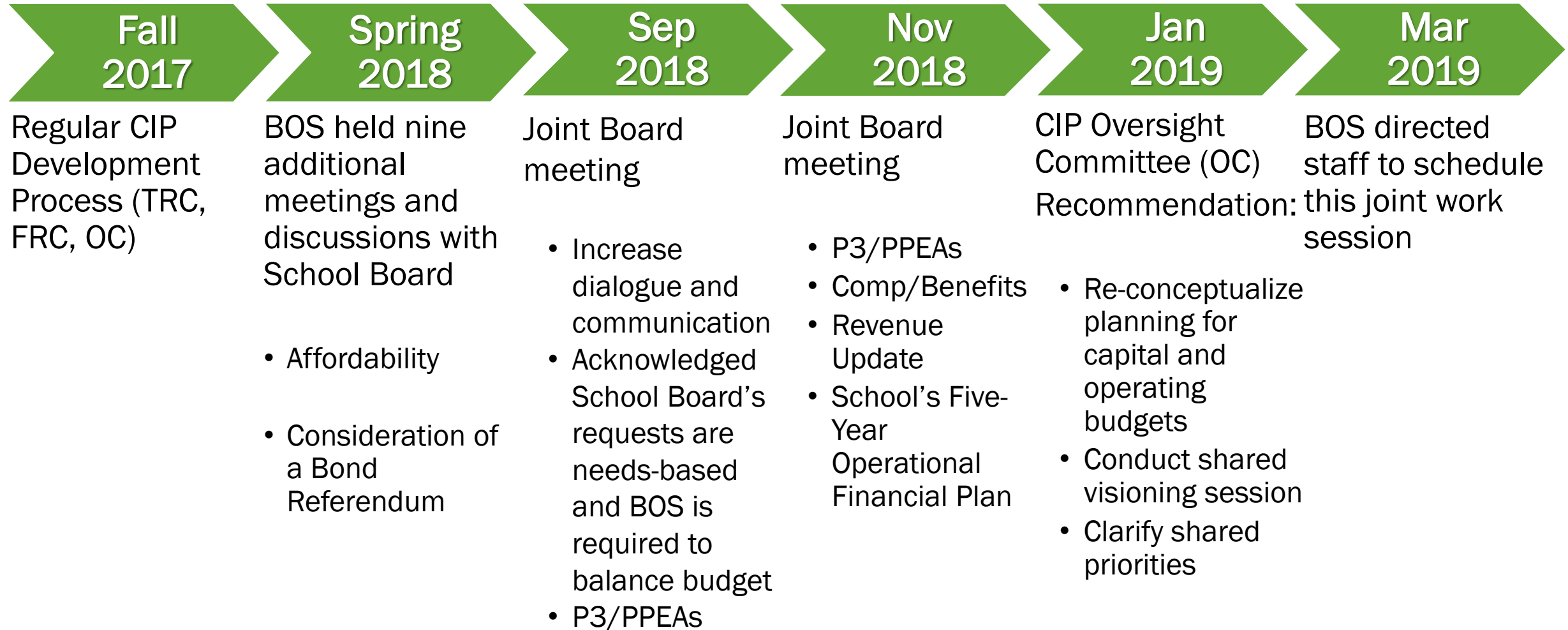


**Board of Supervisors,
School Board, &
CIP Oversight Committee
Joint CIP Work Session**

May 9, 2019



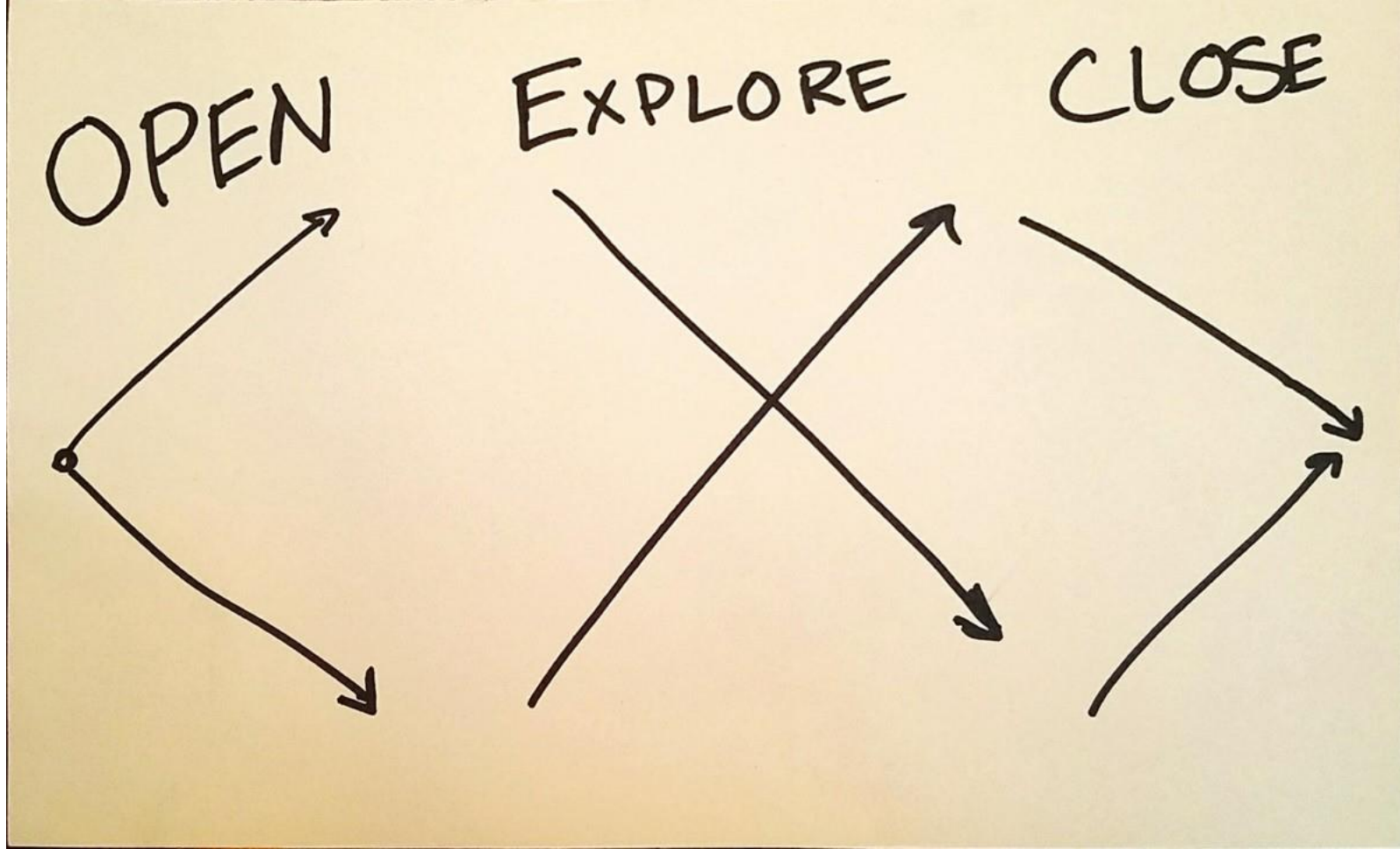
Background



DESIRED OUTCOMES OF TODAY

- Continue efforts for the two Boards to work together and build commonality
- Re-conceptualize the way the County approaches capital planning
- Understand current state of the CIP
- Identify affordability constraints in the context of growth and needs
 - Determine maximum equivalent tax rate for FY 21 – FY 27
 - Hold initial brainstorm – funding options, tools and alternatives
- Consider adoption of the Public Private Education Act projects (PPEAs) Guidelines

TRANSFORMATIONAL

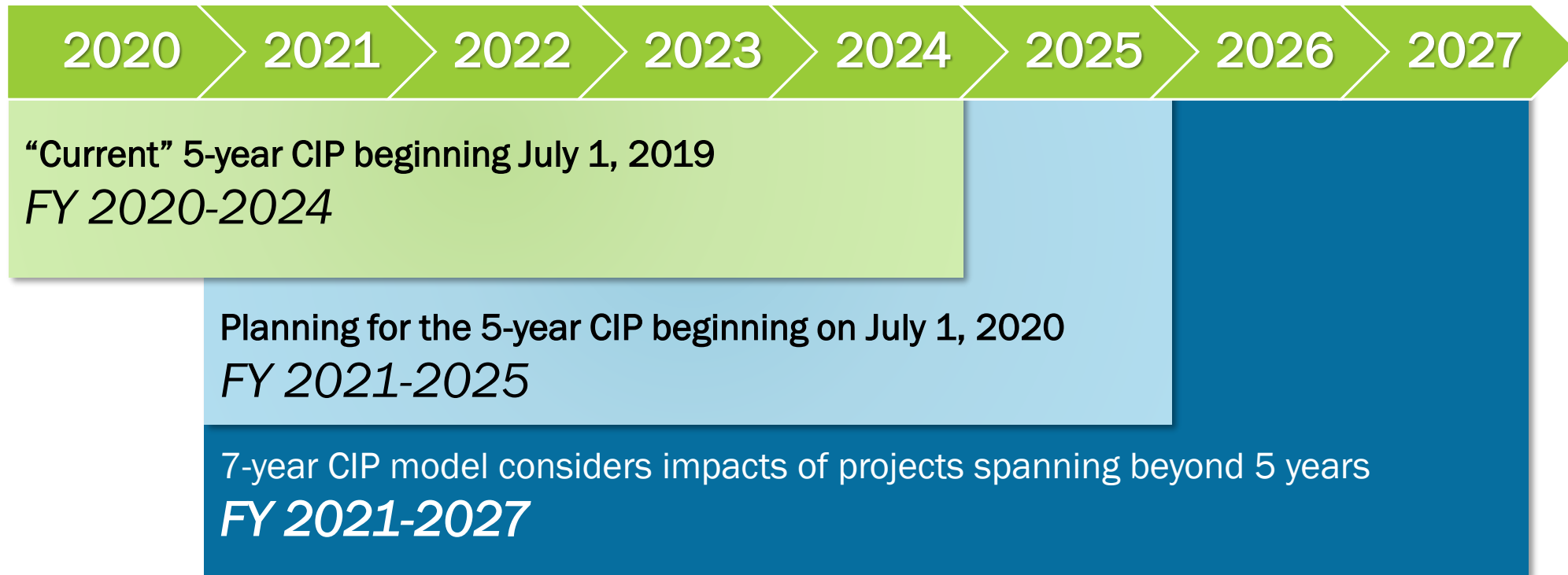


AGENDA

1. Proposed FY 21- FY 25 CIP Development Process
2. Current State of CIP (FY 20 – FY 24)
3. Affordability Constraints of the Community's Capital Needs
 - Understand our affordability constraints in context of the community's capital needs
 - Determine maximum equivalent tax rate for the CIP over a FY 21 – FY 27 timeframe
 - Hold initial brainstorm – funding options, tools and alternatives
4. Discuss Next Steps in CIP Development Process
5. Receive and Potentially Approve the PPEA Guidelines
6. Meeting Wrap Up

CIP Timeframes for Today's Discussion

Beginning July 1,



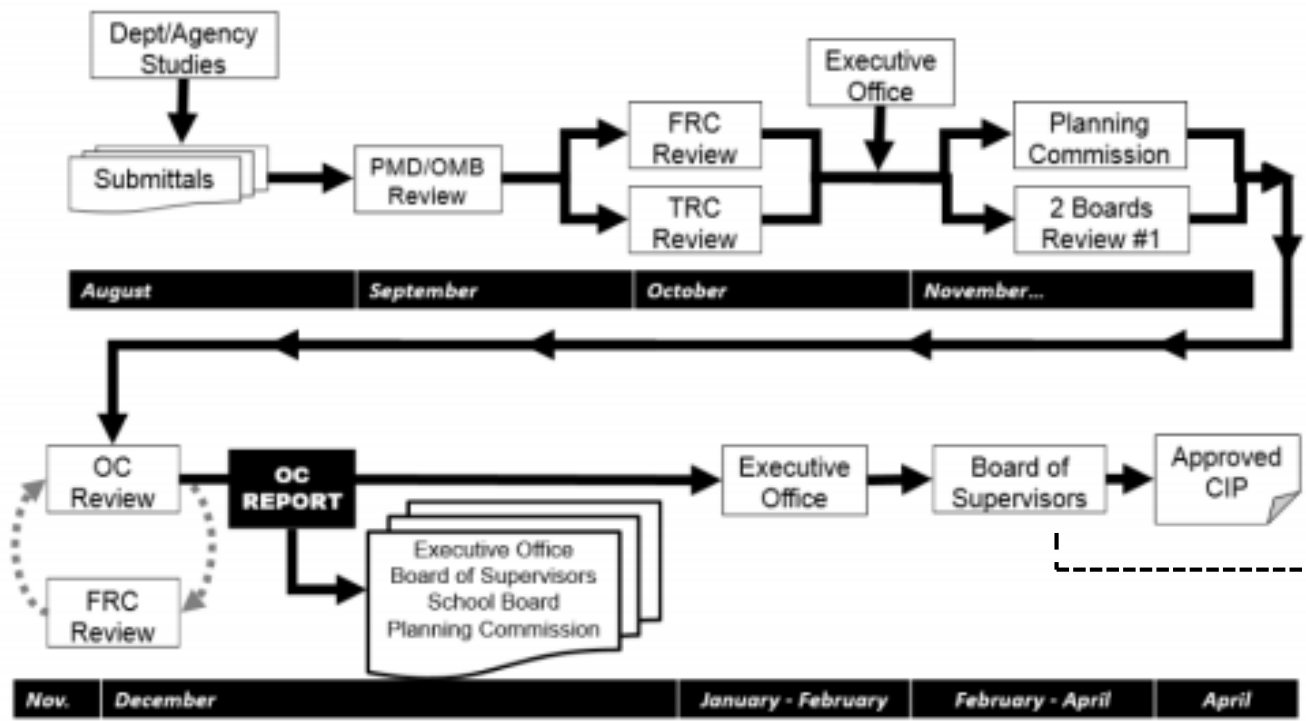


Proposed FY 21- FY 25 CIP Development Process

Original CIP Development Process

FY 19 CIP Development Flowchart

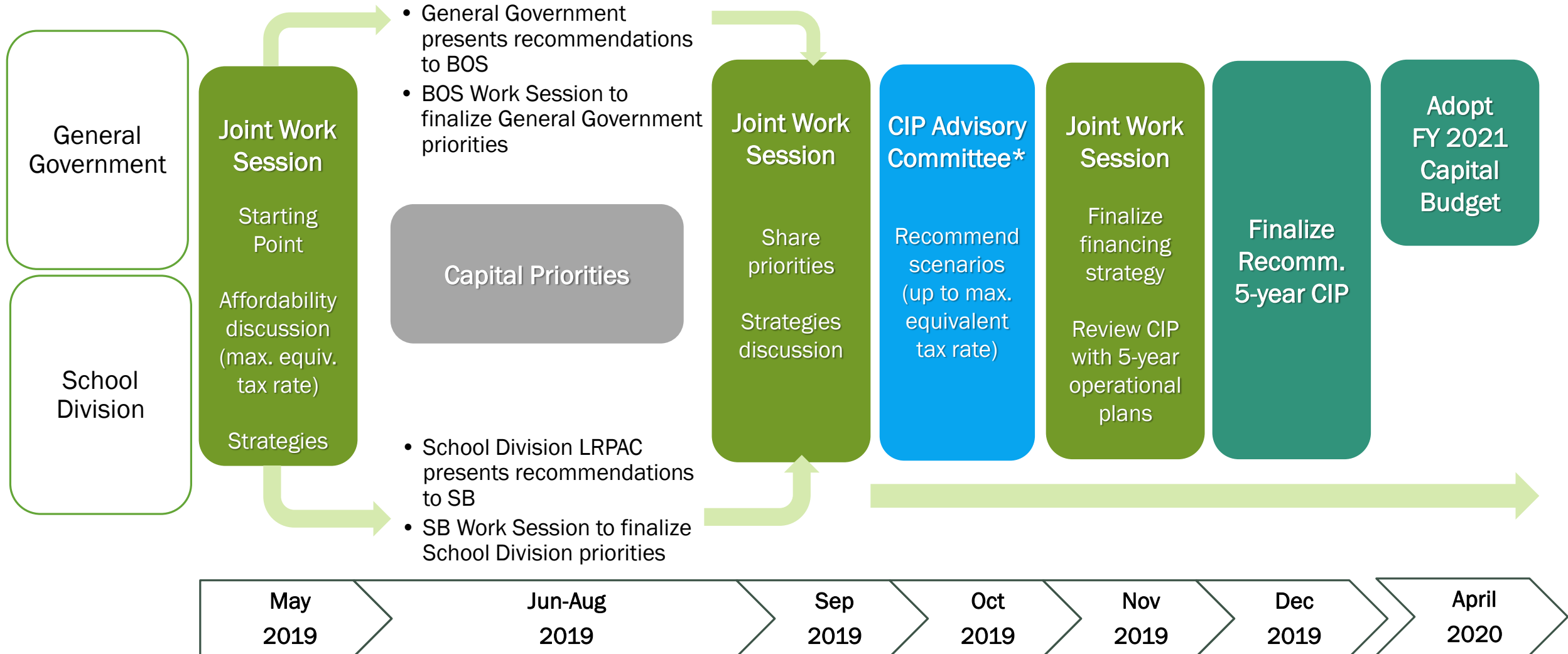
CIP - Capital Improvement Plan (Five-Year Period)
 FRC-Financial Review Committee
 LRPC-Long Range Planning Committee
 OC-Oversight Committee
 PMD-Project Management Division
 OMB-Office of Management & Budget
 TRC-Technical Review Committee



Extra Meetings for FY 19

11 Meetings
January 2018
March 2018 1, 5, 27 and 29
April 2018 10, and 17
May 9, 2018
June 6, 2018
June 14, 2018
July 5, 2018
August 1, 2018

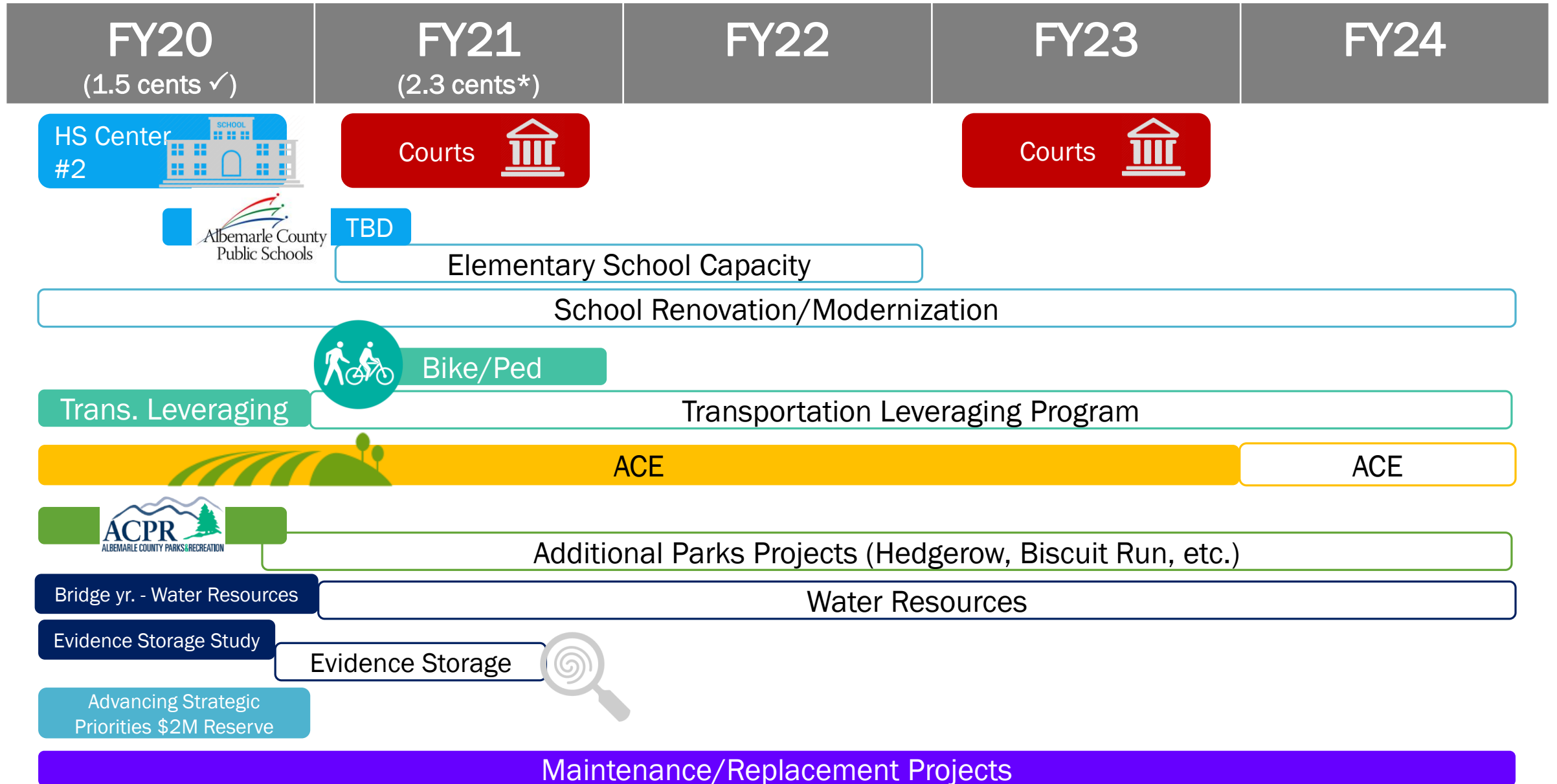
Proposed FY 21- FY 25 CIP Development Process



Current State of CIP

Current State of CIP (\$207.6M)

KEY: Funded
Unfunded



Note: Created for illustrative purposes only and does not include all projects (funded or unfunded)

*Est. tax rate includes operational support for Center 2

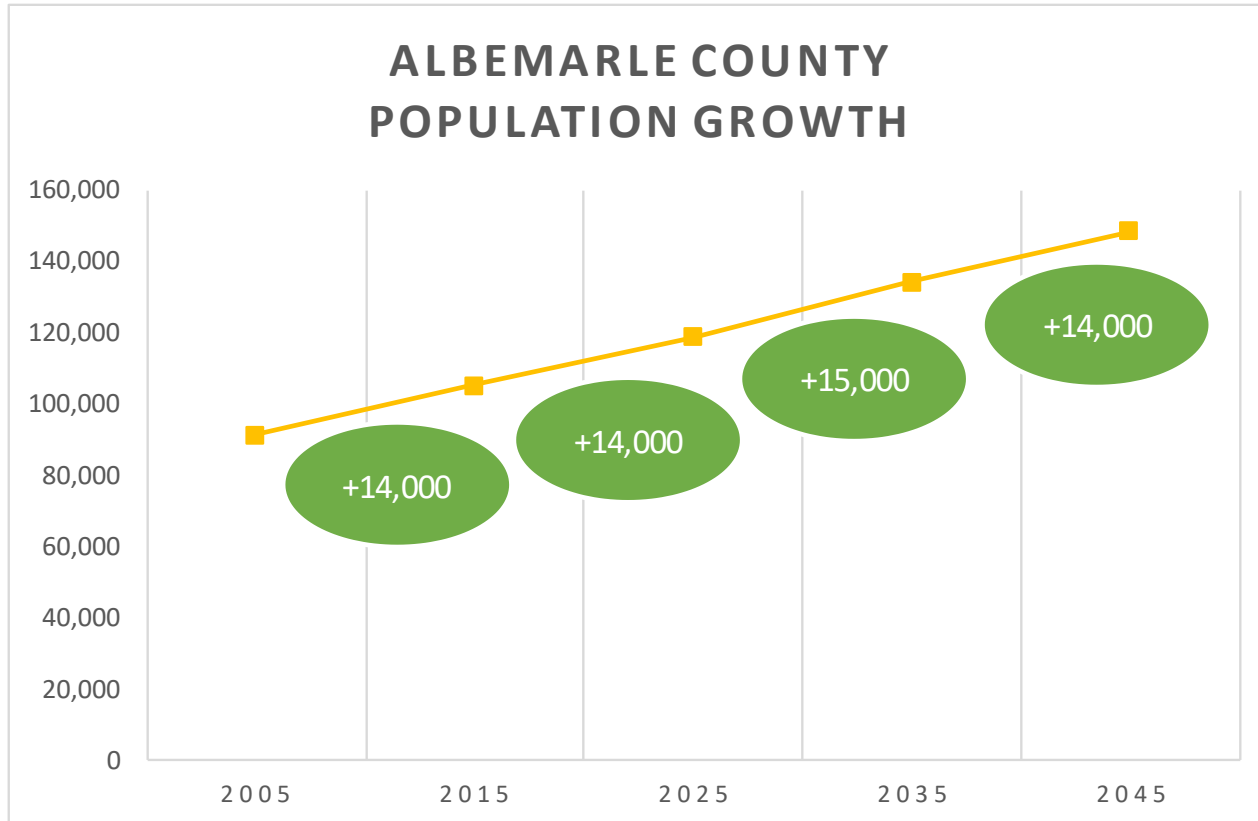


Affordability & Capacity Considerations

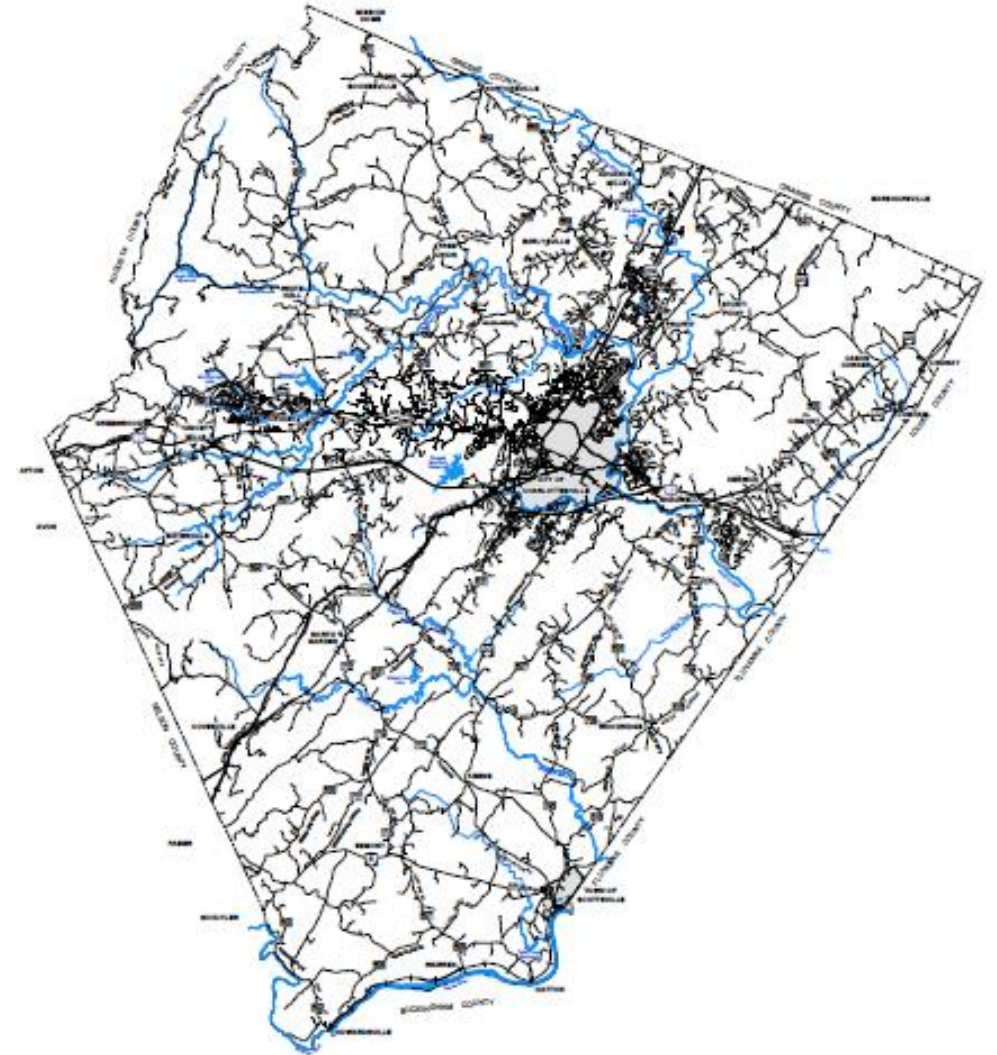
Affordability and Capacity Considerations



GROWTH



Source: Weldon Cooper Center for Public Service Population Projections

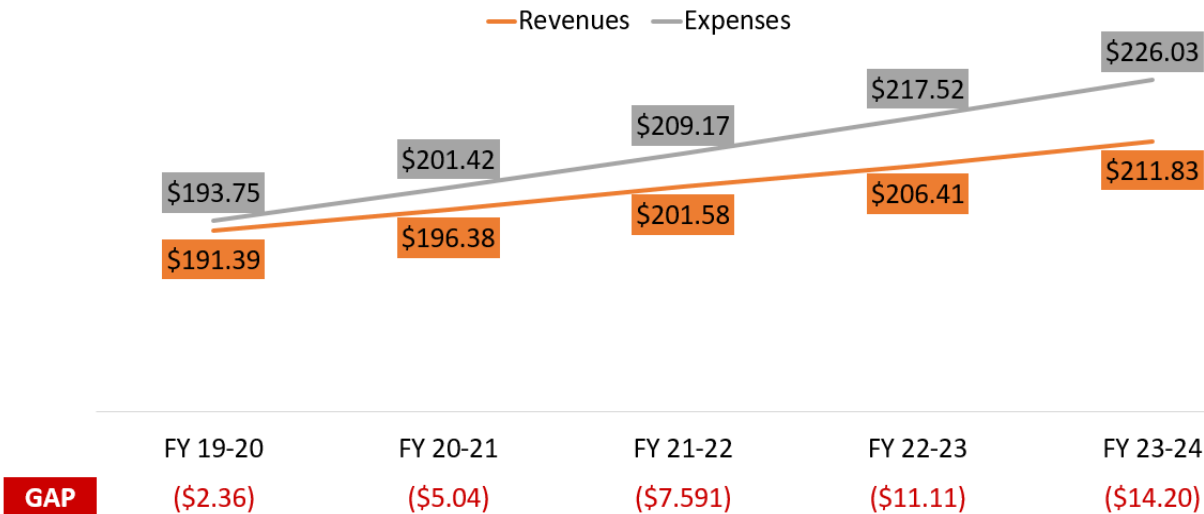


OPERATIONS

Previous 5 Year Operating Forecasts

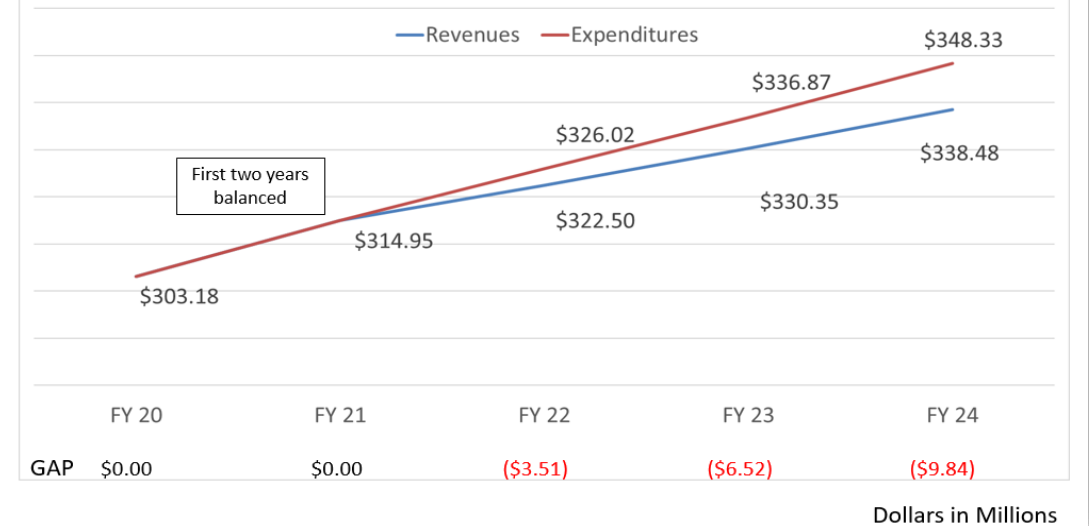
SCHOOL DIVISION'S FIVE-YEAR FINANCIAL FORECAST (in millions)

Includes common salary, inflation and benefit assumptions, and teacher growth, but NO initiatives



General Fund Five-Year Financial Plan Summary

General Fund Five-Year Projected Revenues and Expenditures



DEBT

Summary of Debt and Projected Borrowing Activity in Current FY 20 – FY 24 CIP

Existing Debt <i>Balance at the end of FY 18</i>		+	Projected New Debt <i>FY 19 – FY 24</i>		
Schools	\$122.0M Gen.		Schools	\$101.3M	
Government	<u>\$70.2M</u>		Gen. Government	<u>\$64.3M</u>	
Total:	\$192.2M		Total:	\$165.6M	
LESS	Retired Debt <i>FY 19 – FY 24</i>		=	TOTAL Projected Debt <i>FY 19 – FY 24</i>	
	Retired Debt	\$117.8M		\$239.8M	

The County intends to maintain a 10 year payout ratio at or above 60% at end of each adopted five-year CIP

Discussion Preview

PART 1

Provide Direction on Maximum Equivalent Tax Rate for Planning Purposes (*Think, Pair, Share*)

PART 2

Brainstorm - Funding Tools, Options, Alternatives

AFFORDABILITY SCENARIOS

CIP Scenarios	Current CIP FY 20 – 24
	Current 5 year plan
Project Cost \$ in millions	\$207.6
Est. Pennies on tax rate (Current Tax Rate – 85.4 ¢)	2.0 – 2.5 ¢

CY21 includes .8¢ in each scenario shown for the Operating Impacts of High School Center #2 currently planned for opening in FY 22.

All modeling scenarios are based on assumptions such as timing of debt issuances, equity requirements, interest rates, out year project costs, and more.

AFFORDABILITY SCENARIOS

CIP Scenarios	Current CIP FY 20 – 24 Current 5 year plan	Level 1 FY 21 – 27 Additional \$21M over 7 years	Level 2 FY 21 – 27 Additional \$61M over 7 years	Level 3 FY 21 – 27 Additional \$101M over 7 years
Project Cost \$ in millions	\$207.6	\$227.0M	\$268.0M	\$308.1M
Est. Pennies on tax rate (Current Tax Rate – 85.4 ¢)	2.0 – 2.5 ¢	3.0 – 5.0 ¢	4.5 – 6.0 ¢	5.5 – 7.0 ¢

CY21 includes .8¢ in each scenario shown for the Operating Impacts of High School Center #2 currently planned for opening in FY 22.

All modeling scenarios are based on assumptions such as timing of debt issuances, equity requirements, interest rates, out year project costs, and more.



Funding Tools, Options, and Alternatives

1. Review initial brainstorm list, add any additional ideas
2. Individually, using dots, prioritize items that you feel we should invest more time/effort
 - 3 Three points, highest priority
 - 2 Two points, second priority
 - 1 One point, third priority
 - Non-starter, do not discuss anymore [optional]
3. Review results

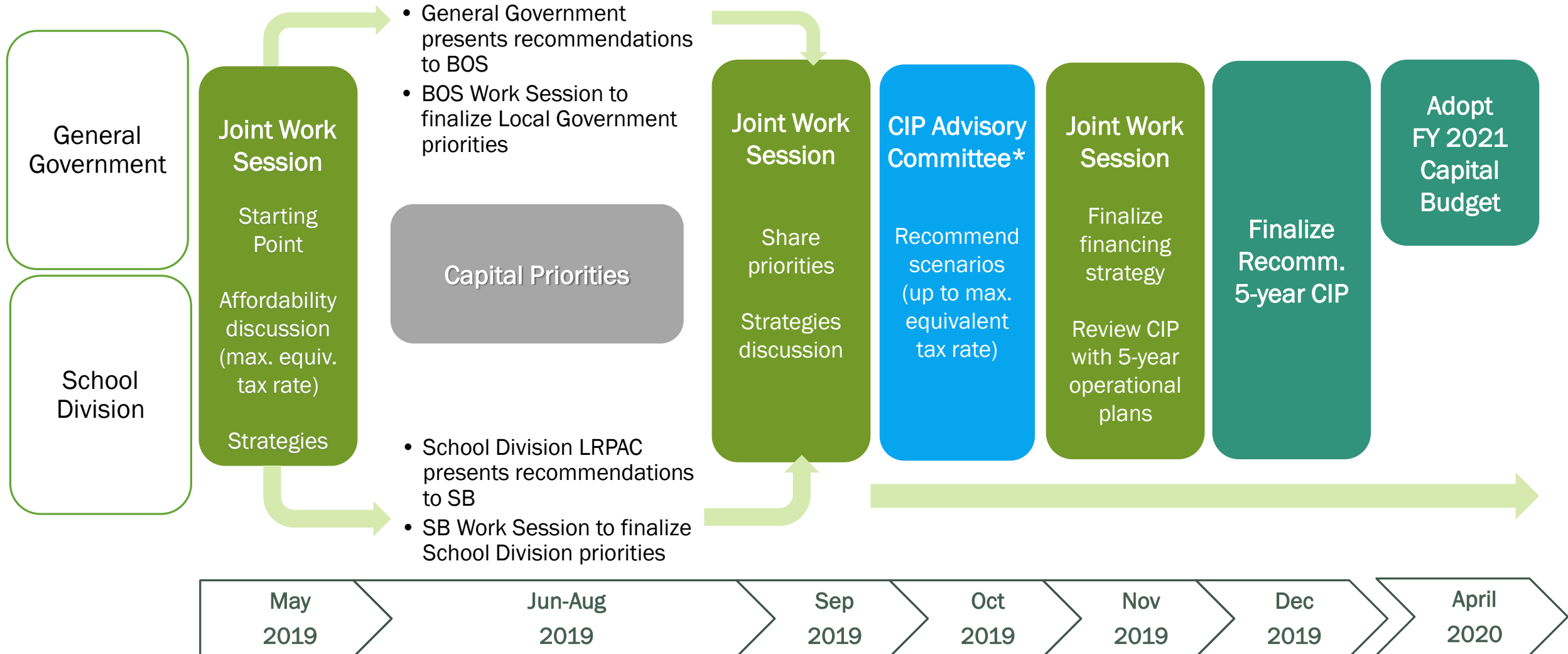
Funding Tools, Options, and Alternatives

Promote Shared Legislative Priorities (e.g., establish taxing authority)	Establish Service Districts	Utilize GO Bonds (Referendum)	Reduce Operating Budgets
Expand Grant Funding	Prepare a Plan for Downturns (e.g., build a reserve)	Consider leasing facilities instead of building more	Review prioritization of maintenance/replacement funding
Encourage use of PPEA/P3	?	?	?


A thick green arrow pointing to the right, containing the text "Next Steps" in white.

Next Steps

Proposed FY 21- FY 25 CIP Development Process



PPEA Guidelines



Public/Private Educational Facilities and Infrastructure Act (PPEA) Guidelines

- A procurement method which allows the county and schools to receive proposals from private entities for public-private partnerships to develop needed projects in a more timely or more cost-effective manner.
- PPEA guidelines are required by the State Code to enable the county and schools to employ PPEA procurement methods in the delivery of public and educational projects.
- Today the board of supervisors and school board are asked to consider adoption of PPEA guidelines.