SCASD DEBT CAPACITY AND CAPITAL REINVESTMENT

WHERE WE ARE, WHERE WE MIGHT NEED TO GO, AND HOW DO WE GET THERE?



CAPITAL REINVESTMENT – SCASD BUDGET

FACTORS THAT IMPACT DEBT SERVICE CAPACITY AND CAPITAL REINVESTMENT

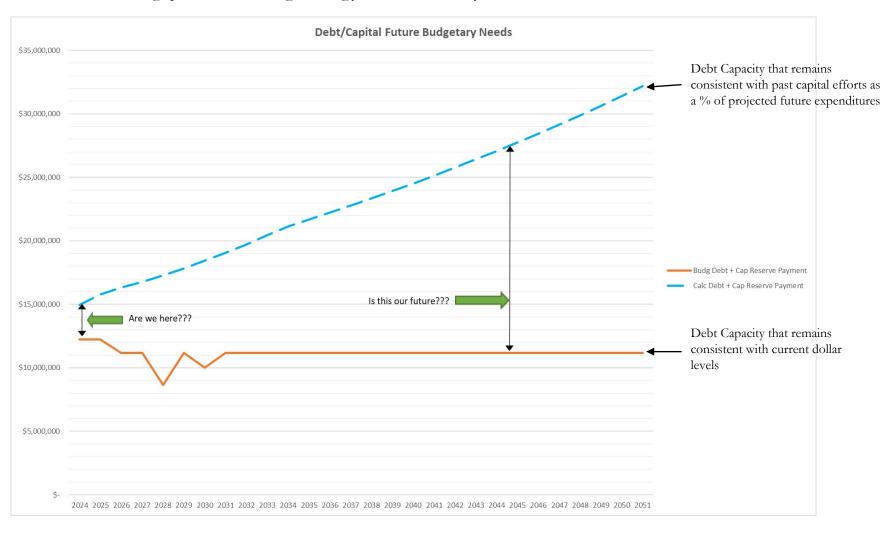
- 1. FUNDING OF DEBT SERVICE AND CAPITAL REINVESTMENT
 - a. Impact of inflation on cost of construction
 - b. Impact of interest rates on borrowings and deposits
 - c. Time value of money, length of debt, and borrowing capacity
 - d. Debt is based on historical prices, capital needs are based on future costs

2. CAPITAL REINVESTMENT COSTS ASSOCIATED WITH MAINTAINING FACILITIES

- a. Buildings/Facilities age, require a planned reinvestment strategy
 - At what age will SCASD facilities require capital reinvestment
 - At what age will SCASD facilities require capital replacement
- b. Impact of inflation on cost of construction
- c. Difficulty informing capital reinvestment/replacement strategy
 - District-wide Facilities Master Plan should inform
 - Staff is an important source of information
 - Strategy should also incorporate components of the District-wide Master Plan

WHY SHOULD WE CARE ABOUT DEBT CAPACITY?

• We don't know if there is a gap in the funding strategy, and this is why we should care.



HOW DO WE MOVE FORWARD?

- A key component will be the outcomes and information contained in the Districtwide Facilities Master Plan.
- An inventory of facilities with estimated reinvestment dates and costs should be developed.
- Stakeholders should have an understanding that today's costs do not equate to future costs.
- Stakeholders should, in addition to budgeting for future capital reinvestment, plan for costs associated with other long term expenses (such as growth, strategic priorities, etc.)



ROADMAP

Realize the discussion is about debt capacity at this point, not allocation of dollars. Assess the results of the District-wide Master Facilities Plan.

Work with District staff to inform the long range funding strategy for future capital projects. Implement a sustainable funding strategy that meets the long term needs of the District including debt capacity.

Implement, review, assess, and update the funding strategy on a consistent basis.

STAGE 01 STAGE 02 STAGE 03 STAGE 04 STAGE 05





QUESTIONS

