

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

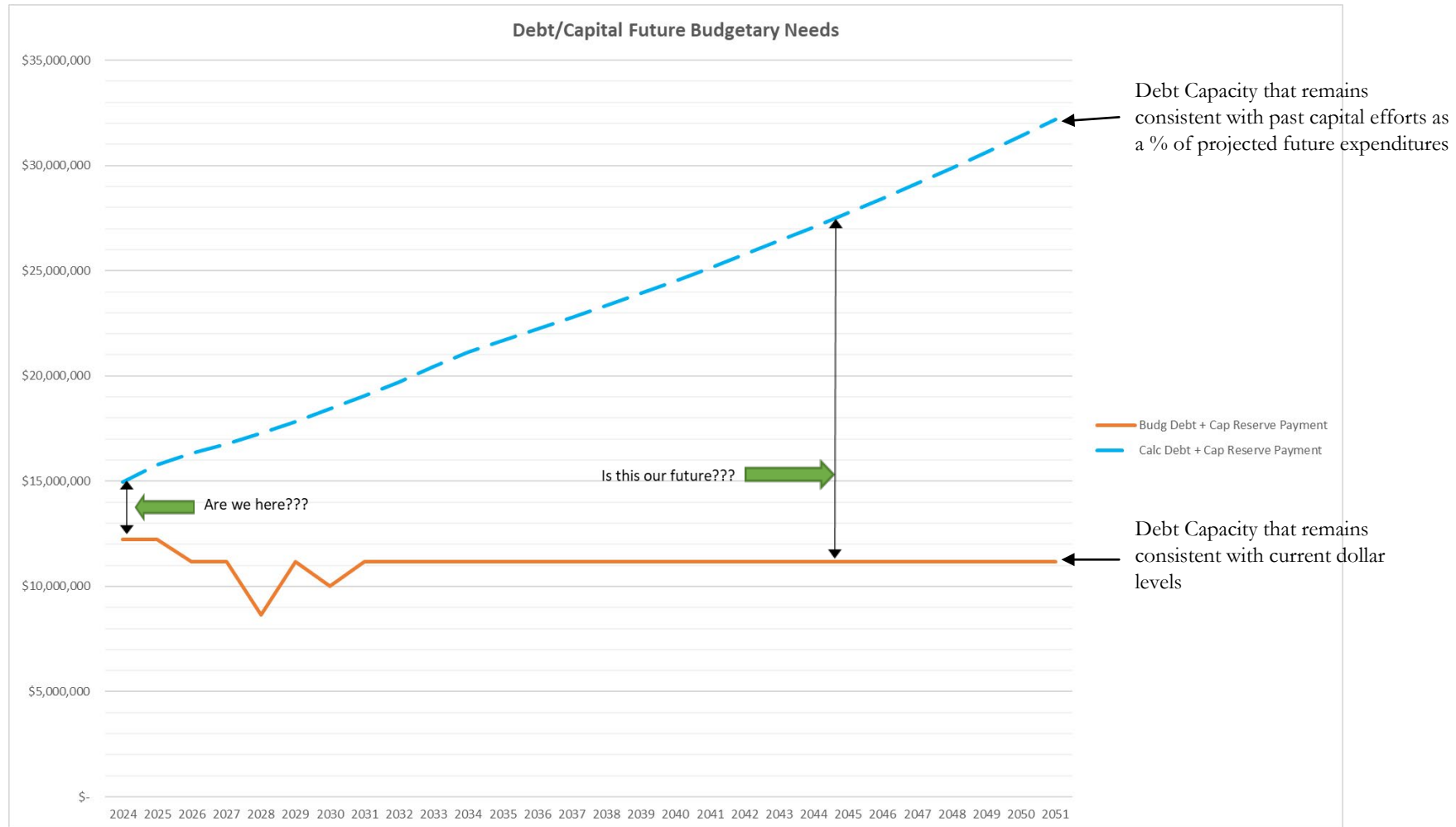
- a. Impact of inflation on cost of construction
- b. Impact of interest rates on borrowings and deposits
- c. Time value of money, length of debt, and borrowing capacity
- d. Debt is based on historical prices, capital needs are based on future costs

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.

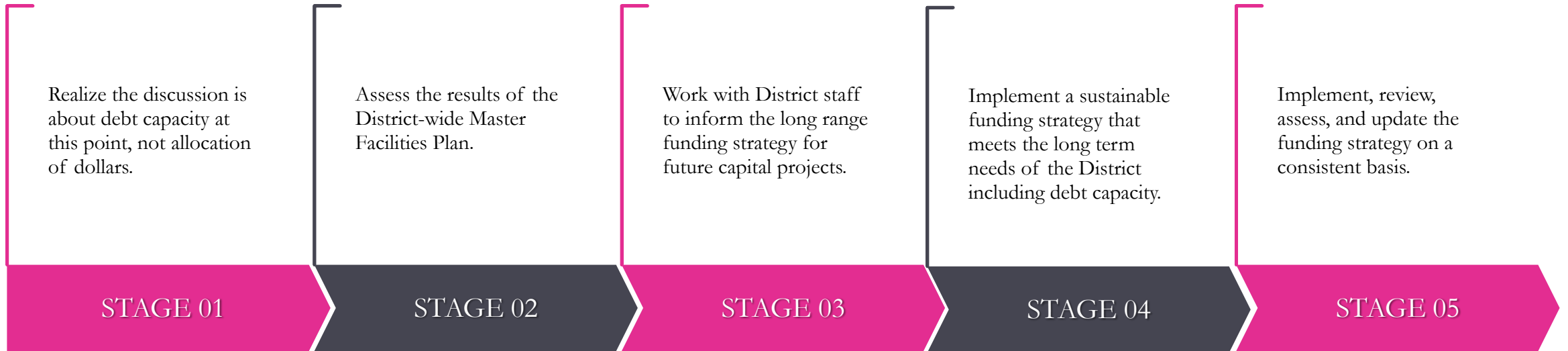


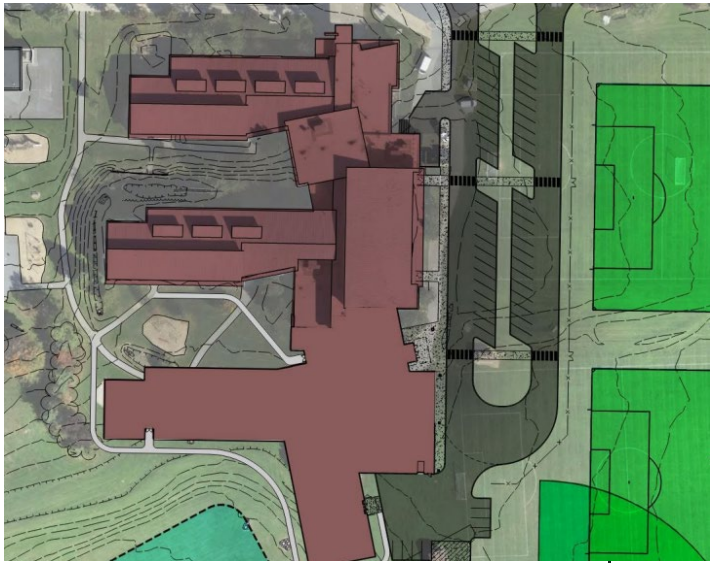
HOW DO WE MOVE FORWARD?

- A key component will be the outcomes and information contained in the District-wide 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





QUESTIONS

