

Presentation Date: November 12, 2024

Elizabethtown Area School District



Every Student Graduates Ready to Live,
Learn, and Thrive in a Global Community.

Feasibility Study

FINANCIAL IMPACT

Part 2

Presented by:

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CFOO



Alignment to Board Goals

Goal 1:

Create a 5-year financial plan to include all operations and education including renovation and instruction.

Goal 2:

Promote and support broad opportunities and flexibility for individual learning while complying with core standards.

Goal 3:

Identify and remove barriers to help students grow educationally, emotionally, and socially and for staff to thrive and succeed.



Alignment to Pillars

Pillar 1: Student Learning

Pillar 2: Student Readiness

Pillar 3: Engaged, Well Rounded Students

Pillar 4: Well Being

Pillar 5: Effective Adults

Pillar 6: Community Connections

Pillar 7: Effective Systems

*Pillars highlighted in **GREEN** are relevant to the presentation*



LONG-TERM PLANNING PROCESS for FINANCIAL IMPACT

MAJOR PROJECT

Current Situation



- ❖ Grades 6 thru 12 in a building originally constructed in 1955, with renovations & additions in 1963, 1973, and 1997. Issues presented in the Feasibility Study.
- ❖ No Annual Commitment to Capital Reserve.
- ❖ No Long Term Plan for increasing Capital Reserve.
- ❖ Capital Reserve balance - \$5,115,921
- ❖ Annual Debt Service - \$4,920,995
- ❖ Debt - \$59,475,000
- ❖ Bond Capacity - \$100M

Preparation for MAJOR PROJECT



- ❖ Identify GOAL
 - Feasibility Study - Options
- ❖ What is Needed to meet GOAL
 - Financial Commitment
- ❖ How to get there —
 - SPECIFIC ANNUAL COMMITMENTS
 - Changes/Modifications - now and in future years
- ❖ Changes at Completion
 - Increase in Debt Service payment
- ❖ LONG-TERM COMMITMENTS after Completion
 - Replacement & Repair Cycle
 - Other Buildings
- ❖ FINANCIAL NEEDS & IMPACT

ESTABLISH PLAN



➤ CANNOT WAIVER/MODIFY

- Long-term commitment:
 - Increase Capital Reserve
 - ◆ Cash Payment
 - Increase Borrowing Capacity
 - ◆ \$100M to \$150M
 - Establish tax revenue for Feasibility decision
 - Maintain Annual Budget Plan for regular expenses
- ANNUAL ROUTINE
- NO Unplanned Purchases using Capital Reserve
 - Availability of Emergency Funds



ESTABLISH PLAN

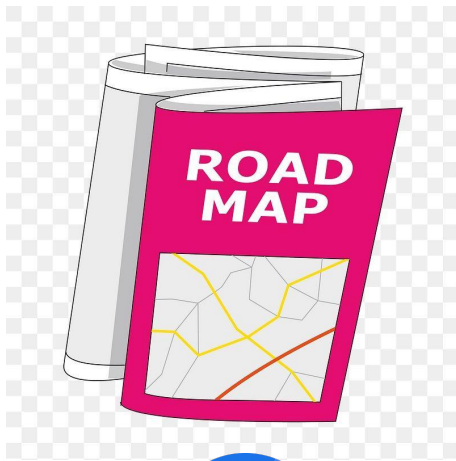
- Potential Consequences / Wavering from Plan
 - Timeline Increases for Completion
 - Increased repair/replacement costs for existing structure
 - Temporary costs continue to rise
 - Increased Costs of new construction/renovation
 - Uncontrollable issues - Goal must be modified
 - Cost increases exceed borrowing capacity
 - Goal is no longer attainable
 - Repairs of existing facilities



What is Required

- ❖ School Board Unwavering Commitment
- ❖ Borrowing Capacity
 - \$150,000,000 minimum
- ❖ Capital Reserve
 - \$25,000,000 minimum
- ❖ Annual / Sustainable Tax Revenue
 - Savings for Capital Reserve requirements
 - Annual Debt Service - \$12,785,000
 - Current - \$5,068,000

How do we get there?



Google Maps

SPECIFIC DIRECTION PLAN

ANNUAL COMMITMENT

Financial Changes/Modifications

- today and on the journey



waze



SPECIFIC DIRECTION PLAN



- ★ Income Increase - 5%
 - 3% to Regular Income & Living Expenses
 - 2% to Savings - GOAL
- ★ Maintain Current Spending level
 - With Cost of Living Increases
- ★ Anticipate Modifications
- ★ Prepare for Long-Term Sustainable Income

PLAN - Years 1 to 9



Fiscal Year	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
Billed Tax Base	\$45,338,189	\$47,605,098	\$49,985,353	\$52,484,621	\$55,108,852	\$57,864,295	\$60,757,509	\$63,795,385	\$66,985,154	\$70,334,412
Collection Rate	97.20%	97.20%	97.20%	97.20%	97.20%	97.20%	97.20%	97.20%	97.20%	97.20%
Budget Collection	\$44,068,720	\$46,272,156	\$48,585,763	\$51,015,052	\$53,565,804	\$56,244,094	\$59,056,299	\$62,009,114	\$65,109,570	\$68,365,048
	\$44,068,720	\$46,272,156	\$48,585,763	\$51,015,052	\$53,565,804	\$56,244,094	\$59,056,299	\$62,009,114	\$65,109,570	\$68,365,048
Total Increase		\$2,203,436	\$2,313,608	\$2,429,288	\$2,550,753	\$2,678,290	\$2,812,205	\$2,952,815	\$3,100,456	\$3,255,478
Normal Increase	\$0	\$1,322,062	\$1,388,165	\$1,457,573	\$1,530,452	\$1,606,974	\$1,687,323	\$1,771,689	\$1,860,273	\$1,953,287
Building Increase	\$0	\$881,374	\$925,443	\$971,715	\$1,020,301	\$1,071,316	\$1,124,882	\$1,181,126	\$1,240,182	\$1,302,191
			\$881,374	\$881,374	\$881,374	\$881,374	\$881,374	\$881,374	\$881,374	\$881,374
				\$925,443	\$925,443	\$925,443	\$925,443	\$925,443	\$925,443	\$925,443
					\$971,715	\$971,715	\$971,715	\$971,715	\$971,715	\$971,715
						\$1,020,301	\$1,020,301	\$1,020,301	\$1,020,301	\$1,020,301
							\$1,071,316	\$1,071,316	\$1,071,316	\$1,071,316
								\$1,124,882	\$1,124,882	\$1,124,882
									\$1,181,126	\$1,181,126
										\$1,240,182
		\$881,374	\$1,806,818	\$2,778,533	\$3,798,834	\$4,870,150	\$5,995,032	\$7,176,158	\$8,416,340	\$9,718,531
3% & 2%		\$2,203,436	\$2,313,608	\$2,429,288	\$2,550,753	\$2,678,290	\$2,812,205	\$2,952,815	\$3,100,456	\$3,255,478
ACTUAL NORMAL	\$44,068,720	\$45,390,781	\$46,778,946	\$48,236,519	\$49,766,970	\$51,373,945	\$53,061,267	\$54,832,956	\$56,693,230	\$58,646,517
		103.00%	103.06%	103.12%	103.17%	103.23%	103.28%	103.34%	103.39%	103.45%

PLAN - Years 1 to 3



FINANCIAL NEEDS & IMPACT

Fiscal Year	24-25	25-26	26-27	27-28
Billed Tax Base	\$45,338,189	\$47,605,098	\$49,985,353	\$52,484,621
Collection Rate	97.20%	97.20%	97.20%	97.20%
Budget Collection	<u>\$44,068,720</u>	\$46,272,156	\$48,585,763	\$51,015,052
	<u>\$44,068,720</u>	<u>\$46,272,156</u>	<u>\$48,585,763</u>	<u>\$51,015,052</u>
Total Increase		\$2,203,436	\$2,313,608	\$2,429,288
Normal Increase	\$0	\$1,322,062	\$1,388,165	\$1,457,573
Building Increase	\$0	\$881,374	\$925,443	\$971,715
			\$881,374	\$881,374
				\$925,443
		\$881,374	\$1,806,818	\$2,778,533
3% & 2%		\$2,203,436	\$2,313,608	\$2,429,288
ACTUAL NORMAL	\$44,068,720	\$45,390,781	\$46,778,946	\$48,236,519
		103.00%	103.06%	103.12%

PLAN - Years 4 to 6



FINANCIAL NEEDS & IMPACT

Fiscal Year	28-29	29-30	30-31
Billed Tax Base	\$55,108,852.38	\$57,864,295.00	\$60,757,509.75
Collection Rate	97.20%	97.20%	97.20%
Budget Collection	\$53,565,804.52	\$56,244,094.74	\$59,056,299.48
	\$53,565,804.52	\$56,244,094.74	\$59,056,299.48
Total Increase	\$2,550,752.60	\$2,678,290.23	\$2,812,204.74
Normal Increase	\$1,530,451.56	\$1,606,974.14	\$1,687,322.84
Building Increase	\$1,020,301.04	\$1,071,316.09	\$1,124,881.89
	\$881,374.40	\$881,374.40	\$881,374.40
	\$925,443.12	\$925,443.12	\$925,443.12
	\$971,715.27	\$971,715.27	\$971,715.27
		\$1,020,301.04	\$1,020,301.04
			\$1,071,316.09
	\$3,798,833.83	\$4,870,149.92	\$5,995,031.81
3% & 2%	\$2,550,752.60	\$2,678,290.23	\$2,812,204.74
ACTUAL NORMAL	\$49,766,970.69	\$51,373,944.82	\$53,061,267.67
	103.17%	103.23%	103.28%

PLAN - Years 7 to 9



Fiscal Year	31-32	32-33	33-34
Billed Tax Base	\$63,795,385	\$66,985,155	\$70,334,412
Collection Rate	97.20%	97.20%	97.20%
Budget Collection	\$62,009,114	\$65,109,570	\$68,365,049
	\$62,009,114	\$65,109,570	\$68,365,049
Total Increase	\$2,952,815	\$3,100,456	\$3,255,479
Normal Increase	\$1,771,689	\$1,860,273	\$1,953,287
Building Increase	\$1,181,126	\$1,240,182	\$1,302,191
	\$881,374	\$881,374	\$881,374
	\$925,443	\$925,443	\$925,443
	\$971,715	\$971,715	\$971,715
	\$1,020,301	\$1,020,301	\$1,020,301
	\$1,071,316	\$1,071,316	\$1,071,316
	\$1,124,882	\$1,124,882	\$1,124,882
		\$1,181,126	\$1,181,126
			\$1,240,182
	\$7,176,158	\$8,416,340	\$9,718,531
3% & 2%	\$2,952,815	\$3,100,456	\$3,255,479
ACTUAL NORMAL	\$54,832,957	\$56,693,230	\$58,646,517
	103.34%	103.39%	103.45%

PLAN - Years 1 to 9



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Billed Tax Base	\$45,338,189	\$47,605,098	\$49,985,353	\$52,484,621	\$55,108,852	\$57,864,295	\$60,757,509	\$63,795,385	\$66,985,154	\$70,334,412
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				\$925,443	\$925,443	\$925,443	\$925,443	\$925,443	\$925,443	\$925,443
					\$971,715	\$971,715	\$971,715	\$971,715	\$971,715	\$971,715
						\$1,020,301	\$1,020,301	\$1,020,301	\$1,020,301	\$1,020,301
							\$1,071,316	\$1,071,316	\$1,071,316	\$1,071,316
								\$1,124,882	\$1,124,882	\$1,124,882
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		103.00%	103.06%	103.12%	103.17%	103.23%	103.28%	103.34%	103.39%	103.45%



LONG-TERM PLANNING

- ❖ Is full amount required in 2033-2034?
- ❖ Remain level until after building completion.
- ❖ Refinance when rates are favorable after existing debt ends.

OPTIONS



Board decision needed December, 2024

<p>OPTION 1 RENOVATION</p>	<p>Construction Duration 4+ years</p> <p>Project Cost \$150 - \$165 M</p>	<p><i>Pro:</i> Slightly less cost than new construction. <i>Con:</i> Phased, occupied construction. Long construction duration. Challenging and costly renovation. Sub-optimal building and site organization. Higher operating costs due to inefficiencies.</p>	
<p>OPTION 2 NEW MS/HS/DAO</p>	<p>Construction Duration 3 years</p> <p>Project Cost \$156 - \$172 M</p>	<p><i>Pro:</i> State-of-the-art, energy efficient facility. Shorter construction duration. No phased, occupied construction. Improved building organization & adjacencies. Better site vehicular circulation.</p> <p><i>Con:</i> Cost of new construction & site development.</p>	
<p>OPTION 3 NEW MS/HS SATELLITE DAO</p>	<p>Construction Duration 3-4 years</p> <p>Project Cost \$155 - \$171 M</p>	<p><i>Pro:</i> State-of-the-art, energy efficient facility. Shorter construction duration, minimal phasing. Improved building organization & adjacencies. Better site vehicular circulation. Additional educational program opportunities.</p> <p><i>Con:</i> Cost of new construction & site development.</p>	
<p>OPTION 4 NO ACTION</p>	<p>Project Cost Potentially Highest Long-Term Cost</p>	<p><i>Pro:</i> Minimizes short-term costs.</p> <p><i>Con:</i> Many unexpected and emergency costs, which have a premium over planned construction (\$\$\$). Potential for unplanned building closures & disruptions to daily operations.</p>	



Questions?

For more information on this presentation, contact:

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