



Charleston County School District

Capital Program: Multi-Year Sales Tax Financial Plan

February 10, 2011

Presentation Overview

1. Present Sales Tax Planning Model

- Sales Tax Revenues, Program Costs and Cash flow analysis
- *Key point: Sales Tax programs are materially different than other financing programs:*
 - *Revenues are driven by outside factors*

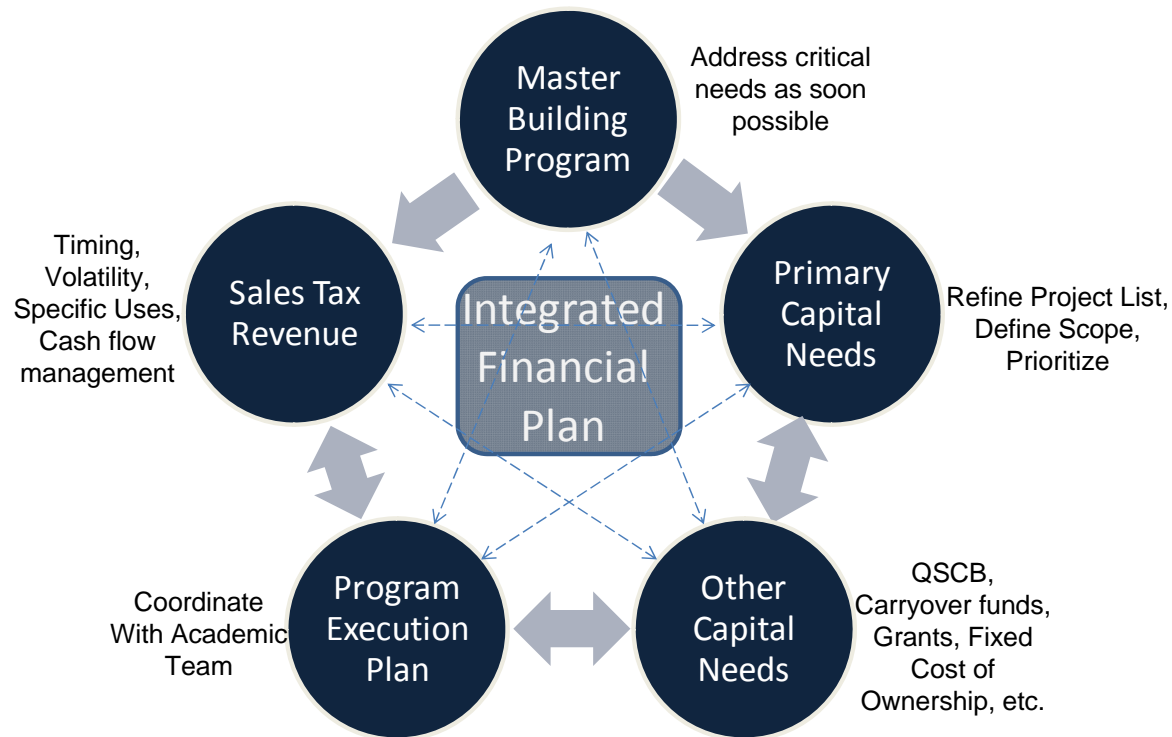
2. Discuss how economic factors drive the model

3. Recommendation

- Move forward with Construction Program as approved
 - Design all Waves as scheduled and commence construction of initial Waves
- Monitor construction costs and sales tax revenues to determine precise timing for other Waves

Multi-Year Capital Planning Process

- During the upcoming months the Board, staff and finance/construction team will refine the multi-year Capital Plan



Program Drivers - Revenue

- **Sales Tax revenues drive every element of the Financial Plan.**
As a result, it is critical to review a wide range of factors:
 - **Magnitude (total revenues)**
 - **Timing (seasonality)**
 - **Limitations on use** – only projects on ballot can be funded with Sales Tax proceeds



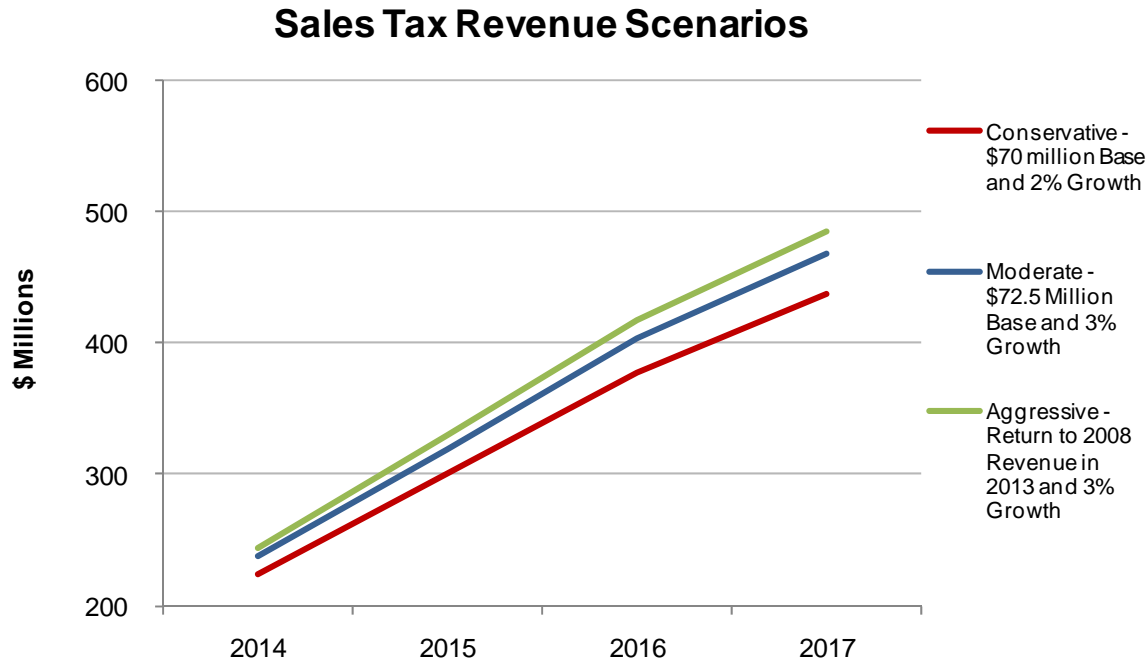
Program Drivers - Revenue

- Revenue projections will impact:
 - Total projects funded, and
 - Timing of project completion.



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- *Adjustments in the model can be made over time to reflect revised revenue projections based on the most recent collection information*

Program Drivers - Construction Cost

- **Program capital needs can change over time, so it is important to consider a wide range of variables:**
 - **Project Costs** – Construction costs can vary up or down materially from preliminary estimates due to economic factors and project scope
 - **Timing** – Accelerating projects can impact both construction cost and financing costs
 - **Prioritization** – Given uncertainty regarding revenue, the capital plan must be prioritized to allow phasing of projects as revenues are available.

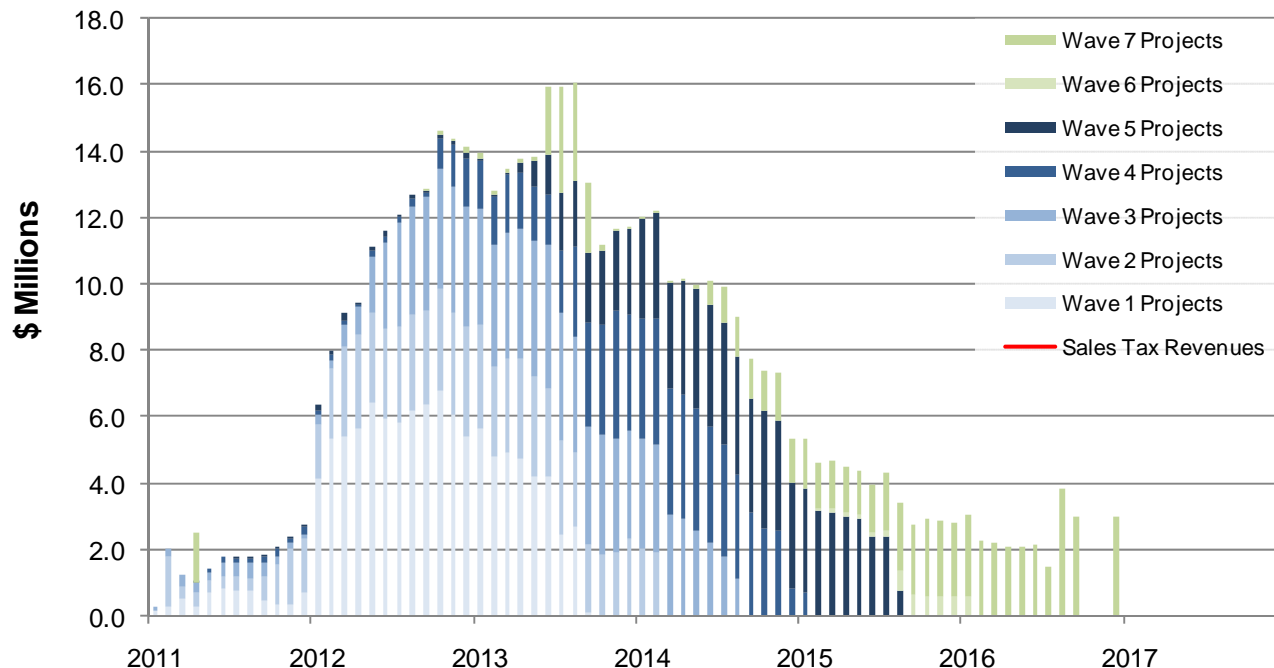


Elements of the Financial Plan – Construction Cost

- Program capital needs can change over time, so it is important consider a wide range of variables:
 - Project Costs
 - Timing
 - Prioritization



Estimated Monthly Project Costs

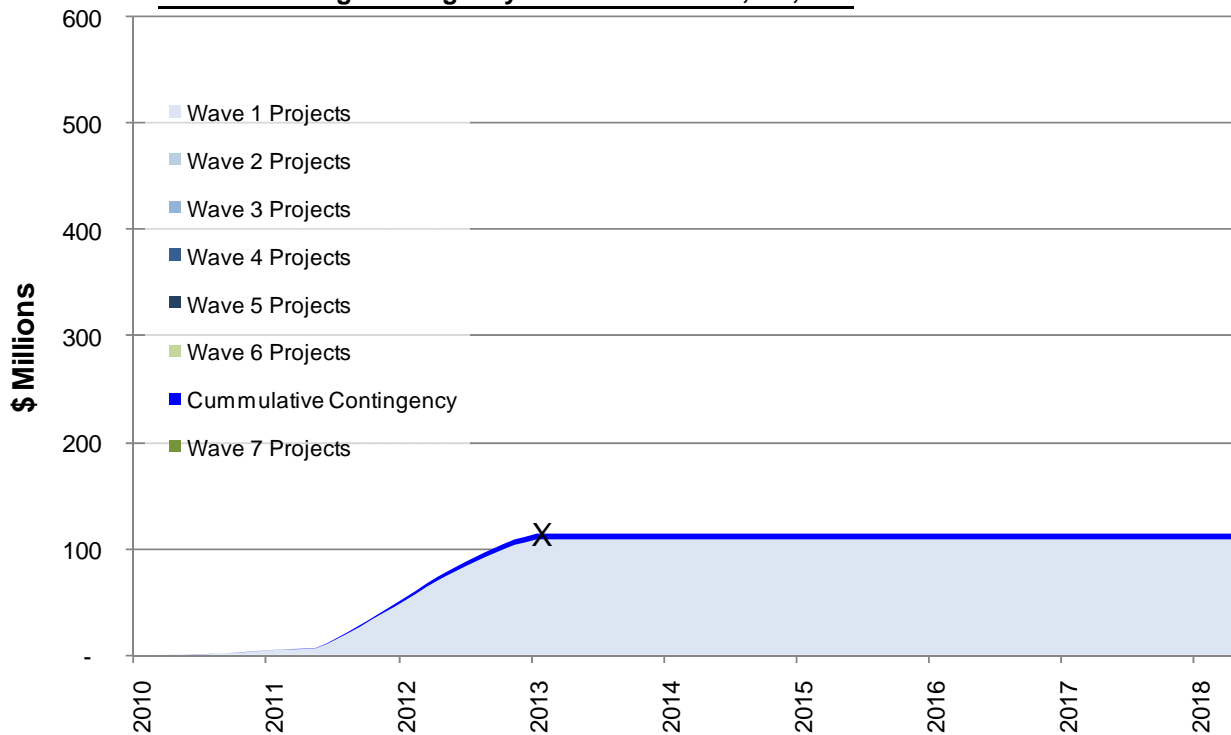


Program Drivers – Project List (Initial Program Plan)

2010-2016 BUILDING PROGRAM						
1 Cent Sales Tax Referendum Project List: 6-year Plan						
WAVE	SCHOOL	QSCB Funds	CARRYOVER FUNDS	TOTAL BUDGET	COMPLETION DATE	BAND
1	Montessori School	15,000,000			January-13	2/QSCB
1	Rivers Campus		25,000,000		August-13	CO
1	Sullivan's Island ES		26,400,000		August-13	CO
1	Montessori/Springfield Support Facility			6,000,000	January-13	1
1	Memminger ES			22,000,000	August-13	1
1	James Simons ES			27,400,000	August-13	1
1	Buist Academy ES			35,700,000	August-13	1
1	Charleston Progressive ES			18,600,000	August-13	1
	Wave 1 SubTotal	15,000,000	51,400,000	109,700,000		
2	Wando Career Technology Academy (New School/Addition)			49,700,000	January-14	2
2	Harborview ES (rebuild school)			26,500,000	January-14	2
	Wave 2 SubTotal			76,200,000		
3	St. Andrews Math and Science ES (rebuild school)			33,100,000	August-14	2
3	Jennie Moore ES (rebuild school)			34,400,000	August-14	4
3	Chicora ES (rebuild school)			28,000,000	August-14	2
	Wave 3 SubTotal			95,500,000		
4	Laing Middle School (rebuild school)			39,100,000	January-15	2
4	Low country Tech @ the Burke HS Campus (Rhett Bldg)			5,000,000	January-15	3
4	James Island Charter HS (design, traffic site, athletic improvement) (Fine Arts Facilities)			25,000,000	January-15	3
4	CCSD Emergency Operation Center (IT relocation)			2,500,000	January-15	3
	Wave 4 SubTotal			71,600,000		
5	North Charleston Creative Arts ES (Rebuild School)			27,100,000	August-15	3
5	Murray LaSaine ES (whole school renovation)			10,000,000	August-15	3
5	Angel Oak ES (whole school renovation)			9,300,000	August-15	3
5	Springfield (rebuild school)			33,100,000	August-15	2
	Wave 5 SubTotal			79,500,000		
6	Seismic Evaluation (Mary Ford & Northwoods MS)			700,000	January-16	1
6	Seismic Evaluation (C.E. Williams, St. Andrews, & West Ashley MS)			900,000	January-16	1
6	Seismic Evaluation, Advance Design (Garrett Academy of Tech.)			1,600,000	January-16	1
6	Dunston ES (advanced design)			975,000	January-16	4
	Wave 6 SubTotal			4,175,000		
7	Carolina Park ES (land)			3,500,000	August-16	4
7	Athletic Advance Design and Weight Room Improvement (See attached list of sites)			4,000,000	August-16	4
7	Carolina Bay (land)			3,500,000	August-16	4
7	Pinehurst Elementary - Roof & Wing Renovation Repair			15,300,000	August-16	4
7	Stono Park ES (rebuild school)			26,600,000	August-16	4
7	Azalea Bus Lot Renovation			7,500,000	August-16	4
7	District 3 Bus Lot			3,300,000	August-16	4
7	Ingleside Campus (land)			3,500,000	December-16	4
	Wave 7 SubTotal			67,200,000		
	GRAND TOTAL	15,000,000	51,400,000	503,875,000		

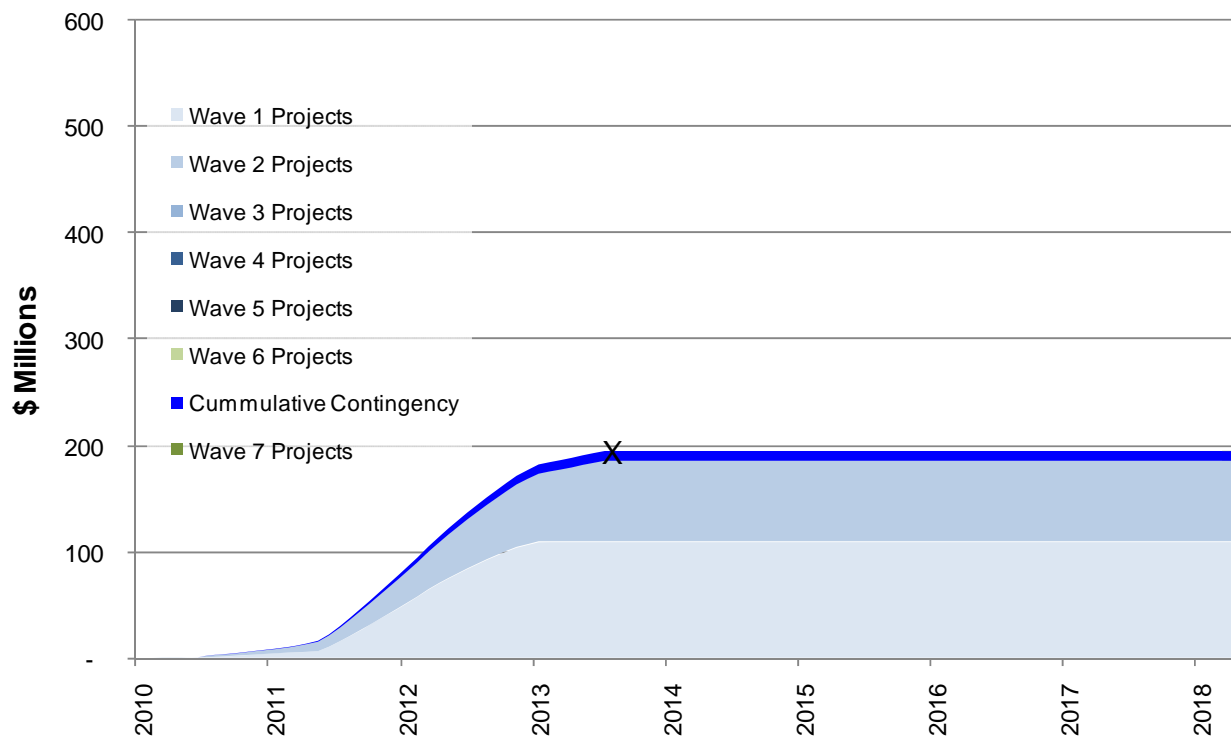
Program Drivers – Project List (Initial Program Plan)

Wave 1 Projects	Total Cost	Completion Date
Montessori/Springfeild Support Fac	6,000,000	1/1/2013
Memminger ES	22,000,000	8/1/2013
James Simmons ES	27,400,000	8/1/2013
Buist Academy	35,700,000	9/1/2013
Charleston Progressive ES	18,600,000	8/1/2013
Total Amount of Projects in Wave 1	109,700,000	
Contingency	5,485,000	
Total Including Contingency	115,185,000	



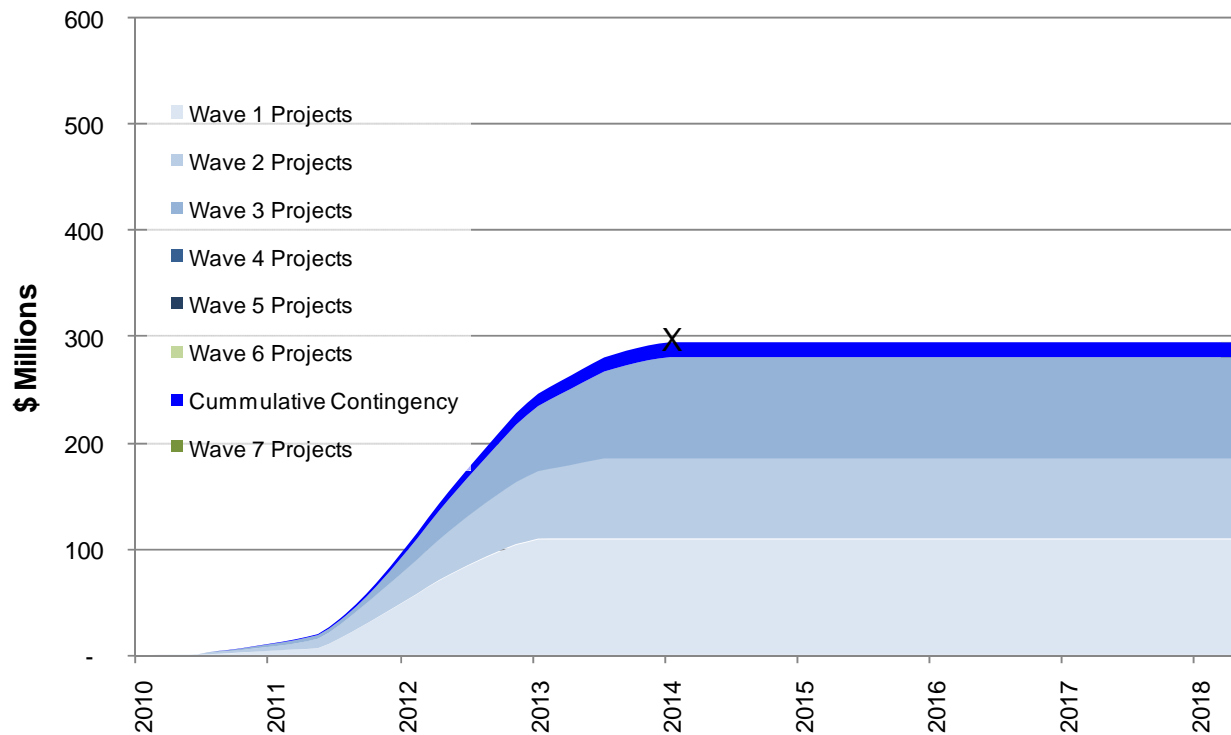
Program Drivers – Project List (Initial Program Plan)

Wave 2 Projects	Total Cost	Completion Date
Wando Middle College	49,700,000	2/1/2014
Harborview ES	26,500,000	1/1/2014
Total Amount of Projects in Wave 2	76,200,000	
Contingency	3,810,000	
Total Including Contingency	80,010,000	



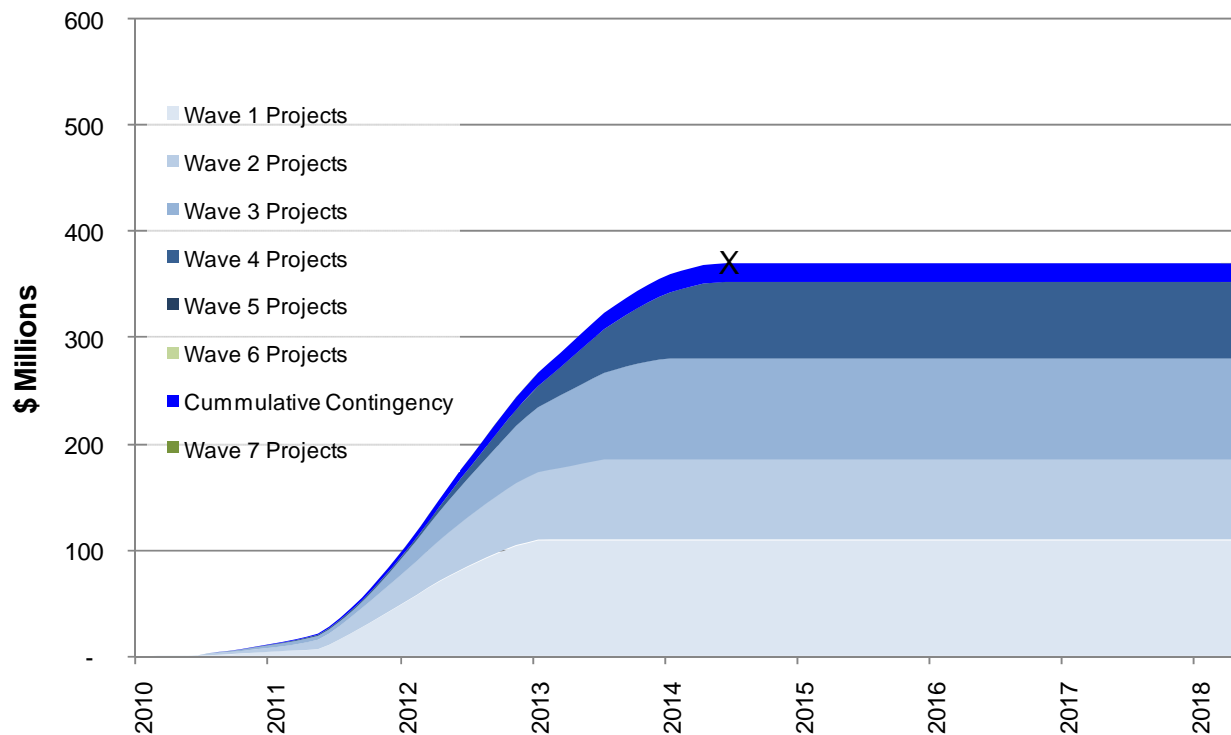
Program Drivers – Project List (Initial Program Plan)

Wave 3 Projects	Total Cost	Completion Date
St Andrews ES	33,100,000	8/1/2014
Jennie Moore ES	34,400,000	7/1/2014
Chicora ES	28,000,000	8/1/2014
Total Amount of Projects in Wave 3	95,500,000	
Contingency	4,775,000	
Total Including Contingency	100,275,000	



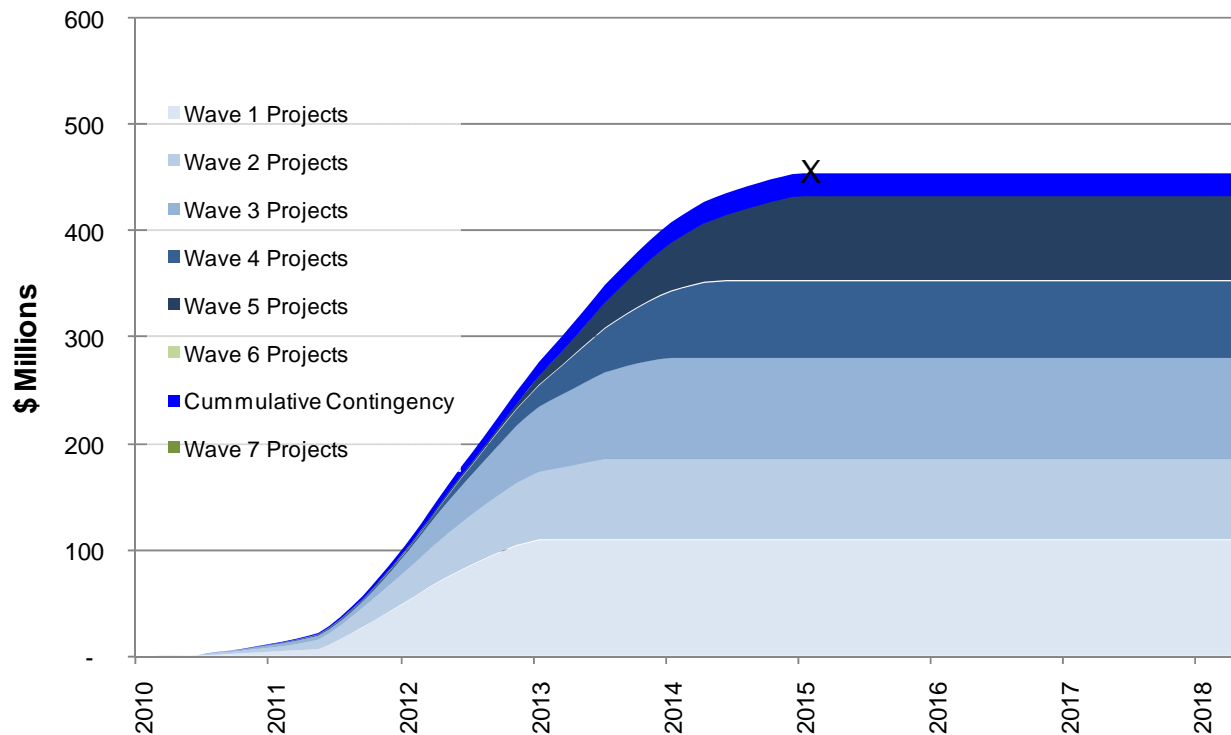
Program Drivers – Project List (Initial Program Plan)

Wave 4 Projects	Total Cost	Completion Date
Laing MS	39,100,000	11/1/2014
Lowcountry Tech @ Burke	5,000,000	1/1/2015
James Island HS	25,000,000	1/1/2015
CCSD Emergency OP's Center	2,500,000	12/1/2014
Total Amount of Projects in Wave 4	71,600,000	
Contingency	3,580,000	
Total Including Contingency	75,180,000	



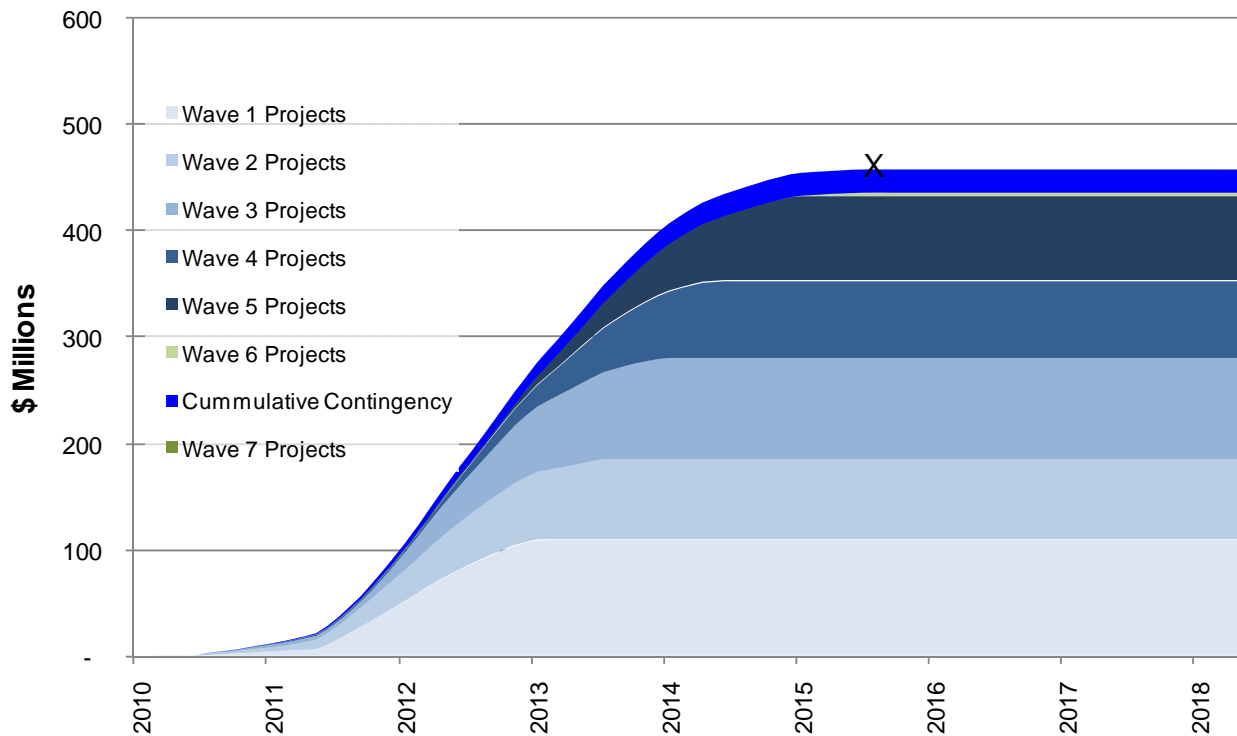
Program Drivers – Project List (Initial Program Plan)

Wave 5 Projects	Total Cost	Completion Date
North Chas Creative Arts	27,100,000	8/1/2015
Murray LaSaine ES	10,000,000	7/1/2015
Angle Oak ES	9,300,000	7/1/2015
Springfield ES	33,100,000	7/1/2015
Total Amount of Projects in Wave 5	79,500,000	
Contingency	3,975,000	
Total Including Contingency	83,475,000	



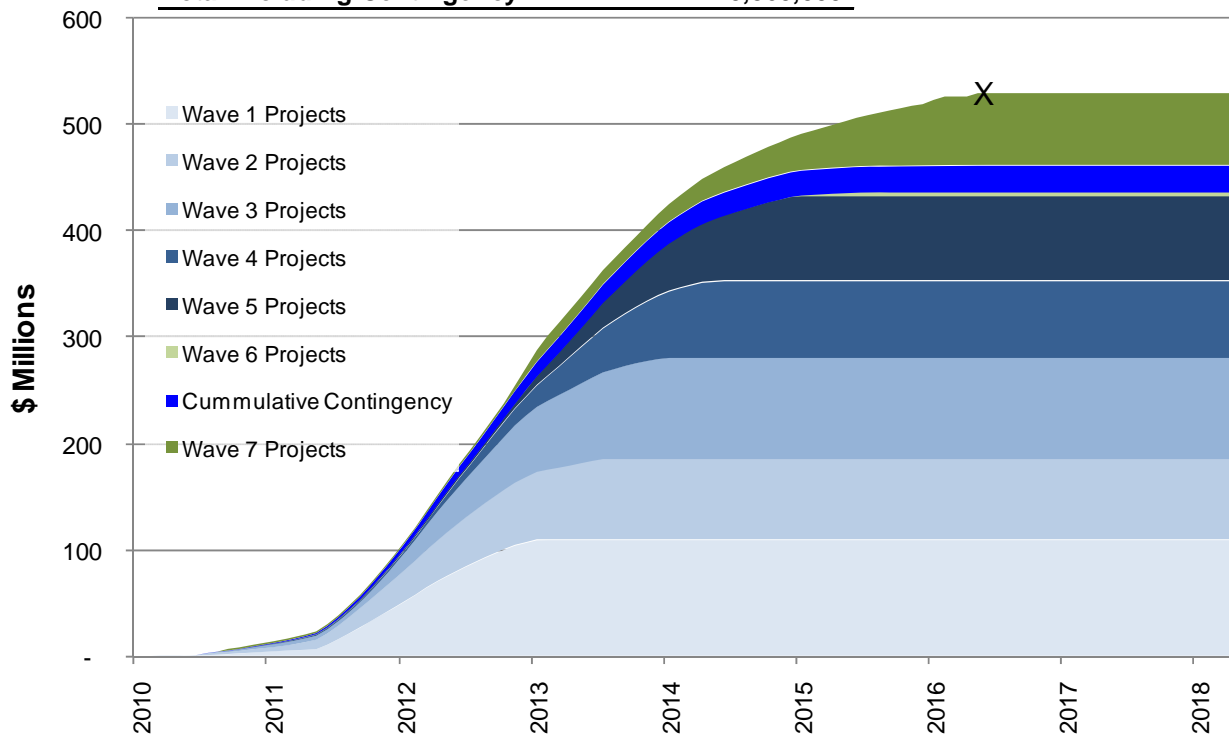
Program Drivers – Project List (Initial Program Plan)

Wave 6 Projects	Total Cost	Completion Date
Seismic Evaluations	3,200,000	1/1/2016
Design Master Plan	975,000	1/1/2016
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Total Amount of Projects in Wave 6	4,175,000	
Contingency	208,750	
Total Including Contingency	4,383,750	



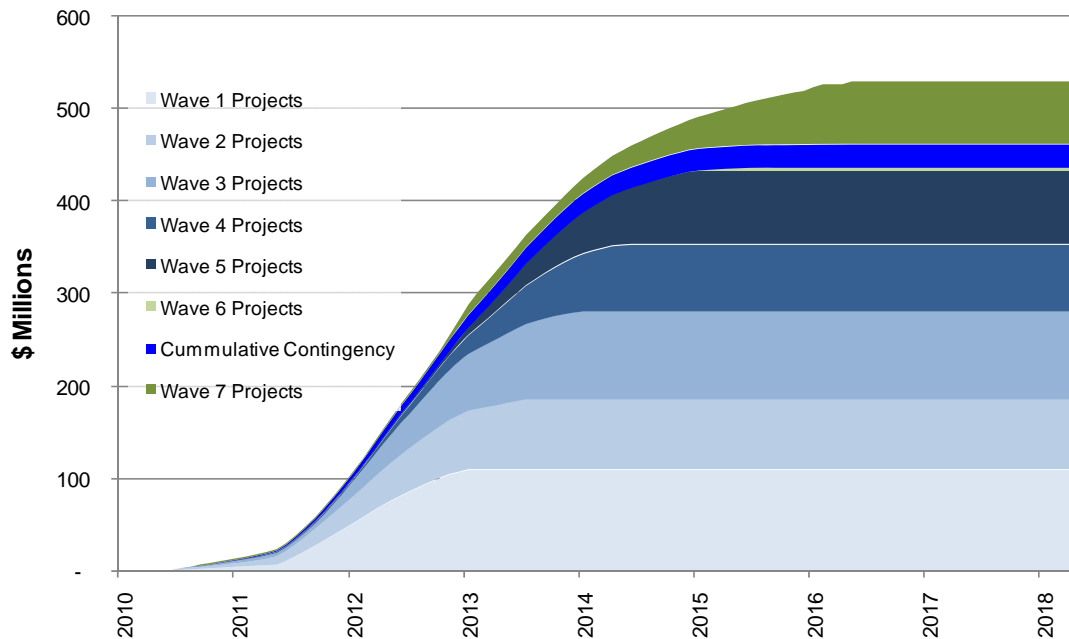
Program Drivers – Project List (Initial Program Plan)

Wave 7 Projects	Total Cost	Completion Date
Land Purchases	10,500,000	12/1/2016
Athletic Improvements	4,000,000	6/1/2016
Pinehurst Addition	15,300,000	8/1/2016
Stono Park ES	26,600,000	7/1/2016
Bus Lots	10,800,000	10/1/2013
Total Amount of Projects in Wave 7	67,200,000	
Contingency	3,360,000	
Total Including Contingency	70,560,000	



Program Drivers – Project List (Initial Program Plan)

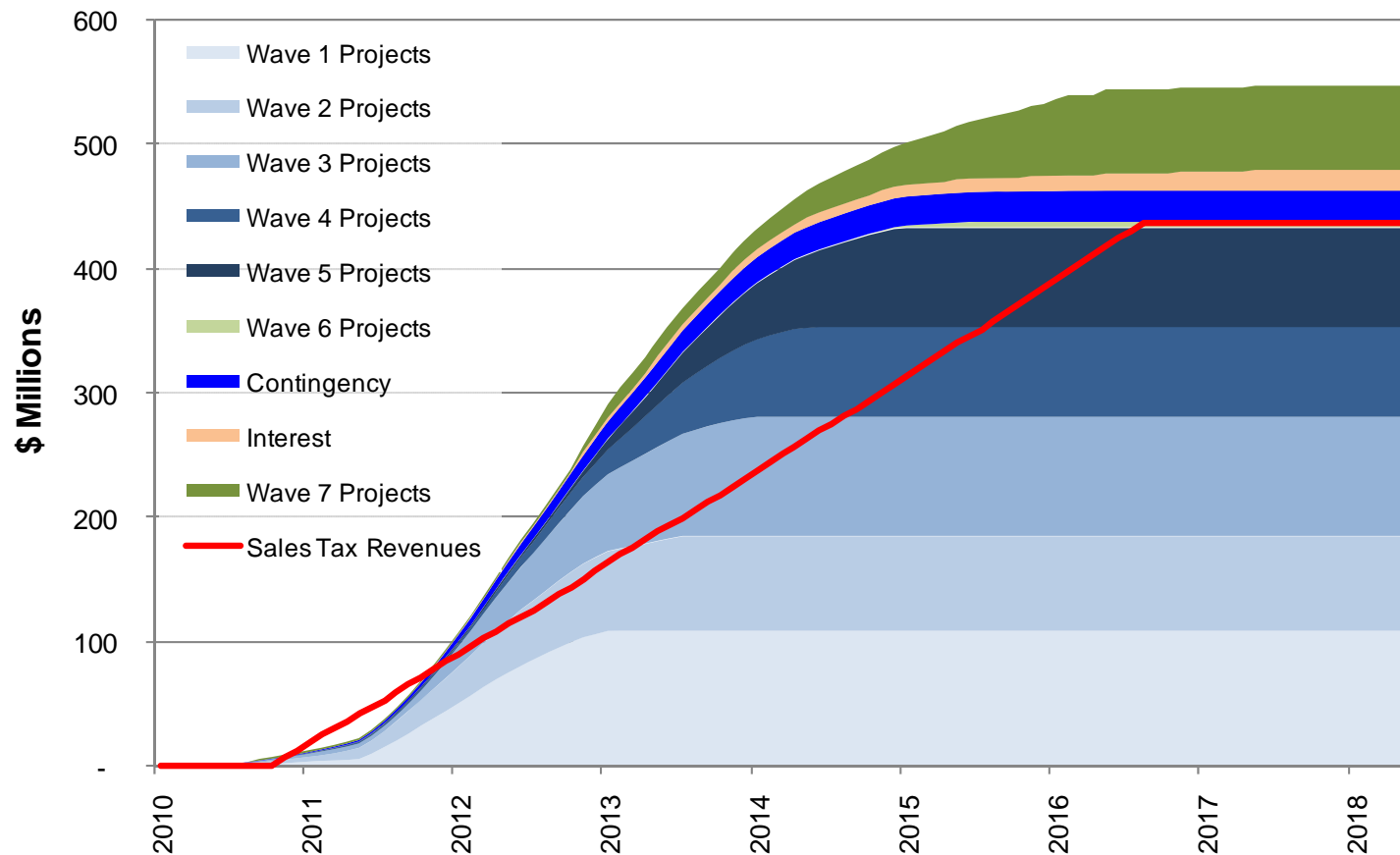
Projects by Wave	Total Cost	Completion Date
Projects in Wave 1	109,700,000	9/1/2013
Projects in Wave 2	76,200,000	2/1/2014
Projects in Wave 3	95,500,000	8/1/2014
Projects in Wave 4	71,600,000	1/1/2015
Projects in Wave 5	79,500,000	8/1/2015
Projects in Wave 6	4,175,000	1/1/2016
Projects in Wave 7	67,200,000	12/1/2016
Total Amount of Projects	503,875,000	
Contingency	25,193,750	
Total Including Contingency	529,068,750	



Financial Model – Base Case Cash flow

- Revenues lag construction expenditures throughout the program

Initial Construction Plan / Conservative Revenue Projections



Financial Model – Revenue and Construction Projections

Revenue Projections

- **Conservative** - Sales Tax Revenue Base in FY 2011 - \$70 million, annual growth at 2.0%
- **Moderate** - Sales Tax Revenue Base in FY 2011 - \$72.5 million (equal to 2010), annual growth at 3.0%
- **Aggressive Growth** - Sales Tax Revenue Base in FY 2011 - \$72.5 million (equal to 2010), growth in 2012-2014 mirrors previous changes and annual growth of 3.0% thereafter

Program Execution Projections

- **Initial Program Execution Plan** – All projects are funded according to original plan
- **Option 1** - Waves 1 and 6 Projects funded on original schedule, Waves 2, 3, 4, 5 and 7 delayed 6 months
- **Option 2** - Wave 1 Projects funded on original schedule, Wave 6 delayed 6 months and Waves 2, 3, 4, 5 and 7 delayed 12 months

Financial Model – Potential Scenarios

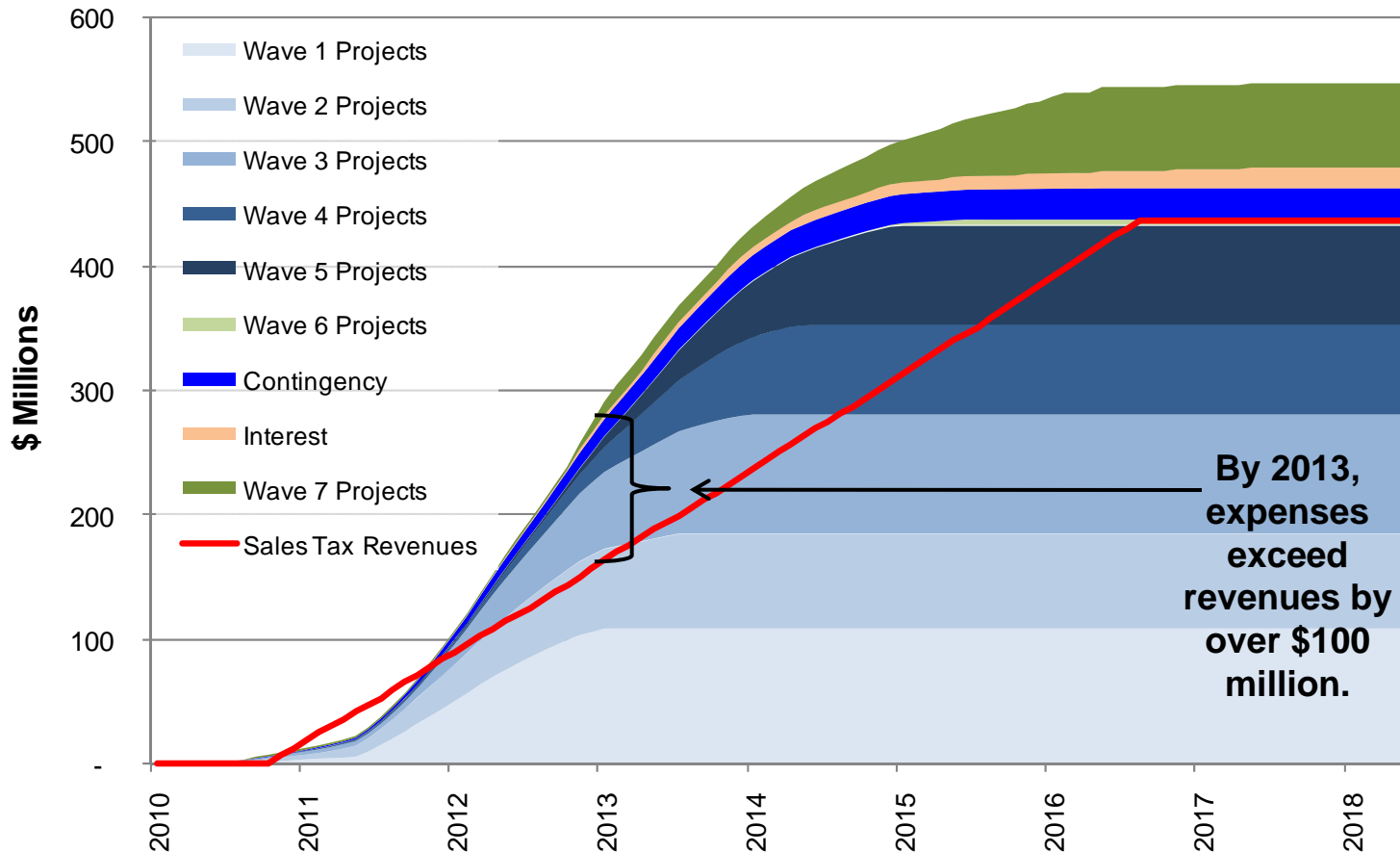
- **Three potential Revenue and Program Execution Scenarios have been developed to demonstrate possible outcomes:**
 - 1. Conservative Scenario**
 - Conservative Sales Tax Revenue projections
 - Initial Program Execution Plan
 - 2. Optimistic Scenario**
 - Aggressive Growth Sales Tax Revenue projections
 - Option 2 Program Execution
 - 3. Moderate Scenario**
 - Moderate Sales Tax Revenue projections
 - Option 1 Program Execution

Financial Model – Conservative Cash Flow

- **Conservative Scenario Assumptions**

- Conservative Sales Tax Revenue projections - \$70 million in 2011 and 2% growth thereafter
- Initial Program Execution Plan – Wave 1-5 complete by 2015

- **Result:** Construction of Waves 3 and later need to be delayed because too much 8% GO debt is required

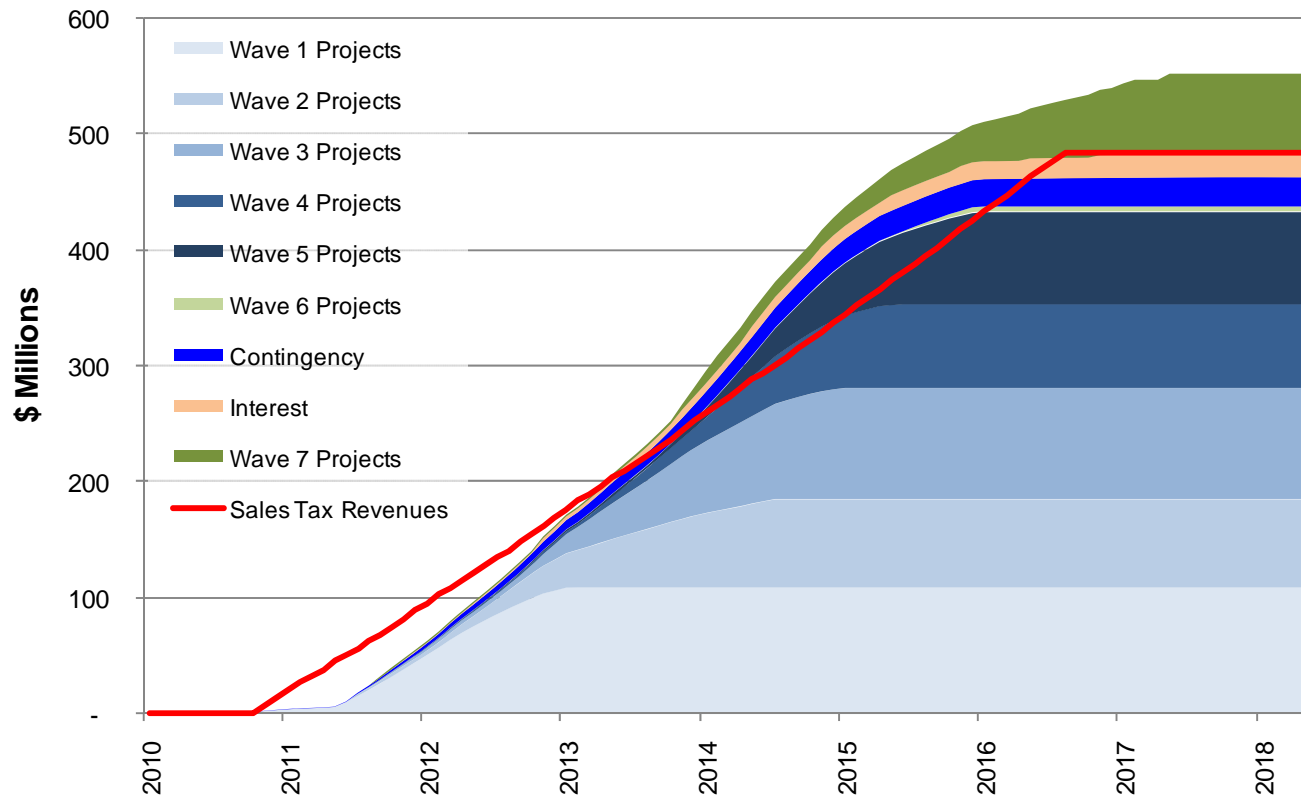


Financial Model – Optimistic Cash Flow

- **Optimistic Scenario Assumptions**

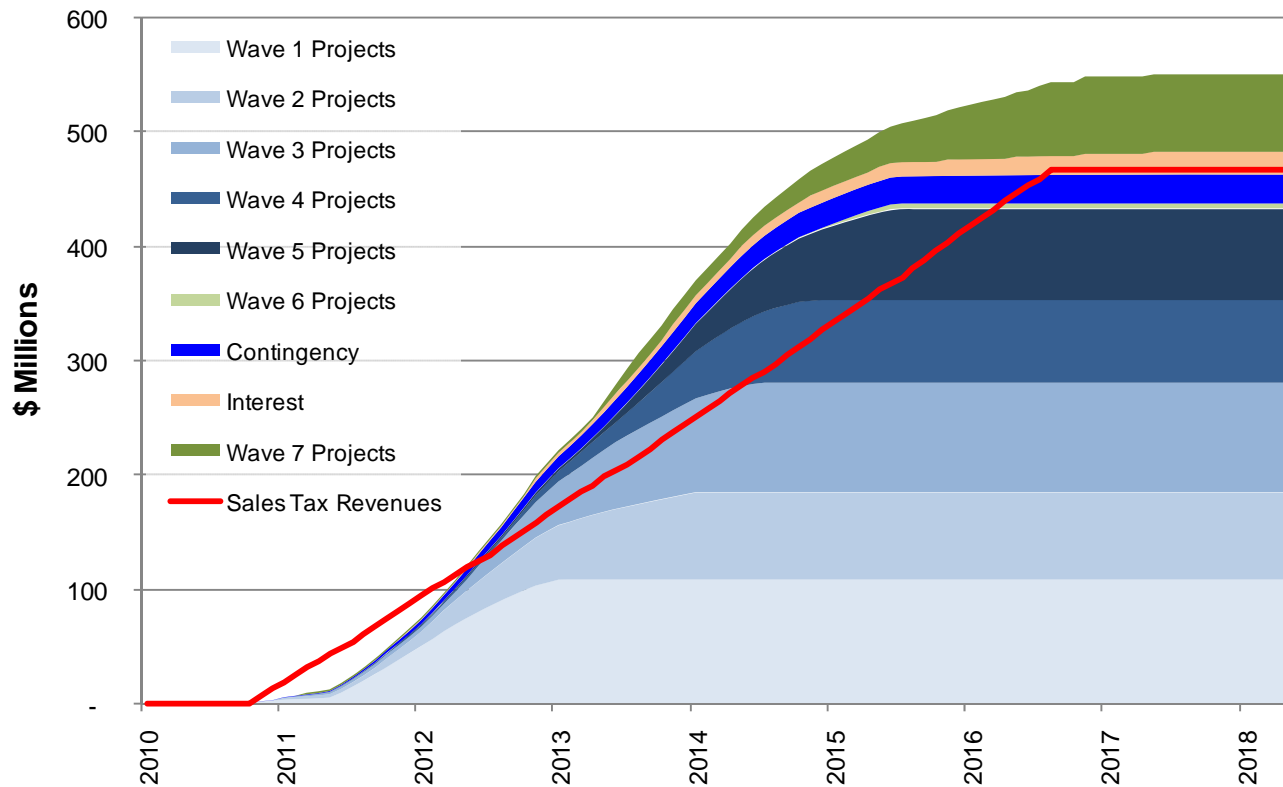
- Sales Tax Revenue Base in FY 2011 - \$72.5 million (equal to 2010), growth in 2012-2014 mirrors previous years and annual growth of 3.0% thereafter
- Wave 1 Projects funded on earliest possible completion schedule, Wave 6 delayed 6 months and Waves 2, 3, 4, 5 and 7 delayed 12 months

- **Result:** Cash flows work, limited 8% debt required and some Wave 7 projects completed



Financial Model – Moderate Cash Flow

- **Moderate Scenario Assumptions**
 - Sales Tax Revenue Base in FY 2011 - \$72.5 million (equal to 2010), annual growth at 3.0%
 - Waves 1 and 6 Projects funded on original schedule, Waves 2, 3, 4, 5 and 7 delayed 6 months
- **Result:** Cash flows work and stay within 8% debt limit if portion of contingency is used, no Wave 7 projects completed



Summary

- Sales Tax based capital programs are unique from a planning and management perspective.
 - The precise amount of Sales Tax revenues will vary from projections
 - Actual construction costs will be dictated by market factors
 - *Key point: The primary tool that the District can employ to manage the program is project timing/phasing*
- **Recommendations:**
 1. Move forward with design work as planned in order to facilitate construction at the earliest possible date
 2. Move forward with the Moderate Scenario assumptions
 3. Move forward with other future Waves as revenues and project costs are better refined
 - Allow flexibility to adjust individual projects to maximize program efficiency.