



# School Capital Fund Commission

---

*Regular meeting*

October 10, 2022



**BUNCOMBE COUNTY**



# Agenda

- ❖ Call to Order
- ❖ Approval to follow agenda as presented
- ❖ Approval of September 12, 2022 meeting minutes
- ❖ Public Comment
- ❖ SCFC Financial Review, Discussion, and Consideration of New Funding Requests Received and Presented at September 12, 2022 Meeting for Fiscal Year 2023
- ❖ Next Meeting – February 13, 2023



# Public Comment



# SCFC Financial Update and FY23 Project Requests



# Recommending Projects as SCFC

## Funding Considerations

Expenditure Minimum: \$100,000, Public School Capital Projects

### Criteria:

- Correct Safety and Health Concerns
- Comply with Legal Requirements
- Maintain Lowest Life-Cycle Cost
- Improve the Educational Environment

### Also Consider:

- Available Funding/Projections
- State of Economy
- Scheduling/Timing of projects

## Recent Funding History

<b>FY</b>	<b>Requested Amount*</b>	<b>Funded Amount</b>	<b>Amendment (Additional) Amount</b>
2020	\$18,792,208	\$17,000,000	\$150,000
2021	43,804,331	17,137,823	
2022	21,998,175	21,998,175	1,965,000**

\*Represents High/Top-Priority (Year 1) Projects

\*\*SCFC chose to increase a portion of increase requests



# Revenues

## Article 39 Sales Tax

50% of Article 39 sales tax is dedicated to school capital projects and is the major revenue that drives the funding capacity of the School Capital Commission Fund.

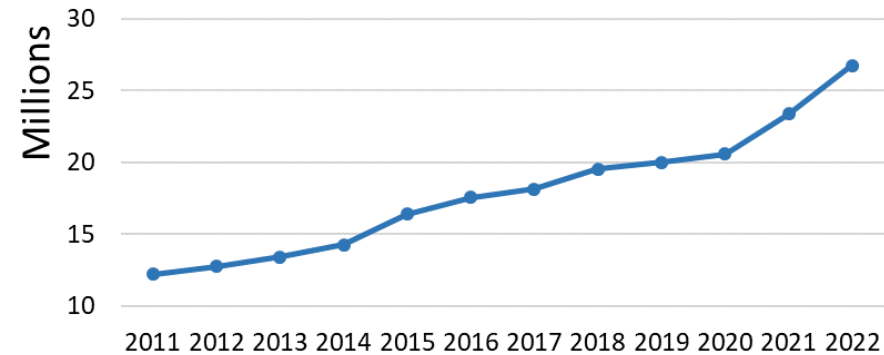
Since 2011, the average growth rate of this revenue is 7.23%.

Since 2018 (last 5 years), the average growth rate is about 8.22%. Since 2020 (last 3 years), the average growth rate is about 10.34%.

For FY2022, we initially estimated ~\$24M total in Sales Tax Revenue. We actually collected ~\$27M. This 14.44% year over year increase demonstrates stronger growth than anticipated. We anticipate revenues to be ~\$28M in FY23.

\*Revenue totals are shown on a modified-accrual basis (basis used for annual audit).

## History of Article 39 Sales Tax (50%)



	50% of Article 39 Sales Tax*	% Change from Prior Year
2011	12,209,070	4.39%
2012	12,730,836	4.27%
2013	13,394,029	5.21%
2014	14,260,854	6.47%
2015	16,387,330	14.91%
2016	17,572,165	7.23%
2017	18,132,135	3.19%
2018	19,534,805	7.74%
2019	19,991,041	2.34%
2020	20,585,926	2.98%
2021	23,287,620	13.61%
2022	26,764,166	14.44%



# Expenditures

## Existing Debt Service

Buncombe County has regularly issued debt to get the most from the Article 39 revenue. The County's stellar Bond Rating and sound financial practices usually result in low interest rates.

Buncombe County typically goes out for debt every two years.

Current SCFC debt obligations exist through 2040. A five-year snapshot of current debt is below.

Fiscal Year	Principal	Interest	Total Debt Service
2023	\$15,388,660	\$6,939,312	<b>\$22,327,972</b>
2024	14,974,890	6,472,645	<b>21,447,535</b>
2025	15,085,430	5,868,230	<b>20,953,659</b>
2026	14,847,660	5,109,430	<b>19,957,090</b>
2027	12,101,689	5,109,430	<b>16,657,003</b>

## Existing Projects

~61 existing projects in the Fund (BCS: 47; ACS: 12; Shared: 2)

30 Projects are over 75% complete, 19 are less than 10% complete, the remaining 12 projects average 45% completion

\$23M in projects that currently do not have debt service proceeds. These are projects from the last funding and one project from two-cycles ago. We need to ensure that we have a sufficient fund balance to pay for these **plus any new projects** from this upcoming cycle until we issue debt.



# FY23 Requests

Total First-Year High Priority Funding Requests:

**ACS:** \$10,600,441

**BCS:** \$20,585,000

---

**Total:** \$31,185,441





# FY23 Requests

District	Priority	School	Description	Est. Cost
ACS	1	Multiple ACS Schools	General Security Upgrades	\$ 110,000
ACS	2	Lucy S. Herring	HVAC Replacement to include ceiling replacement	\$ 4,440,920
ACS	3	Asheville High School	Replace Varsity Gym Floor , Bleachers and Lighting	\$ 549,080
ACS	4	Asheville High School	Main Building Auditorium	\$ 5,341,805
ACS	5	Montford School	Replace Water Service Line and Sewer Lines, Abatement	\$ 158,635
BCS	1	Multiple BCS Schools	Security Upfits: County Wide	\$ 660,000
BCS	2	Multiple BCS Schools	Countywide Technology Infrastructure Upgrades	\$ 6,400,000
BCS	3	Priority School	Lobby Security Upfit Large School	\$ 1,800,000
BCS	4	Avery's Creek Elementary	Queueing Drive	\$ 2,750,000
BCS	5	Priority School	Lobby Security Upfit Small School	\$ 950,000
BCS	6	A.C. Reynolds High	Track Replacement	\$ 1,800,000
BCS	7	Clyde A. Erwin High	Replace Window Walls	\$ 850,000
BCS	8	Avery's Creek Elementary	Reroofing Phase 4 of 6	\$ 750,000
BCS	9	A.C. Reynolds High	Chiller Replacment	\$ 350,000
BCS	10	Glen Arden Elementary	Fire Alarm Replacement	\$ 400,000
BCS	11	Pisgah Elementary	Fire Alarm Replacement	\$ 250,000
BCS	12	Weaverville Elementary	Energy Management System	\$ 450,000
BCS	13	Enka High	Sewer Upgrades - Phase 2	\$ 200,000
BCS	14	Emma Elementary	Paving	\$ 350,000
BCS	15	Fairview Elementary	Paving	\$ 250,000
BCS	16	Pisgah Elementary	Paving	\$ 325,000
BCS	17	A.C. Reynolds High	Tennis Courts	\$ 1,400,000
BCS	18	C.A. Erwin Middle	Energy Management System	\$ 650,000
<b>Total</b>				<b>\$ 31,185,441</b>

# Fund Balance Projection – FY2023 Funding: **\$31,185,441 (3%)**

Below is a fund balance projection based on revenue estimates and funding capacity estimates to project new debt service in future years.

Fiscal Year	2023	2024	2025	2026	2027
<b>Beginning balance<sup>1</sup></b>	41,174,724	10,233,708	34,151,728	3,268,969	36,419,701
<b>REVENUES</b>					
Article 39 Sales Tax <sup>2</sup>	27,567,091	28,394,103	29,245,926	30,123,304	31,027,003
Bond Proceeds	-	54,323,639	-	64,173,290	-
<b>Total revenues</b>	27,567,091	82,717,742	29,245,926	94,296,595	31,027,003
<b>EXPENDITURES</b>					
Approved Projects in Progress <sup>3</sup>	36,180,134	31,185,441	34,394,547	29,778,744	30,955,864
<i>Pending Debt Service<sup>4</sup></i>	-	2,545,202	2,036,161	1,989,885	1,943,609
<i>Estimated New Debt Service<sup>5</sup></i>	-	2,806,690	2,744,319	8,457,544	8,266,827
<i>Debt Issuance Costs<sup>6</sup></i>	-	814,855	-	962,599	-
Existing Debt Service	22,327,972	21,447,535	20,953,659	19,957,090	16,657,003
<b>Total expenditures</b>	58,508,106	58,799,722	60,128,686	61,145,862	57,823,302
<b>Revenues over (under) expenditures</b>	<b>(30,941,015)</b>	23,918,020	<b>(30,882,760)</b>	33,150,732	<b>(26,796,299)</b>
<b>Estimated Available Fund Balance</b>	<b>\$10,233,708</b>	<b>\$34,151,728</b>	<b>\$3,268,969</b>	<b>\$36,419,701</b>	<b>\$9,623,402</b>

<sup>1</sup>Ending FY2022 Fund Balance

<sup>2</sup>3% Growth on Sales Tax

<sup>3</sup>Assumes remaining obligations met in FY2023

<sup>4</sup>Anticipated debt for projects approved before 10/10/22: \$23,138,198; 20 years; 4% interest

<sup>5</sup>Estimated new debt service based on 20 years, 4%

<sup>6</sup>Debt issuance costs based on amount of debt issued: (<10M = 4%, >10M & <25M = 2%, >25M & <75M = 1.5%, >75M = 1%)

# Fund Balance Projection – FY2023 Funding: **\$31,185,441 (5%)**

Below is a fund balance projection based on revenue estimates and funding capacity estimates to project new debt service in future years.

Fiscal Year	2023	2024	2025	2026	2027
<b>Beginning balance<sup>1</sup></b>	41,174,724	10,768,992	35,800,401	6,654,582	42,214,021
<b>REVENUES</b>					
Article 39 Sales Tax <sup>2</sup>	28,102,374	29,507,493	30,982,867	32,532,011	34,158,611
Bond Proceeds	-	54,323,639	-	64,173,290	-
<b>Total revenues</b>	28,102,374	83,831,131	30,982,867	96,705,301	34,158,611
<b>EXPENDITURES</b>					
Approved Projects in Progress <sup>3</sup>	36,180,134	31,185,441	34,394,547	29,778,744	30,955,864
<i>Pending Debt Service<sup>4</sup></i>	-	2,545,202	2,036,161	1,989,885	1,943,609
<i>Estimated New Debt Service<sup>5</sup></i>	-	2,806,690	2,744,319	8,457,544	8,266,827
<i>Debt Issuance Costs<sup>6</sup></i>	-	814,855	-	962,599	-
Existing Debt Service	22,327,972	21,447,535	20,953,659	19,957,090	16,657,003
<b>Total expenditures</b>	58,508,106	58,799,722	60,128,686	61,145,862	57,823,302
<b>Revenues over (under) expenditures</b>	<b>(30,405,732)</b>	25,031,409	<b>(29,145,819)</b>	35,559,439	<b>(23,664,691)</b>
<b>Estimated Available Fund Balance</b>	<b>\$10,768,992</b>	<b>\$35,800,401</b>	<b>\$6,654,582</b>	<b>\$42,214,021</b>	<b>\$18,549,329</b>

<sup>1</sup>Ending FY2022 Fund Balance

<sup>2</sup>5% Growth on Sales Tax

<sup>3</sup>Assumes remaining obligations met in FY2023

<sup>4</sup>Anticipated debt for projects approved before 10/10/22: \$23,138,198; 20 years; 4% interest

<sup>5</sup>Estimated new debt service based on 20 years, 4%

<sup>6</sup>Debt issuance costs based on amount of debt issued: (<10M = 4%, >10M & <25M = 2%, >25M & <75M = 1.5%, >75M = 1%)

**Next Meeting: February 13, 2023  
3 PM**

