

Why Do A Capital Project?

Each and every day, approximately 900 children and 150 staff members pass through our doors. Add to that number the fact that in the evenings and on weekends the community comes together to share in a multitude of events, celebrations and learning sessions within our buildings and grounds. Maintaining these assets in a safe, healthy, and sound manner is paramount in providing for the best learning environment for our community. These day-to-day repairs fall into the realm of our general operations budget and are accounted for year by year.

As with a home, certain items (like roofs and sewer lines) can only be repaired and patched so many times before the product reaches the end of its life cycle and replacement becomes necessary. Although our operations budget allows for general repairs and maintenance, we do not account for these larger scale capital upgrades or replacements. These fall into the category of "capital improvement projects."

The State Education Department (SED) encourages school districts to undertake a routine schedule of capital improvements to maintain their facilities and grounds. To assist in this process, the SED requires annual visual inspection reports, building condition surveys, and a five-year plan to be developed and reviewed on a cyclical basis. As further incentive, the SED also provides districts reimbursement through "building aid" for capital projects.

What this means is that the state will pay a percentage of capital project costs, and the district pays the balance known as "Local Share". Our current building aid ratio is 89.8% and, therefore, the State would provide for approximately 90 cents of every dollar on aidable work within our buildings! If these projects were to be done out of our operations budget, we would need to fund 100% of it as local share, which is not practical.

As a homeowner, don't you wish the State would provide such funding to you so you could make needed repairs for large expenses such as updating your unsafe, brittle electrical wiring, selectively replacing failing doors (some of which were installed in 1958), or replacing your collapsed pipes? I use these three examples because they are just three of the needs in our schools.

Our District and our Board of Education have been very diligent in planning ahead for needed capital work and have had the foresight to establish a capital reserve account to offset the balance of the money for repairs. The capital reserve was set up to protect our school's assets knowing that we would eventually need to address aging, outdated, non-compliant, faltering, or even hazardous capital items that occur over time before they become efficiency, safety and/or security issues. This money is already set aside, much like a savings account, to specifically offset any local share for a capital project and can enable us to address some of our capital needs with no added increase to the local tax levy.

Why Maintain Our Facilities and Grounds?

Well, certain items can no longer be maintained and have reached the end of their life or are failing. We need to bring our facilities into compliance with the American Disabilities Act as required by law. We don't expect the SED's contribution to capital project costs to get any better than they are right now. We also know that construction costs continue to escalate with each passing year; however, the construction industry is a very competitive marketplace right now. Owners who can undertake construction in this climate benefit from lower material and labor costs. If we choose to wait and pursue the same project in the future, we would expect the cost to the taxpayers to be higher.

In Summary . . . So Why Do a Capital Project?

To take advantage of State aid incentives that we are provided. Our current building aid ratio is 89.8% and therefore the State would provide for approximately 90 cents of every dollar on aidable work within our buildings!

Because the local share is already set aside and can enable us to address some of our capital needs with NO ADDITIONAL COST TO THE TAX PAYERS!

To reduce annual repair costs and energy consumption.

To provide for major capital expenditures that are not part of our annual operating budget.

To reduce construction costs through bulk purchasing.

To provide the best learning environment for our children and community by addressing aging, outdated, non-compliant, faltering or even hazardous items that occur over time.

To address efficiency, safety and/or security issues.