

METHACTON HIGH SCHOOL CAMPUS PLANNING COMMITTEE

Planning Our Future

Subcommittee 2 Operational Costs

October 14, 2023

Attendance and introductions were completed within Sub Committee 2A. Attendees: Mr. Paul Winters, Mr. Steven Burda. Mr. Adam Slavin, Mr. Todd Buzby, Ms. Kathy Muscarella, Dr. Jim Mollock, Ms. Nerissa Spampanato, Mr. Tim Bricker, Dr. Aaron Roberts

Strengths

- What would you list as the financial strengths of the Methacton School District?
 - Upper middle class
 - Double A rated bonds
 - Guaranteed revenue stream based on PA school taxes set up
 - Good tax base
 - Have not built a high school since 1961
 - Have not made big investments into the high school
- What would you list as the financial strengths of the proposed Master Facilities Plan?
 - Borrowing capacity
 - Double A rating Moody's
 - Upper middle class
 - Attractiveness of the school district
 - Families want to move into the district
 - Planning for future projects and district needs
 - Proposed \$230 million is for all district projects
 - Gives the district direction
- What would you list as the financial strengths of the District Debt?
 - Double A rating Moody's
 - \$100 million in borrowing capacity
 - Drop off in debt is significant over the course of 20-30 years.
- What would you list as the strengths of the Capital Projects Fund?
 - Can take on emergency projects without having to borrow money
 - Strong balance 13 million to 3 million
- What would you list as the strengths of the Assessed Values Report?
 - Community is growing
 - Assessed home values are going up and growing
 - Lower Providence Community and Worcester Community values are going up
 - Tim -get the breakdown of commercial and residential by township

Challenges

- What would you list as challenges regarding the financial position of the Methacton School District?
 - Uncertainty
 - Unexpected costs
 - Insurance liability

- Communication to community
- Community buy in
- Mill rate tax for property owner
- Commercial vs residential taxes
- Moody's review
- What would you list as challenges regarding the financial position of the proposed Master Facilities Plan?
 - Projection not a certainty
 - Number of district buildings that need repairs
 - Money allocated to those repair costs
- What would you list as challenges regarding the financial position of the Methacton School District Debt?
 - Interest rate volatility
 - Future wrap around aspects
 - Have to borrow for big projects
- What would you list as challenges regarding the financial position of the Capital Projects Fund?
 - Commitment to fund it
 - Interest on repairs
 - Have to keep 7% in the capital fund
 - No cap
- What would you list as challenges regarding the financial position of the Methacton School District Assessed Values?
 - Residential vs Commercial
 - Mill Rate

Opportunities

- When I think of our financial position in the future, I envision the following...
 - Grants
 - Sustainability
 - Leverage PECO
 - New school no debt
 - Triple A Moody's Rating
 - Debt service cost to pay down
 - Ongoing project
 - Stable mill rate
 - Work with multiple communities to improve the area
- What are the financial trends that we should further investigate as a district?
 - Grant opportunities
 - State money allocation
 - Interest rates
 - CD's lock in higher rates
 - Access commercial resources
- Can we prioritize these trends as a group?
 - Apply for grants
 - Interest rates
 - PlanCon opportunity
 - State funds for schools
- Are there opportunities to provide a better future financial position?

- Residential opportunities
 - Apartment complex
 - 55 and over communities
- Less borrowing
- Keep up with maintenance
 - What might that position look like and why is it important for us to focus on that?
 - Does this future financial position align with the Master Facilities Plan or does it run in contrast to the plan? How and why?
 - Yes, work on the capital projects can be completed
 - Have the ability to address the needs of the district.
 - What can the subcommittee suggest the district begin doing in order to realize that desired financial position?
 - Lock in interest rates now if we can
 - Research the cost of renovations vs. new construction
 - Make ongoing repairs
 - Reach out to the business community

Threats

- What future threats will impact the Methacton School District's financial position if investments into high school building/campus are not made?
 - Safety and Security
 - Overcapacity
 - Classroom size
 - Environmental concerns
 - Decreased enrollment
 - People moving out of the district
 - Private/Charter School
 - Continued building issues that need to be addressed
 - Future Educational practices with current building structure
 - State Funding
- What are the external financial related matters preventing the district from making improvements to our campus/building?
 - Interest fluctuation
 - Cost overruns
 - Legal concerns
 - Zoning (easements, setbacks)
 - State funding
- Are there campus/building improvements that, if not implemented, could undermine the perceived value of our institution?
 - Decreased education opportunities

Other notes:

- Mr. Burda volunteered to be the lead and present on November 2nd.
- Mr. Slavin volunteered to be the lead and present on November 2nd.
- Mr. Bricker reviewed the current operational costs.
- Basement of Farina, technology, storage,
- Roof issues in Farina building, issues with heating system

- Questions about repairs and maintenance at the Farina and High School related to 2021-2022
- Mr. Bricker shared information about General Fund versus borrowing money relative to construction funds as well as capital project funds.
- COVID funds vs ESSER funds
 - ESSER Funds can be found on the PDE website and it has to be approved from PDE.
 - HVAC issue at Farina pockets of hot and cold
 - Roof issues at Farina: When was the last time a new roof was installed at Farina?
 - Planning for the Future new school is what is required?
 - How can we secure funds on a loan or on a gift basis to pull funds together to plan for a new school?
 - How can we work together to figure this out?
 - Flagship building
 - Bring the community together
 - Interest on the cost was brought up is it up to \$70 million on a \$120 million project
 - Is it \$220 million?
 - When you borrow money you have to pay interest?
 - Check on the rating? Cost per pupil per year?
 - Operation cost vs. Debt Cost is the goal of today.
 - Costs are covered relative to charter schools
- Reviewed estimated Impact to Debt Service for repairs
 - Shared document and communicated that this will be shared in the drop box
- Debt numbers presented are principal and interest.
- This is a scenario of how \$100 million can be borrow or what the current debt will be over the course of the next 30 years.
- Debt service is principal and interest payments
- Shared the \$180 million of repairs and borrowing over the course of the next three years.
- Debt service is typically 8-10% of a school district budget.
- Would not have to go out to referendum
- Would not be over our borrowing capacity
- Numbers are based on the assumption we have right now
- Borrowing capacity is at \$196 million now.
- Assumption are based on where we are right now.
- Bond money has been currently spent
- Three years to spend a bond
- Right now we can take \$100 million dollars.
- Keeping the land at Audubon
- District borrowing program that will have to cover other maintenance costs at other buildings.