



# CLAY COUNTY SCHOOL DISTRICT

**SARATOGA SPRINGS WORKSHOP**

June 1, 2006

# Evaluation of Financial Impacts

- Estimate Total Capital Revenues
- Estimate Total Capital Costs
- Estimate Surplus or (Deficit)

# Estimated Capital Revenues

- Impact Fees

Single-Family	2,577 x \$7,034 =	\$18,126,618
Multi-Family	985 x \$3,236 =	\$3,187,460
<b>Total Impact Fees</b>		<b>\$21,314,078</b>

# Estimated Capital Revenues (cont.)

- Capital Ad Valorem Taxes (2 mills)

- Assumptions Used

- Average Values

- Single Family \$300,000
      - Multifamily \$200,000
      - Age Restricted \$250,000
      - Commercial \$125 per ft.

- Homestead Exemption \$25,000 (All)

- Assessment Assumption 85%

- Annual Growth 3%

- 10 year absorption

- 30 year period (life of total debt service)

- Projected Capital Ad Valorem **\$78,389,250**

# Estimated Capital Revenues (cont.)

- Total Estimated Capital Revenues

Impact Fees	\$21,314,078
Ad Valorem	\$78,389,250
<b>Total Capital Revenues</b>	<b>\$99,703,328</b>

# Estimated Capital Costs (Staff)

	March 2005	April 2006 (1)		May 18, 2006	
Elementary	\$13,789	\$14,507	(5.2%)	\$21,985	(51.5%)
Jr. High	\$15,810	\$16,633	(5.2%)	\$26,152	(57.2%)
High	\$20,921	\$22,011	(5.2%)	\$24,059	(9.3%)

(1) – Per District Staff, DOE – January 2007.

# Estimated Capital Costs (Project)

	Student Stations	April 2006 (1)	Total Cost
Elementary	996	\$14,507	\$14,448,972
Jr. High	306	\$16,633	\$5,089,698
High	516	\$22,011	\$11,357,676
<b>Totals</b>	<b>1,818</b>		<b>\$30,896,346</b>

(1) – Per District Staff, DOE – January 2007.

# Estimated Capital Costs (Adjusted)

	Student Stations	Developer (1)	Total Cost
Elementary	862	\$18,057 (24.3%)	\$15,565,134
Jr. High	1,005	\$19,500 (17.1%)	\$19,597,500
<b>Totals</b>	<b>1,867</b>		<b>\$35,162,634</b>

	Student Stations	Clay Staff (1)	Total Cost
Elementary	862	\$21,985 (51.5%)	\$18,951,070
Jr. High	1,005	\$26,152 (57.2%)	\$26,282,760
<b>Totals</b>	<b>1,867</b>		<b>\$45,233,830</b>

(1) – Percent increase from April 2006 estimates by District Staff.



# Estimated Capital Costs (TVM)

## Assumptions

Estimated Construction Costs	\$35,162,634 (Current Dollars)
Inflation Rate	3% per year until construction
Elementary School Financing	2009
Jr. High School Financing	2016
Term of Bonds	20 years
Debt Service Reserve	1 year D/S
Capitalized Interest	12 months
Issuance Costs	3.00%
Interest Rate	5.70%
<b>Total Capital costs</b>	<b>\$87,683,355</b>

# Estimated Surplus (Deficit)

Estimated Capital Revenues	\$99,703,328
Estimated Capital Costs	\$87,683,355
<b>Estimated Surplus (Deficit)</b>	<b>\$12,019,972</b>

# Financing Alternatives

- School District Financed
- Developer Financed



# School District Financed

## Pro

- Interest Rate Differential
  - Est. 100 basis points lower
  - Maximum over life of debt approx. \$8 Million
  - Could be reduced to \$1.7 Million with Cash Management Techniques
    - Call Feature
    - Project's "Financial Feasibility" known by time of 2<sup>nd</sup> issuance
    - Only a "Pro" if Revenues are Sufficient to pay debt

## Con

- District assumes Shortfall Risk
- District must receive State approval to construct
- Time to Construct
- Cost to Construct
  - Latest Staff Increases
    - Elementary (52%)
    - Jr. High (57%)
    - High (9%)

# Developer Financed

## Pro

- Developer Assumes Shortfall Risk
- Timing of Construction not dictated by State
- Time to Construct
- Costs to Construct

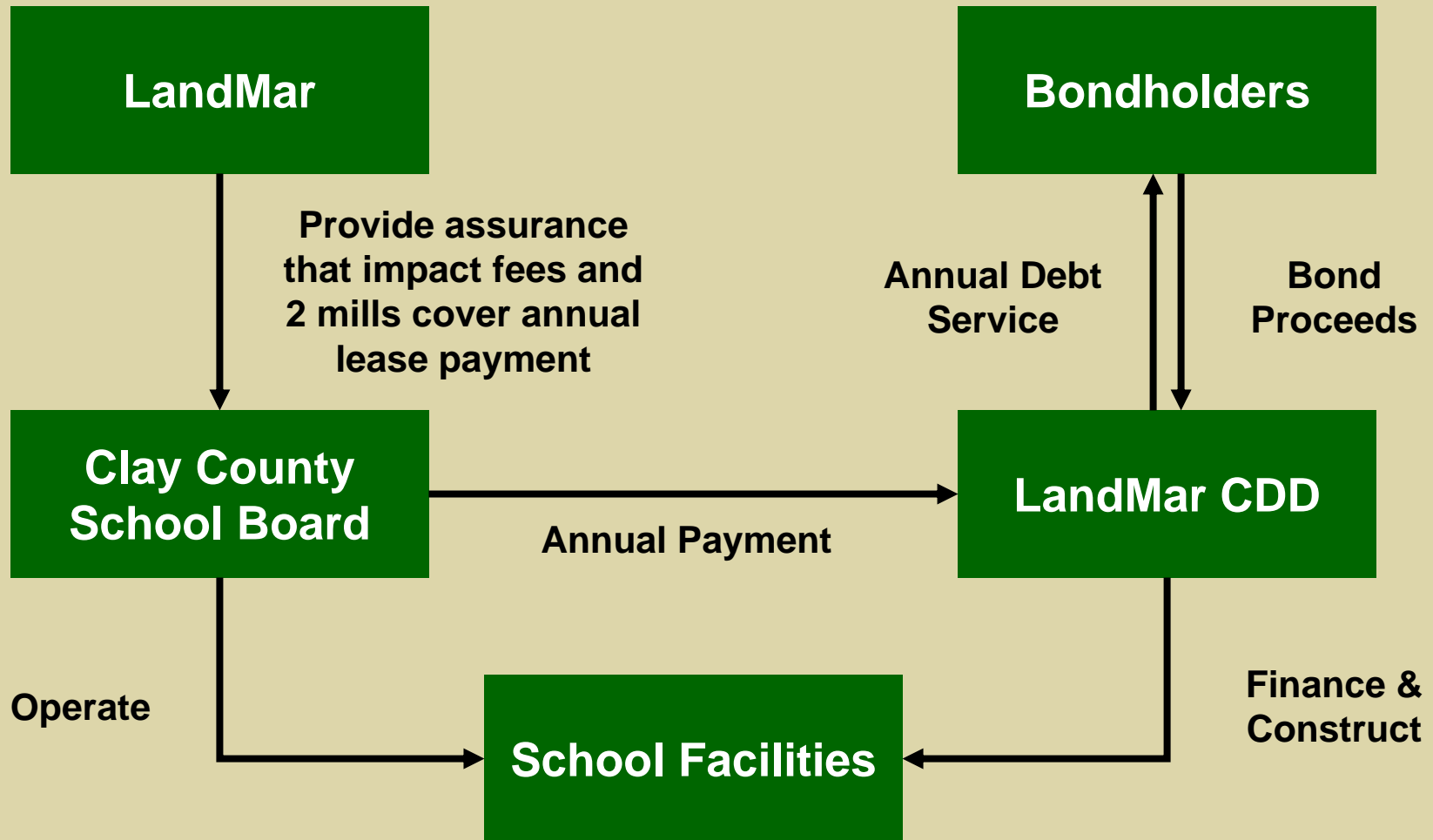
## Con

- Interest Rate Differential
  - Only a “Con” if Revenues are Sufficient to Pay Debt

# Developer Financing Explanation

- **Step 1:** CDD issues bonds to finance construction of School facilities.
- **Step 2:** Bonds are secured by a Lease payment from the School District that is equal to the debt service on the bonds.
- **Step 3:** School District establishes “Escrow” for Saratoga Impact Fees and Capital Ad Valorem.
- **Step 4:** LandMar agrees to prepay impact fees to the extent necessary to make up any deficiency between the Escrow and the Lease payment (No risk to School District)
- **Step 5:** Upon expiration of the Lease, title to the facility is transferred to the School District.

# Developer Financing Illustration



## NOTES:

- The lease is subject to annual appropriation. School Board cannot commit beyond 1 year without voter approval.
- Bonds will be non-rated unless tied to COPs "Master Lease" program.

# Developer Offer

- Developer Finance Construction of 2 Schools
  - Elementary and Jr. High
  - Sources
    - Impact Fees
    - 2 mill Capital Ad Valorem from Project
    - Developer Assumes Shortfall Risk
  - Construction Tied to Development Schedule
- Monetary Payment to School District
  - Developer Donates 2 School Sites
  - School District Responsible for Construction
  - Developer makes payment of \$1,250,000 at completion of each School (\$2.5 million total)
  - Developer would consider Financing construction to assist with Timing and Costs at a later date if District requests