

Windham School District

School Administrative Unit #95

Winfried Feneberg
Superintendent

Adam Steel
Director of Business, Finance, and Operations

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To: Winfried Feneberg, Superintendent
From: Adam Steel, Business Administrator
RE: CNA Projects- FY16 Budgeting and Current Status

Friday, August 29, 2014

Dear Mr. Feneberg,

Executive Summary

The purpose of this document is to develop an action plan necessary to ensure the CNA is completed on schedule while maintaining a consistent tax impact. By examining short-term projects and longer term projects, this document develops a long-range funding plan through FY20 that allows the voters to approve appropriations each year for projects, ensures that any project savings are kept in the capital reserve fund for school repairs and maintenance (and therefore are unable to be spent for other purposes), and maintains a consistent tax impact.

Projects identified through FY15 have funding sources identified and the projects can move forward with approval of bids by the School Board.

The Board will need to consider funding for FY16 projects during the next budget cycle. This process has already begun with the Board identifying the WMS roofing projects as being potential CIP projects.

Capital Needs Assessment Background

The District contracted with On-Site Insight to perform a capital needs assessment of all District facilities. They performed their onsite inspections in December, 2013. The result of their work is five documents that detail each building (GBS, WCS, WMS, WHS, and the SAU), its major systems, envelope, and paving systems.

The finished documents are prepared to provide order of magnitude cost information for a long range replacement plan. Items are not logically grouped to even out expenditures, coordinate common purchases, or to align with other District initiatives.

The complete reports are available online here:
<https://sites.google.com/a/windhamsd.org/business/home-1/cna>

After receiving the reports from On-Site, significant work had to be done in order to transform the documents into a usable report that can be used for budgeting and planning. First, all of the data was put into a spreadsheet by school. Next, summary tables were created that rolled up data into logical units for analysis purposes. Then, annual maintenance items were removed and added to a separate list of annual maintenance tasks. Items that were listed in the report to be completed over a range of years were consolidated and highlighted so that they could be moved around to even out expenses. Major projects were identified and highlighted for clarity. Finally, a spending plan was prepared that moved projects around (within recommended limits) to even out expenses, to manage cash flow, and to coordinate projects at specific buildings.

Long Term Funding Plan

Moving forward, the District should make use of the capital reserve fund (“CRF;” as defined and implement per RSA 35 <http://www.gencourt.state.nh.us/rsa/html/III/35/35-mrg.htm>) to manage cash flow for scheduled projects. Operating in a similar manner to a savings account, through consistent contributions to the CRF, in fiscal years where projects will not total the full amount budgeted for that year, unexpended funds can remain in the CRF to cover costs of projects in future years that exceed the amount budgeted for that fiscal year.

The additional benefit of making use of the CRF is that voters will have the opportunity to approve scheduled projects through a warrant article each year. Further, the School Board will only need to withdraw the actual amount needed after the project is completed, ensuring that any surplus funds remain in the CRF and can only be used for future maintenance and repair projects.

For example, it is suggested that the District make an annual contribution of \$675,000 each year, increasing by 2% each year. In years where there are only \$300,000 worth of anticipated projects, the balance of \$375,000 would remain in the CRF for future projects in future years. Further, if the actual cost of the projects only total \$295,000, the extra \$5,000 would remain in the CRF and could not be used for other purposes by the District.

Short Term Funding Plan

To get on schedule with the long range plan, we have committed the health and dental insurance rebate funds received by the District of approximately \$419,000, unexpended funds from FY14, GMR savings from FY15, and some of FY15’s maintenance budget to this effort. In addition to CNA projects, the GBS portable building was paid off early using FY14 unexpended funds. The table below lists the short-term revenue sources identified and authorized by the Board on 4/15/2014:

Funding Source	Amount
FY14 Unexpended Funds	\$399,000
FY14 LGC Rebate	\$419,000
FY15 Health GMR Savings	\$294,500
FY15 Maintenance Funds	\$145,000

Short Term Projects

The table below lists all of the projects for this year and next along with their estimated cost, projected start date, and funding source.

Project	Status	Source	Project Start	Budget
WCS Rebuild Burner	Completed	FY14 UFB	5/1/2014	\$5,000
SAU Cosmetic Repairs	Completed	FY14 UFB	5/1/2014	\$5,972
GBS Electrical	Completed	FY14 UFB	5/1/2014	\$7,500
WMS Backstop	Completed	FY14 UFB	5/1/2014	\$9,192
SAU Fire Alarm Panel	Completed	FY14 UFB	5/1/2014	\$9,500
GBS Modular Payoff	Completed	FY14 UFB	5/1/2014	\$224,981
GBS Cafe Floor Abatement	Completed	FY14 UFB	8/1/2014	\$18,200
GBS Cafe Floor Replacement	Closeout	FY14 UFB	8/1/2014	\$31,106
SAU Roof Repairs	Contracted	FY14 UFB	9/1/2014	\$8,741
WCS Roof Repairs	Ready for Bid	FY14 LGC	7/1/2015	\$277,850
GBS Classroom Heat Units	Budgeting	FY14 LGC	7/1/2015	\$125,000
GBS Caulk/Flash/Etc.	Project Design	FY14 LGC	7/1/2015	\$36,650
WCS Caulk/Flash/Etc.	Project Design	FY15 Health GMR	7/1/2015	\$74,527
WMS Office Finishes	Budgeting	FY15 Health GMR	7/1/2015	\$17,494
WMS Fire Alarm Panel	Budgeting	FY15 Health GMR	7/1/2015	\$38,000
WMS Hallways Finishes	Budgeting	FY15 Health GMR	7/1/2015	\$38,668
WMS Caulk/Flash/Etc.	Budgeting	FY15 Health GMR	7/1/2015	\$109,799
WMS Classroom HVAC Units	Budgeting	FY15 Maintenance	7/1/2015	\$139,450
WMS Roof Repairs	Design	FY16 CIP	7/1/2015	\$70,000
WMS Roof Replacement Phase II	Budgeting	FY16 CIP	7/1/2015	\$325,000
WMS Classroom Finishes	Budgeting	FY16 CRF	7/1/2015	\$152,580
WCS Driveway Upgrade	Ready for Bid	FY16 WA	7/1/2015	\$155,000
WMS Heritage Hill Road	Project Design	FY16 WA	7/1/2015	\$100,000

FY16 Projects for Consideration

The Board elected to have the WMS roofing projects for FY16 totaling \$395,000 be submitted to the CIP committee for approval and review. In addition to the other CNA projects, the District might also consider requesting funding for WCS driveway improvements and WMS Heritage Hill Road driveway improvements.

Assuming the CIP committee supports the request for \$395,000, that the Board wants to fund the CNA plan at the recommended amount of \$675,000, and that the Board wants to fund the WMS driveway project and the WCS driveway project, the short-term funding plan will require two warrant articles on the ballot in March, 2015. A breakdown of the short-term funding sources and their anticipated balances is displayed in the table below:

Completed- Funds No Longer Available			
Source	Revenue	Expenses	Surplus (Deficit)
FY14 UFB	\$399,000	\$304,007	\$94,993
Sub-Total	\$399,000	\$304,007	\$94,993
Issues to be Addressed in Next 12 Months			
Source	Revenue	Expenses	Surplus (Deficit)
FY14 LGC	\$419,000	\$439,500	(\$20,500)
FY15 Health GMR Savings	\$294,500	\$278,488	\$16,012
FY15 Maintenance Funds	\$145,000	\$139,450	\$5,550
FY16 CIP	\$395,000	\$395,000	\$0
FY16 CRF	\$280,000	\$152,580	\$127,420
FY16 WA	\$255,000	\$255,000	\$0
Total	\$1,788,500	\$1,660,018	\$128,482

Action Plan

The administration will continue to develop projects and prepare them to be bid in the open market with final approval by the Board. The projects identified for FY16 will require the following suggested warrant articles:

1. Shall the Windham School District vote to raise and appropriate \$395,000 (three hundred and ninety-five thousand dollars) to be added to the previously established (2006-2007) School Building and Grounds Maintenance Fund? The purpose of this appropriation is to fund roof replacement projects at Windham Middle School with any surplus funds to be kept in reserve for future school maintenance and repair projects. This appropriation is included as a part of the Windham Capital Improvement Plan.”
2. Shall the Windham School District vote to raise and appropriate \$535,000 (five hundred and thirty-five thousand dollars) to be added to the previously established (2006-2007) School Building and Grounds Maintenance Fund? The purpose of this appropriation is to fund school construction projects identified in the Capital Needs Assessment including Windham Middle School classroom upgrades and improvements to driveways at Windham Center School and Windham Middle School with any surplus funds to be kept in reserve for future school maintenance and repair projects.”

In future years, a similar process can take place where the District identifies projects for the ensuing year in the late spring that can be considered by the CIP committee. Additional projects can be placed on the warrant separately for consideration by the voters.

To ensure appropriate lead times and a successful bidding process for all jobs, I recommend the following sequence of events:

Project 1: WMS HVAC and GBS HVAC Upgrades

September/October: Select a mechanical engineer to develop a specification for bidding.

November/December: Specification is developed and completed.

January/February: Bidding

March: School Board awards a bid

Summer, 2015: Work completed.

Project 2: WCS and WMS roofing projects

September/October: Finalization of roofing specifications for bidding (mostly completed)

November: Bidding

December: School Board awards a bid contingent on voter approval

March: Contract signed contingent on voter approval

Summer, 2015: Work completed.

Project 3: GBS, WCS, and WMS caulking/flashing repair replacement

September/October: Select a building envelope specialist to develop outline specification for bidding

November/December: Outline specification is developed and completed.

January/February: Bidding

March: School board awards a bid

Summer, 2015: Work completed.

Project 4: WCS and WMS Driveway upgrades

NOTE: WCS project already has a completed design that is ready to use for bidding.

September/October: Engage Tighe & Bond to complete drawing for WMS project.

January: Bidding

February: School Board awards a bid subject to voter approval

March: Contract signed subject to voter approval

Summer, 2015: Work completed.

Project 5: WMS finishes

November: Architect engaged to develop outline specification for bidding

March: Subject to voter approval, bidding takes place

April: School Board awards bid

Summer, 2015: Work completed.

Long Range Plan

The table below identifies all projects through FY20 that were identified in the CNA:

Project	Source	Project Start	Budget
WCS Classroom Finishes	FY17 CRF	7/1/2016	\$147,785
SAU Boiler Replacement	FY17 CRF	7/1/2016	\$16,683
WHS Classroom Finishes	FY17 CRF	7/1/2016	\$26,049
WCS Office Finishes	FY17 CRF	7/1/2016	\$12,090
GBS Classroom Finishes	FY17 CRF	7/1/2016	\$100,575
WHS Caulk/Flash Repair	FY17 CRF	7/1/2016	\$42,634
GBS Paving	FY18 CRF	7/1/2017	\$58,792
WCS Paving	FY18 CRF	7/1/2017	\$80,168
WMS Paving	FY18 CRF	7/1/2017	\$94,816
WHS Paving	FY18 CRF	7/1/2017	\$22,389
GBS Leach Field	FY18 CRF	7/1/2017	\$45,020
WHS Pump Replacement	FY18 CRF	7/1/2017	\$13,286
WMS Pump Replacement	FY18 CRF	7/1/2017	\$7,879
WHS Controls Upgrade	FY19 CRF	7/1/2018	\$23,072
WMS RTU Replacement	FY19 CRF	7/1/2018	\$33,766
WHS VAV Replacement, RTU Overhaul	FY19 CRF	7/1/2018	\$59,967
WMS Elevator Cab	FY19 CRF	7/1/2018	\$8,441
GBS Exterior Envelope	FY19 CRF	7/1/2018	\$216,117
WCS Exterior Doors	FY19 CRF	7/1/2018	\$27,125
WHS Site Lighting	FY19 CRF	7/1/2018	\$8,442
WHS Main Entry Roof	FY19 CRF	7/1/2018	\$73,082
WHS Finishes replacement	FY19 CRF	7/1/2018	\$13,011
SAU Finishes Replacement	FY19 CRF	7/1/2018	\$6,032
WHS Classroom Painting	FY19 CRF	7/1/2018	\$52,880
WHS Library Carpet	FY19 CRF	7/1/2018	\$38,077
WCS Gym	FY19 CRF	7/1/2018	\$25,725
WMS Gym	FY19 CRF	7/1/2018	\$21,100
WHS Gym	FY19 CRF	7/1/2018	\$45,566
WMS Cafe Flooring	FY19 CRF	7/1/2018	\$42,118
WHS Office Painting/Carpet	FY19 CRF	7/1/2018	\$95,791
SAU Painting/Carpet	FY19 CRF	7/1/2018	\$12,977
SAU Paving	FY19 CRF	7/1/2018	\$26,355
WCS Fire Panel Replacement	FY19 CRF	7/1/2018	\$44,052
WCS Boiler Issue	FY20 CRF	7/1/2019	\$15,256
WCS Mechanical Systems	FY20 CRF	7/1/2019	\$39,174
SAU Water System	FY20 CRF	7/1/2019	\$11,013

WCS Elevator Cab Refurb	FY20 CRF	7/1/2019	\$8,695
C/F at GBS	FY20 CRF	7/1/2019	\$30,144
C/F at WCS	FY20 CRF	7/1/2019	\$30,144
C/F at WMS	FY20 CRF	7/1/2019	\$30,144
C/F at WHS	FY20 CRF	7/1/2019	\$28,985
GBS Roof	FY20 CRF	7/1/2019	\$513,382
WCS Roof	FY20 CRF	7/1/2019	\$330,762
WMS Roof	FY20 CRF	7/1/2019	\$142,410

Capital Reserve Fund Cash Basis

Critical to the success of the plan identified above is to maintain a positive balance in the CRF fund. Below is a ledger that details future balances of the CRF fund through FY20:

Date	Item	Transaction	Balance	Notes
7/1/2014	Opening Balance	\$18,587.05	\$18,587.05	As of 8/2013
7/1/2015	FY16 CRF Contribution (CIP)	\$395,000.00	\$413,587.05	If approved by voters on 3/10/2015
7/1/2015	FY16 CRF Contribution (CNA projects, not in CIP)	\$280,000.00	\$693,587.05	If approved by voters on 3/10/2015
7/1/2015	FY16 CRF Contribution (Other projects)	\$255,000.00	\$948,587.05	If approved by voters on 3/10/2015
6/30/2016	FY16 CRF Withdrawal	(\$802,580.00)	\$146,007.05	Estimated amount
7/1/2016	FY17 CRF Contribution	\$685,125.00	\$831,132.05	If approved by voters in March, 2016
6/30/2017	FY17 CRF Withdrawal	(\$345,816.00)	\$485,316.05	Estimated amount
7/1/2017	FY18 CRF Contribution	\$695,402.00	\$1,180,718.05	If approved by voters in March, 2017
6/30/2018	FY18 CRF Withdrawal	(\$322,350.00)	\$858,368.05	Estimated amount
7/1/2018	FY19 CRF Contribution	\$705,834.00	\$1,564,202.05	If approved by voters in March, 2018
6/30/2019	FY19 CRF Withdrawal	(\$873,696.00)	\$690,506.05	Estimated amount
7/1/2019	FY20 CRF Contribution	\$716,422.00	\$1,406,928.05	If approved by voters in March, 2019
6/30/2020	FY20 CRF Withdrawal	(\$1,180,109.00)	\$226,819.05	Estimated amount
7/1/2020	Estimated Balance in July, 2020	\$0.00	\$226,819.05	

Requested Board Actions

1. None: Informational only, with future considerations necessary during budget preparation.

Attachment(s)
None