



School Capital Fund Commission

Regular meeting

October 9, 2023



BUNCOMBE COUNTY



Agenda

- ❖ Call to Order
- ❖ Approval to follow agenda as presented
- ❖ Approval of September 11, 2023 meeting minutes
- ❖ SCFC Financial Review, Discussion, and Consideration of New Funding Requests Received and Presented at September 11, 2023 Meeting for Fiscal Year 2024
- ❖ Next Meeting – February 12, 2024



Public Comment



SCFC Financial Update and FY24 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

FY	Requested Amount*	Funded Amount	Amendment (Additional) Amount
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**
2023	31,185,441	31,185,441	

*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.

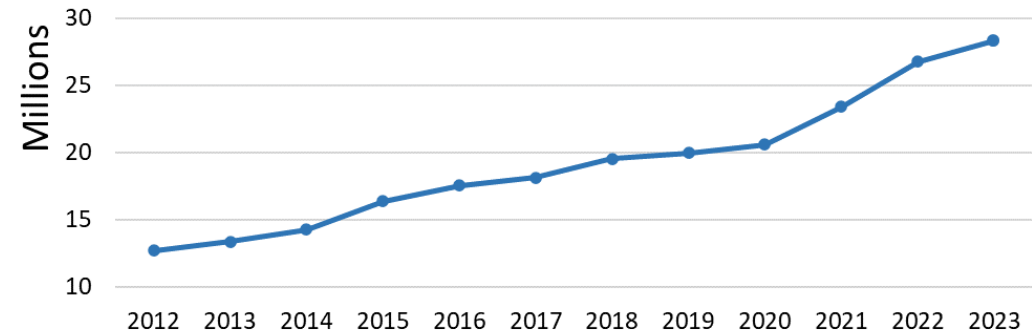
Since 2012, the average growth rate of this revenue is 7.49%.

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 FY2023, we initially estimated ~\$28M total in Sales Tax Revenue and landed at \$28.3M. Sales Tax growth to date is 5.78%.

*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
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%
2023	28,311,666	5.78%



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
2024	15,257,289	6,638,107	21,895,396
2025	15,369,549	6,019,964	21,389,513
2026	15,121,778	5,247,082	20,368,860
2027	12,380,807	4,679,260	17,060,067
2028	12,329,807	4,163,211	16,493,018

Existing Projects

~55 existing projects in the Fund (BCS: 41; ACS: 14)

21 projects are over 75% complete, 22 are less than 10% complete, the remaining 12 projects average 45% completion

\$54.3M in projects that currently do not have debt service proceeds. 20 are projects from the last funding, 12 projects are from two-cycles ago, and 1 project is from three-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.



Economic Update

The Federal Funds Rate is the rate at which commercial banks borrow and lend excess revenues to each other overnight.¹

The Federal Funds Rate influences various markets.

The Federal Reserve met September 19 and 20, resulting in no change to the Federal Funds Rate (between 5.25% - 5.50%)²

	Sep 21 2023	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25
Fed Funds Rate - Upper Bound	5.50	5.50	5.55	5.45	5.05	4.65	4.30	3.80
Fed Funds Rate - Lower Bound	5.25	5.27	5.32	5.18	4.80	4.40	4.05	3.56

¹<https://www.investopedia.com/terms/f/federalfundrate.asp>

²Bloomberg Finance

Municipal Market³

- Municipal bonds are in “price discovery” mode
- Increase in supply of tax-exempt issuances are predicted, as issuances typically ramp up before year end

Municipal Yield Overview - AAA GO Benchmark Curve & Bond Buyer Index							
	2 Year	5 Year	10 Year	15 Year	20 Year	30 Year	BB 20 GO
<i>52-Week High</i>	3.38	3.28	3.42	3.81	3.96	4.19	4.16
<i>52-Week Low</i>	2.13	2.04	2.08	2.75	2.91	3.21	3.32
<i>Current</i>	3.38	3.11	3.18	3.75	3.94	4.19	3.9

³<https://www.investopedia.com/terms/f/federalfundrate.asp>



Tourism Trends

Spending Category	2021 Spending (in millions)	2022 Spending (in millions)	Year over Year Change	2022 as a % of Total
Lodging	\$811.7	\$901.7	11%	31%
Food & Beverage	\$698.3	\$744.1	7%	26%
Recreation	\$321.8	\$334.9	4%	12%
Retail	\$508.6	\$534.3	5%	19%
Transportation	\$300.6	\$364.3	21%	13%
Total	\$2,641.00	\$2,879.29	9%	100%

Source: <https://partners.visitnc.com/economic-impact-studies>



BUNCOMBE COUNTY



(Potential) Impact From Tourism

Tourism Economic Impact Studies

SCFC Revenues (Calendar Year 2022)

Tourism data is published annually by the NC Chamber of Commerce.*

The data suggests that tourism resulted in **\$2.9B** of sales within Buncombe County.

*<https://partners.visitnc.com/economic-impact-studies>

Article 39 Percentage Share	Visitor Total
Visitor Spending	\$ 2,879,290,000
1 Cent (1%) Sales Tax	\$ 28,792,900
Buncombe County	\$ 20,037,267
Municipalities	\$ 8,755,633
1/2 of Article 39 for	\$ 10,018,634*

* Approx 36% of annual revenues (Calendar Year)



FY24 Requests

Total First-Year High Priority Funding Requests:

ACS: \$ 9,391,086

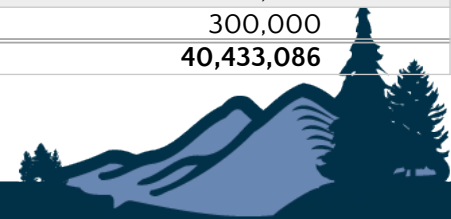
BCS: \$31,042,000

Total: \$40,433,086



FY2024 Requests

District	Priority Rating	School	Project Description	Total Cost
ACS	1	Multiple ACS Schools	General Security Upgrades	\$ 110,000
ACS	2	Hall Fletcher Elementary	New HVAC system and controls with new gas fired boiler and controls, storefront window replacement, kitchen renovations, and elevator upfit.	\$ 6,855,342
ACS	3	Asheville Middle School	Track Replacement to include demolition of old	\$ 2,425,744
BCS	1	Multiple BCS Schools	Security Upfits: County Wide	\$ 660,000
BCS	2	Priority School	Lobby Security Upfit Large School	\$ 3,200,000
BCS	3	Priority School	Lobby Security Upfit Small School	\$ 1,200,000
BCS	4	Priority School	Lobby Security Upfit Small School	\$ 990,000
BCS	5	W. D. Williams Elementary	Classroom & Media Center Addition	\$ 1,700,000
BCS	6	C.A. Erwin Middle	ADA & Egress Renovations	\$ 2,700,000
BCS	7	Progressive Education Program	Additions & Renovations to address increased membership	\$ 2,900,000
BCS	8	C.A. Erwin Middle	Queueing Drive	\$ 900,000
BCS	9	Transportation Dept.	Additions and renovations to Bus bays for larger buses	\$ 3,750,000
BCS	10	Multiple BCS Schools	District Wide Network Infrastructure Equipment Replacement	\$ 2,000,000
BCS	11	Multiple BCS Schools	Roof Enhancements to Prep for Solar	\$ 625,000
BCS	12	Hominy Valley Elementary	Re-roofing/Restoration	\$ 575,000
BCS	13	North Buncombe High	HVAC Upgrades Phase 1 of 3	\$ 2,500,000
BCS	14	A.C. Reynolds High	Chiller	\$ 425,000
BCS	15	A.C. Reynolds Middle	Chiller	\$ 425,000
BCS	16	North Buncombe Elementary	Fire Alarm Replacement	\$ 275,000
BCS	17	Martin L. Nesbitt Discovery Academy	Renovate for New Music Room	\$ 480,000
BCS	18	North Buncombe Elementary	Queueing Drive/Second Exit	\$ 2,000,000
BCS	19	T.C. Roberson High	Chiller	\$ 425,000
BCS	20	Enka High	Sewer Line Rehab	\$ 125,000
BCS	21	A.C. Reynolds High	Federal Pacific Panels Replacement	\$ 400,000
BCS	22	T.C. Roberson High	Replace Failing Storm Sewer	\$ 450,000
BCS	23	Black Mountain Elementary	Re-Roofing - Area J	\$ 407,000
BCS	24	Glen Arden Elementary	Re-Roofing - Area N1	\$ 180,000
BCS	25	Clyde A. Erwin High	Stadium Lighting	\$ 850,000
BCS	26	Avery's Creek Elementary	Building Automation	\$ 600,000
BCS	27	Enka Middle	Fire Alarm Replacement	\$ 300,000
Total First Priority Requests:				\$ 40,433,086



Fund Balance Projection – FY2024 Funding: **\$40,433,086 (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	2024	2025	2026	2027	2028
Beginning balance¹	33,712,301	42,356,297	5,789,064	44,681,639	21,783,564
REVENUES					
Article 39 Sales Tax ²	29,161,016	30,035,846	30,936,921	31,865,029	32,820,980
Build America Bonds Subsidies	-	-	-	-	-
Interest Earnings/Other	-	-	-	-	-
Bond Proceeds	54,323,638	-	70,826,091	-	59,162,562
Total revenues	83,484,654	30,035,846	101,763,012	31,865,029	91,983,542
EXPENDITURES					
Approved Projects in Progress ³	47,241,279	40,433,086	30,393,005	26,907,155	32,255,407
<i>Estimated New Debt Service⁴</i>	4,889,127	4,780,480	11,046,181	10,795,882	15,870,213
<i>Debt Issuance Costs⁵</i>	814,855	-	1,062,391	-	483,831
Existing Debt Service	21,895,396	21,389,513	20,368,860	17,060,067	16,493,018
Total expenditures	74,840,657	66,603,079	62,870,437	54,763,104	65,102,468
Revenues over (under) expenditures	8,643,997	(36,567,233)	38,892,575	(22,898,075)	26,881,073
 Estimated Available Fund Balance	 \$42,356,297	 \$5,789,064	 \$44,681,639	 \$21,783,564	 \$48,664,637

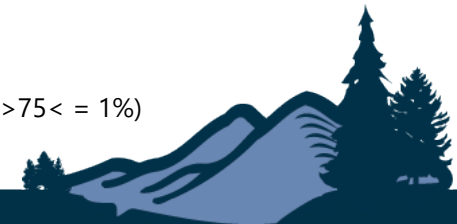
¹Ending FY2023 Fund Balance

²3% Growth on Sales Tax

³Assumes remaining obligations met in FY2024

⁴Estimated new debt service based on 20 years, 4%

⁵Debt issuance costs based on amount of debt issued: (<10M = 4%, >10M & <25M = 2%, >25M & <75M = 1.5%, >75M = 1%)



**Next Meeting: February 12, 2024
3 PM
200 College Room 310**

