



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	II D
Date:	May 10, 2016
To:	MPS Facility/Finance Committee
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Frank Gonzalez, Chief Growth Officer and Ozwaldo Diaz, Chief Financial Officer
RE:	Baseline Capital Plan

Proposed Board Recommendation

I move that the Finance Committee recommends approval of the MPS Baseline Capital Plan

Background

The board approves the capital projects on an individual basis; however, this model is used for planning purposes. This baseline includes only the current active capital projects:

- MSA 1 Expansion
- MSA 7 New Portables
- MSA Santa Ana New Building and Cafegymatorium
- MSA San Diego New Site

The purpose of this model is to allow us to manage our ongoing cash and debt capacity as we consider new projects for existing and future programs. Also, we will provide it to financial institutions as we seek the best financing alternatives for our school facilities. Our intention is to update this model annually and whenever the board makes facilities decisions impacting our capital strategy. It is especially important to our analytical process when we encounter facilities opportunities, like the purchase of the San Diego site, which must be assessed and acted upon quickly.

EdTec manages this model on our behalf and can run scenarios against it at our request.

These are notes to consider when reviewing this model:

- Enrollment, revenue and expense assumptions are primarily based on the info we had on file as of 4/1/16 (before all budget meetings), the FY16-17 numbers are continually changing right now as we work on them with the principals and those changes are not yet incorporated here. Only includes CSFIGP grants that are already in place, no new CSFIGP (applications in process currently for MSA-1, 6, 8, SD, maybe SC)
- All sites to show positive net income in all years except for MSA-SA which has a small loss in the big expansion year FY16-17, MSA-SC and MERF with current year forecasted net loss.
- CMO fee expense is based on current fee structure approved for FY15-16.

- Pro-forma includes estimated 2% salary increases in FY16-17 and 0.5% increase in out years. Increasing FY16-17 to the 5% increase that we have been discussing in other budget meetings will likely push a few of the schools back into negative net income in this model, so I left it as is for now.
- MSA-1 – no gym rent expense included in FY16-17, pending further information.
- MERF FY16-17 budget is before all recent discussions.
- MSA-7 – pro-forma includes \$567k in capex in FY16-17 for modular installs.
- MSA-SD includes \$815k in soft costs as capitalized item in FY16-17 – no interest included on long-term loan to repay this – adding would likely push SD into negative net income in FY17-18 and FY18-19.
- MSA-SC – includes scenario assuming move and keeping open with 200 students next year.

Fiscal Impact

This baseline model shows that MPS has the capacity to implement current facilities projects

Name of Staff Originator:

Ozwaldo Diaz, CFO and Frank Gonzalez, CGO

Attachments

Capital Model Excel File