

**RESOLUTION No. 4539**

Adopting a Board of Education Policy Directing the Establishment of a Capital Asset Renewal (CAR) Fund, Directing the Use of Certain Revenues for the Funds, and Directing the Development of a Capital Asset Renewal Plan for the Life-Cycle Renewal of Major Building Components

**RECITALS**

- A. The Board of Education believes that all students deserve a quality learning environment. Consequently, the District should have a plan governing how all physical facilities that house and support the education programs of the District can be continuously maintained, regularly revitalized, and constructed using current best practices and methods that promote student learning. Such a plan should reflect actual funding capacity while supporting the goal of adequate funding to meet this policy goal.
- B. The Board has identified a need for a sustainable funding strategy to fund the life cycle renewal of major building components the District invested in over the last several years including Rosa Parks and Forest Park as well as for any newly modernized or renovated buildings in the future. Major building components include, but are not limited to, items like roof replacements, athletic field replacements, boiler upgrades, and major mechanical, electrical and plumbing or electrical upgrades.
- C. The goal of this strategy is to extend the useful life of District facilities, ensure public capital investments are properly preserved, and minimize deferred maintenance costs.
- D. Staff has identified revenue sources for a Capital Asset Renewal Plan while minimizing the impact to the general fund. The CAR Plan would include funding from, but not be limited to, the following revenue sources:
  - 1. Construction Excise Tax (CET) Revenues in PPS Fund 404.
  - 2. Subsequent to debt retirement estimated to begin in FY 2021/22, redirection of the Recovery Zone Bond utility savings.
  - 3. Lease revenues and surplus property sales. At a minimum, lease revenue shall be base-lined at the FY 2011/12 present day value to hold the General Fund stable.
  - 4. Revenue generated from renting/leasing District athletic fields. Revenue generated from renting/leasing athletic fields will be tracked through the Civic Use of Buildings office.
  - 5. Interest earned on the CAR Fund and Fund 404.
- F. The Board requires that these Funds be evaluated against Plan requirements no less than every five years.

**RESOLUTION**

- 1. Funds to support the CAR Plan will be retroactive to the beginning of current fiscal year 2011/12 for the revenue sources identified in Recitals D. 3 thru 5 above. The Board shall establish the new Capital Asset Renewal Fund by separate resolution.

2. The following Board of Education Policy on Capital Asset Renewal Funds and Plans is adopted:

### **8.70.0xx Capital Asset Renewal Funds and Plans**

The Board of Education believes that all students deserve a quality learning environment. Consequently, the District should have a plan governing how all physical facilities that house and support the education programs of the District can be continuously maintained, regularly revitalized, and constructed using current best practices and methods that promote student learning. Such a plan should reflect actual funding capacity while supporting the goal of adequate funding to meet this policy goal.

The following policy provides the foundation for the implementation of a strategy designed to extend the useful life of District facilities, ensure public capital investments are properly preserved, and reduce deferred maintenance costs.

Therefore, it is Board Policy that:

- 1) The Superintendent shall develop a 20 year Capital Asset Renewal Plan (CAR Plan) for Board approval in FY 11-12, with updates at subsequent five year intervals, to provide for life-cycle renewal of major building components the District has invested in over the last several years including Rosa Parks and Forest Park as well as for any newly modernized or renovated buildings in the future. Major building components include, but are not limited to, items like roof replacements, athletic field replacements, boiler upgrades, and major mechanical, electrical and plumbing upgrades.
- 2) The District shall establish funding for the Capital Asset Renewal (CAR) Plan that shall include, but not be limited to, the following components:
  - a. Fund 404: Construction Excise Tax (CET) Revenues (net of approved expenses and charges).
  - b. A new Capital Asset Renewal (CAR) Fund.
    - i. Subsequent to debt retirement estimated to begin in FY 2021/22, redirection of the Recovery Zone Bond utility savings.
    - ii. Lease revenues and surplus property sales. At a minimum, lease revenue shall be base-lined at the FY 2011/12 present day value to hold the General Fund stable.
    - iii. Revenue generated from renting/leasing District athletic fields. Revenue generated from renting/leasing athletic fields will be tracked through the Civic Use of Buildings office.
  - c. Interest earned by funds in any of the above Funds.
- 3) Capital asset renewal projects identified in the CAR Plan and the use of funds from the CAR Fund and the CET Fund (Fund 404) will be proposed by the Superintendent in the District's annual budget process and are subject to annual Board of Education approval.

*C.J. Sylvester / T. Magliano*