Capital Bond/Levy Development Update

Oct. 27, 2015

Everett Public Schools
Board of Directors
How this links to the Strategic Plan

• 1.2.a – Each student has **equitable access** to rigorous course offerings.
• 2.1.a – **Creativity and innovation** are integrated into the instructional and operational work of the district.
• 2.1.b – **Creativity and innovation** are celebrated.
• 2.2.a – **Tools for collaboration, communication, and creativity** are available, accessible and widely used.
• 2.2.b – **Access to systems, information and resources** is easy and seamless for the end user.
• 2.2.c – **Communication and engagement with families, staff, and community** strengthens understanding of and support for district strategic priorities.
• 3.4.a – Our students and staff learn and work in an **emotionally, physically and intellectually safe and secure environment**.
• 4.1.a – **Long-term planning** in finances, staffing, technology, and facilities are intentionally and **systematically driven by student enrollment, learning measures and strategic priorities**.
Objectives

• Develop understanding of the **options and implications** for placing a future levy or bond on a 2016 ballot

• **Review input** from various community, staff, and advisory council engagement activities

• **Review** district technology and facilities **needs, possible scenarios, and develop criteria for making decisions**

• **Provide guidance** to district staff for preparing a potential levy and/or bond resolution
Outline

1. **Options and implications** for placing a future levy or bond on a 2016 ballot
   - Information presented by Jeff Moore
   - Facilitation by Molly Ringo
   - What did you hear?
   - What questions do you have?

2. **Input** from various community, staff, and advisory council engagement activities
   - Facilitation by Joyce Stewart
   - What are the themes and why are these important?

3. **Break**
4. **District technology and facilities needs, possible scenarios, and decision criteria**
   - Information presented by Tony Byrd, Mike Gunn, Ken Toyn, JoAnne Buiteweg
   - Facilitation by Peter Scott
   - Determine criteria that will be used to make decisions

5. **Guidance to district staff for preparing a potential levy and/or bond resolution**
   - Discussion facilitated by Tony Byrd and Mike Gunn
   - Using criteria, provide guidance on next steps and decision making
Options and implications of placing a future levy or bond on a 2016 ballot
Capital Levies and Bonds

Potential capital scenario, 2016 - 2034

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Levy</th>
<th>Capital Bond</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$90M</td>
<td>$70M, $20M</td>
<td>6 year replacement, technology, maintenance &amp; other projects</td>
</tr>
<tr>
<td>2018*</td>
<td>$394.0M</td>
<td>$200M</td>
<td>New elementary school &amp; high school, 3 major modernizations, maintenance &amp; other projects</td>
</tr>
<tr>
<td>2022*</td>
<td>$65M, $122M</td>
<td>$200M</td>
<td>4 year replacement, modernizations &amp; other projects</td>
</tr>
<tr>
<td>2026*</td>
<td>$71M, $200M</td>
<td>$200M</td>
<td>New elementary school, modernizations</td>
</tr>
<tr>
<td>2030*</td>
<td>$77M, $250M</td>
<td>$200M</td>
<td>New elementary &amp; middle school, modernizations</td>
</tr>
<tr>
<td>2034*</td>
<td>$84M, $225M</td>
<td>$200M</td>
<td>New elementary school, modernizations</td>
</tr>
</tbody>
</table>

*An educational programs and operations levy (general fund) could also be on the ballot*
Process and timeline

2016 capital bond/levy options

- Board workshop on capital bond/levy development  
  October 27
- Board review criteria and draft resolution  
  November 3
- Board - telephone town hall meeting  
  November 4
- Board consider approving resolution for bond/levy  
  November 17
- 2016 election dates *  
  February 9
  April 26
  August 2
  November 8

* RCW 29A.40.07 requires ballots be mailed to each voter at least 18 days before each election
Bonds & levies – what are they?

Both are state-authorized ways school districts ask communities for local financial support

Levies are spring and fall, real-time property tax assessments

- Maximum length of a Capital Levy is 6 years
- A levy ballot measure sets a specific amount to be collected each year
- Assessed value changes do not increase or decrease what a district collects for a levy. The district collects only the levy amount voters authorize.
- The district pays no interest for levies

- Three levy types
  1. Educational programs and operations – Daily support for students’ instruction & district operations
  2. Capital – Building improvements, safety improvements, and instructional technology
  3. Transportation – To buy school buses
Bonds & levies – what are they?

**Bonds are similar to home mortgages; the payback schedule can be up to 30 years**

- Bonds pay for construction, modernization, buying property and infrastructure for technology
- Bond ballot issue sets a **specific amount** the district is allowed to sell in bonds to investors
- Assessed value changes **do not** increase or decrease what a district collects to repay a bond. The district collects only the bond amount voters authorize.
- Just like a home mortgage, the interest paid is greater when the payback schedule is longer.
Financial stewardship = lower taxes

40-year, long range capital plan helps keep local tax rate flat

- Everett’s “flat tax rate” projection is based upon expectations the assessed value (AV) of district property will increase 3% over time
- When the AV fluctuates, that fluctuation changes the tax rate, but it does not change the total amount the district collects for a bond or levy

The “local school tax rate” includes current & past ballot issues

1. Replacement Levy for Educational Programs and Operations – for the General Fund
2. Replacement Levy for Safety, Buildings, and Instructional Technology – for the Capital Fund
3. Capital bonds – for the Capital Fund
Financial stewardship = lower taxes

Everett works to minimize local school tax rate

- Only seven Washington districts prepare a Comprehensive Annual Financial Report
- Everett’s bond rating is among the top 7 of 295 school districts, even though Everett has only a mid-range assessed valuation
- Most districts pay bonds back over 20 years; historically, Everett has paid bonds back in 15 years
- Since 2006 Everett has refinanced bonds to save taxpayers almost $24 million

STANDARD & POOR’S
Bond program overview

Long range outlook helps meet capital needs and keep a stable tax rate

- The plan aligns a potential bond schedule with the 40 year life-cycle and cost of schools
- Everett structures its bonds to align with payoff schedules and the sale of new bonds – all with a goal of maintaining a level local school tax rate
- When the bond failed in 2014, the local school tax rate dropped
- Because of that 2014 drop, any new bond or levy will be an increase over this year’s rate.

Bond measures authorize the district to sell bonds to investors

- Federal and state laws strictly regulate how bonds are sold and investors are repaid
- The district must spend Capital Fund proceeds from bond sales within three years*
- The district sells larger bonds in chunks of two to four amounts over a number of years
- The size and timing for each sale depends upon the capital spending plan

Bonds are repaid from the Debt Service Fund (DSF)

- Property taxes collected in April and October are deposited into the DSF
- The district makes principal and interest payments in June and December

*Certain exceptions extend beyond three years
Everett’s assessed value history

AV swings impact the local school tax rate
Everett’s tax rate history

AV swings impact a flat tax rate
2016 levy & 2018 bond tax implications

Tax rate projections of 3 possible 2016 levy and 2018 bond plans
(Each projection is higher than today’s 2015 tax rate)

1. **$5.75** for 2016 $70 million levy + 2018 $390 million bond + future bonds
2. **$5.80** for 2016 $90 million levy + 2018 $390 million bond + future bonds
3. **$6.26** for 2016 $135 million levy + 2018 $390 million bond + future bonds

If the AV goes up from $14.5 billion to $15.9 billion, the 2016 tax rate will be even lower

<table>
<thead>
<tr>
<th>Year</th>
<th>2013 Actual</th>
<th>2014 Actual</th>
<th>2015 Current</th>
<th>2016 Preliminary</th>
<th>2017 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate per $1,000 AV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$6.55</td>
<td>$5.98</td>
<td><strong>$5.48</strong></td>
<td>$5.13</td>
<td></td>
<td></td>
</tr>
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With $70M Cap Levy
- $0.78 Increase

With $90M Cap Levy
- $0.32 Increase
- $0.27 Increase

With $134M Cap Levy

Existing Rates
2016 levy AND bond tax implications

Tax rate projections of 3 possible 2016 levy and bond plans (Each projection is higher than today’s 2015 tax rate)

- $6.20 for 2016 $70 million levy + 2016 $145 million bond + future bonds
- $6.25 for 2016 $90 million levy + 2016 $145 million bond + future bonds
- $6.71 for 2016 $135 million levy + 2016 $145 million bond + future bonds

If the AV goes up from $14.5 billion to $15.9 billion, the 2016 tax rate will be even lower.

Source: Martin Nelson and Company
State-set 2016 election dates

What are the timelines?

2016 Elections Timeline

- Measure Due: Dec 11
- Election Activity: Special Feb 9
- Special Apr 26
- Pres Primary May 24
- Candidate filing May 16-20
- Primary Aug 2
- General Nov 8
- Election Certified: Nov 29

October 27, 2015
Election dates impact general fund

Background

- The district’s ability to invest in facilities and programs depends upon election results
  - IT department work could be “capital” cost for new equipment and systems
  - Without ballot-approved new equipment and systems, IT costs will be paid from general fund
- $2 million questions
  - $1.6 million secondary social studies adoption
  - $400,000 for 24 credit support in world language, ELL, and credit recovery
Election dates impact general fund

**February election date synchs with staff and budget processes**
- Integrates added 24 credit FTE into staffing and student registration process
- Aligns best with budget development and short legislative session
- Works best to plan curriculum adoption and professional development
- Preserves a second election date aligned with budget process

**April election date delays answer to $2 million questions**
- Is very late to run through staffing and student registration processes
- An April approval could synch with budget-setting processes
- April is too late for a second election aligned with budget process
Election dates impact general fund

August election complicates budget plans and delays curriculum decisions

- An August election requires developing two different budget plans
- By August, the pool of potential teaching candidates for lower class sizes and all day kindergarten is smaller
- August ballot measure delays curriculum decisions
- August ballot measure pushes a second one into November

• November election delays strategic progress
Options & implications of placing a future levy or bond on a 2016 ballot

1. What did you hear?
2. What are 3-5 critical points of information you think are important to keep in mind during tonight’s work session?
3. What questions do you have?
Input from various community, staff, and advisory council engagement activities

What are the themes and why are these important?
Break 3
Technology and facilities needs, possible scenarios, decision criteria

Technology has plugged itself into our homes, social communications, and working lives. We can embrace it or fear it. Our students do not fear it.

Using technology isn’t a “new fangled” way of teaching. It’s a necessary component of preparing students to function and compete by educating them about and with the tools and skills they must have.
Setting the Context

Technology enabled classrooms invite relevant, personalized learning opportunities which

• Equip each student to meet **high academic expectations anywhere, anytime**
• Build **proficiency in critical thinking, collaboration, communication and creativity**
• **Develop interpersonal skills** and create relationships in an interactive learning environment
• **Connect to a larger network of experts** and resources to establish purposeful partnerships
• Open up multiple **pathways to colleges and careers**
Setting the Context

A facilities and operations program which encompasses the educational program

- Supports student achievement
- Is warm, dry, and well maintained
- Is safe and secure
- Plans for and provides learning spaces for new students
- Does not rely upon the general fund
## Potential Capital Levy scenario

### Option 3: $90 million capital levy in 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>1:1 HS advanced &amp; MS basic &amp; ES Internet-only computers</td>
<td>$29.5M</td>
</tr>
<tr>
<td>(WIFI mobile devices, related infrastructure, support, training, professional development)</td>
<td></td>
</tr>
<tr>
<td>Technology maintenance and upgrades</td>
<td>$9.3M</td>
</tr>
<tr>
<td>(Chromebooks, desktop computers, STEM/CTE labs, multi-media, printing equipment)</td>
<td></td>
</tr>
<tr>
<td>Additional instructional support</td>
<td>$2.8M</td>
</tr>
<tr>
<td>(Insight/analytics, course &amp; assessment tools, LMS staff)</td>
<td></td>
</tr>
<tr>
<td>Technology infrastructure</td>
<td>$10.3 M</td>
</tr>
<tr>
<td>(WIFI, security cameras, network/data security, data center systems, fiber optic WAN)</td>
<td></td>
</tr>
<tr>
<td>Technology operations</td>
<td>$18.1 M</td>
</tr>
<tr>
<td>(Central systems updates, software licenses, new/add'l classroom support and technical staff)</td>
<td></td>
</tr>
<tr>
<td>Maintenance, upgrades, and replacements</td>
<td>$9.4M</td>
</tr>
<tr>
<td>(Flooring, roofing, fire alarms, painting, portable ramp replacements)</td>
<td></td>
</tr>
<tr>
<td>Safety and security upgrades</td>
<td>$8.6M</td>
</tr>
<tr>
<td>(Upgrades to building access and controls, security vestibules, and site security)</td>
<td></td>
</tr>
<tr>
<td>Portable classrooms</td>
<td>$2.0M</td>
</tr>
<tr>
<td>(Ten portable classrooms for growth)</td>
<td></td>
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</tbody>
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Mobile computer options

**Internet-only**
“Cloud” books – internet device

**Basic**
Laptop – internet + productivity software

**Advanced**
Laptop – internet + productivity software + digital ink
Some Capital Levy sub-options

Technology/mobile computers options:

1- Upgrade current inventory and systems
(Maintain 5:1 computer ratio, upgrade current infrastructure and systems) $55.0M
3400 internet-only mobile computers

2- 1:1 HS & MS advanced mobile computers
(Enhance Wi-Fi, network bandwidth, security, tech support, initial professional development, digital curriculum, replace current computers at ES with new internet-only computers) $70.0M
10,000 student mobile computers

3- 1:1 HS advanced & MS basic & ES internet-only mobile computers $70.0M
(Enhance Wi-Fi, network bandwidth, security, tech support, initial professional development, digital curriculum, add at ES new internet-only computers) 15,000 student mobile computers

4- 1:1 All grades Internet-only mobile computer in two years $80.0M
(Enhance Wi-Fi, network bandwidth, security, tech support, initial professional development, digital curriculum) 21,000 student mobile computers

5- 1:1 HS & MS advanced & ES basic mobile computers $92.5M
(Enhance Wi-Fi, network bandwidth, security, tech support, initial professional development, digital curriculum) 21,000 student mobile computers
** Levy options **

**Mobile computers options** (3,400 SBAC Internet-only Mobile Computers)

**Option 1** - Upgrade current inventory and systems

- Update and modernize technologies in all schools and administrative locations
- Update office and teacher computers
- Update current student computers at 5:1 ratio (labs, libraries, classrooms)
- Replace SBAC internet-only mobile computers
- Update network and systems

$55.0M
Levy options

Mobile computers options (10,000 student mobile computers)

Option 2 - 1:1 HS & MS advanced mobile computers
- Update elementary schools’ student computers at current 5:1 ratio
- Deploy in all middle and high schools advanced mobile computers at 1:1 ratio
- Update network and systems to meet needs of increased mobile computers

$70.0M
Levy options

Mobile computers options (15,000 student mobile computers)

Option 3 - 1:1 HS advanced & MS basic & ES Internet-only mobile computers $70.0M

- Deploy in all high schools advanced mobile computers at 1:1 ratio
- Deploy in all middle schools basic mobile computers at 1:1 ratio
- Deploy in all elementary schools additional internet-only mobile computers
- Update network and systems to meet needs of increased mobile computers
Levy options

**Mobile computers options** (21,000 student mobile computers)

**Option 4 - 1:1** All grades Internet-only mobile computer in 2 years  **$80.0M**
- Deploy in K-12 21,000 Internet-only mobile computer in two years
- Update network and systems to meet needs of increased mobile computers
**Levy options**

**Mobile computers options** (21,000 student mobile computers)

**Option 5 - 1:1 HS & MS Advanced & ES Basic Mobile Computers**

- Deploy in all high and middle schools advanced mobile computers at 1:1 ratio
- Deploy in all elementary schools basic mobile computers at 1:1 ratio
- Update network and systems to meet needs of increased mobile computers

$92.5M
Levy options

Maintenance upgrades and other options

1- Fire alarms, painting, safety/security and portables
   (Fire alarms 7 sites, painting 7 sites, safety/security 14 sites, 10 portables) $11.7M

2- Option 1 + roofing
   (Option 1 + roofing 6 sites) $17.1M

3- Option 2 + flooring and replaced portable ramps
   (Option 2 + flooring 6 sites, replace portable ramps 26 sites) $20.0M

4- Option 3 + HVAC, exterior finishes, and turf replacement
   (Option 3 + HVAC 6 sites, exterior finish at Everett HS main building, replace turf at EHS Lincoln Field) $38.3M

5- Option 4 + more upgrades and 2 synthetic turf fields
   (Option 4 + fire alarm 2 sites, roofing 1 site, flooring 1 site, synthetic turf fields at 2 high schools) $45.5M

6- Option 5 + Five Synthetic Turf Fields
   (Option 5 + synthetic turf fields and tracks at 5 middle schools) $61.1M

7- Option 6 + Additional Classrooms for K-3 Class Size Reductions
   (Option 6 + 36 elementary classrooms for K-3 class size reductions) $86.6M

(Note - Costs have been adjusted to account for projected inflation during levy’s 6 year life)
Bond options

New schools, modernizations & other options

1- New elementary school + 8 elementary classroom additions
   (Elementary school no. 18 and additions in southern portion of district)

2- Option 1 + HVAC + future elementary school site
   (Option 1 + HVAC 6 sites + purchase 15 acres for a future elementary school site)

3- Option 2 + North MS modernization
   (Option 2 + North MS modernization and partial replacement)

4- Option 3 + Woodside ES modernization

5- Option 4 + Everett HS cafeteria building modernization

6- Option 5 + technology infrastructure, K-3 classrooms, other
   (Option 5 + technology infrastructure, 36 classrooms for K-3 class size reductions,
    misc. other projects)

7- Option 6 (all of the above) + new high school
   (Option 6 + new full-size comprehensive high school)

(Note - costs have been adjusted to account for expected inflation over the 6 to 8 year life of the bond.)
More bond options

New schools, modernizations & other options

1- New construction  $84.1M
(Elementary school No. 19, Cascade HS cafeteria expansion, 32 classrooms for I-1351, science/curriculum/technology materials center, property for future south end bus facility)

2- Major modernizations/replacements  $168.4M
(Modernize Madison, Jackson and Lowell ES; modernize Everett HS vocational and science buildings, and modernize Cascade HS science, gymnasium, and auto shop buildings)

3- Site improvements  $9.6M
(Additional synthetic fields at 2 high schools, drainage improvements at Cascade HS softball field and Memorial Stadium baseball field, and field upgrades at Jefferson, Hawthorne and Whittier ES, plus electronic reader boards at 4 high schools)

4- Safety and security upgrades  $5.7M
(Secure key boxes for police use, playground safety matting at 17 elementary schools)

Additional Capital Bond options total  $267.8M
(Total of options 1-4)

(Note - costs have been adjusted to account for expected inflation over the 6 to 8 year life of the bond.)
Technology and facilities needs, possible scenarios, decision criteria

Review feedback from community engagement events

Develop decision criteria

Evaluate options against criteria

Consider implications

Provide guidance
Technology and facilities needs, possible scenarios, decision criteria

Suggested criteria for guidance & decision-making

- Increase student achievement
- Improve safety and security
- Ensure equity and access
- Grow 21st century skills
- Maintain and/or enhance facilities and technology
- Embed professional development
- Consider technology platforms
- Consider new space needs
- Consider cost/size and implications for local support
- Consider implications of election dates and general fund

Are these the right criteria? What would you add or change?
Provide guidance for preparing a levy and/or bond resolution
Provide guidance for preparing a levy and/or bond resolution

• Bond?
• Levy?
• Content priorities?
• Size?
• Date?
Conclusion