

CAPITAL LEVY OPTIONS: JANUARY 2014

Agenda

- A. Board Welcome
 - Polling Instructions
- B. Capital Financing Background and Timelines
- C. Present Possible Capital Financing Options
- D. Community Feedback On Each Option
 - Discussion/Narrative
 - Polling
- E. Community Feedback on Timing
 - Discussion
 - Polling
- F. Next Steps

Current Status of Capital Financing

- 2010: Developed 30-Year Capital Facilities' Plan
- 2011: Presented \$78 million Phase 1 Bond
- 2013: Updated 30-Year Plan
- 2013: Presented \$50 Capital Levy for Partial Phase 1
- 2014: Updated Phase 1 Costs
- 2014: Prepared Options for Capital Financing

30-Year Capital Facility Plan

- Prepared in 2010, Updated in 2013
- Four Phases
- Every Eight Years
- Flat Tax Rates
- Approximately \$120 million per phase (in today's dollars)
(\$450-\$500 million)

30-Year Capital Facility Plan

	Phase 1	Phase 2	Phase 3	Phase 4
Artondale	Phase 1			
Discovery				Phase 4
Evergreen		Phase 2		
Harbor Heights			Phase 3	
Minter			Phase 3	
Purdy				Phase 4
Vaughn				Phase 4
Voyager			Phase 3	
Goodman		Phase 2	Phase 3	
New Elementary	Phase 1			
Harbor Ridge				Phase 4
Key Peninsula	Phase 1		Phase 3	
Kopachuck				Phase 4
Gig Harbor	Phase 1	Phase 2	Phase 3	
Henderson Bay				Phase 4
Peninsula	Phase 1	Phase 2		
Support Facilities	Phase 1			

Possible Capital Financing Options

- Option A: Four-Year \$52.5 million Capital Levy
- Option B: Five-Year \$55.9 million Capital Levy
- Option C: Four-Year \$43.1 million Capital Levy
- Option D: Five-Year \$46.5 million Capital Levy
- Option E: Two-Year \$10.0 million Capital Levy AND \$61.5 million Capital Bond

Option A: \$52.5 million four-year levy

- Assumptions
 - Same project scope as November 2013
 - Updated for current cost estimates
 - 2014 election, 2015 – 2018 collections
 - 1% increase in AV 2015, 2% thereafter
- Project scope

Project	Estimated Cost
Construct new elementary school	\$22,500,000
Renovate/Replace Artondale Elem	\$25,000,000
Health/Safety/Security	\$1,000,000
Upgrade technology infrastructure and equipment	\$2,000,000
Replace/Upgrade fields and tracks	\$2,000,000
Total	\$52,500,000

Option A: \$52.5 million four-year levy

- Projected rates

Year	Tax per \$1,000 Assessed Value
2015	\$1.46
2016	\$1.43
2017	\$1.40
2018	\$1.37

Option B: \$55.9 million five-year levy

- Assumptions
 - Same project scope as November 2013, plus \$5M
 - Updated for current cost estimates
 - 2014 election, 2015 – 2019 collections
 - 1% increase in AV 2015, 2% thereafter
- Project scope

Project	Estimated Cost
Construct new elementary school	\$22,500,000
Renovate/Replace Artondale Elem	\$25,000,000
Health/Safety/Security	\$1,000,000
Upgrade technology infrastructure and equipment	\$2,000,000
Replace/Upgrade fields and tracks	\$2,000,000
Key Peninsula MS upgrades	\$3,400,000
Total	\$55,900,000



Option B: \$55.9 million five-year levy

- Projected rates

Year	Tax per \$1,000 Assessed Value
2015	\$1.24
2016	\$1.22
2017	\$1.19
2018	\$1.17
2019	\$1.15

Option C: \$43.1 million four-year levy

- Assumptions
 - Artondale extensive renovation in lieu
 - School vacated for up to two years
 - Retain some existing structure
- Project scope

Project	Estimated Cost
Construct new elementary school	\$22,500,000
Renovate/Replace Artondale Elem	\$15,600,000
Health/Safety/Security	\$1,000,000
Upgrade technology infrastructure and equipment	\$2,000,000
Replace/Upgrade fields and tracks	\$2,000,000
Total	\$43,100,000

Option C: \$43.1 million four-year levy

- Projected rates

Year	Tax per \$1,000 Assessed Value
2015	\$1.20
2016	\$1.17
2017	\$1.15
2018	\$1.13

Option D: \$46.5 million five-year levy

- Assumptions
 - Artondale extensive renovation in lieu
 - School vacated for up to two years
 - Retain some existing structure
- Project scope

Project	Estimated Cost
Construct new elementary school	\$22,500,000
Renovate/Replace Artondale Elem	\$15,600,000
Health/Safety/Security	\$1,000,000
Upgrade technology infrastructure and equipment	\$2,000,000
Replace/Upgrade fields and tracks	\$2,000,000
Key Peninsula MS upgrades	\$3,400,000
Total	\$46,500,000



Option D: \$46.5 million five-year levy

- Projected rates

Year	Tax per \$1,000 Assessed Value
2015	\$1.03
2016	\$1.01
2017	\$0.99
2018	\$0.97
2019	\$0.95

Option E: Combination \$10 million two-year levy and \$61.5 million capital bond

- Levy Assumptions
 - Two year technology, security and deferred maintenance levy
 - 2014 election, 2015 collection
 - 1% increase in AV 2015, 2% 2016
- Levy Project scope

Project	Estimated Cost
Upgrade technology infrastructure and equipment and security	\$5,000,000
Deferred maintenance	\$5,000,000
Total	\$10,000,000

Option E: Combination \$10 million two-year levy and \$61.5 million capital bond

- Bond Assumptions
 - Part of phase one of 30 year Long Range Facility Plan
 - Rest of 30 year plan spread out
 - Updated for current cost estimates
 - 2014 election, collection 20 years
 - 1% increase in AV 2015, 2% 2016 and beyond
 - Bonds sold over a two year period
 - Current interest rates plus 1%
 - Level tax rates using step-downs
 - For two year levy
 - For 2003 bond payoff
 - Total interest payments: \$12.6 million

Option E: Combination \$10 million two-year levy and \$61.5 million capital bond

- Bond Project scope

Project	Estimated Cost
Construct new elementary school	\$22,500,000
Renovate/Replace Artondale Elem	\$25,000,000
Mechanical/electrical improvements	\$10,600,000
Key Peninsula MS upgrades	\$3,400,000
Total	\$61,500,000

Option E: Combination \$10 million two-year levy and \$61.5 million capital bond

- Projected rates- Per \$1,000 assessed value

Year	Capital Levy	Capital Bond	Total
2015	\$0.55	\$0.33	\$0.88
2016	\$0.54	\$0.31	\$0.85
2017	-	\$0.86	\$0.86
2018	-	\$0.85	\$0.85
2019	-	\$0.86	\$0.86
2020* and beyond	-	\$1.30	\$1.30

* 2003 bonds \$0.44 retired

Comparison of Options

Projected rates- Per \$1,000 assessed value

Year	\$52.5m 4-year levy	\$55.9m 5-year levy	\$43.1m 4-year levy	\$46.5m 5-year levy	\$10m 2-year levy and \$61.5 bond
2015	\$1.46	\$1.24	\$1.20	\$1.03	\$0.88
2016	\$1.43	\$1.22	\$1.17	\$1.01	\$0.85
2017	\$1.40	\$1.19	\$1.15	\$0.99	\$0.86
2018	\$1.37	\$1.17	\$1.13	\$0.97	\$0.85
2019		\$1.15		\$0.95	\$0.86
2020 and beyond					\$1.30
	New	New	New	New	Tech
	Art+	Art+	Art-	Art-	Maint
	Sec	Sec	Sec	Sec	New
	Tech	Tech	Tech	Tech	Art+
	Fields	Fields	Fields	Fields	Mech
		KPMS		KPMS	KPMS

Next Steps

- Board Meeting Schedule
- Anticipated Decision Timeline