



Lake Washington


School District

Facilities Advisory Committee


MEETING 5 – APRIL 2, 2020

Zooming


❑ *Participants list*

- ➔ Open the list by clicking on participants at the bottom center
- ➔ Use the blue box labeled rename to fix your name if it isn't showing correctly
- ➔ There is a hand raising option  at the bottom of the participants list – use that if you'd like to ask a question

❑ *Chat box*

- ➔ Open it by clicking on the conversation bubble  at the bottom center
- ➔ Type your question or comment and hit ENTER

❑ *Mute/Unmute*

- ➔ Please mute yourself by clicking on the microphone icon  at the bottom left
- ➔ When I call on a member, unmute yourself to be heard.

❑ Please use headphones to reduce background noise



Agenda

- Recap of February 27 meeting
- School Facilities Funding
- School Facilities Costs
- Facilities Funding Approach Recommendation
- Next steps



School Facilities Funding

- Sources of Funding
- Election Result Trends
- Funding Options



Sources of Funding for Facilities

- Bonds
- Capital Levy
- School Construction Assistance Program (state paid)
- School Impact Fees (developer paid)
- School District Property Sale



Bond vs. Capital Levy

Bond	Capital Levy
Similar to a home loan: all proceeds up front and paid off over a long period of time (20+ years)	Funds received over a designated period of time (up to six years)
Able to receive larger amount of funding for level tax impact	Able to receive limited (or smaller) amount of funding for level tax impact
Typically able to fund full school construction projects	Typically able to fund limited remodel projects, building additions, or other capital improvement projects
60% voter approval required	50% voter approval required

Capital Levy

- ❑ District renews a 4-year Capital Levy on an ongoing basis
- ❑ Pays for Facilities and Technology Upgrades
 - ➔ Facilities - upgrades to major facility systems on a life cycle basis, accessibility projection, safety and security upgrades, site improvements, athletic facility upgrades
 - ➔ Technology - pays for enhanced technology infrastructure, equipment and training, replacement of student computers, teacher professional development, instructional software and programs
- ❑ District can also run Capital Levies for construction – up to six years



Bonds

- ❑ District issues Unlimited General Obligation Bonds (voted)
- ❑ Must garner 60% voter approval to pass. Requires turnout of 40% of most recent state general election to validate
- ❑ Provides financing at lower interest rates
 - ➔ Bonds are backed by the pledge of the issuer to raise taxes to fully repay the bonds
 - ➔ Interest earned is tax exempt
 - ➔ LWSD's high credit rating (Moody's Aaa and Standard & Poors AA+) means lower interest rates
- ❑ Total outstanding bonds may not exceed and overall debt limit of 5% of assessed valuation
 - ➔ LWSD current debt < 1.5%



State Construction Assistance Funds (SCAP)

- ❑ State Funding assistance for projects that meet eligibility requirements based on age and condition or need for space.
- ❑ If eligible, SCAP provides partial funding based on formulas, allowances and costs related to certain aspects of construction
- ❑ Currently the district only receives SCAP on rebuild and enlarging aging school projects, not new construction.



School Impact Fees

- Fees assessed by local governments against new development projects
- Impact fees are not intended to pay for 100% of costs of new facilities. Intended to provide a portion of the cost incurred in providing public facilities to serve new development
- May only be used to fund facilities directly associated with new development. Cannot be used to correct existing deficiencies.
- School impact fees collected through local jurisdictions (cities and counties)
- Fees collected are based on expected impact of each new type of housing unit.
- Must be spent within 10 years of collection



School Impact Fee History

ADOPTED	IN EFFECT	SF	% CHANGE	MF	% CHANGE
June 2019	2020	\$13,633	10.9%	\$1,388	122.4%
June 2018	2019	\$12,294	2.8%	\$624	-14.9%
June 2017	2018	\$11,954	10.5%	\$733	-23.3%
June 2016	2017	\$10,822	11.4%	\$956	17.2%
June 2015	2016	\$9,715	1.0%	\$816	9.5%
June 2014	2015	\$9,623	52.7%	\$745	259.9%
June 2013	2014	\$6,302		\$297	



School Impact Fee History

- The table below shows the impact fees collected the last two years. Impact fee revenues will fluctuate each year based on building permits issued within each jurisdiction.

\$ IN MILLIONS				
Jurisdiction	2016-17	2017-18	2018-19	3-year Total
City of Kirkland	\$2.0	\$2.6	\$2.5	\$7.1
City of Redmond	\$1.8	\$2.7	\$1.0	\$5.5
City of Sammamish	\$1.6	\$1.1	\$0.6	\$3.3
King County	\$0.1	\$0.8	\$0.3	\$1.2
Total	\$5.5	\$7.2	\$4.4	\$17.1



Sale of Property

- ❑ Surplus properties not needed for future projects could be sold to generate dollars
 - ➔ Refer to Undeveloped and Underdeveloped Property handout from Meeting #2

- ❑ District currently is selling site in Rose Hill area that was not buildable due to proximity to gas pipeline.
 - ➔ Estimated revenue \$18 million to be received Summer 2021
 - ➔ Proceeds to be reserved for future property purchases



Election Results Trends

- ❑ Only one out of 5 bond measure run in last 8 years has received the 60% super-majority needed to pass school bonds.

Bond Election	Approval %	Pass Y/N
Feb. 2010	55.67%	N
Feb. 2014	57.79%	N
April 2014	52.59%	N
April 2016	66.28%	Y
February 2018	54.00%	N



Election Results Trends

- The district has run two six-year Capital Project Levies in the last 8 years to provide funding in the short-term after a bond failure.

Six-Year Capital Levy	Approval %	Pass Y/N
Feb. 2011	60.75%	Y
April 2019	57.79%	Y

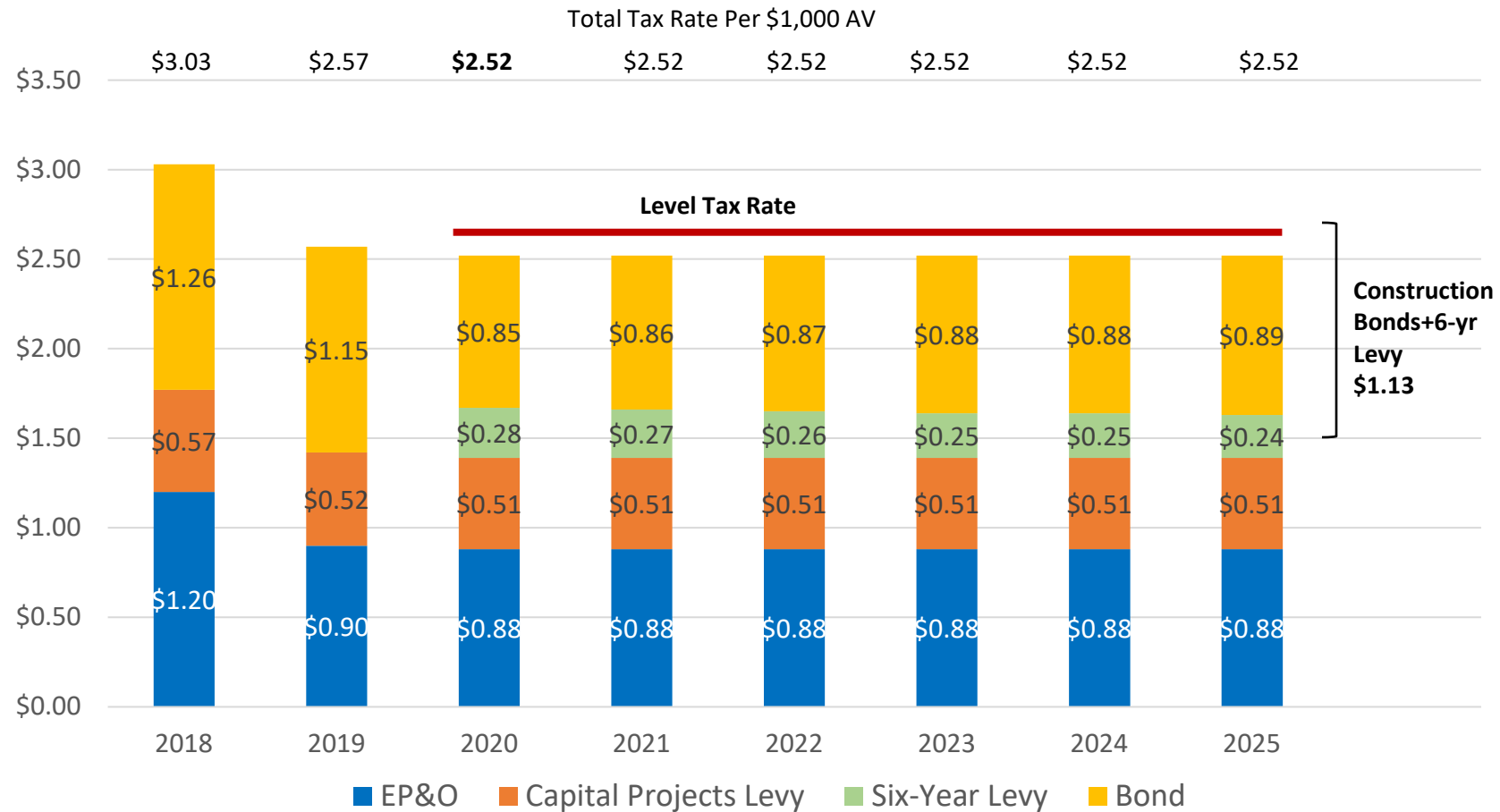


Funding Options

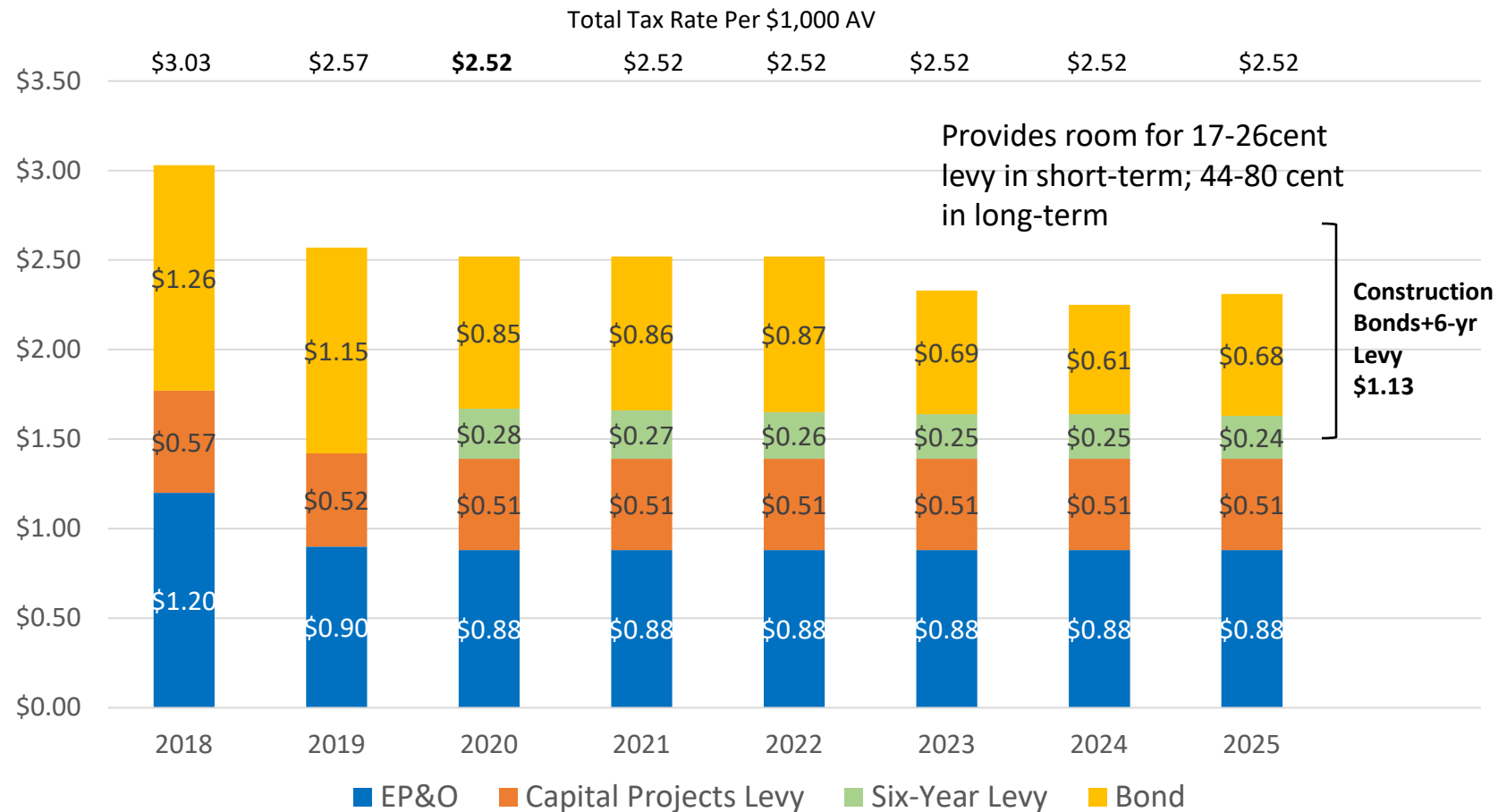
- Run smaller bonds more often – every 4 years
- Run larger bonds less often – every 8 years
- Run Capital Projects Levies – could eventually combine with 4-year capital levy
- Handouts of DA Davidson Scenarios



District Levy and Bond Rates - February 2020



District Levy and Bond Rates with no future measures



Funding Options – Levy Scenario

- ❑ Every 20 cents generates approximately \$15 million in funding per year
- ❑ Table below shows dollars generated with new levy without raising tax rate

Year	Levy	Cumulative
2023	\$13.7	
2024	\$20.9	\$34.6
2025	\$16.5	\$51.1
2026	\$38.0	\$89.1
2027	\$42.0	\$131.1
2028	\$43.5	\$174.6
2029	\$44.6	\$219.2
2030	\$76.4	\$295.6



Homework!

- The Difference Between Bonds & Levies
<https://www.youtube.com/watch?v=521HBBVD30E>

- How Local School Taxes Work
<https://www.youtube.com/watch?v=uUqKJG7-c1E>



School Facilities Costs

- Construction Costs
- Preliminary Project Costs



Information on Construction Costs

- ❑ Assume 3% to 8% Escalation per year
- ❑ Since 2010 – Seattle construction market
 - ➔ 3rd most expensive in the United States
 - ➔ 6th most expensive in the world
- ❑ Tariffs on steel – up to 30% increase over last two years
- ❑ Building bigger schools - Elementary School Model
 - ➔ 21-23 Classrooms (57,000 SF) in 2010
 - ➔ 24 Classrooms (65,000 SF) in 2012
 - ➔ 30 Classrooms (79,000 SF) in 2018
- ❑ Average Construction Cost/SF
 - ➔ 2010 – 2012 (2006 Bond) = \$462 (\$649 in today's dollars)
 - ➔ 2017 – 2018 (2016 Bond) = \$636
 - ➔ New Construction in 2022 = \$750
 - ➔ New Construction in 2024 = \$796 to \$875



Information on Construction Costs

- Handout of Cost per square foot and inflation
- Handout of Project Costs for Committee Preliminary Recommendations





What district has done to reduce costs

- ❑ Formed Design Advisory Review Committee in 2016
 - ➔ Provide advice on each major school construction (new, rebuild or modernization) project during concept design, schematic design, and design development.
 - ➔ Review designs for alignment with the district design principles outlined by the Long-Term Facilities Planning Task Force.
 - ➔ Provide feedback on schedules, budgets, materials, phasing, site layout, risk mitigation, construction and constructability, value engineering and project delivery methods
 - ➔ Recommend cost avoidance strategies to avoid additional costs and mitigate of construction price escalation.



Design Advisory Committee

□ The table below show total cost avoidance for 2016 Bond Projects

Project	Total Cost Avoidance (Millions)
Juanita High School	\$21.2
New Elementary School in North Redmond	\$5.4
New Elementary School in Redmond Ridge East	\$3.5
Redmond Ridge Middle School	\$9.6
Mead Elementary School	\$1.7
Kirk Elementary School	\$2.3
Total Cost Avoidance	\$43.7



Facilities Funding Approach Recommendation



Breakout Groups

- Look for *Invite* to breakout and accept
 - ➔ What are your observations about previous bond results?
 - ➔ Which funding options seemed to have the most potential for LWSD?
 - ➔ What strategy does your group recommend to raise money for the recommended projects?
 - ❖ Run smaller bonds more often – every 4 years
 - ❖ Run larger bonds less often – every 8 years
 - ❖ Run Capital Projects Levies – could eventually combine with 4-year capital levy



Next meetings

- ❑ What we build
 - ➔ Cost
 - ➔ Funding options
 - ➔ Innovation (urban schools, etc.)
 - ➔ If we can't build enough or at all
- ❑ Draft recommendations to date
- ❑ Next meeting
 - ➔ April 16, 2020, 4:30 – 7:30 p.m. Zoom meeting

