

Meeting #5 Summary – April 2, 2020

I: Welcome and Introductions

Penny Mable welcomed committee members, provided a walkthrough on logistics and best practices for remote meetings via Zoom, and briefly explained the meeting's agenda.

II: Recap February Workshop

Penny gave a recap of the February 27 workshop meeting, reviewing the outcomes and identifying any additional areas of discussion.

III: Schools facilities funding

Barbara Posthumus presented information on schools facilities funding, including sources of funding, funding options, and differences between bonds and capital levies, and election result trends for both funding options.

Q: Does the 4-year capital levy get renewed without voter approval? How does that work?

A: All levies and bonds must be approved by the voters. The Educational Programs & Operations (EP&O) levy and our 4-year Capital Projects levy must be renewed by the voters every four year. Part of the Facilities Advisory Committee (FAC) work is to make a recommendation on what should be recommended for 2022. The district structured its prior bonds sales and six-year capital levy to provide room to ask voters to approve a bond in 2022 without increasing the tax rate.

Q: Can any corner of that Rose Hill property that is for sale be used for a choice school?

A: No, the whole property is being sold due to its proximity to the gas pipeline. It was not feasible to parcel out a portion of the property.

Q: In past meetings we have talked about raising impact fees. How would that work?

A: The impact fee formula was developed in 1992 following a stakeholder process that included representatives from school districts, jurisdictions and the development community. The formula includes anticipated construction costs, student generation rates and credits for state funds and local taxes. We must follow the formulas established in order to avoid challenges from the developer community. If we wanted to change the formula, we would have to work with the county and developers to do so. An FAQ on Impact fees can be found on the district website <https://www.lwsd.org/programs-and-services/facilities/facilities-planning/impact-fees-faq>

Q: In the summary of the last meeting, there was mention of "business impact fees" on local (large) companies. Has using part of a city's business and occupation tax or head tax for schools been explored? What is the feasibility of this?

A: This has not been explored to date. We would have to talk with city partners about using business and occupation taxes to fund schools.

Q: What is the percentage that the impact fees cover?

A: For the last 3 years the district has collected an average of \$5.7 million each year in impact fees. The percentage depends on the cost of the school as well as where it is located, as funds must be distributed in the district in which they were collected.

Q: What was the high-level feedback from the community as to why four bonds failed?

A: We would have to go back and look at the different bond periods to fully answer that. The timing of the 2018 bond aligned with the Supreme Court ruling of the McCleary decision, so approval ratings for all measures decreased.

Q: Is there a possibility of lowering the voter approval rate for bonds to a simple majority? What would be the process?

A: Districts have been asking to lower the approval threshold in all legislative sessions. We would need more voices to be heard to push legislators to pass a bill to allow lowering the threshold.

Q: If you combined a new capital projects levy and the current-4-year capital levy, could that put getting the capital levy passed at risk?

A: Yes, and that's the challenge: we would not want to go without the capital projects levy that covers facility upgrades and technology systems. One possible strategy that Seattle School District uses is to only propose capital levies. They have two 6-year capital levies, overlapping them so every three years the community is only voting on one levy.

Q: Do we know the approval percentages for each of the different regions/learning communities?

A: We'll ask our levy campaign for that information.

➤ ***ACTION ITEM: Share approval percentages from previous proposals by learning area.***

Q: I imagine none of this data considers a coming recession, but it seems like one may be likely. How will that impact these numbers? Will the amounts drop if property values also drop?

A: If assessed valuation increases, the tax rate decreases. If the assessed valuation decreases, the tax rate increases. Experiences will vary between individual homeowners, but the dollar amount the district collects stays the same.

IV: School facilities costs

Brian Buck presented information on school facilities costs, including information on cost of construction as well as preliminary cost estimates based on the committee's recommendations proposed in the previous meeting.

Q: What are the costs of choice schools?

A: Roughly \$750 per square foot.

Committee member comment: Replacement schools are shown as slightly more expensive than building a new school due to having to demolish the existing school after the new building has been constructed, along with the safety measures to construct adjacent to an active school.



Q: Even with the savings of not having to buy land?

A: Yes, the construction cost would be more expensive because of needing to demolish an existing building, which increases the total project cost.

V: Facilities funding approach recommendation

The committee split into small breakout groups to discuss information shared in the presentation and discuss funding approach recommendations. The groups were asked to discuss the following questions:

- 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

The full committee reconvened, and each group reported on their conclusions.

Group 1

- Unsure of preference between bonds or levies – while the data shows levies are more successful, bonds are a better way to get money/ Concerned that with levies you can't get enough money
- Voting should be more frequent, don't want to have to wait eight years between putting on ballots
- There needs to be more voter education

Group 2

- Prefer bonds over levies, use levies as a backup to bonds
- Want to avoid amount of times on ballot; don't want to keep asking voters for more and more money which gives the impression that there's not a strategic plan
- More communication with the community to inform voters of the planning and challenges the district has been facing
- Big ask – big promise approach: Ask for one large bond with promise that another will not be proposed within just a few years to build trust in the district. Include promise not to move portables onto schools funded with bond money for a certain number of years.

Group 3

- Unsure of preference between bonds or levies
- With the growth rate the district is seeing it seems impossible to predict 8 years out, the 4-year timeline of a bond may work better, though levies have a better chance of passing
- Perhaps a smaller bond or a bond/levy combination (though it may be challenging to get support from the larger community)
- Perhaps we do a model similar to what Seattle is doing with regular levies.

Group 4

- Prefer bonds to get more money more quickly
- Prefer long-term plan so we're not going to the voters so frequently
- Concern about possible recession, perhaps ask should be smaller

Group 5

- Prefer smaller bonds proposed more frequently, use levies as back up.
- Messaging to voters needs to be clearer; voters need to know why so much money is needed and the positive effects of where the money would go
- Don't want to propose an 8-year bond as the cost may appear too big for voters to approve
- Don't want to combine tech levies and capital levies and risk losing one or the other

VI: Next steps

The next meeting was originally scheduled to be another 3-hour workshop, but now that meetings have moved to remote conferencing, the committee elected to split it into two shorter meetings. The first of these meetings will be April 16.

ACTION ITEMS FOR NEXT MEETING:

- ***Share approval percentages from previous proposed bonds by learning area.***
- ***Share information on urban schools in lieu of an in-person tour***
- ***Schedule additional meeting***

