

# COMMUNITY BOND STEERING COMMITTEE

May 5, 2022  
Timber Lakes  
Meeting #2



Splendor ISD  
BOND  
2022  
#CultivatingExceptionalPeople

EMBRACE  
every  
CHALLENGE

# WELCOME

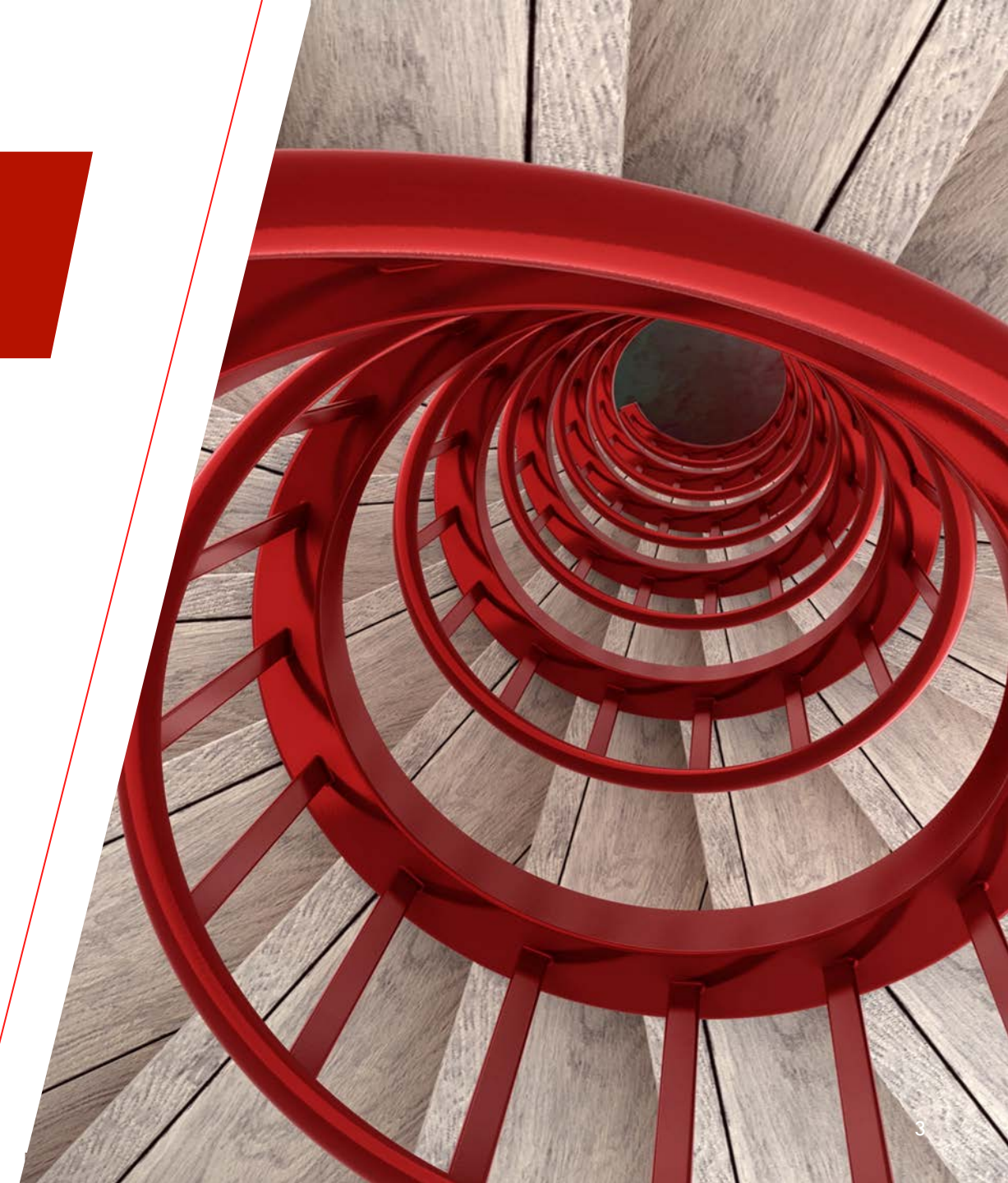
**Cultivating Exceptional People** | Every child has strengths and talents. Splendora ISD will focus on these strengths and talents regardless of a test score. To do anything less neglects our duty as parents, educators, and community members.





# AGENDA

- Welcome
- Recap Meeting #1
- Facility Assessment Report
- Construction Cost Update
- Finance and Bond Capacity
- Q+A
- Campus Tour



# QUESTIONS

1. Can the PowerPoint be shared with this committee?
2. Can we look at research on “optimal” high school size for student learning so that learning and not “community feeling” drives our decision-making?
3. In the formula used to determine capacity were special populations considered as double occupancy?
4. 2000 new high school seats is another high school. Why is another high school not being planned?
5. Pinewood Trails is telling customers that land is being set aside on site for a new elementary – is that true?



# MEETING #1 RECAP



# COMMUNITY BOND STEERING COMMITTEE PURPOSE

1

## **DIVERSE GROUP**

Represent  
everyone

2

## **LISTENERS**

Hear  
information and  
come ready to  
learn

3

## **LEARNERS**

Recognize  
district needs  
and trust  
process

4

## **PROVIDE FEEDBACK**

Ask questions,  
respect others,  
and provide  
input

5

## **RECOMMEND**

Reach consensus  
and present  
recommendation  
to the board  
regarding action



# SCHOOL FINANCE

- Local tax dollars
- State funding
- Federal funding

Dollars go into two “buckets”

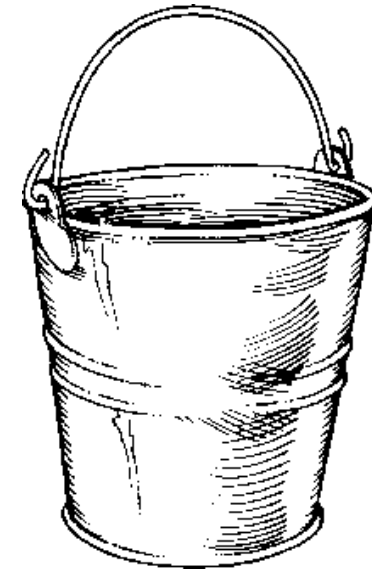
Maintenance and Operation (M&O)

Personnel, Utilities, Operating Cost, Supplies, etc.

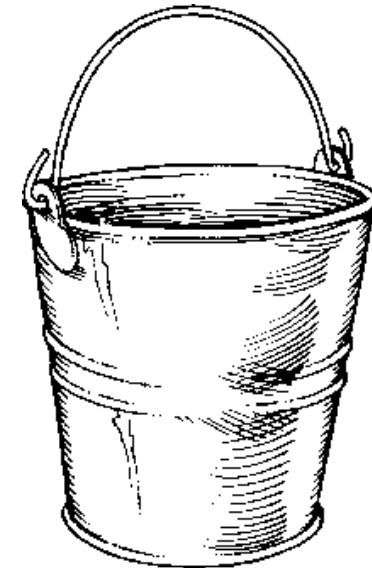
Interest and Sinking (I&S)

Buildings, Land, Large Capital Items, etc.

School districts typically do not have enough general funds to cover large capital purchases

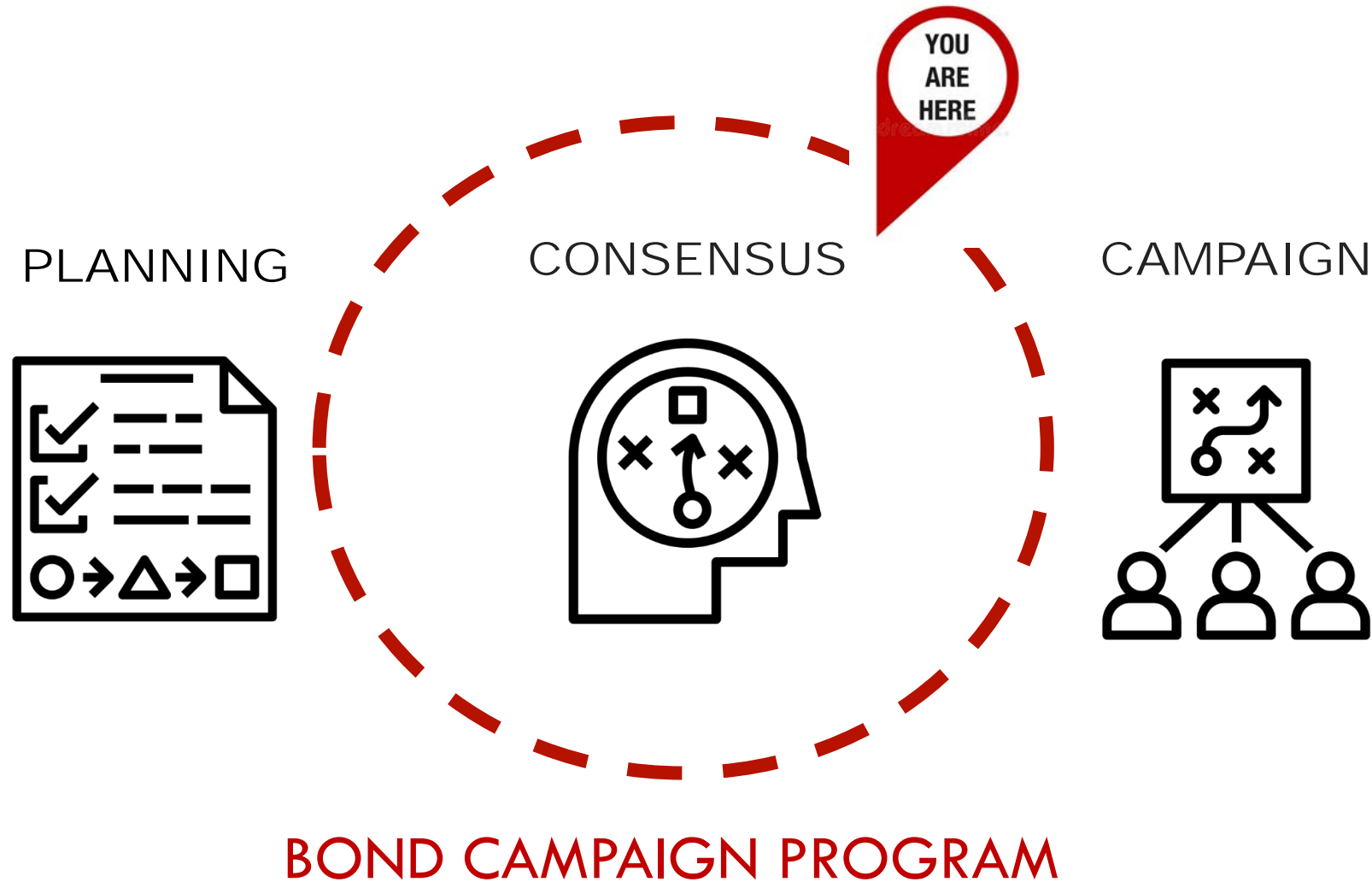


*Maintenance and Operation (M&O)*



*Interest and Sinking (I&S)*

# WHAT DOES SUCCESS LOOK LIKE?





# BOND CAMPAIGN(S)

## INFORMATION CAMPAIGN

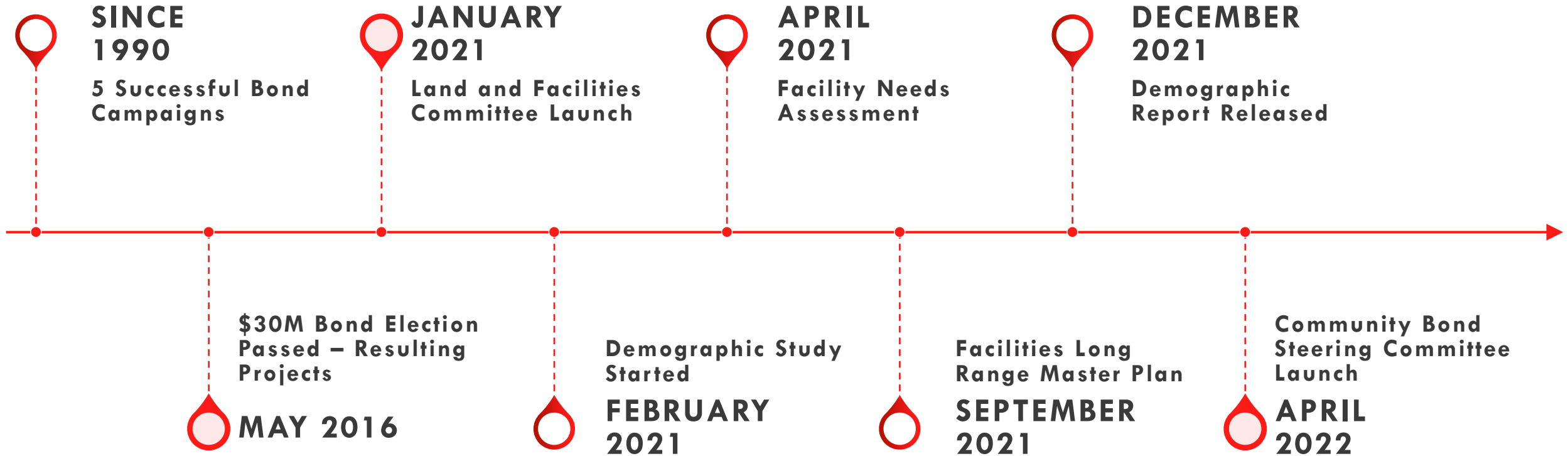
- District led
- Factual
- Illegal to spend or authorize public funds for political advertising

## PERSUASIVE CAMPAIGN

- Political Action Committee led (PAC)
- Influence vote “For” or Against”
- Legal to raise funds and spend on political advertising



# TIMELINE

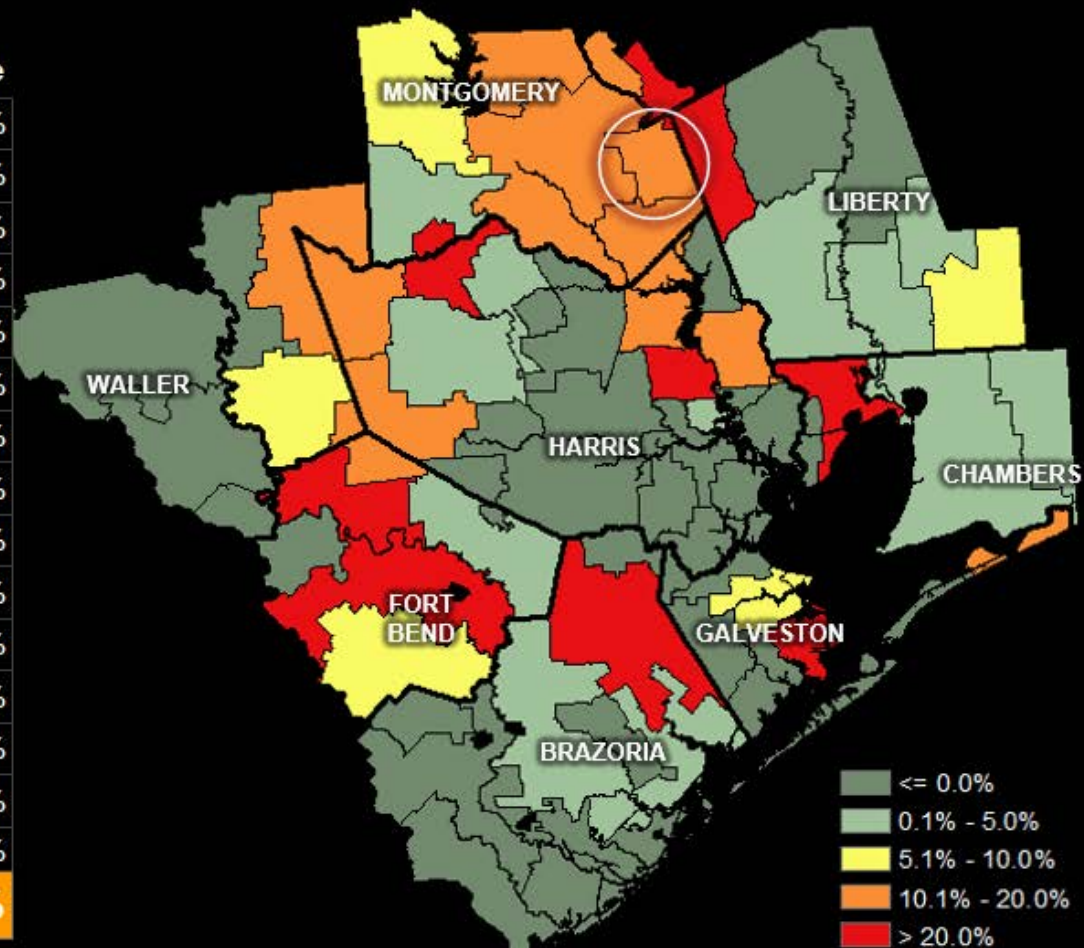


# DEMOGRAPHIC TRENDS

## Percent Change in Enrollment Fall 2015 to Fall 2020, Houston Metro



	School District	Change
1	Cleveland ISD	114.7%
2	Tomball ISD	32.2%
3	Barbers Hill ISD	26.3%
4	Texas City ISD	25.7%
5	Lamar CISD	23.0%
6	Alvin ISD	21.7%
7	Sheldon ISD	20.4%
8	High Island ISD	19.6%
9	Waller ISD	18.1%
10	New Caney ISD	17.8%
11	Katy ISD	15.4%
12	Humble ISD	12.3%
13	Crosby ISD	11.6%
14	Conroe ISD	10.9%
15	Willis ISD	10.8%
16	Splendora ISD	10.3%

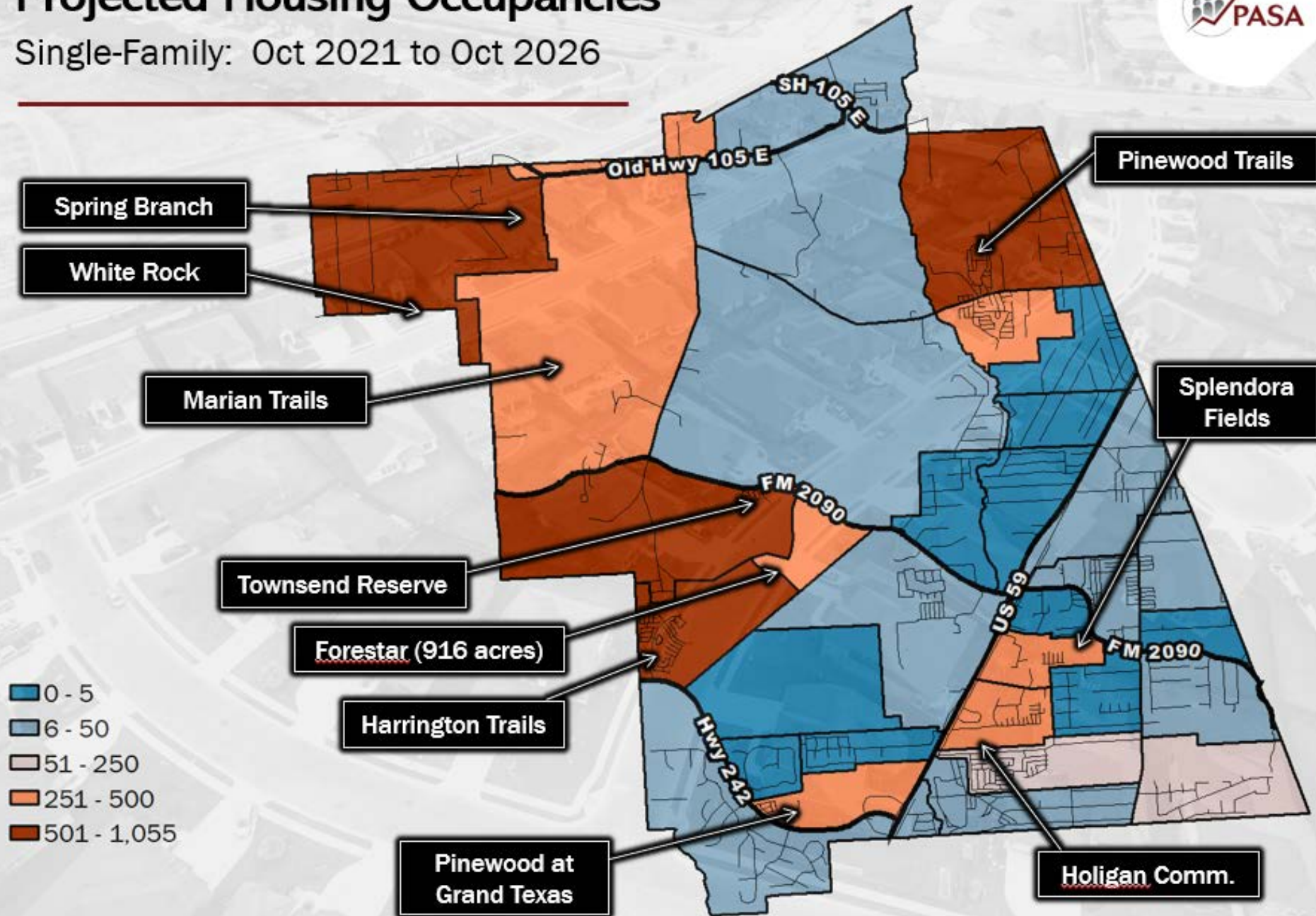




# HOUSING TRENDS

## Projected Housing Occupancies

Single-Family: Oct 2021 to Oct 2026





# STUDENT PROJECTIONS

## Moderate Growth Scenario

	2022	2023	2024	2025	2026
Enrollment	<b>4,748</b>	<b>5,371</b>	<b>6,127</b>	<b>7,019</b>	<b>8,003</b>
% Growth	8.28%	13.12%	14.08%	14.56%	14.02%
Growth	363	623	756	892	984
	2027	2028	2029	2030	2031
Enrollment	<b>9,000</b>	<b>10,153</b>	<b>11,364</b>	<b>12,651</b>	<b>14,085</b>
% Growth	12.46%	12.81%	11.93%	11.33%	11.34%
Growth	997	1,153	1,211	1,287	1,434

## Student Population Projections Summary



### Projected RESIDENT Students

	Capacity	Current	2022- 23	2023- 24	2024- 25	2025- 26	2026- 27	2027- 28	2028- 29	2029- 30	2030- 31	2031- 32	Net Transfers 2021-22
Greenleaf	827	497	554	594	636	686	750	828	921	1,035	1,170	1,321	146
Peach Creek	817	710	778	844	920	1,011	1,102	1,256	1,395	1,540	1,689	1,853	-179
Piney Woods	818	632	698	833	975	1,135	1,347	1,602	1,910	2,257	2,679	3,163	-116
Timber Lakes	800	503	651	770	892	1,018	1,164	1,344	1,531	1,753	2,003	2,282	149
Junior High	820	686	760	849	993	1,155	1,290	1,323	1,423	1,598	1,680	1,818	n/a
High School	1,592	1,257	1,307	1,481	1,711	2,014	2,350	2,647	2,973	3,181	3,430	3,648	n/a
<b>Total</b>		<b>4,285</b>	<b>4,748</b>	<b>5,371</b>	<b>6,127</b>	<b>7,019</b>	<b>8,003</b>	<b>9,000</b>	<b>10,153</b>	<b>11,364</b>	<b>12,651</b>	<b>14,085</b>	<b>0</b>

Years when student population > 120% capacity

Return to:  
**EE-5<sup>th</sup> Elementary Schools**  
**6<sup>th</sup>-8<sup>th</sup> Junior High Schools**

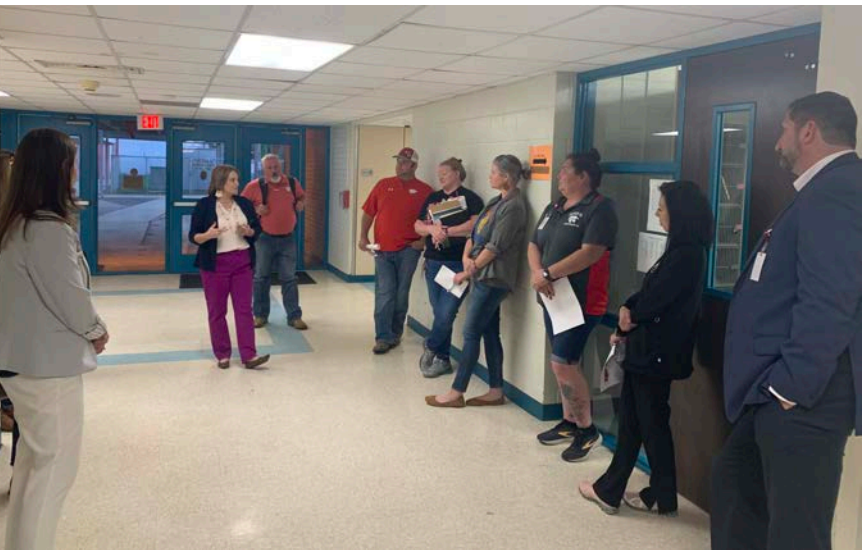
**Four new Elem Schools**

**Two new Junior High Schools**

**2,000 new HS "seats"**

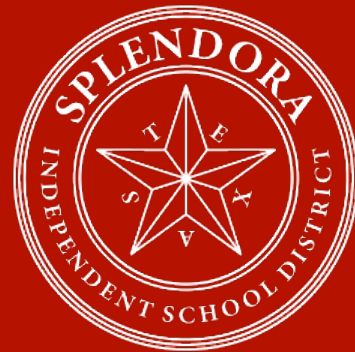


# MEETING #1





# FACILITIES ASSESSMENT





# 2021 FACILITY ASSESSMENT UPDATE



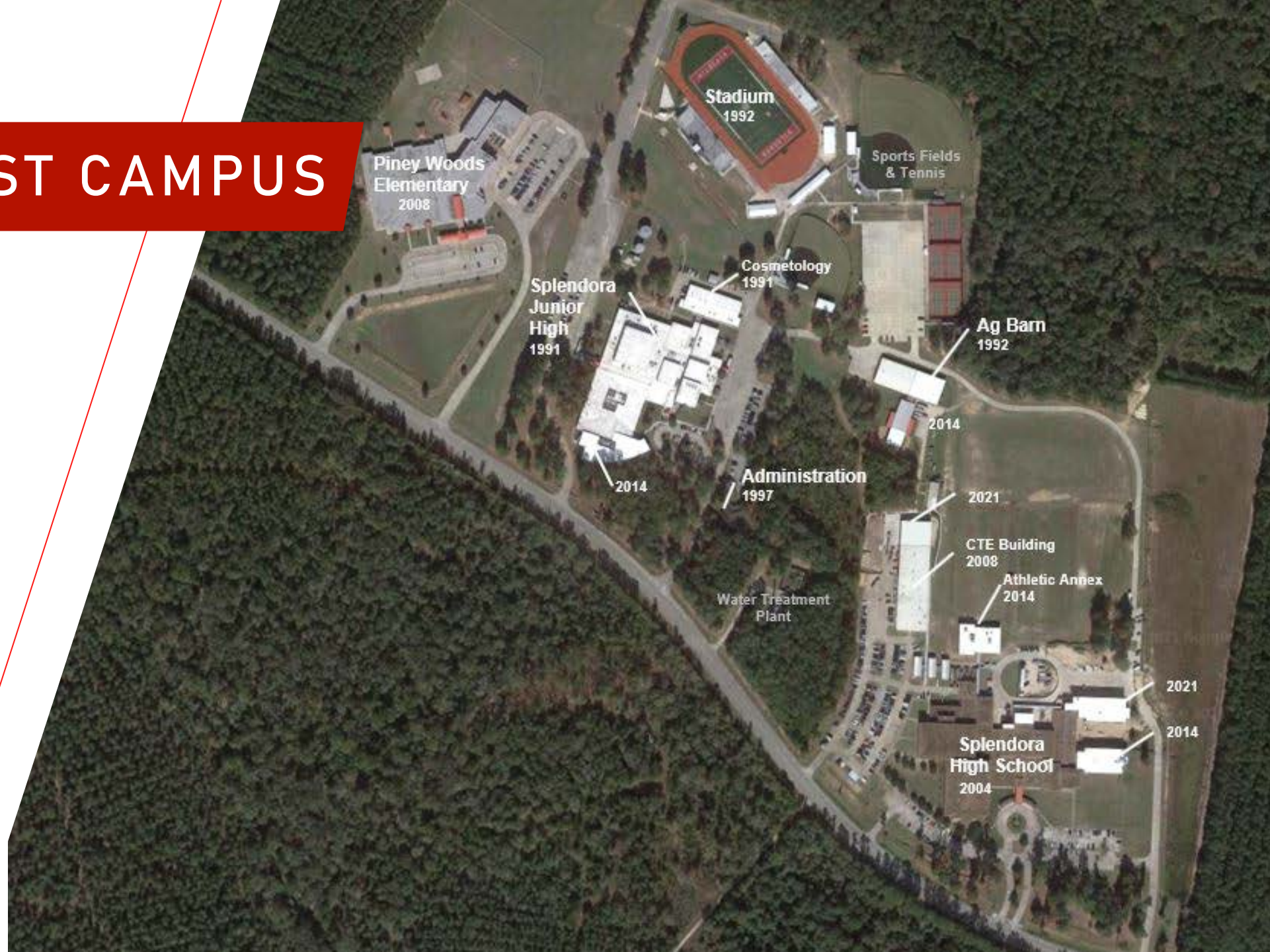


# EAST CAMPUS





# WEST CAMPUS





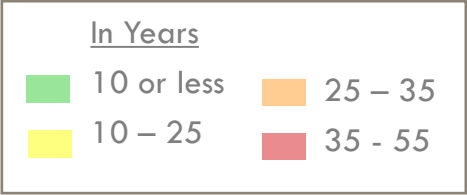
# TIMBER LAKES ELEMENTARY

Timber  
Lakes  
Elementary  
2020

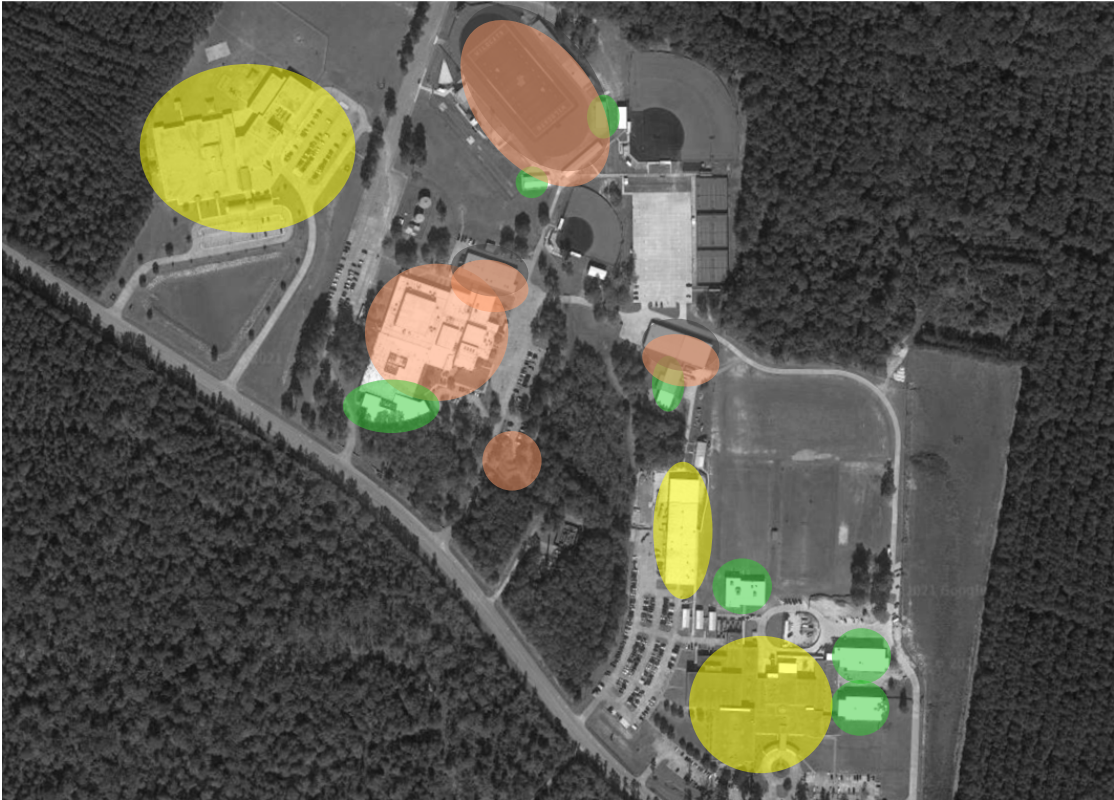




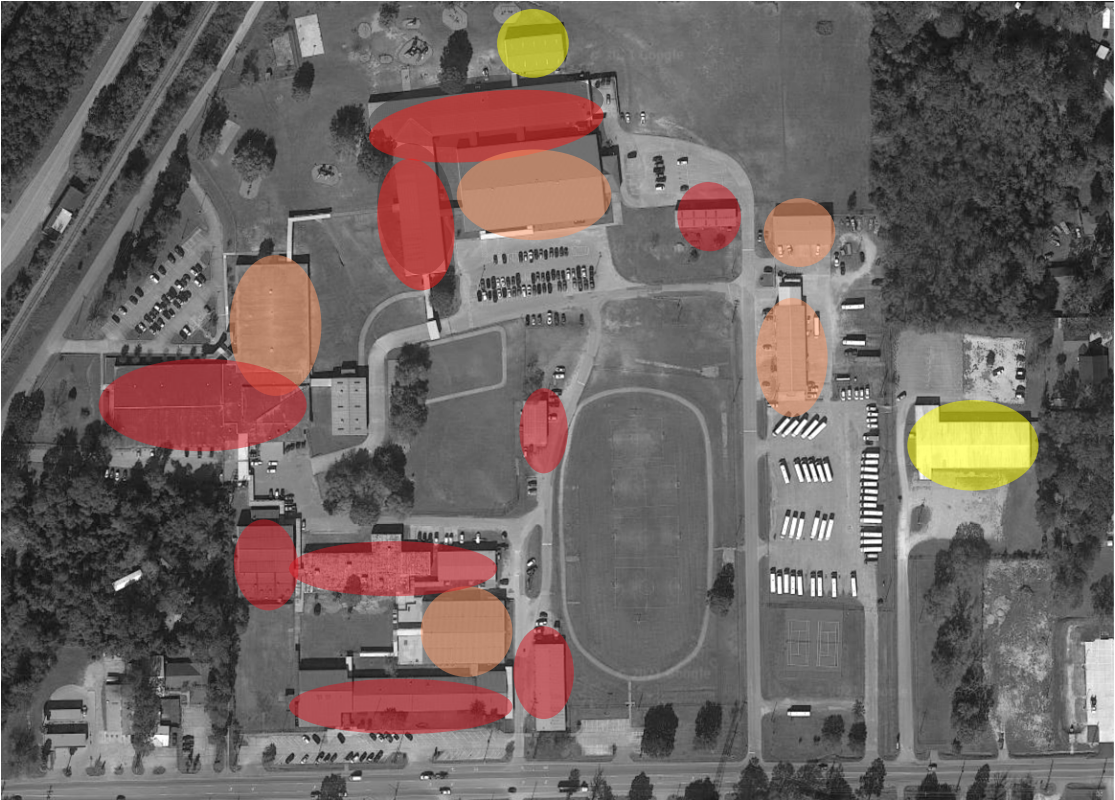
# Age of Facilities



West Campus



East Campus



# PEACH CREEK ELEMENTARY

## FACILITIES ASSESSMENT PRIORITY A

- HVAC: Overhaul of VRF System
- Safety: Add exterior PA speakers for full coverage
- Accessibility: Add ADA ramp to playground
- Replace exterior doors and hardware
- Water migration issue @ VCT





# GREENLEAF ELEMENTARY

## FACILITIES ASSESSMENT PRIORITY A

- Exterior Systems:
  - Restore / repair roof
  - Replace gutters and downspouts
  - Replace damaged exterior wall panels
- Interior Systems:
  - Repair moisture issues at exterior walls
- Safety: Add PA system in back hallways



# SPLENDORA JUNIOR HIGH

## FACILITIES ASSESSMENT PRIORITY A

- HVAC
  - Replace & re-engineer HVAC systems
  - Replace controls system





# SPLENDORA HIGH SCHOOL

## FACILITIES ASSESSMENT PRIORITY A

- Mechanical Systems: Replace boilers
- Interior Systems: Replace carpet at admin and older classrooms
- Safety: Replace ceilings at restrooms.
- Exterior Envelope: Replace caulking at joints and windows and evaluate window flashing



# AG BARN

## FACILITIES ASSESSMENT PRIORITY A

- Exterior Envelope:
  - Roof repairs and insulation replacement
  - Replace exterior door frames
- Interior Systems:
  - Replace plywood ceilings
  - Replace interior door hardware (with closers)
- Plumbing: Provide additional plumbing and circulation system (freeze protection)
- Accessibility: Update room signage to be compliant





# PRE-K BUILDING & FOOD PANTRY

## FACILITIES ASSESSMENT PRIORITY A

- Demolition of buildings





# ADMINISTRATION & ISS TECH BUILDING

## FACILITIES ASSESSMENT PRIORITY A

- Safety: Add back-up generators
- Capacity: Additional office space at Administration Building





# PURCHASING BUILDING

## FACILITIES ASSESSMENT PRIORITY A

- HVAC: Replace unit
- Exterior Envelope: Replace exterior roll up doors



# CHILD NUTRITION WAREHOUSE

## FACILITIES ASSESSMENT PRIORITY A

- Exterior Envelope: Replace wall insulation
- HVAC: Add HVAC system
- Plumbing: Provide sewer line





# OVERALL COST & PRIORITY SUMMARY

## Splendora ISD - District Facility Assessment Scope List

Summary Chart - Facility Assessment Matrix

	Priority A Critical Improvements	Priority B Ideal Improvements	Priority C Non-Critical Improvements	Total Priority A+B+C
Campus	Priority A	Priority B	Priority C	Total (A+B+C)
1 Peach Creek Elementary	\$1,058,735	\$9,933,592	\$5,239,075	\$16,231,402
2 Greenleaf Elementary	\$1,724,006	\$6,571,255	\$12,954,614	\$21,249,875
3 Piney Woods Elementary	\$0	\$4,073,864	\$21,036	\$4,094,900
4 Junior High School	\$4,292,243	\$10,762,061	\$10,181,262	\$25,235,566
5 High School	\$743,177	\$11,037,665	\$32,664,655	\$44,445,497
6 Pre-K (demo)	\$165,375	\$0	\$0	\$165,375
<b>Subtotal 6 Facilities</b>	<b>\$7,983,535</b>	<b>\$42,378,438</b>	<b>\$61,060,642</b>	<b>\$111,422,615</b>
7 Agriculture Barn	\$249,715	\$254,163	\$1,563,853	\$2,067,731
8 Administration Building	\$2,866,500	\$271,226	\$0	\$3,137,726
9 Instructional Services/Tech	\$136,500	\$9,263,373	\$0	\$9,399,873
10 Food Pantry (demo)	\$33,075	\$0	\$0	\$33,075
11 Purchasing	\$75,075	\$1,242,389	\$0	\$1,317,464
12 Support Services	\$0	\$3,340,182	\$0	\$3,340,182
13 Child Nutrition Warehouse	\$66,203	\$803,947	\$6,668,342	\$7,538,492
14 Maintenance Shop	\$0	\$147,447	\$0	\$147,447
15 Transportation	\$0	\$2,499,554	\$4,454,280	\$6,953,834
16 Athletics	\$0	\$3,788,834	\$4,694,146	\$8,482,981
17 Skating Rink	\$0	\$770,918	\$0	\$770,918
<b>Subtotal 11 Support Facilities</b>	<b>\$3,427,067</b>	<b>\$22,382,033</b>	<b>\$17,380,621</b>	<b>\$43,189,722</b>
<b>Total - 17 Facilities</b>	<b>\$11,410,603</b>	<b>\$64,760,471</b>	<b>\$78,441,263</b>	<b>\$154,612,337</b>



# GROUP ACTIVITY

- Something “New”
- Something “Knew”



# CONSTRUCTION UPDATE





## PROJECT PRICE TRENDS (CONSTRUCTION)

### ELEMENTARY

- Bid 2019: \$228/sf, \$23.2M (850 student ES)
- Bid 2020: \$210/sf, \$21.3M (850 student ES)
- Bid 2021: \$351/sf, \$20.3M (400 student Pre-K)
- Bid 2022: \$315/sf, \$35.7M (700 student ES)
- 2022 Estimate: **\$275 - 285** (1,000 student ES)

### JUNIOR HIGH

- Bid 2019: \$211/sf, \$37.5M (1,000 student)
- Bid 2020: \$252/sf, \$54.6M (1,100 student)
- 2022 Estimate: **\$285 - 310** (1,250 student JH)

### HS EXPANSION

- 2022 Estimate: **\$295** (core classrooms only)

**TOTAL PROJECT COST: +24%**



# CONSTRUCTION PRICES\*

- June 2021 - biggest price jump in 42 years
- 13 straight month of price increases

## MATERIALS COST AND DELIVERY ISSUES

- Concrete – rapid rise; 4% increase as of 04/21
- Metals – Cost rising and delivery delays for steel, fabricated metals and electrical equipment
- Drywall – 8-10 week delivery time, prices rising
- Glass – Slowing, prices rising
- HVAC equipment – prices rising, deliveries longer, affected by metal and circuit board shortage
- Plumbing fixtures – inventories low
- Specialty & theatrical lighting – inventories falling, affected by circuit board shortage
- Electrical – Price increase due to metals and copper prices, communications cable impacted

*\*Information from Durotech Construction Materials Report Q2/2021*





# Houston AGC/A4LE Construction Cost Projections

Presented by Durotech September 2021

Forecast			
	2021	2022	2023
Cost Forecast A:	13-20% Increase	8-13% Increase	5-8% Increase
Cost Forecast B:	18-25% Increase	11-16% Increase	5-8% Increase
Owner Risk:	Red	Red	Yellow

A: Slower Recovery

B: Faster Recovery

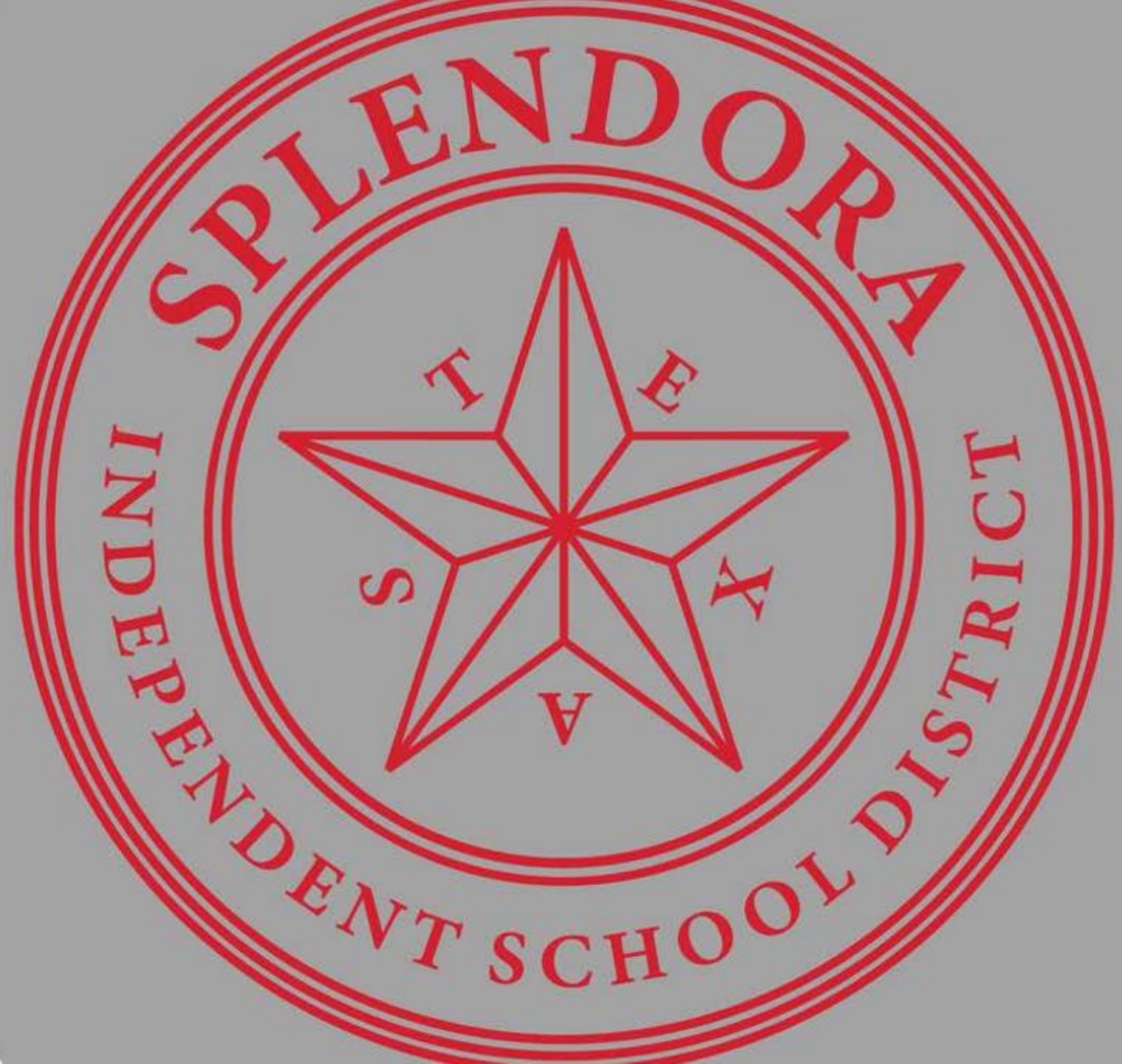
# FINANCE + BONDING CAPACITY





# HOW DO BONDS IMPACT MY TAXES?

May 5, 2022





# Agenda

- ❖ How do bonds work
- ❖ Capacity
- ❖ Why do schools use bonds
- ❖ Ballot language
- ❖ SISD's funding determination
- ❖ Future impact
- ❖ Questions



# Property Tax Basics



# What is a Bond?

- ❖ Similar to a loan/mortgage

- Indebtedness between the issuer (SISD) and the bondholders
- Backed by the State of Texas so AAA rated, keeps interest rate low
- No ISD has ever defaulted before on a bond payment

- ❖ Approved by the voters via a bond election

- Pays for project over its useful life
- Cannot be used for payroll or other operating costs



# Capacity

- ❖ Property tax base
- ❖ Students in attendance
- ❖ I&S tax rate
- ❖ Term
- ❖ Repayment structure
- ❖ Competing goals

# Capacity

- ❖ Property tax base
  - Growing, stable, or shrinking?
  - Current tax base must support highest payment



# Capacity

- ❖ Students in attendance
  - Growing, stable, or shrinking?
  - More students = more revenue

# Capacity

## ❖ I&S Tax Rate

- \$0.50 is the max the State allows to issue new money
- Free of recapture

# Capacity

## ❖ Term

- Can be up to 40 years
- Useful life determines the term of bonds
  - Tech & Busses ~ 5 years
  - New Building ~ 30 years



# Capacity

## ❖ Repayment Structure

- Normal mortgage causes the same monthly payment
- Bonds can be structured to force principal in early years to help pay back sooner and lessen interest owed

# Capacity

- ❖ Competing goals
  - Early retirement of debt
  - vs current needs
  - vs future capacity

# Why Use Bonds?



## Tax-Exempt

Lower interest rates than a bank loan



## Efficiency

Not fiscally sustainable to fund via M&O



## Leverage

State aid is projected to be **30.7%** of I&S revenue through 2040



# The Election Process

- ❖ Bond Elections in May and November
- ❖ Ballot Language
  - ❖ Must say "property tax increase"
  - ❖ Must segregate certain projects (i.e. natatorium)
  - ❖ General language used to describe proposition (not each and every project)

05/07/2016

Prop	Purpose	Amount	For/Against	Issued	Unissued
1	School Building/Athletic Improvements	\$30,000,000	👍 254 (50.9%) / 245 (49.1%)	\$30,000,000	\$0
Total		\$30,000,000		\$30,000,000	\$0

11/06/2012

Prop	Purpose	Amount	For/Against	Issued	Unissued
1	School Building	\$13,500,000	👍 2,240 (61.7%) / 1,389 (38.3%)	\$13,500,000	\$0
Total		\$13,500,000		\$13,500,000	\$0

05/12/2007

Prop	Purpose	Amount	For/Against	Issued	Unissued
1	School Building	\$26,000,000	👍 (Vote counts are unknown)	\$26,000,000	\$0
Total		\$26,000,000		\$26,000,000	\$0

05/04/2002

Prop	Purpose	Amount	For/Against	Issued	Unissued
1	School Building	\$18,700,000	👍 404 (75.2%) / 133 (24.8%)	\$18,700,000	\$0
Total		\$18,700,000		\$18,700,000	\$0

# HISTORICAL ELECTION RESULTS

# SISD Capacity Analysis



Current  
Outstanding debt



Historical AV &  
Tax Rate



I&S Revenue  
Trend



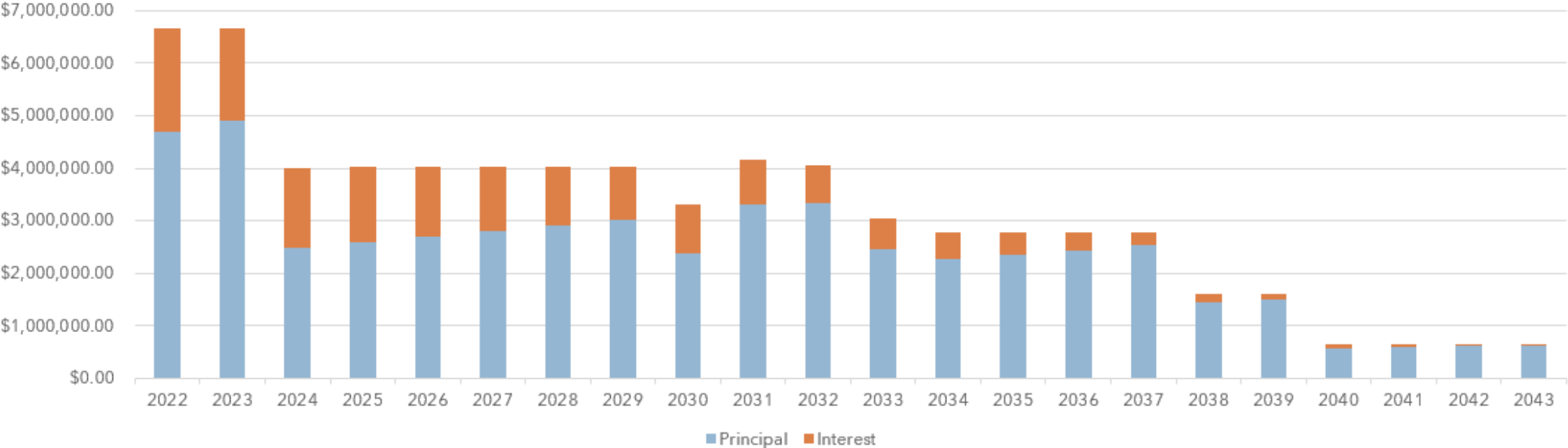
Credit Rating



# Existing Debt Service

Fiscal Year End	Principal	Interest	Total
6/30/2022	\$4,705,000.00	\$1,953,680.83	\$6,658,680.83
6/30/2023	\$4,910,000.00	\$1,748,643.76	\$6,658,643.76
6/30/2024	\$2,480,000.00	\$1,533,918.76	\$4,013,918.76
6/30/2025	\$2,585,000.00	\$1,433,918.76	\$4,018,918.76
6/30/2026	\$2,695,000.00	\$1,343,956.26	\$4,038,956.26
6/30/2027	\$2,795,000.00	\$1,237,487.50	\$4,032,487.50
6/30/2028	\$2,905,000.00	\$1,125,912.50	\$4,030,912.50
6/30/2029	\$3,020,000.00	\$1,019,012.50	\$4,039,012.50
6/30/2030	\$2,380,000.00	\$921,887.50	\$3,301,887.50
6/30/2031	\$3,315,000.00	\$850,475.00	\$4,165,475.00
6/30/2032	\$3,330,000.00	\$732,525.00	\$4,062,525.00
6/30/2033	\$2,450,000.00	\$596,625.00	\$3,046,625.00
6/30/2034	\$2,270,000.00	\$505,875.00	\$2,775,875.00
6/30/2035	\$2,360,000.00	\$419,875.00	\$2,779,875.00
6/30/2036	\$2,445,000.00	\$330,425.00	\$2,775,425.00
6/30/2037	\$2,535,000.00	\$247,312.50	\$2,782,312.50
6/30/2038	\$1,450,000.00	\$161,100.00	\$1,611,100.00
6/30/2039	\$1,500,000.00	\$117,600.00	\$1,617,600.00
6/30/2040	\$575,000.00	\$72,600.00	\$647,600.00
6/30/2041	\$595,000.00	\$55,350.00	\$650,350.00
6/30/2042	\$615,000.00	\$37,500.00	\$652,500.00
6/30/2043	\$635,000.00	\$19,050.00	\$654,050.00
	<b>\$52,550,000.00</b>	<b>\$16,464,730.87</b>	<b>\$69,014,730.87</b>

Splendora ISD Current Debt Service Structure



# Historical Property Values & Tax Rates

<b>Tax Year</b>	<b>Assessed Value</b>	<b>M&amp;O Rate</b>	<b>I&amp;S Rate</b>	<b>Total Tax Rate</b>	<b>Levy</b>
2021	\$1,026,974,617	\$0.96	\$0.45	\$1.41	\$14,434,128
2020	\$976,390,506	\$0.98	\$0.43	\$1.41	\$13,719,263
2019	\$825,212,427	\$1.07	\$0.43	\$1.50	\$12,910,748
2018	\$764,302,313	\$1.17	\$0.43	\$1.60	\$12,085,515
2017	\$722,675,938	\$1.17	\$0.43	\$1.60	\$11,433,953
2016	\$637,264,063	\$1.17	\$0.43	\$1.60	\$10,088,980
2015	\$539,891,980	\$1.17	\$0.15	\$1.32	\$7,063,937
2014	\$468,761,155	\$1.17	\$0.15	\$1.32	\$6,137,864
2013	\$435,317,294	\$1.04	\$0.28	\$1.32	\$5,770,292
2012	\$412,554,238	\$1.04	\$0.28	\$1.32	\$5,400,058
2011	\$395,825,188	\$1.04	\$0.29	\$1.33	\$5,276,107
2010	\$362,854,588	\$1.04	\$0.32	\$1.36	\$4,934,460





As Of Date	Company	Action	Rating	Outlook
08/08/2016	Standard & Poor's	Upgrade	A+	Stable
03/15/2016	Standard & Poor's	Affirmed	A	Positive
01/21/2015	Standard & Poor's	Outlook Revised	A	Positive
01/21/2015	Standard & Poor's	Affirmed/Outlook Revised	A	Positive
03/11/2013	Moody's		NR	
03/08/2013	Standard & Poor's	Affirmed	A	Stable

# CREDIT RATING

# Large vs. Small Issuance



TAX RATE INCREASE  
OR NO TAX RATE  
INCREASE



IMPACT ON  
TAXPAYERS



PROJECT  
LIMITATIONS



REFINANCING



INTEREST RATE  
VOLATILITY

# Capacity

- ❖ \$205,000,000 with a 1-cent tax increase
- ❖ \$175,000,000 with no tax rate increase



# Timeline

- ❖ Bond Sale in January 2023
- ❖ Tax Bills Received October 2023
- ❖ Taxes Due January 2024

## Impact on Taxpayers

### Possible 2022 Tax Bill

Home Value	\$300,000
Homestead Exemption	\$ 40,000
Taxable Value	\$260,000
SISD Tax Rate	\$ 1.4055
SISD Taxes	\$ 3,654

# Impact on Taxpayers

## Possible **2023** Tax Bill

Home Value	\$300,000
Homestead Exemption	\$ 40,000
Taxable Value	\$260,000
SISD Tax Rate	\$ <b>1.4155</b>
SISD Taxes	\$ 3,680



# Impact on Taxpayers

## Possible **2023** Tax Bill

Home Value <b>Doubled</b>	\$600,000
Homestead Cap <b>10% Increase in Tax Value</b>	
Taxable Value	\$ <b>286,000</b>
SISD Tax Rate	\$ <b>1.4155</b>
SISD Taxes	\$ <b>4,048</b>

# Q+A

- Index Cards
- Katie Key | [kkey@splendoraisd.org](mailto:kkey@splendoraisd.org)





# DATES

Meeting #1 | April 21, 2022 Peach Creek

Meeting #2 | May 5, 2022 Timber Lakes

**Meeting #3 | May 12, 2022 Junior High**

Meeting #4 | June 2, 2022 High School

Meeting #5 | June 16, 2022 TBD



# TOURS | THANK YOU!

May 5, 2022  
Timber Lakes  
Meeting #2



Splendor ISD  
BOND  
2022  
#CultivatingExceptionalPeople

EMBRACE  
every  
CHALLENGE