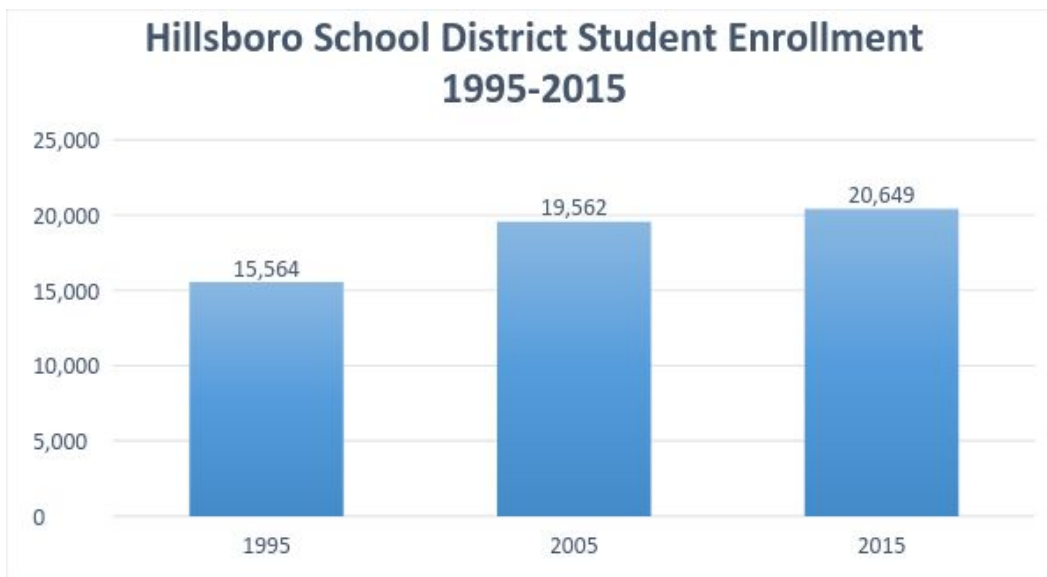




Issue Paper #4: Bond Program Development Approach

1. Background

HSD's student population has grown since the last capital bond in 2006, facilities have been well used and have experienced normal wear and aging, and learning technology has evolved at an accelerating rate. The most recent bond that District voters approved was in 2006 for \$169,000,000 for new and modernized facilities. These improvements have, for the most part, been completed and are now a part of the District's base facilities.



The District's Facilities Department keeps a current estimate of costs by individual facilities on an annual basis to keep the facility in acceptable operating condition. The District's facility assessment considers the following building factors:

- Mechanical/Electrical/Plumbing
- Safety
- Seismic (2014 study)
- Roofing
- Technology
- Asphalt/Concrete
- Other Needed Projects

Each District facility is evaluated by District staff based on the above factors and a current cost estimate is developed that reflects the best estimate to bring an individual facility up to current operating standards. These costs are a combination of general maintenance and building modernization and include project cost escalation for 3 to 5 years at 3% to 6%



annually. The costs on the following table (from the 2016 Long Range Facility Plan) are total costs inclusive of the factors noted above. Note these costs do not include new facilities.

	2015 Estimated Project Costs
Elementary Schools	\$69,217,852
Middle Schools	\$27,617,701
High Schools	\$37,390,744
Other District Facilities	\$19,078,397
District Facilities Total	\$153,304,694

2. Why this is Relevant to the Bond Program

The program developed by the Bond Committee will consider enrollment growth, the condition of existing facilities, and the need for new facilities and identify critically needed projects to recommend as the best overall package of capital improvements and enhancements to address facility needs. It is expected that the Bond Committee will consider project lists that total significantly more than can realistically be put forward to District voters. It's anticipated that the Bond Committee process will weigh different bond project packages and select projects that both meet critical facility needs while, at the same time, reflecting a broad consensus of Committee stakeholders.

3. Conclusions

Potential bond projects are being identified in the following categories:

- (a) **Capacity Projects** – providing new capacity through new facilities or expansions at existing facilities;
- (b) **Modernization Projects** – improvements that extend the useful life of existing facilities; replacements or renovations;
- (c) **School safety and security modifications** – including building security, seismic improvements;
- (d) **Technology Projects** – accommodating technology advances in delivering educational content and replacement of obsolete technology; and
- (e) **Land Purchases** – advance purchase of property in strategic locations to insure a sufficient land supply for future needs.



Over the past months, projects have been identified by HSD Administration/Finance, Facility/Maintenance and Teaching and Learning/IT staff based on capacity needs and projections, a continuing Building Condition Assessment (BCA) and enhancements to accommodate new teaching methods. Decision packages, including project descriptions and cost estimates, are being prepared for evaluation through the following process:

- Review by an internal Bond Working Committee for priority and relevance. This committee is comprised of senior HSD representatives from Administration, Teaching & Learning, Finance, IT, Facilities & Maintenance, and Public Involvement.
- Input from the Bond Advisory Committee consisting of members from the community, business, parents and teachers. This committee will consider factors such as geographic distribution of projects, dollar amount of bond, guidance on renovation vs. replacement, and project categories.
- Priority level of the project in fitting costs within a maximum allocated Bond total value. HSD is committed to managing the Bond size to avoid increasing current HSD bond tax rates.

Using this disciplined approach, the Bond Advisory Committee will be asked to evaluate and select the eventual group of projects that will be recommended to the Superintendent to constitute the 2017 Bond program, meet priority needs in a reasonable manner, and keep the bond servicing tax rates from rising above current levels.