Hillsboro School District

Bond Advisory Committee

Recommendation to the Superintendent

HILLSBORO SCHOOL DISTRICT

April 19, 2017

HILLSBORO SCHOOL DISTRICT

Acknowledgements

Bond Advisory Committee

- Deanna Palm, Co-Chair, Hillsboro Chamber of Commerce
- Jerry Willey, Co-Chair, Former City of Hillsboro Mayor
- Blake Boyles, City of North Plains
- Matthew Buckingham, Parent – Long Range Planning Committee Member
- Rebecca Carey-Smith, Portland General Electric
- Lindsay Garcia, Principal – Eastwood Elementary School
- Javier Gonzalez, Student – Hillsboro High School
- Martin Granum, Parent – Community/Budget Committee Member
- Robby Hammond, City of Hillsboro
- Melody Hansen, HSD Classified Employee – HCU Union Representative
- Joelle Hildner, Parent – Community Member
- Shawna Ashley Ingram, Student – Hillsboro High School
- Michelle Jensen, Principal – Brookwood Elementary School
- Leroy Landers, Mahlum Architects
- Jesse Lovrien, Newlands Development
- Rob Massar, Washington County
- Dave Militich, City of Hillsboro – Parks and Recreation
- Glenn Miller, Hillsboro School Board Member
- Kristina Nguyen, Student – Century High School
- Rick Rainone, Cornerstone Management
- Jeremy Stewart, Parent – Community Member
- Mike Strande, Principal – Rosedale Elementary School
- Kim Strelchun, Hillsboro School Board Member
- Jennifer Trimble, Parent – Community Member
- Joe Vermeire, HSD Teacher – HEA Representative
- Dave Vickery, Vice-Principal – Glencoe High School
- Ryan Wells, City of Cornelius
- Roger Will, Principal – Brown Middle school
- Kurt Zenner, Mahlum Architects

Hillsboro School District Staff Supporting the Committee

- Adam Stewart, HSD Chief Financial Officer
- Beth Graser, HSD Communications Director
- Carol Hatfield, HSD Transportation Director
- Ed Hayden, Hayden Group – District Realtor
- Kyle Hayden, Hayden Group-District Realtor
- Sharon McCarty, HSD Facilities Department Secretary
- Travis Reiman, HSD Assistant Superintendent – Office of School Performance
- Casey Waletich, HSD Director Executive Director of Facilities, Safety & Operations

- Don Wolff, HSD Chief Information Officer
- Kelly Purdy, HSD College & Career Teacher on Special Assignment
- Rian Petrick, HSD Director of Extra-Curricular Programs & Community Outreach

Project Support

- Frank Angelo, Angelo Planning Group
- Shayna Rehberg, Angelo Planning Group

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Executive Summary

Recommendation to the Hillsboro School District Superintendent

On Wednesday, April 12, 2017 the Bond Advisory Committee (BAC) reached unanimous consensus on a Bond Capital Improvement Program recommendation to forward to the Superintendent of the Hillsboro School District. The recommendations are:

- Present a Bond Program to Hillsboro School District residents that totals $408 million.
  - The Project List includes 34 projects that will ultimately touch each school throughout the District with some level of physical improvement.
  - The recommended program will renew the current $2.24 / $1,000 bond tax rate that is in place in the District. Consequently, the $408 million program will not result in an increase to the current tax rate paid by District residents and businesses. The Committee believes this is very important to the community.
  - The complete Project List is shown on Table 1.
- The Bond Program should be placed before District voters in November 2017. The BAC considered a May 2018 election date but strongly believes that November is the preferred date given the need for the school improvements identified in the program and the ability to present a bond program to residents that maintains the current tax rate.

Bond Advisory Committee Purpose

The Hillsboro School District is facing challenges related to modernizing current facilities and providing sufficient school / classroom capacity to accommodate anticipated increases in student enrollment over the next 10 years. In light of this, the District believes that a new school construction bond program is necessary to provide funding for new school facilities and modernization of existing school facilities. The District will work with a committee of community representatives to consider projects that address the identified school capacity needs and funding opportunities related to the bond program. The Bond Advisory Committee (BAC) Purpose is described as:

> *To assist the School District develop a Capital Bond Program to present to District voters. Committee members will provide advice and share their interests and perspectives to provide a broad representation of the community's values regarding a bond program. The program will address a variety of capital needs that could include new facilities, capacity increases and modernization at existing facilities, and technology and safety improvements. The Committee will also recommend when the bond program should be presented for a vote by District residents. Committee recommendations will be provided to the Superintendent.*

The BAC conducted six meetings between October 2016 and April 2017. The BAC meetings were the source of extensive discussions on bond financing, project alternatives and program implementation factors. Each meeting was open to the public and public comment was welcomed at each meeting. In addition to the six BAC meetings, three Community Open Houses and other outreach activities were held to share the Bond Program project alternatives with District residents and businesses and to gain further community input. Additionally, all materials presented to the BAC and bond program information was posted on the District's website:

http://www.hsd.k12.or.us/AboutHSD/TheFutureofHSD/Bond.aspx

The BAC considered multiple bond programs over the course of their deliberations. In February, the BAC narrowed the bond options to two:

- Package A: $408 million / retain the current tax rate of $2.24 / $1,000
- Package B: $442 million / increase tax rate to $2.50 / $1,000

Both bond packages were presented to the Hillsboro community to obtain input at three (3) Community Open Houses held at the Hillsboro Library, Hilhi and Glencoe. Three additional presentations of both bond packages were held at District-sponsored events. Public comments at these events indicated an understanding of the need for the construction bond program and were supportive of the District moving forward with a bond program to District voters.

While the community outreach was occurring, a scientific poll of 600 likely voters was conducted to get a sense on the larger community's potential support. The outcome of the polling indicated support for the $408 million - retain the current tax rate of $2.24 / $1,000. Those polled indicated their support by 64% yes (strongly or not strongly). This increased to 68% support when it was made clear that the bond measure would not raise the current tax rate of $2.24 / $1,000. As a comparison, Package B ($442 million) secured the support of 49% (strongly or not strongly) of those polled.

With the results of the Community Open Houses, public meetings and the polling, the BAC at its April 12, 2017 meeting reached unanimous consensus to forward a recommendation to the Superintendent supporting the action to place the $408 million Bond Program before District voters in November 2017. The Committee agrees that the bond program represents an equitable and fiscally responsible approach to provide for the learning and physical environment needs for current and future students in the Hillsboro School District. Table 1 presents the specific projects and costs of the 34 projects in the recommended Bond Program.

The BAC appreciates the participation of each committee member and the support provided by School District representatives. BAC members look forward to the opportunity to discuss the Committee's recommendation with the Superintendent and Hillsboro School Board.

Table 1. Bond Advisory Committee Recommended Bond Projects

BAC Recommended Bond Projects	Cost Estimate
1.0 Safety & Security Projects	**$68,254,830**
School Safety Upgrades	$11,465,846
School Seismic Upgrades	$45,164,771
Parent / Bus Drop-off Improvements	$ 9,179,025
Playground Upgrades	$ 1,701,000
Install Cameras and GPS on All Buses	$ 744,188
2.0 Educational Technology Projects	**$30,221,198**
Technology: Classroom	$14,288,698
Technology: Infrastructure	$15,932,500
3.0 New Capacity Projects	**$178,455,286**
New Elementary School in North Plains	$38,587,500
New Elementary School in South Hillsboro	$38,587,000
Evergreen Middle School Addition	$18,786,600
Glencoe High School Addition	$18,600,276
Construct New Gyms – Eliminate shared gym/cafeteria	$20,400,000
Construct New Modular Cafeteria/Kitchen – Reedville ES	$ 1,500,000
Replace Brookwood Elementary School	$41,993,410
4.0 Student Achievement Projects	**$24,000,000**
High School Career / Technical Education (CTE) Investment	$14,000,000
Flexible Classroom Furniture	$10,000,000
5.0 Current Infrastructure Improvement Projects	**$89,633,661**
Hillsboro High School Remodel	$11,011,248
Roofing	$19,486,385
Add Air Conditioning	$11,822,270
Upgrade HVAC	$ 3,488,307
Add Heat to HVAC	$ 194,378
Water Pipe Replacement	$ 3,487,086
Boiler Replacement	$ 2,619,705
Direct Digital Controls (DDC)	$ 4,657,735
Walk-in Freezer	$ 86,392
Upgrade Electrical Service / Generator	$ 554,112
New Parking Lot – Reedville ES	$ 1,300,000
Rooftop Condensor Replacement	$ 114,604
Chiller Replacement	$ 957,211
Replace “Poorest” Condition Portables with Permanent Structures	$ 4,328,138
Replace Flooring – Reedville ES	$ 350,000
Construct New Track (Hilhi)	$ 1,823,259
Satellite Transportation Facility	$16,352,831
Construct Lighted Turf Fields (Century, Hilhi, Glencoe) & Improvements to other Athletic Fields	$ 7,000,000
6.0 Bond Implementation Requirements	**$17,575,424**
Bond Issuance Costs	$ 5,858,475
District Bond Costs	$11,716,949
Grand Total	**$408,140,399**

The BAC also identified the following projects that the District should consider implementing if additional bond revenues are available through project cost savings or additional bond funding is secured (bond premiums). These projects are not in priority order.

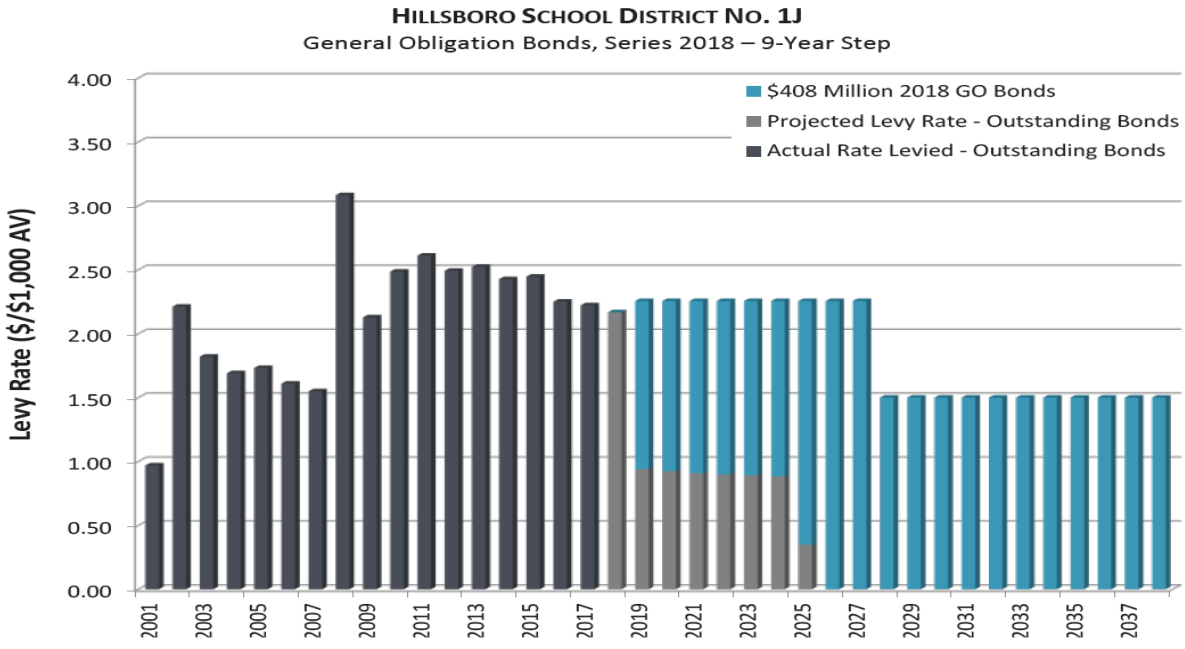
- Pavement/Sidewalk/Hardscape Replacement
- Add Resurface/Replace Tennis Courts
- Replace Single Pane Windows
- Replace additional Portable Buildings w/ Permanent Structures
- Land Purchase for future school sites
- Provide "Immediate Occupancy" level of seismic improvements at selected gymnasiums

Bond Program Assumptions

The BAC Recommended Bond Program represents a renewal of the Districts' current tax rate of $2.24 / $1,000 assessed value. The specific assumptions of the bond financing are:

- The current rate of $2.24 /$1,000 AV will be maintained through 2027
- The rate drops to $1.50 / $1,000 in 2028
- Assessed valuation growth was assumed to grow at:
  - 4.2% AV growth 2018
  - 4.3% AV growth 2019
  - 4.4% AV growth 2020
  - 4.4% AV growth 2021
  - 3.4% AV growth 2022 - 2038

The following table provides both a historical and future illustration of how bond proceeds have been and will be assessed (assuming bond passage) by the District.



1. Bond Advisory Committee (BAC) Process

A. Bond Advisory Committee

In June 2016 the Hillsboro School Board accepted the District's 2016 Long Range Facility Plan. This plan was developed in accordance with ORS 195.110 which requires large school districts (defined as districts with enrollment of more than 2,500 students) to develop and regularly update a district facility plan. The plan was developed by the District's standing Long Range Planning Committee. It included key facility recommendations related to current school conditions, student enrollment projections, identified needed capital improvements to existing facilities and the need for new schools. This Plan formed the basis for the project facility needs that were addressed by the Bond Advisory Committee.

After accepting the Long Range Facility Plan, the School Board established a Bond Advisory Committee (BAC) to review the Plan's findings and develop a construction bond program that would respond to both existing and future facility needs in the District. The BAC was formed in September 2016 and began meeting in October. The BAC was comprised of a wide-range of community, business and District interests. The twenty-nine (29) members of the BAC worked with District staff to review technical information on school needs, current facility conditions, future enrollment forecasts and bond financing options. Six BAC meetings were held between October 2017 and April 2017. BAC members also participated in the Community Open Houses held in the March / April 2017. The BAC was Co-Chaired by Deanna Palm (Hillsboro Chamber of Commerce Executive Director) and Jerry Willey (Former Hillsboro Mayor).

B. Bond Advisory Committee Charge

The Committee Purpose was defined as:

> *"To assist the School District develop a Capital Bond Program to present to District voters. Committee members will provide advice and share their interests and perspectives to provide a broad representation of the community's values regarding a bond program. The program will address a variety of capital needs that could include new facilities, capacity increases and modernization at existing facilities, and technology and safety improvements. The Committee will also recommend when the bond program should be presented for a vote by District residents. Committee recommendations will be provided to the Superintendent."*

District staff's support role to the BAC was to:

- Provide an understanding of current conditions at existing school facilities and how that translates into the need for modernizing school facilities for operational, capacity, and security purposes.
- Provide an understanding of future student enrollment trends and how that translates into the need for new school facilities and capacity.
- Present funding scenarios that demonstrate how future projects can be provided in a cost-efficient manner.
- Develop construction bond packages / alternatives that address project needs in the following program areas:
    - Capital Facilities (new construction / new school capacity)
    - Modernization Projects (improvements to existing facilities)

- Technology (technology and learning environment enhancements)
- School Safety enhancements (security, seismic upgrades)

- Develop a Preferred Bond Program to be presented to the Superintendent.

C. Bond Advisory Committee Membership

Members of the BAC were identified by the School Board and District staff. The 29 members are listed in the Acknowledgement Section of this report.

D. Bond Advisory Committee Meetings

Six BAC meetings we held between October 2016 and April 2017. As well, the BAC toured Hillsboro School District facilities to get an understanding of the condition of some of the District's facilities. The BAC also visited the South Hillsboro area and North Plains to observe the substantial new development that is underway in both communities.

The materials developed and presented at each BAC meeting between October 2016 and April 2017 are provided in Appendix A.

Bond Packages Considered – Background for Recommendation

At Meeting #2 of the BAC (November 2016) staff presented the project list that described the overall project needs for improvements to existing facilities and for new facilities needed to accommodate student enrollment growth. That project list totaled more than $700 million in project needs.

Following Meeting #2, staff developed 5 bond packages based on a variety of projects and bond rates. The five bond packages were presented to the BAC at Meeting #3 on January 4th. The packages ranged from $325 million to $420 million (see BAC Meeting #3 materials in Appendix A). Notable projects in the various packages included two new elementary schools in South Hillsboro, a new elementary school in North Plains, enhancements at most campuses and technology improvements. The BAC provided their comments and insight on the projects as well as financing methods / levels tied to each package.

The February BAC Meeting #4 narrowed the bond packages to three packages ranging in cost from $374 million to $442 million. Following Meeting # 3, District staff reviewed the financing assumptions tied to the various bond rates and identified opportunities to make realistic adjustments that resulted in additional revenue being available at both the current tax rate of $2.24 / $1,000 and an increased rate of $2.50 / $1,000. The BAC discussed in detail the need for two new elementary schools in South Hillsboro and reached a consensus that only one new elementary school would be needed during the construction horizon of this bond program.

At the March 8th BAC, committee members developed two preferred bond packages – Package A at $408 million that is a renewal of the current bond tax rate of $2.24 /$1,000 and Package B at $442 million that reflects an increase to $2.50 / $1,000. The BAC supported sending Packages A and B out to the Community Open Houses and other community events to discuss the projects and bond rates with District residents and businesses.

E. Community Open Houses and Outreach

Three formal Community Open Houses were held to provide the opportunity for District residents and businesses to review the bond program approach, identify projects and develop an understanding of the bond alternatives. The three meetings were held on:

- Thursday, February 16th – Hillsboro Library
- Thursday, March 23rd - Hilhi
- Thursday, April 6th – Glencoe HS

Each meeting followed the same format:

a) Opening Presentation
b) Welcome by BAC Co-Chair or District staff
c) Overview of the need for the Bond Program
d) Bond Advisory Committee – role, process
e) History of Past HSD Bonds – what they have accomplished
f) Need for new Bond – enrollment growth, facility conditions, safety & security, replacement facilities, technology
g) How potential Bond projects were identified
h) Range of potential Bond Projects – Program Options and range of costs
i) Financing Options
j) Open House format – Station topics, comment form

At each Community Open House a series of poster boards that presented background on the bond program and specific projects at each level by high school feeder group were set-up around the room. The poster boards were presented in both English and Spanish (see Appendix B). Following the opening presentation, District representatives were available at the poster boards to discuss the overall program or specific projects.

In addition to these three community meetings, the BAC bond packages were presented by staff at the following District events:

- District K-12 Administration Meeting – Tuesday, March 7th – District Administration Center
- Hillsboro Schools Summit – Tuesday, March 14th – District Administration Center
- Spanish-Language Coffee Chat – Tuesday, March 21st – Hillsboro Library

The format for these meetings was similar to that of the Community Open Houses, with a Powerpoint presentation describing the need for the bond program, a description of the Bond Advisory Committee process, detail of the two bond packages being considered and time for questions, answers and comments.

F. Bond Advisory Committee Bond Recommendation to the Superintendent

Student Enrollment Forecasts – Background for Recommendation

The Hillsboro School District's Long Range Facility Plan developed in 2016 relied on student enrollment forecasts prepared by Portland State University. These forecasts, while helpful, were at a high level and did not examine detailed data at a site-specific level (e.g. assessing specific approved development projects and translating that information into anticipated students). Given the information received from the cities of Hillsboro, Cornelius and North Plains on known and approved residential development, as

well as discussions with individual developers, the District felt it was prudent to conduct a more detailed assessment of the next ten years in terms of anticipated student enrollment growth.

The District contracted with Davis Demographics (DDP) to develop and analyze demographic data relevant to the District's facility planning efforts and provide the District with updated enrollment forecasts based on a more detailed and site specific assessment of known commitments and trends in residential development (i.e. South Hillsboro, North Plains). The product of this work included developing and researching pertinent demographic data, identifying future residential development plans, and developing a 10- year student population projection (2026) based on this information. This forecast was at both the district-wide level and by attendance areas at the three school levels. This information was shared with the BAC to provide an understanding of the short-term need for improved and new school facilities and to use as background as bond packages were developed.

In summary, as the region continues to move from out of the shadows of the great recession the District can expect to see its overall K-12 student population grow in 9 out the next 10 years climbing from 20,662 students in 2016 to 22,524 by 2026. This amounts to an increase of 1,862 students or 9.01% over 10 years. The pace of growth is expected to be strong at first and then begin to tapper of as the projections progress. Over the next decade 5,627 new dwelling units are forecasted to be occupied within the District's boundary by 2026.

The 10-year district wide student population forecast prepared by DDP indicates that by Fall 2026 student population in the District will reach 22,524 students. This figure basically replicates the PSU Fall 2030 Middle Series forecast of 22,383. In other words, the DDP forecast is more aggressive. It sees the PSU forecast being reached in 2022. Staff believes that, given what we know of residential developments that are committed and underway, the DDP forecast is the more likely student population growth scenario for the next ten years and facility decisions should rely on this forecast.

Bond Advisory Committee Recommendation

On Wednesday, April 12, 2017 the Bond Advisory Committee (BAC) reached unanimous consensus on a Bond Capital Improvement Program recommendation to forward to the Superintendent of the Hillsboro School District. The recommendations are:

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  - The complete Project List is shown on Table 1.
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2. Bond Advisory Committee (BAC) Materials

A. BAC Meeting Agendas and Materials

The materials developed and presented at each BAC meeting between October 2016 and April 2017 are provided in Appendix A.

B. School Bond Project Boards

The School Bond Project boards developed for the Community Open Houses and Events are provided in Appendix B.