

Aledo Growth Committee

Executive Brief



February 13, 2023

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Summary Statement

The Aledo Growth Committee (AGC) met thirteen times leading up to its final recommendation to the Aledo ISD Board of Trustees. After analyzing the latest information on projected student enrollment, estimated bonding capacity, facility conditions, and other identified areas of need across district-wide services, the AGC recommends a multi-phased bond program to meet the current and future needs of our growing school district. Following an initial bond election in May 2023, the AGC will continue to meet periodically over the next 12-18 months to revisit their working assumptions, review updated data points, and prepare the next phase of their planned bond programs.

District Overview

Aledo Independent School District, a PK-12 public school district located in Parker and Tarrant Counties, is a fast-growth district covering 130 square miles including all or part of the communities of Aledo, Annetta, Annetta North, Annetta South, Cresson, Fort Worth, Hudson Oaks and Willow Park. With twelve campuses (six elementary schools, two middle schools, a ninth grade center, a high school, a learning center, and an early childhood academy), the district offers an expansive range of notable programs for students across all grade levels.

Demographics

Current Enrollment *(Enrollment at PEIMS Snapshot Data - October 2022)*

	Elementary School (K-5)	Middle School (6-8)	High School (9-12)
Total Capacity	4,547	2,898	3,135
Current Enrollment	3,687	1,816	2,222
Fill Rate (%)	81.09%	62.66%	70.88%

Campus Specific Fill Rate *(as of 1-04-23 enrollment data)*

School	Current Enrollment	Capacity	Fill Rate (%)
Annetta ES	780	889	87.74%
Coder ES	562	675	83.26%
McCall ES	577	744	77.55%
Stuard ES	571	675	84.59%
Vandagriff ES	676	889	76.04%
Walsh ES	547	675	81.04%
Aledo MS	947	1,449	65.36%
McAnally MS	874	1,449	60.32%
Daniel 9th Grade	601	1,054	57.02%
Aledo HS	1,585	2,081	76.17%

The current enrollment and student distribution among campuses allows for comparable experiences for all AISD students across all grade levels. The AGC recognizes that the current situation will not last beyond the 2023/24 school year and immediate action is required, particularly at the elementary school level.

Future Enrollment Projections

Population and Survey Analysts (PASA) recently completed a Demographic Study for Aledo ISD, and the findings were shared with the AGC. The Demographic Study included an analysis of current student locations, potential growth based on new housing, trends occurring in student relocation patterns throughout Aledo ISD, and socioeconomic factors relevant to the greater district area. PASA projects student data for a school district by using forward-looking techniques and does not rely on past rates of change.

With many uncertainties facing the area since the original demographic presentation, the AGC requested an update in January 2023 from PASA to make sure they had the most up to date and relevant data to base their recommendations. The following are the most recent projections from PASA:

Student Population Projections Summary										
<i>Revised Dec. 2022</i>										
	Capacity	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Annetta	889	870	940	984	1,013	1,034	1,037	1,024	1,003	989
Coder	675	592	683	740	786	803	808	803	791	786
McCall	744	726	867	1,036	1,144	1,257	1,310	1,314	1,312	1,321
Stuard	675	628	685	741	794	832	854	857	850	849
Vandagriff	889	704	756	861	1,056	1,269	1,462	1,657	1,854	2,061
Walsh	675	614	745	871	1,037	1,199	1,409	1,653	1,886	2,119
Total:	4,547	4,134	4,676	5,233	5,830	6,394	6,880	7,308	7,696	8,125
Aledo	1,449	950	998	1,054	1,161	1,319	1,480	1,685	1,865	2,024
McAnally	1,449	981	1,120	1,272	1,414	1,590	1,791	2,025	2,232	2,406
Total:	2,898	1,931	2,118	2,326	2,575	2,909	3,271	3,710	4,097	4,430
High School	2,081	1,682	1,852	1,961	2,084	2,210	2,382	2,599	2,848	3,214
	1,054	662	683	757	800	861	977	1,067	1,227	1,401
Total:	3,135	2,344	2,535	2,718	2,884	3,071	3,359	3,666	4,075	4,615
Total		8,409	9,329	10,277	11,289	12,374	13,510	14,684	15,868	17,170

Impact of Planned Developments

Planned expansion of the Morningstar and Walsh Ranch communities will likely continue to contribute to enrollment growth. Additionally, new developments on Dean Ranch, Veale Ranch, and the announced master-planned Avanzada Golf and Ranch Club will also add students in the near future. There are discussions with each development on potential parcels of donated land for future school sites.

Much like with Walsh Ranch, the anticipated growth will come once the development begins. The delay in beginning home building in Walsh Ranch resulted in growth occurring later than originally projected. However, once the dirt began to move, the projected surge in enrollment became reality. The AGC expects a similar growth surge to occur once these planned developments are moving dirt and construction begins. Until then, it is difficult to predict precisely when these developments will impact student enrollment. The AGC will continue to monitor the progress of these developments.

Factors Impacting Timeline of Growth

PASA identified other factors that may impact growth projections. Economic stability, mortgage interest rates, opening of a Charter School, job creation from a major employer moving in, and perception of AISD may all play a role in the acceleration or slowing of the projected enrollment growth.

Finances

Any recommendation from the AGC is tied to the available funds projected for the district through the issuance of voter-approved bonds. AISD's outside financial advisors, BOK Financial Advisors (BOK), presented the AGC the most current financial status of the school district and offered the committee their opinion of what funding the district could access to cover large capital expenditures.

Bonding Capacity

Depending on the interest rate, assumptions of taxable assessed value (TAV) growth, and I&S tax rate set by the Board of Trustees, BOK suggested available funds (bonding capacity) to be somewhere between \$179,285,000 to \$315,890,000 over the next five years. By maximizing the I&S tax rate (state maximum of 50 cents) and assuming the most aggressive TAV growth model, the district could potentially have \$602,320,000 during a ten year period (through 2032/33) to use for any bond program.

Impact of TAV Growth Assumptions

BOK presented three different Taxable Appraised Value (TAV) growth assumptions:

- Moderate: 5% in non-reappraisal years, 8% in reappraisal years
- Optimistic: 6% in non-reappraisal years, 11% in reappraisal years
- Aggressive: 7% in non-reappraisal years, 14% in reappraisal years

In all growth scenarios presented, there is an assumption of home values for AISD voters increasing every two years at regular increments (3%, 5%, or 7%) depending on a moderate, optimistic, or aggressive rate of TAV growth. The AGC, with agreement from the district's financial advisors BOK, felt most comfortable utilizing the "*Optimistic TAV Growth Scenario*" for planning purposes. Even with no change to the district's existing I&S tax rate, this assumption based on TAV growth would result in a higher Interest & Sinking (I&S) tax bill every two years for AISD voters. Members of the committee felt voters needed to understand the personal impact any recommendation may have on their personal tax bill.

Impact of Legislative Action

Over the last several years, actions by the Texas State Legislature and adopted by AISD through actions of the Board of Trustees have resulted in a significant decrease in the district's overall tax rate. These legislative actions impacted the M&O side of the district's tax rate, reducing the AISD tax rate 22.71 cents from \$1.595 to \$1.3679 per \$100.00 valuation. Further reduction, or compression, of the M&O tax rate through legislation may lead to an even lower overall tax rate for AISD voters.

Additionally, other actions, like increasing the current \$40,000.00 Homestead Exemption, may further reduce an individual tax bill for AISD voters. The AGC will monitor the 2023 Legislative Session as well as future sessions. It is possible that any recommendation increasing the district's I&S tax rate may be offset by legislation further reducing the M&O tax rate and/or the TAV of an individual's home. These actions may also reduce the bonding capacity used to fund any recommended projects within a bond program.

Tax Implications on Funding Future Schools

The only tax rate to fund future schools and capital projects is the I&S tax rate. Currently, the AISD I&S tax rate is 42.5 cents, and this rate has remained unchanged since the passing of the 2015 Bond. The successful 2019 Bond did not change this tax rate despite building two new schools (Annetta ES, McAnally MS) and renovating/repurposing three others. With more significant projects on deck (High School #2, Middle School #3, and multiple elementary schools), higher construction costs, and higher interest rates, the AGC does not feel they can deliver the projects needed to address the projected growth in student enrollment without recommending an increase in the AISD I&S tax rate. The committee recognizes the reality any tax increase has on the community and has suggested raising the I&S tax rate gradually to limit the immediate impact to AISD voters. Members of the AGC's rationale for recommending a tax rate increase reflects the committee's desire to deliver high priority projects as soon as possible and as soon as the funding allows.

Construction of New Facilities

Any construction project requires funding. Unfortunately, construction projects in the current environment and market conditions require significantly more funding than similar projects just a few years ago. Projected costs drive the components of the AGC’s recommended bond package.

Impact of Material Cost and Inflation Schedule

Inflation is real and has impacted all aspects of AISD voters’ lives. Material costs, labor costs, procurement delays, and delivery schedules have all contributed to the increase in construction costs across the state. Some areas have been more affected than others. The AGC heard presentations from the architectural and construction industry regarding the real world cost of school construction in North Texas.

Year	% Inflation Per Year
2023	12%
2024	12%
2025	8%
2026	6%
2027	6%
2028	6%
2029	6%
2030	6%
2031	6%

Opinion of Probable Cost

Based on what projects the committee considered, the timing for bidding each project, and the inflation schedule presented, the AGC received “opinions of probable cost.” These are different from a “cost estimate” which is a statement of the approximate charge for work to be done. The “opinions of probable costs” below represent a professional opinion based on recent experience, market conditions, and market research, and served as a starting point for planning, with the expectation of refinement along the way.

-Elementary School (open 2024)	\$ 66,000,000
-Middle School (open 2027)	\$139,800,000
-High School (open 2027)	\$501,700,000
-Other Potential Projects:	
-College and Career Academy (open 2026)	\$110,900,000
-Phase One of High School (open 2026)	\$244,000,000
-Addition/Renovation of AHS (open 2027)	\$216,600,000
-Renovation of AHS (open 2026)	\$ 52,800,000
-Minor Renovation/Flex Space for AHS (opens 2027)	\$ 23,400,000

As the committee narrowed their project priorities, there was unanimous agreement in including Elementary School #7 in any bond package recommended. Knowing the district already owned and identified the new school’s location just east of the Morningstar development, engineers evaluated the site and AISD staff used teacher and administration feedback from Annetta ES to maximize use of space. After these steps, the “opinion of probable cost” was refined and reduced to \$59,800,000 for

Elementary School #7. The AGC expects costs of other projects to be refined similarly as specific site locations are purchased and timelines become closer to reality.

Options Considered for Adding High School Student Capacity

Adding learning space for elementary and middle school students does not present the same challenges as doing the same at the high school level. The AGC was keenly aware of the implications in creating more high school space, and at the forefront of all considerations were the opportunities for all students, both now and in the future. Multiple options were presented to the AGC, including High School #2, a College & Career Academy for advanced high school coursework and career and technical coursework, and an addition to Aledo High School. In analyzing the information about each of these options, the members of the AGC considered capacity needs, opportunities for students, equity among campuses, shared facilities, cost, value per square foot, and more.

Considerations for Immediate High School Needs

Analysis by AISD's financial advisor, BOK, made clear that the current available bonding capacity is not adequate to cover the projected costs for either a CCA or High School #2 at this time without ignoring the capacity needs at lower grade levels. Current programs offered at AHS already experience stress in competing for space. Waiting for a second high school will not address the issues facing AHS today. The Principal and program leaders at AHS have asked for specific added space and updates to the campus to best serve our high school students now and in the near future. The AGC has recommended allocating funds from the May 2023 bond package to address the needs identified by AHS staff and administration.

Construction of a Recommended Bond Package

As much as members of the AGC would like to get everything discussed into one neatly designed bond package, there exist too many variables and too many uncertainties to make that possible. Instead, the AGC feels a multi-phased approach with identified measures of benchmark data is in the best interest of the district and the community. Phase One is the recommendation of a May 2023 Bond Election that addresses the immediate needs of the district in a traditional bond structure.

Tax Rate Implications for the Community

Currently, AISD has a lower I&S tax rate (42.5 cents) compared to other fast-growth districts. The committee is also sensitive to the impact increased taxes have on the citizens it represents. The 2.5 cent recommended tax increase represents a concerted effort to meld the funding needs of the district and the financial impact to AISD voters. A future tax increase may be necessary to meet the funding needs for planned projects.

Solicitation of Community Input and Feedback

Throughout the committee's work, keeping the community informed and asking for their input was paramount. All slides from presentations given to the AGC were made available via the AISD website and referenced in district-wide social media posts. When the committee felt they had a strong grasp of the challenges they were charged to address, they presented preliminary ideas to the community in two December meetings and facilitated round table discussions to get a pulse of the community's sentiment. This feedback helped shape the discussions for the first draft of our bond package recommendation.

Smaller, more digestible informational "Data Digs" were pushed out to the community to highlight the data points the committee utilized to formulate the initial draft bond package. Following the presentation to the Board of Trustees, the AGC asked for community feedback, compiled and distributed the feedback to committee members, and discussed the comments at length prior to finalizing their Bond Package recommendation to the School Board.

Addressing Immediate District Needs

There was a strong desire among members of the AGC to have a concrete ten year plan for the district to follow and for the community to rally behind. Although much progress was made in determining our direction forward, too much uncertainty exists to create an absolute path for the future. Instead, the AGC presented the Board Phase One of a multi-phased plan that addresses immediate needs for district services and facilities that the committee felt certain of the ability to deliver.

Those immediate needs reflect the makeup of the recommended bond package:

- Elementary School #7
- Flexible use space and minor upgrades at AHS
- Land for High School #2 and future school sites
- Buses to replace aging fleet
- Safety and Security upgrades district-wide
- Technology and Maintenance projects above and beyond annual budgeted expenses

May 2023 Recommended Bond Package



Elementary School #7	\$59,800,000
Aledo HS & Daniel 9th Grade	
• Additional Space/Repurpose	\$20,200,000
• Furniture	\$5,000,000
Land (to include tracts for additional high school facilities)	\$17,800,000
Safety & Security	\$5,000,000
Transportation	\$4,500,000
Technology	\$6,500,000
Maintenance	\$5,000,000
Total	\$123,800,000

The recommended Bond Package presented to the AISD Board of Trustees on February 13, 2023.

Planning for the Future: The Next 10 years

Part of the charge to the Aledo Growth Committee from the Board of Trustees was to “recommend a long-range facility master plan that meets the district’s building capacity needs into the future, and recommend to the Board of Trustees a bond program for a possible upcoming bond election.” The AGC believes it has met that charge despite the fact that the initial recommended bond package only addresses phase one of the multi-phased long-range plan. Upon completion of projects included in Phase One, the plan is that AISD will stay ahead of the consistent elementary school projected growth, secure the land needed for the next phases of the plan, provide flexible space at AHS for use by multiple educational and co-curricular activities, maintain a healthy fleet of buses to transport students, and complete upgrades district-wide concerning safety, technology, and maintenance.

Phase Two of the master plan involves the AGC reconvening at regular intervals over the next 12-18 months to monitor data points on enrollment, bonding capacity, projected costs, and legislative changes that may impact funding of future projects. By having the same set of eyes familiar with the data, the committee will not have to spend multiple meetings establishing baseline understanding. Instead, the AGC can get right to work with the updated reports and plug the results into their master plan, determining what works as planned and what adjustments should occur based on the most current data.

Establishing Data Criteria and Checkpoints

Assuming a successful Bond Election in May 2023, the AGC will plan to meet at the following potential checkpoint dates to receive updated information and plan the next phase:















<u>Potential Checkpoint</u>	<u>Data Criteria/Information Updates</u>
September 2023	Certified 2023 TAV New Projected Bonding Capacity 2023/24 Initial Enrollment Land Purchase Update
November 2023	2023 PEIMS Snapshot Data 2023 Legislative Update Construction Cost Update/Revised Inflation Schedule
January 2024	Updated Demographic Report State of New Developments - One Year Later Reshuffle Established Priority List Consideration for Potential New Bond Program

Creation of Timeline and Related Bond Elections

Based on current projections, the AGC should be prepared to implement Phase Three of its multi-phased plan in 2025. This will involve another Bond Election to address expanding high school capacity with either High School #2 or a College and Career Academy. In addition to high school capacity, adding capacity at the elementary and middle school levels will be important as well.

Land purchases included in Phase One will provide actual locations for all identified projects and available options, allowing for more precise cost projections. Depending on the scope and structure of a 2025 Bond Package, a third bond election may be necessary to complete projects extending into the next decade (2030/31).

Long-Range Plan for Growth

 ALEDO GROWTH COMMITTEE (2023) LONG-RANGE PLAN FOR GROWTH Based on current growth, costs and bonding capacity projections [subject to future revision due to changes in enrollment, financial, and cost projections]								
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	FUTURE
ELEMENTARY SCHOOL	 New Vandagriff Opens Early Childhood Academy Opens Pursue Sites ES#8, #9, #10	Elementary #7 Construction Pursue Sites ES#8, #9, #10	 Elementary #7 Opens (NW of McNally MS)	ES#8 Construction	 Elementary #8 Opens ES#9 Planning	ES#9 Construction	 Elementary #9 Opens ES#10 Planning	 Elementary #10 / Future Elementary Schools
MIDDLE SCHOOL	 MMS Opens AMS Reno / Addition Opens Pursue Site MS#3	Pursue Site MS#3	Plan MS#3	MS#3 Planning / Construction	MS#3 Construction	 OR  MS#3 Opens	 MS#3 Opens	 MS#4 / Future Middle Schools
HIGH SCHOOL	Pursue Sites HS#2 & CCA	HS Addition / Repurpose Planning / Construction	HS Addition / Repurpose Construction Furniture for AHS / DNG Early Planning HS#2 / CCA	 AHS Addition / Repurpose Opens (Existing AHS campus)	HS#2 Phase 1 Planning / Construction	HS#2 Phase 1 Construction	 HS#2 Phase 1 (Location TBD)	 HS#2 Phase 2
					OR CCA Planning / Construction	OR CCA Construction	OR CCA Opens (Champions Drive)	OR HS#2 Phase 1 (Location TBD)
	<u>Bond Election</u> <ul style="list-style-type: none"> ES#7 AHS Addition/ Repurpose AHS/DNG Furniture Land Safety Technology Transportation Maintenance 	<u>Monitor:</u> <ul style="list-style-type: none"> Enrollment Bonding Capacity Construction Costs Legislative Actions 	<u>Monitor:</u> <ul style="list-style-type: none"> Enrollment Bonding Capacity Construction Costs Legislative Actions 	<u>Bond Election</u> <ul style="list-style-type: none"> ES#8 ES#9 MS#3, HS#2 Phase 1 OR CCA Land Safety Technology Transportation Maintenance 	<u>Monitor:</u> <ul style="list-style-type: none"> Enrollment Bonding Capacity Construction Costs Legislative Actions 	<u>Monitor:</u> <ul style="list-style-type: none"> Enrollment Bonding Capacity Construction Costs Legislative Actions 	<u>Monitor:</u> <ul style="list-style-type: none"> Enrollment Bonding Capacity Construction Costs Legislative Actions 	<u>Bond Election</u> <ul style="list-style-type: none"> Future ES+MS HS#2 Phase 2 AND/OR CCA Renovation/ Expansion of existing campuses Land Safety Technology Transportation Maintenance

AledoISD.org/BOND

The recommended Long-Range Plan for Growth presented to the AISD Board of Trustees on February 13, 2023.

Closing Statement

The work of the Aledo Growth Committee has been thorough and thoughtful, but is far from over. The charge was to produce a plan, not a product. Step one was delivered to the Board of Trustees in the form of a recommended Bond Program for May 2023. It requires approval from the voters within AISD to meet the immediate needs of our students and set into action our plan for future decisions. Discussions will continue with committee members and with the community on the best possible solutions to a unique problem...people want what we have here in Aledo ISD, and they continue to move to the area to experience the greatness this district and community have to offer.