LONG-RANGE STEERING COMMITTEE

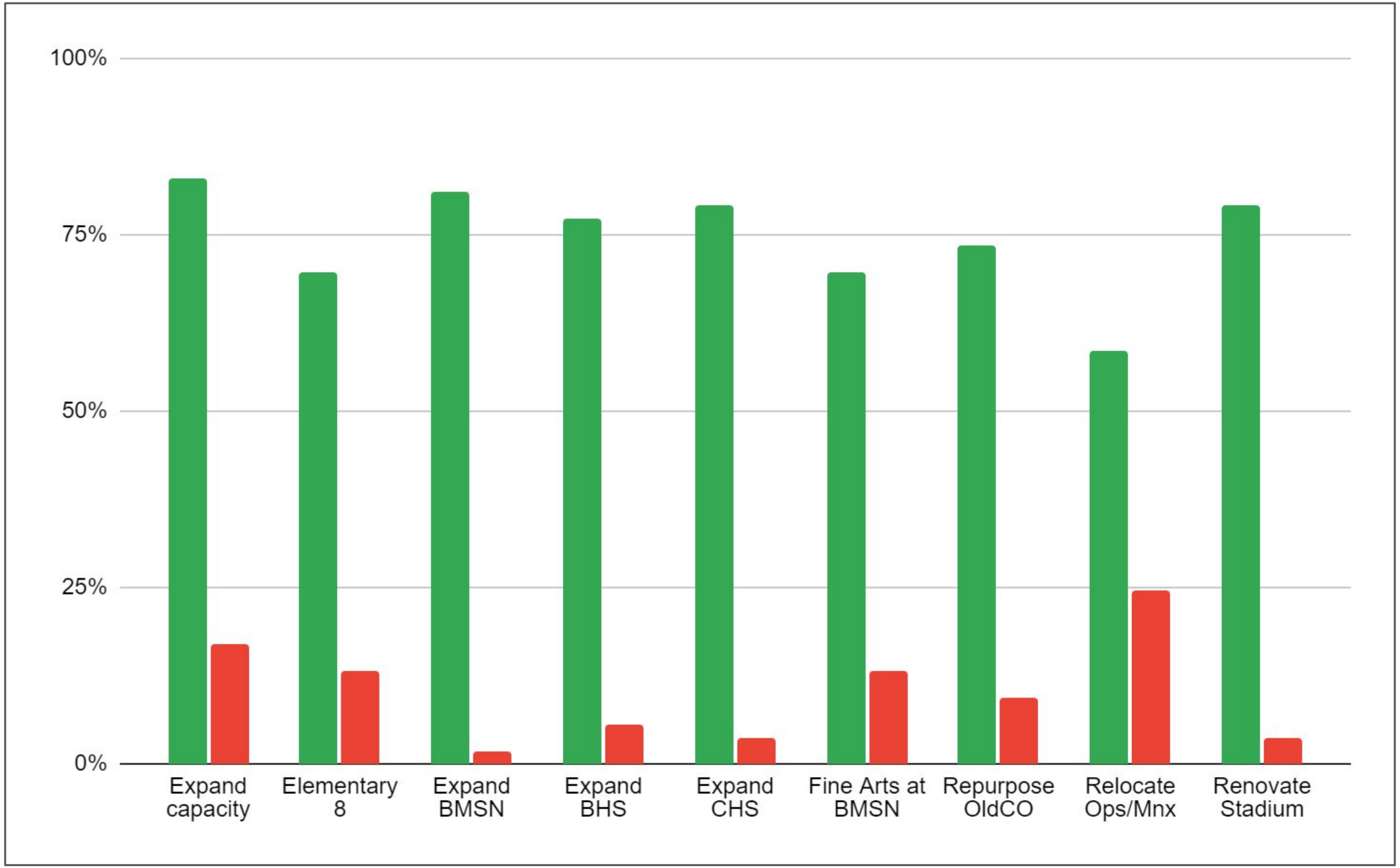
November 17, 2021

WE ARE BOERNE ISD

Agenda

- Welcome and Recap
- Survey Results
- Bond Recommendation Package (First Draft)
- BISD Financial Review
- Small Group Discussions and Outbriefs
- If the School Board Approves, How Can You Help?

Survey Results



Survey Results cont'd

What other major capital improvement projects should be considered for next year's bond package?

- Updated Technology
- Deferred Maintenance
- Greenhouse for Ag Pathway
- Larger Cafeterias
- Library
- Storage/Dressing Rooms for Fine Arts at Secondary Campuses
- Swimming Pool
- Tennis Court Lighting
- Update North
- Update Older Campuses

Group Work - Campus Needs/Safety

Address Drainage/Water Issues, Covered Walkways	Improve Student Parking/Traffic Flow
Improve Interior and Exterior Lighting	Upgrade Special Education Space/Equipment
Upgrade Fire Alarm/PA Systems	Upgrade Fine Arts to Support Kilns Safety
Upgrade Technology	Upgrade Nurse Stations (with showers)
Deferred Maintenance (e.g., roof, paint, HVAC)	Expand/Update Student Restrooms
Upgrade Classroom Furniture	Expand Secondary Campus Cafeterias
Create Collaborative Spaces	Add Fine Arts/Storage Dressing Rooms at BHS/CHS
Update Library Spaces	
Increase Storage Spaces	

Group Work - Growth

Build 8th Elementary Campus	Construct/Relocate BISD Ops/Mnx Facility
Expand Capacity at BMSN	Reconstruct BISD Football Stadium
Expand Capacity at BHS	Build BISD Swimming Pool
Expand Capacity at CHS	Add Buses
Address Fine Arts at BMSS	Purchase Land for Future Construction
Repurpose Old BISD Admin Building	Acquire Portable Buildings

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Financial Review

Mr. Wes Scott, BISD Chief Financial Officer
Mr. Rich Sena, Vice President, BISD Board of Trustees
November 17, 2021

Finance Review

- Tax Rate history
- Bond & Debt history
- Strategy for next decade
- Review of debt capacity
- Recap recent Texas bond elections
- BISD financial history
- Impact of HB 3

Interest & Sinking (I&S) Tax Rate

- 2006 – $0.294 per $100 of taxable value
- 2015 – lowered to $0.254
- 2017 – raised to $0.314 after 2016 school bond election
- 2021 – increased to $0.324 – $860K extra revenue
  - Extra penny allows for increased early debt retirement
- Our goal – stable I&S tax rate

Boerne ISD Property Tax History

- 2006 – M&O = $1.46, I&S = $0.294; total tax rate of $1.754
- 2007 tax compression lowered M&O to $1.04, total rate $1.334
- Since 2019 M&O tax rate has declined from $1.04 to $0.88
- Total tax rate has declined from $1.354 in 2019 to $1.204 today
- School taxes frozen for age 65+

Tax Rates for Immediate Area & Fast Growth

	School District	2021-22 M&O Tax Rate	2021-22 I&S Tax Rate	Total Tax Rate
1	HUTTO ISD	0.9600	0.4600	1.4200
2	PFLUGERVILLE ISD	0.9220	0.4600	1.3820
3	SOUTHWEST ISD	0.9359	0.4380	1.3739
4	SCHERTZ-CIBOLO-U CITY ISD	0.8995	0.4700	1.3695
5	LIBERTY HILL ISD	0.8620	0.5000	1.3620
6	HAYS CISD	0.8720	0.4880	1.3600
7	MEDINA VALLEY ISD	0.8713	0.4729	1.3442
8	LEANDER ISD	0.8720	0.4650	1.3370
9	DRIPPING SPRINGS ISD	0.9603	0.3500	1.3103
10	COMAL ISD	0.9420	0.3500	1.2920
11	SEGUIN ISD	0.8996	0.3850	1.2846
12	NORTHSIDE ISD	0.9258	0.3355	1.2613
13	NORTHEAST ISD	0.9525	0.3000	1.2525
14	LAKE TRAVIS ISD	0.9026	0.3275	1.2301
15	BOERNE ISD	0.8806	0.3240	1.2046
16	NEW BRAUNFELS ISD	0.8720	0.2577	1.1297

Boerne ISD Property Tax Comparison 2006 to 2021				
		2006		2021
Average Taxable Home Value	$	250,000	$	440,000
School Homestead Exemption	$	(10,000)	$	(25,000)
Net taxable value	$	240,000	$	415,000
BISD Tax Rate	$	1.754	$	1.204
School Property Tax of Average Home	$	4,210	$	4,997
% Increase school taxes 2006-2021				18.7%
Compounded Inflation 2006-2021				35.4%
School Property Tax factoring inflation from 2006 to 2021	$	5,700		
Gap between 2021 tax and 2006 rate with compounded inflation			$	(703)
% Change in total tax				-12.3%

Bond Series & P&I Balance as of Feb. 2022

- **1999 Series** (1998 bond) - paid off on 2/2024 - $6.6M balance
- **2001 Series** (2001 bond) - paid off on 2/2024 - $1.1M balance
- **2015 Series** (2004 bond) - $3.1M balance paid off early 11/2021 - $250K saved interest *(original payoff date 2/2027)*
- **2014 Series** (2004 bond) - $8M balance paid off early 2/2023 - $3.5M saved interest *(original payoff date 2/2036)*
- **2019 Series** (2004 bond) - paid off 2/2029 - $40.2M balance
  - Refinancing of all 2004 bond series has saved $40M

Bond Series & P&I Balance as of Feb. 2022

- **2020 Series** (2013 bond) - $120.8M balance - original balance $190M refinanced 11/2019 saving $33M
- **2016 Series** (2016 bond) - callable 2/2026 - $129.8M balance
- **2017 Series** (2016 bond) - callable 2/2027 - $145.1M balance

Tenets of BISD Debt Strategy

- Flexibility
- Capacity
- Interest is the least good use of taxpayer dollars

- Traditional Model
  - 30-year maturity
  - 10-year call
- Other Opportunities
  - Get in the market as often as possible

Debt Management

- **By next bond (~2027) BISD will have:**
- Paid off 1999, 2001, 2014, & 2015 Series
- Have just 2 years left on 2019 Series (2004 bond)
- Saved over $80 million in refinancing debt since 2011
- Created additional capacity through early debt retirement ($15M)
- Refinanced & potential partial defeasance of 2016 & hopefully 2017 Series (2016 bond)
- Increased frequency & number of callable Series

FY	P&I Obligation Prior to 2022 Bond	I&S Rev. at 3% annual appraisal growth + rate of $0.324	I&S Rev. at 5% annual appraisal growth + rate of $0.324	I&S Rev. at 7% annual appraisal growth + rate of $0.324
2023	$ 24,491,741	$ 28,428,000	$ 28,980,000	$ 29,532,000
2024	$ 17,068,591	$ 29,280,840	$ 30,429,000	$ 31,599,240
2025	$ 17,906,727	$ 30,159,265	$ 31,950,450	$ 33,811,187
2026	$ 17,531,543	$ 31,064,043	$ 33,547,973	$ 36,177,970
2027	$ 17,194,624	$ 31,995,964	$ 35,225,371	$ 38,710,428
Amount Beyond Prior Obligation to Retire new Debt from 2022 Bond				
2023		$ 3,936,259	$ 4,488,259	$ 5,040,259
2024		$ 12,212,249	$ 13,360,409	$ 14,530,649
2025		$ 12,252,538	$ 14,043,723	$ 15,904,460
2026		$ 13,532,500	$ 16,016,430	$ 18,646,427
2027		$ 14,801,340	$ 18,030,747	$ 21,515,804
	TOTAL	**$ 56,734,886**	**$ 65,939,568**	**$75,637,599**

Review of November 2021 Bond Elections

- November constitutional elections are challenging
- 60% of bond propositions passed statewide vs. 80% in past
- Vast majority of athletic propositions failed
- Comal & New Braunfels (most similar to BISD) were successful on growth and technology
- Local districts that lost have controversial histories
- Early Voting vs Election Day

School Maintenance

- **Questions regarding extent of deferred maintenance:**
- Why is there such a large list of projects?
- Does this belong in a bond proposition?
- Shouldn’t these expenditures be part of General Fund budget?

Legacy of Recapture on Boerne ISD

- $110 million in Robin Hood since 2005
- 13% of property taxes in 2018-19 went to recapture
- $10.7 million out of $81 million budget
- Money was prioritized to classroom

Perfect Storm 2009-2015

- Great Recession
- Federal Stimulus Aid covered gap in state funding 2009-2011
- Weak economic recovery = smaller appraisal & tax revenue growth
- 2011 Legislature cut $5.4 billion in K-12 funding
- 2009 to 2011 - Boerne ISD budget declined by $1.5 million despite gaining 400 new students
- Opened 2nd High School
- No raises for several years

<u>State of Texas vs Boerne ISD Funding 2006-2018</u>

- **<u>Texas</u>** - combined inflation & enrollment growth = 46%
- K-12 Spending growth = 49%

<u>VS.</u>

- **<u>BISD</u>** – combined inflation & enrollment growth = 71.6%
- Spending growth = 53.3%
- This is a gap of 18.3%

HB 3 Increased Funding for

- Basic Allotment – from $5140 to $6160
- Compensatory Education
- Dual Language
- Special Ed
- New Instructional Facilities
- Transportation Aid for Chapter 49 districts
- Employee Pay
- Early Education, Reading Academies, Dyslexia
- Fast Growth

Better Pay & Benefits – 2019-20

- HB 3 Mandate -$1490 teacher average
- BISD Budget – 5% teacher raise = $2600 avg.
- Additional Bonus for 5+ years
- Highest raise in San Antonio region
- 4% raise for all other employees – 2x 2018-19
- Benefits Increase - $820-$1620/enrollee since 2017
- 2x + of HB 3 Mandate
- Additional raise of 1.5%/2% in 2020-21

Future of Property Tax Rates

- Property M&O tax increases limited to 2.5% annually
- State Aid to cover WADA growth (entitlement) beyond tax cap
- Homestead Exemption to increase next year to $40K
  - Districts will be held harmless
- Golden Penny option
- Continued decline in M&O tax rate likely

Next Bond – 2026 or 2027?

- **Advantages of 2027:**
- Lots of capacity starting in 2022 to pay off May 2022 bond
- We will be fully able to refinance 2016 bond (2016 & 2017 series) in late 2025 and 2026
- Date of next bond will be based on growth over next 3-4 years

Temperature Check

Review of Bond Recommendations Package

1. **Review and discuss** the first draft of the recommendations package.
2. As sub-groups, **identify** any missing items or items needing to be removed.
3. **List** these items on the poster paper provided at your tables. Identify campus(es) associated, as necessary.
4. Spokesperson **will share** your list from the sub-group discussion.
5. Each sub-group's results will then be reflected in next meeting's final list.
6. **Leave poster paper and recommendations package at table**.

For Boerne Schools

Needed Committee Chair Positions:

- Fundraising Coordinator
- Advertising/Marketing Coordinator
- Signs/Posters Coordinator
- Print Order Coordinator
- Presentation Coordinator
- Social Media Coordinator
- Phone Call Coordinator
- Early Voting Coordinator
- Volunteer Coordinator

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UPCOMING MEETING

What Will The Package Cost?

Date:
Wednesday, December 8

Time:
6:00 - 7:30 PM

Location:
Boerne ISD Training Center
Rooms C134 & C135