

## 2024 Bond Advisory Committee

Meeting Minutes #1

September 12, 2024, 5-7 p.m.

Karshner Center – 309 4<sup>th</sup> St NE Puyallup, WA 98372

### Members:

**Present:** Stefania Appia, Jessica Archer-Rucshner, Ellen Aronson, Ethan Barker, Sari Burnett, Rachel Collins, Ed Crow, Cheryl Cummings, Brian Devereux, Kimberlee Gerstmann, Karl Gill, Sarah Gillispie, Debie Haworth, Greg Heath, Luke Heath, Bob Horton, Shawn Hu, Julie Hunter, John Huson, Michele Jangula, Justin Jones, Alyssa LaBrash, Brady Martin, Anthony Mason, Mike McCanna, Mitzi McMahan, Rae McNally, Jim Meyerhoff, Karen Mool, Bernard Odhiambo, Vincent Pecchia, Kinsey Pitsinger, David Powers, Dave Sunich, Q Swazer, Julie Thompson, Larry Vandenberg, Laura Wade-Jensen

**Absent:** David Cerio, Jennifer Corp, Scott Eagan, Ryan Hahn, Chhunla McKeever, Jessica Ryan, Michael Sanchez, Shannon Sullivan, Rebecca Williams, Wendy Wright

### Meeting Documents

Sept. 12, 2024, BAC Meeting Agenda

Sept. 12, 2024, BAC Mtg. #1 PowerPoint

### Welcome/Introduction

Brady Martin, director of capital projects, welcomed the committee and thanked them for coming. The agenda was reviewed.

### Meeting Norms

The meeting norms were reviewed and will be displayed on the table at every meeting.

- Preserve this as a safe space for open, honest discussion.
- Assume Good Intension. Give grace and space and space.
- If you present a problem, then you should also present a solution.
- Keep an infectious sense of possibility of what we can accomplish.
- Engage fully with honesty and integrity.
- Respect the rights, differences, and dignity of others.
- Come with an open mind.

### Charter

The Bond Advisory Committee (BAC) is commissioned to submit a recommendation to the superintendent and school board regarding a bond scope and attendant financing plan. This recommendation includes the timing of an election that would preserve the option of running a February 11th, 2025, Bond Issue Election. The committee will submit the final report and recommendation on November 18th, 2024.

This committee may also provide support to the superintendent to present a progress report to the board of directors as desired by the superintendent. The committee may participate in facilitation of public bond planning forums and support the superintendent in a board work session if called upon.

### **BAC Meeting Roadmap**

The BAC will have five meetings: Sept. 12, Sept. 26, Oct. 10, Oct. 24, Nov 7; present a report to the board on Nov. 18 and ask the board to consider approval of the bond package on Dec. 9 with the intent of running it on the Feb. ballot.

The BAC will utilize work done by past committees to compile a bond. Community input will be gathered through open houses at the three comprehensive high schools and with a QR code.

### **Member Introductions**

Dr. Vince Pecchia, assistant superintendent of operations and school support, welcomed the committee and invited Brian Devereux, director of facilities planning and co-presenter, to introduce himself.

Members were asked to introduce themselves and share in one word how they were feeling.

Tent cards on the tables list the meeting norms and include a “Parking Lot” QR code allowing members to ask questions that can be answered during the meeting.

### **What is a bond?**

Brady explained that a bond requires a 60% super majority to pass and is a long-term, 20+ year, investment. Capital staff works with the district’s business office and the Educational Service Districts (ESD) to determine the district’s debt capacity, and bond cost and tax rate calculations. Bond funds are used for purchasing property, building new construction and major renovations to address overcrowding and provide safety and learning upgrades.

School districts are partially funded by the state who believes education funding is a partnership with local communities. The district relies on local community support through the passing of levies and bonds. The funds received are designated for specific budgets: general fund, transportation, capital, debt service, and ASB.

Advanced planning is done to compile a bond and once a bond is passed, planning continues with a design process, bidding, and construction. It takes about three years to plan and construct a school.

Every seven years, the district conducts a study and survey to establish a building condition score ranging from most needed to excellent for each school site. There is a backlog of older buildings that need attention.

### **Bond History**

The PSD Bond History spreadsheet was reviewed. Over the last 36 years, the district has successfully passed five bonds.

The 2015 bond was for \$292.5M and concentrated on elementary schools. The projects came in on time and under budget realizing a savings of \$28.6M. The district collected \$97.2M in state funds giving the district a total of \$125.8M to spend on projects as recommended by the Bond Oversight Committee (BOC) and approved by the board. Most of the savings concentrated on improving and building additions at Ballou, Ferrucci, and Stahl junior highs and constructing the Kessler Center.

The Equity for Regional Communities spreadsheet listing completed 2004 and 2015 bond projects and projects completed with state match funds in each of the three regions was reviewed. The goal is to be equitable across the district when choosing bond projects. The spreadsheet supports that.

## Election History & Results

Brady stated that school districts across the state have been most successful when running a bond in Feb. with 48% of bonds passing. The district has the option of running a bond twice in a given calendar year. If it doesn't pass in Feb., the district may choose to place it before voters in April or later.

Orting (\$119.2M) and Sumner-Bonney Lake (\$732M) school districts plan to run bonds in Nov. 2024. Lake Washington SD, similar in size to PSD, will run an \$817M levy. Large districts have greater needs. The district will be watching the election closely.

Brian reviewed the [PSD Election Results Map](#) showing levy and bond election results in the district by precinct. The 2024 Capital Levy election results were reviewed.

Committee questions:

Q: Does the match money come directly out of local taxes, or does it come straight from the state and isn't reflected in the local tax rate?

A: State match does not come from local dollars but from the state (OSPI). It's important to realize what state match implications are because you can leverage money not only from the local election but from the state as well.

Q: What is the average voter turnout percentage?

A: It ranges from 20-40% of registered voters. It's usually higher in a general election.

Q: What kind of outreach does the district do to the community and parents?

A: The school district maintains social media pages, conducts patron tours, mails the Connections publication, and holds open houses. Once a levy or bond measure receives board approval, the district is under CDC guidelines which limits the district's communication. The district cannot advocate for or against an election, just encourage the community to vote. There is a private Concerned Citizens for Education Committee that can do outreach. The district relies heavily on the community, staff, and parents to share information. The district encourages members to share outreach ideas.

## Bond Project Costs

Brady reviewed the Estimated Bond Project Costs table listing costs for nine projects identified by the 2021 Citizens Facilities Advisory Committee (CFAC) to be on a future bond package. The projects total \$1,260,693.500 which include escalation based on mid-point of construction. These identified projects are a small representation of needed improvements. The BAC will be reviewing those projects along with other projects in upcoming meetings to determine what will be placed on the bond.

## State Match Funding

The School Construction Assistance Program (SCAP) provides funding assistance to school districts that are undertaking a major new construction or modernization project. Projects must meet eligibility requirements. School districts are responsible to secure local funding for construction projects. If eligible,

the state provides partial funding based on formulas, allowances, and costs related to certain aspects of a construction project called recognized project costs.

SCAP formulas are based on square footage of a building that is at least 30 years old to determine state match for projects that are constructed or modernized. From the nine projects that were shared, the district qualifies for \$133.7M in state match that could potentially be collected to do other projects. The committee will consider options and determine the best approach for each campus.

Q: Does the district have specific projects they intend to use state match funds for?

A: The BAC will learn about needed projects. If a bond passes, district staff and the BOC will consider options to determine how funds will be spent.

Q: If a project comes in under budget, what is the extra money used for?

A: The BOC, with capital's guidance, reviews projects, and makes recommendations to the board.

The list of projects was identified by the 2021 CFAC. The [report](#) is in the resource binder.

## Tax Rate Scenarios

Brady presented tax rate scenarios for \$600M, \$650M, \$700M, and \$800M bond packages with a \$4.14 baseline tax rate in each scenario. The district passed a six-year \$175M Capital Levy in Feb. 2024 and will collect levy money twice a year, in April and Oct. In April 2025, once the district receives the first payment, the district's tax rate will be \$4.14 per \$1,000 of assessed value. The district has the option to roll the levy into the bond package refinancing it to pay it back over 25 years. Depending on how much of the levy is refinanced in each scenario, determines the total bond amount.

The goal is to maintain the current tax rate, which is unlikely to raise the annual tax for most homeowners, regardless of property value fluctuations. It would extend the voter-approved rate from February 2024 through the life of the bond.

The upcoming election dates were reviewed. To run a bond in Feb. 2025, the board must approve a resolution by Dec. 2024.

### Benefits of running a bond in Feb.:

- Maintain an even tax rate for the next 21 years.
- The district has an opportunity to collect more state match funds based off 2019 enrollment numbers up to 2026 when the calculations change.
- After Feb. 2025, it will have to be advertised that the tax rate will be paid off from our debt and it will appear we are raising taxes on a future bond. It doesn't give the district as much opportunity for funding as time goes on.

Q: How much difference is there in pre-pandemic vs post pandemic numbers?

A: Brian will get the comparison of 2019 to 2023 numbers before the end of the meeting. The district saw a large decline in 2020, there was some recovery after that but last year, there was an unanticipated decline. This year the district is coming in at projection and in some cases above.

Note: After the meeting, Brian found a headcount enrollment difference of approximately 400 students higher in September 2019 (22,604) vs. September 2024 (22,202), as reported in the district's P223 enrollment report, line 46.

Voters have approved \$639.7M in local school bonds over the last 26 years. If voters (60%) approve to maintain our current tax rate of \$4.14 for the next 21 years, we can invest \$800M in our schools.

### **Citizens Facility Advisory Committee (CFAC) 2021 Recommendations**

Brady reviewed the [2021 CFAC Report](#) recommendations:

- Address growth, aging facilities, safety and security, and improved programs at the high school level through a phased replacement and expansion of all comprehensive high schools to include athletic program upgrades. To fully address growth and condition improvements at this grade level, additional classrooms and major modernizations are needed at Walker High School as well.
- Address growth, aging facilities, safety and security, and improved programs at the elementary school level through a full replacement and expansion of Spinning and Waller Road elementary schools. In addition, the new construction of “Elementary #24” is recommended to address future growth.
- Address growth, aging facilities, safety and security, and improved programs at the junior high level through the expansion of Glacier View Junior High.

Brian stated in the next three meetings, projects in each region will be reviewed, so everyone has an understanding and an opportunity to ask questions about the projects as well as tax rates.

Committee questions:

Q: How likely are voters to consider and support high-cost projects, PHS in particular, that aren't in their regions?

A: To the extent possible, there needs to be something in the bond that everyone sees value in across the district. This group represents the entire district, we want equity.

### **School Capacity and Utilization Task Force (SCUT) Recommendations**

Brian shared that the [SCUT Report](#) is in the resource binder and posted on the website.

Last year, SCUT held 15 meetings and looked at the most current information to project where capacity would be needed, how to make efficient use of existing sites, and maximize educational opportunities for all students. This information helps to identify projects to place on a bond.

The result of the work was that a number of schools were identified who have capacity challenges with existing and projected enrollment that need attention. Three categories were identified to address capacity issues within the next four years: waiver management, further consideration by SCUT to mitigate forecasted capacity deficit, and impacted school.

The SCUT recommendations for Northwood, Glacier View JH, Emerald Ridge HS, Rogers HS were reviewed.

SCUT also recommended to continue the SCUT as a standing committee per an updated charter and to establish a BAC to recommend to the superintendent and school board regarding a bond scope and attendant financing plan.

Committee comments:

- Hopes that SCUT is looking at the Missing Middle Housing Law. Cities are updating their comprehensive plans to allow homeowners to add Accessory Dwelling Units (ADU) to properties. Brian stated that there is increased density through passage of the state law regarding ADUs and the district and other areas in WA state may see greater density in our existing urban areas. We don't have a projection, but we will see what the units generate in mass. The district has not surplus land that would support new school buildings. The district is planning for growth.
- There is a square ft limit for an ADU, and they do not usually support a family with children. They don't usually generate enrollment. Brian shared that the district tracks developments and data; we haven't seen a lot of students generated by ADUs to date.
- Is student enrollment down since 2019; if so, do you think it will increase by the five-year time? Brian stated that multiple projections will be prepared depending on the lens the information is looked at. For bond and capital facilities planning work, we will focus on a projection work that includes variables that assume higher trend lines. We are still higher in numbers than we had in the 2010s and are expecting growth in the future.
- Pierce County is projecting a population of about 1M people in the next 20 years, it is a sizeable jump.

Brady commented that he is still excited about the work and is looking forward to future meetings. Please continue to ask questions using the QR "Parking Lot." The committee's time is appreciated.

**Next Meeting**

September 26, 2024 – 5:00-7:00 p.m.

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The meeting adjourned at 6:54 p.m.