2016 Facilities and Technology Task Force Minutes

November 12, 2015

Board Room, Administration Building – 6:00 p.m.

Attendees:

Members: Matthew Arend, Earnest Burke, Rebecca Egelston Caso, Rick Cinclair, Ken Gagliano, Jim Hirsch, Ken Hutchenrider, Marshall Jackson, Annika Little, Bill McLaughlin, Dr. Raj Menon, Fred Moses, Amy Nelson, Dr. Doug Otto, Rev. Patrick Price, Julie Richard, Corie Rubenstein, Doug Shockey, Karen Stanton, Ryan Steele, Rose Taper, John Teiber, Al Valente, Janet Weissman

District officials and others: Dr. Brian Binggeli, Steve Fortenberry, Dr. Jim Wussow, Dr. Kary Cooper, Karla Oliver, Dan Armstrong, Linda Madon, Kathy Waskow, Juan Ramos, Tony Pearson, Monica Sharapata, Mary Ann Lewis, Rocky Gardiner, David Medanich, Adam Lancarte, Mark Allen, Robin Garcia, Laurie Taylor, Dr. Christie Duke

Welcome/ Follow up from Previous Meeting– Rebecca Egelston Caso, Chair

The sixth Plano ISD Facilities and Technology Task Force meeting was called to order at 6:00 p.m. by Rebecca Egelston Caso, Chair. Rebecca said she hoped everyone had an opportunity to review the proposed bond items. The requested items from the last meeting on September 29th were posted to the Google drive.

Rebecca then turned the meeting over to Dr. Binggeli for his opening remarks.

Comments – Dr.Brian Bineggli

Dr. Binggeli said there was a good mix of items brought up around the table at the last meeting. He thanked everyone for their input and all of their hard work. Dr. Binggeli asked that the committee walk through the totality of the presentation tonight, before questions and discussion. The presentation will flow throughout starting with the proposed bond items discussed thus far, recommended adjustments to the initial recommendations and three different financial options.

Dr. Binggeli then turned the meeting over to Steve Fortenberry.

Recap of Items Approved for Further Discussion – Initial Considerations

Steve began by recapping the items previously approved for further discussion along with the initial amounts discussed.

New Schools and Acquisitions

- Special Education Transition Center - $3,695,000
- Future Industry Academy - No cost discussed.
  Estimate - $9,040,000
- Employee Childcare Center #3 - $3,340,000
- New Elementary Schools (2) - $52,600,000
- Property Purchases - $10,000,000

Major Renovations, Upgrades and Refurbishments

- Shepton HS - $35,000,000
- Robinson MS - $34,830,000
- Elementary Schools (6) - $12,000,000
- Middle Schools (2) - $8,000,000
- High Schools (1) - $7,000,000

Additions/Modifications/Capital Improvements

- Safety & Security - $12,370,000
- Transportation - $10,420,000
- FANS - $32,850,000
- Fine Arts and Academic Facilities - $25,750,000
- Athletics - $4,090,000
- Elementary Capacity - $10,000,000
- Portable Replacements - $18,430,000
- Re-roofing Projects - $28,450,000
- Capital Improvement Projects - $3,750,000
- Sustainability Projects – $2,000,000

Systems and Compliance and Pre-Funded Projects

- Systems and Compliance - $63,480,000
- Pre-funded Projects - $5,220,000

Technology and Academic Initiatives

- Technology Replacements - $56,100,000
- Academic and Technology Initiatives - $17,835,000
- Academic Services Initiatives - $7,335,000

Steve then went through a list of recommended adjustments to the initial recommendations.

Recommended Adjustments to Initial Recommendations

- Delete Future Industry Academy - $9,040,000
  - Ongoing dialogue with Collin College. Cost sharing possibility. Funding could come from operating fund reserves.
- Reduce New Elementary School #1 estimate by $175,000.
- Delete New Elementary School #2 - $26,300,000
  - To be discussed later
- Increase Shepton High School Renovation estimate - $5,000,000
- Add Williams HS to Refurbishment Projects - $4,000,000
- Reduce Safety and Security by $100,000
  - Revised estimate for Clark Stadium lighting
- Increase Athletics by $2,450,000
  - Turfing three additional competition fields and expanding PESHS baseball bleacher capacity
- Reduce Elementary Capacity Additions from 4 campuses to 2 - $5,000,000
  - To be discussed later
- Reduce Portable Replacements by $2,615,000
  - Renner MS included in Fine Arts additions
- Delete Reimbursement of Pre-funded Projects - $5,265,000
  - Already paid from capital projects fund, no need to incur additional debt
- Reclassify $410,000 from Academic Initiatives to Systems and Compliance

Dr. Binggeli agreed that it was too early to tell what the outcome of the Future Industry Academy would be regarding funding. There is a need for more dialogue with Collin College regarding joint funding.

Steve said that administration went back and looked at Shepton and recommends adjusting the budget following comments from the September 30th meeting. Also, based on comments from that meeting regarding Williams High School, Administration is recommending an additional $4M be added.

Adding turf to three additional fields (Williams, Clark West, and Clark Central) was brought up at the last meeting. A revision to add three additional fields is recommended, but not for the ones suggested by the committee at the last meeting. Athletics discussed this issue and suggested that the 3 practice fields at the senior highs had a higher need for turf on their fields. There was more usage year round at the practice fields than the sub fields at Clark or at Williams. Discussion later ensued about this issue and several committee members wanted turf at Williams High School as well as the 3 Clark sub fields along with the three senior high practice fields. Dr. Cooper said the administration has already checked with turf vendors and found that with 6 or 7 projects on the table any additional projects could result in a price reduction.

Portable replacements were reduced because Renner was included in Fine Arts and Academic Services. The Outdoor Learning Center items were moved from Academic Initiatives to Systems and Compliance which resulted in a $410,000 adjustment. Reimbursement for pre-funded projects was eliminated because these projects are already paid for, and there is no need to borrow money. This was an adjustment of $5,220,000.

Elementary Capacity Recommendations

- Include funding for one new elementary campus only as a contingency if enrollment warrants.
- Include funding for 2 campus additions, but only if enrollment warrants.

Rationale for New Elementary School Recommendation

- District wide elementary enrollment is at 72.5% of capacity. At 85%, over 4,000 additional students could be accommodated.
- October 2015 kindergarten enrollment was 174 students less than projected, and marked the third consecutive year of decline. This results in a downward impact on projections for future years.
- Demographer's projection for fall of 2023 indicates a decrease of 55 elementary students compared to today.
- District is near build out and remaining future residential development is uncertain in terms of numbers and timing.
- In northeast corner, Hunt is no longer projected to reach 85% of capacity during the next 10 years. McCall not projected to reach 85% until fall of 2022. Adjacent campuses have adequate capacity, if growth exceeds projections.
- Schell is near capacity, but projected to decline as larger upper grades exit. Miller is adjacent as a relief school and currently at only 52% of capacity.
- Aldridge and Mendenhall projected to exceed 85% of capacity within two years. Growth will continue as City Line and Rosewood developments reach build out. Adjacent zones of Sigler and Forman have excess capacity. (Steve recommended rezoning land under development before anyone lives there.)
- Largest issue remains the Northwest corner. Four schools are currently at over 85% of program capacity.
  - Centennial is at 89%, projected to peak at 95% in 2021.
  - Barksdale is at 86%, projected to peak at 93% in 2019.
  - Gulledge is at 88%, projected to grow by 83 students. If necessary, add classrooms similar to Hunt and Boggess. Adequate land to expand.
  - Brinker is currently at 98%. Action must be taken for next school year. Haun is adjacent, is only at 68% and is projected to decline slightly.

Total After Recommended Adjustments: $436,585,000

Steve then discussed options to finance the program.

Historical Strategy

- Level annual payments based on the following amortization schedule:
  - Technology – 5 years
  - Buses – 10 years
  - All Other – 25 years
- Some tweaking of payments to manage payments and tax rate

This strategy has served the district very well. The district is proud of how well they have handled their debt.

Existing Debt Information

- Total Outstanding Debt - $852,635,313
- Final Maturity – 2038
- Debt as % of Taxable Property Value – 2.11%
- Total Payments Remaining - $1,191,254,755
  - Principal - $852,635,313
  - Interest - $338,619,442

- Interest as a % of Total Payments - 28.4%
- Ratio of Total Payments to Principal - 1.397

Current Payment Schedule
Graph of annual payments was presented from 2016 to 2038. Refer to slide 18 on presentation. After the first 4 or 5 years, payments start to drop dramatically on our current pay schedule.

Financing Options to Consider

- Option A – Use historical amortization schedules with level annual payments allowing the tax rate to decline.
- Option B – Use historical amortization schedules, but increase principal payments in first five years to maintain current tax rate through 2021.
- Option C – Shorten 25 year amortization to 20 years, add principal in first five years to maintain current tax rate through 2021, add principal in 2022-2024 to take advantage of large decline in payment schedule.

Assumptions Common to All Options

- Total debt of $436,585,000 is issued in five equal annual installments from 2016 through 2020
- Interest rates at 10/21/15 market plus 0.75% for first sale, then adjusted upwards for future sales
- Tax base growth (2015 was 6.93%, 2014 was 6.67%)
  - 2016/17 - 5%
  - 2017/18 - 5%
  - 2018/19 - 4%
  - 2019/20 - 3%
  - 2020/21 - 3%

The comparative summary of options slide gave a good picture of how aggressive the district could be on the total outstanding debt. Steve stated that there will be less debt when the bond proposal goes out for voter approval than there is today because of a scheduled principal payment in February. It is also important to look five years out and see how the models impact our debt capacity for the 2021-2026 timeframe. Steve said that we will be in great shape financially for the next bond election.

Rebecca then asked the committee if there were any questions.

There was discussion on which fields to turf. Committee stressed the need to lay turf at all fields to be consistent and save money on the upkeep from having grass fields.

Steve said the District would consider selling more bonds earlier depending on property values and interest rates.

There was interest by the committee to provide additional preschool opportunities. Dr. Binggeli said it would be better to have preschool opportunities at the existing elementary campuses as this would be closer to where the students actually live. This alternative would also reach more students.

A question was raised about the future Industry Academy. Dr. Binggeli said it will take more time to develop, due to the leadership changes at Collin College and Plano ISD. The new leadership at both educational entities are moving forward and will have further discussion. Not including funding in the bond program does not mean the concept will not be pursued.

A committee member asked if the projected tax base growth considered new business growth. Steve said the figure takes into account new construction as well as any increase in the value of existing property.

A committee member asked if the recommended projects encompass all items necessary to close the achievement gap. Dr. Binggeli stated that this would always come first but that we must maintain our buildings and make allowances for growth. There is a need for flexibility in the bond package due to unexpected shifts in enrollment. The recommendations and adjustments that the district presented to the committee were based on areas of need.

A committee member asked what is the scope of work needed for Jasper High School. Steve stated that although the scope of work has not been established, the school will be 25 years old by the end of the bond program.

A committee member asked about Renner Middle School's capacity. Renner has been consistently over capacity. Steve said that a rezoning of students from Brinker Elementary to Haun Elementary will also give Renner relief.

A committee member asked about taking money from the general fund to take care of buses and some other capital project items. Steve said that we should not depend on the general fund for capital projects each year due to the unpredictability of state funding. Steve would support a one-time transfer of the budget surplus from the 2014-15 fiscal year to fund the buses.

A committee member asked about the district's biggest lease item. Steve said that our copiers would be the largest lease contract.

A committee member raised the question on which Financial Option was considered the best by the district. Steve said that it was better, in his personal opinion, to pay down debt as quickly as possible. Option C is the most aggressive at paying down debt of all 3 options. Steve also mentioned that we have the second lowest tax rate of all 16 districts in Collin County.

A committee member asked how we determined which sites to turf. Dr. Cooper said they looked at this issue from the users' standpoint and usage throughout the year. The committee is recommending that we turf seven additional fields including practice fields for safety reasons, to stay competitive with surrounding districts and to lower operating costs. Steve stated that we need to keep in mind how the community will perceive 11 total turf projects. Growth in the NE corner will not have an effect on the fields.

A committee member asked about capacity vs. enrollment at Plano East Senior High as it appears that in 5 years we might be adding portables again. Steve said the district will look at every option before adding portables and would see if it can include any additional classrooms when it replaces portables with a permanent addition.

The committee asked of all 3 senior high school feeder zones which one is getting the most bond funding. Steve said the west is getting more funding in this proposal as many schools will be hitting the 20 year mark. The east side received more in the previous two bond issues as housing development was occurring.

Some on the committee suggested keeping both elementary schools in the proposal to provide flexibility for future use. Steve added that the district will get the community's input regarding Haun and Brinker

before making any re-zoning decisions.

A committee member asked about utilizing the $16M from the 2008 bond. Steve stated that if the committee chooses to use the $16M towards the bond proposal they should make this recommendation in a motion and then it would go to the Board for approval.

A committee member asked if $12M was enough for 6 school refurbishments. Steve said these sites should not need as much work as Christie and Hughston Elementary Schools which were refurbished this summer. Also, items such as roofing, flooring, and HVAC are funded separately under Systems and Compliance.

A committee member asked if the $3.6M proposal for portables at the Guinn Center could be used for something else. Steve said that it would be good for aesthetics to replace. Also, these are the oldest portables and are in need of roofing and flooring replacement.

A committee member asked if our unallocated general fund balance was at a healthy level. Steve said as of today, yes.

A committee member asked if Library Media Services needed more funding. Steve said the proposal is more than what they have been previously spending. Dan added that the funding amount included the director's input.

Motions

Rebecca asked the committee if they had reached a consensus on the recommendations for the interim report to the Board. Rebecca said the committee needs to vote on two topics: recommended projects for the 2016 bond proposal and the financial plan.

Ken Hutchenrider
I move that the task force committee recommend a total of $425,165,000 for the 2016 bond proposal, which is the total amount of suggested recommendation of $436,585,000 minus $4M for land, $9.72M for buses plus $2.3M for additional turf.

Marshall Jackson seconded the motion.

Rebecca then restated the motion of Ken Hutchenrider.

Ken Gagliano
A secondary motion was made:
I want to move that we amend the motion to reduce the amount of $425,165,000M by the previously authorized unissued amount of $16,020,000 from the 2008 bonds, which brings the new total for the 2016 bond proposal to $409,145,000.

No one seconded the motion.

Ken Hutchenrider:
I move to rescind my motion.
I move that the task force committee recommend a total of $409,145,000 for the 2016 bond proposal plus the previously authorized amount of$16,020,000 from the 2008 bonds contingent on bond counsel approval.

Marshall Jackson seconded the motion.

Rebecca asked the committee if they were ready to vote on the proposal. No other debate. Rebecca then restated the new motion from Ken Hutchenrider and put it to a vote. The motion passed.

Rebecca asked the committee if they were ready to vote on the financing options for the 2016 bond proposal. No other debate.

It was moved that the task force recommend Financing Option C for the 2016 bond proposal.

The motion was seconded. The motion passed.

Discussion of Next Steps/Closing Remarks-Rebecca Egelston Caso

1) November 17 – Board Work Session (Interim Report presented)

2) December 3 – Meet to consider Board input, finalize recommendations and plan for public hearing.

3) December 17 – Public Hearing

4) January 7 – Task Force meets to discuss public input and to finalize recommendations

5) January 12 – Final recommendations to Board

6) February 2 – Board considers calling election for May 2016

Steve Fortenberry added that the committee is welcome to attend the Board Work Session on November 17th.

The meeting was adjourned at 9:23 p.m.