Facilities and Technology Task Force

Interim Report to the Board of Trustees

November 17, 2015

Summary of Meetings

- Six meetings held
  - Organizational/Orientation
  - New Schools and Acquisitions
  - Major Renovations/Upgrades/Refurbishments
  - Additions/Modifications/Capital Improvements
  - Systems & Compliance and Technology & New Academic Initiatives
  - Discussion of Interim Report

Recommendations - Projects

Charges Related to Projects

- Conducting a comprehensive analysis of information related to PISD facilities, including (if necessary) selected on-site reviews of previous and proposed projects.
- Reviewing future enrollment trends and projections.
- Establishing construction, renovation and site acquisition needs.
- Validating cost projections to meet analyzed needs, taking into account inflationary trends.
- Reviewing the District's needs with regard to technology and other identified capital items.

New Schools and Acquisitions
$39,160,000

- New Elementary School (Contingent on Growth) - $26,125,000
- Special Education Transition Center - $3,695,000
- Employee Childcare Center #3 - $3,340,000
- Property Purchases - $6,000,000

Major Renovations/Upgrades/Refurbishments
$105,830,000

- Shepton High School - $40,000,000
- Robinson Middle School - $34,830,000
- Elementary School Refurbishments (6) - $12,000,000
- Middle School Refurbishments (2) - $8,000,000
- High School Refurbishments (2) - $11,000,000

Additions/Modifications/Capital Improvements

$135,425,000

- Safety & Security - $12,270,000
- Transportation - $700,000
- FANS - $32,850,000
- Fine Arts and Academic Facilities - $25,750,000
- Athletics - $8,840,000
- Elementary Capacity Additions - $5,000,000
- Replacement of Portables - $15,815,000
- Re-roofing Projects - $28,450,000
- Capital Improvement Projects - $3,750,000
- Sustainability Projects – $2,000,000

Systems and Compliance

$63,890,000

- Carpet and Flooring- $6,111,687
- Electrical - $2,885,355
- Energy Management - $2,638,222
- HVAC Systems - $35,234,949
- Plumbing - $5,268,176
- Site Improvements - $2,566,527
- Pavement, Fire Lanes - $1,989,899
- Specialties, Equipment - $1,742,767
- All Other - $5,452,418

Technology and Academic Initiatives

$80,860,000

- Technology Replacements - $56,100,000
- Academic and Technology Initiatives - $17,835,000
- Academic Services Initiatives - $6,925,000

Summary of Projects

New Schools and Acquisitions	$39,160,000
Major Renovations/Upgrades/Refurbishments	105,830,000
Additions/Modifications/Capital Improvements	135,425,000
Systems and Compliance	63,890,000
Technology and Academic Initiatives	80,860,000
Total	$425,165,000

Recommendations - Financing

Charges Related to Financing

- Analyzing the District's outstanding debt structure and incorporating proposed new debt in a manner that will have minimal impact on taxpayers.
- Also passed along individual trustee request from August 4th meeting expressing a desire that any new debt issued over the life of the program would not exceed debt retired during that same time period.

Sources of Funding

New Bond Proposition	$409,145,000
Unsold Portion of 2008 Authorization*	16,020,000
Total	$425,165,000

*Utilization of remaining 2008 authorization is contingent on consultation with bond counsel.

Other Project Recommendations- Buses

- Committee discussed purchase of 90 school buses in the amount of $9,720,000 to maintain the district's 15 year replacement cycle
- Primary discussion was on whether to include – not on need
- Committee's interim recommendation is to exclude and instead consider transferring the operating surplus ($9,402,745) from the 2014-15 fiscal year into the capital projects fund to provide for this need

Debt Structure Considerations/Recommendations

- District's current payment schedule provides flexibility
- Looked at traditional approach of level annual payments utilizing the following amortization schedules:
  - Technology – 5 years
  - Buses – 10 years
  - All other – 25 years
- Traditional approach resulted in more debt outstanding at the end of the program than at the beginning
- Looked at more aggressive approach of paying down debt earlier and setting maximum amortization at 20 years
- Task Force is recommending more aggressive approach

Assumptions Common to Both Options

- Total debt of $425,165,000 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%

Interest Rate Assumptions

Year of Issuance	Traditional	Recommended
2016	4.27	3.92
2017	5.26	5.05
2018	5.26	5.06
2019	5.26	4.29
2020	5.26	4.27

Comparative Summary of Options Payment Information

	Traditional	Recommended
Total Payments (New Debt)	$700,499,723	$571,303,997
Final Maturity	2045	2040
Total Interest	$275,334,723	$146,138,997
Interest as % of Total	39.3%	25.6%
Total Payments/Principal	1.65	1.34

Net Difference in Payments:	
Nominal Dollars	$129,195,726
Discounted to Net Present Value	$26,349,061

Comparative Summary of Options
Outstanding Debt Information

	Traditional	Recommended
Total Bonds Outstanding @5/15/21	$819,340,000	$768,270,000
- Change from today	($33,295,313)	($84,365,313)
- Change from 5/15/16	$37,310,000	($13,760,000)
Debt @ 5/15/21 as % of Taxable Property Value	1.67%	1.56%

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Comparison of Payment Schedules

(Includes Existing Payments)

Year	Traditional	Recommended
Current	**$110,274,643**	**$110,274,643**
2017	115,810,024	115,933,794
2018	112,331,933	121,430,455
2019	111,851,605	126,065,805
2020	118,310,503	129,770,725
2021	126,835,396	133,613,375
2022	100,899,208	109,999,849
2023	83,447,863	99,998,380
2024	79,916,244	89,999,656
2025	76,407,465	80,003,830
2026	72,872,386	67,042,045
2027	72,795,233	66,970,907
2028	72,743,177	66,916,602
2029	72,717,384	66,889,840
2030	66,541,546	60,724,184

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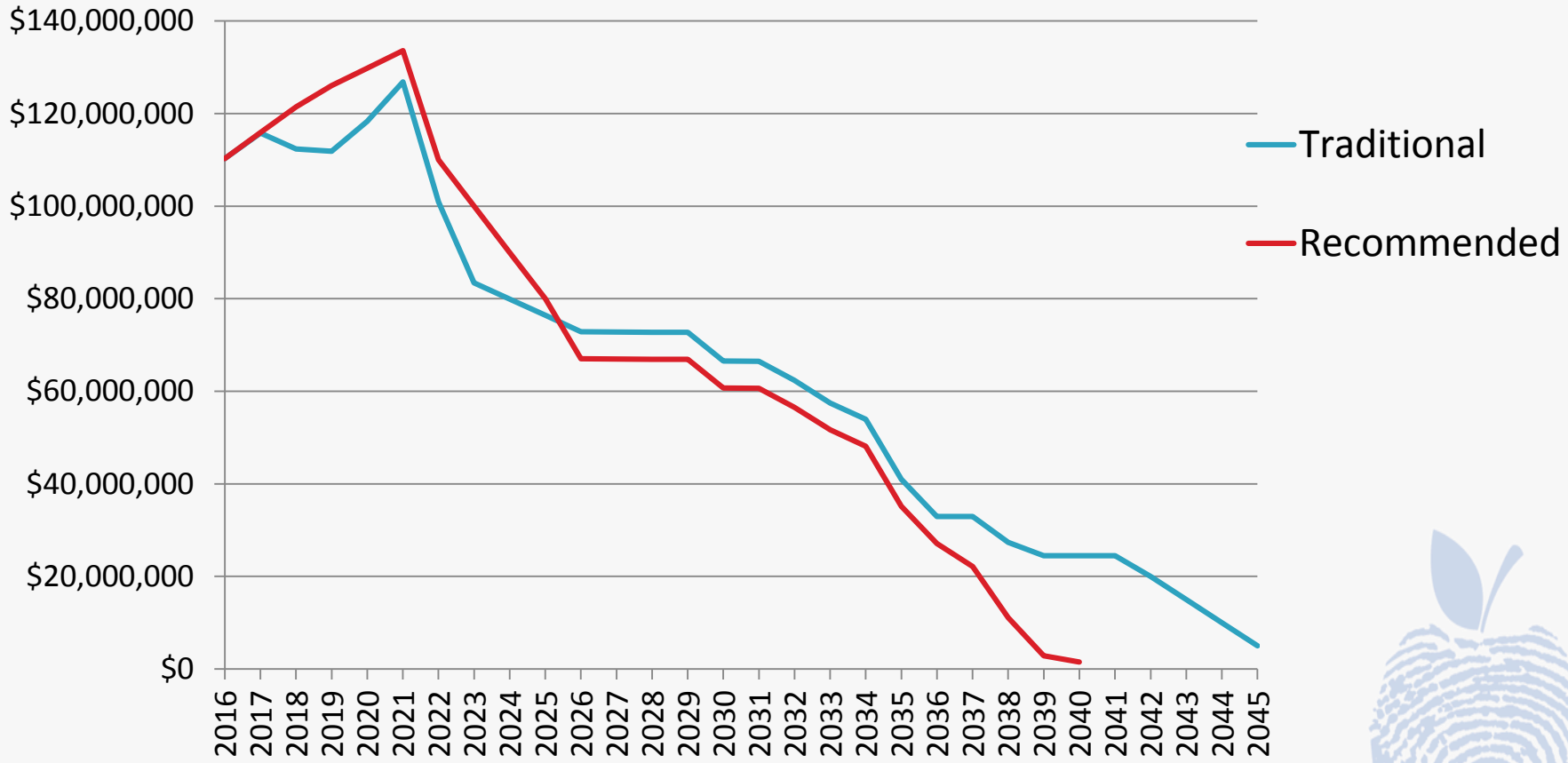
Comparison of Payment Schedules

(Includes Existing Payments)

Year	Traditional	Recommended
2031	66,488,985	60,668,857
2032	62,342,735	56,521,450
2033	57,477,129	51,656,396
2034	53,958,383	48,135,012
2035	40,987,813	35,166,839
2036	32,924,901	27,091,758
2037	32,956,340	22,166,675
2038	27,387,040	11,099,400
2039	24,485,936	2,882,163
2040	24,490,976	1,536,113
2041	24,487,673	-
2042	20,006,953	-
2043	15,004,144	-
2044	10,001,138	-
2045	4,999,725	-

Annual Payments Comparison



Comparison of Projected Tax Rates

Year	Traditional	Recommended
Current	**26.90**	**26.90**
2017	26.87	26.90
2018	24.86	26.90
2019	23.83	26.90
2020	24.50	26.90
2021	25.52	26.90
2022	20.32	22.17
2023	16.82	20.18
2024	16.10	18.15
2025	15.38	16.11
2026	14.66	13.48
2027	14.65	13.46
2028	14.64	13.45
2029	14.63	13.45
2030	13.40	12.21

Comparison of Projected Tax Rates

Year	Traditional	Recommended
2031	13.39	12.20
2032	12.56	11.37
2033	11.58	10.40
2034	10.88	9.69
2035	8.29	7.10
2036	6.67	5.48
2037	6.68	4.48
2038	5.56	2.25
2039	4.98	0.59
2040	4.99	0.31
2041	4.98	-
2042	4.07	-
2043	3.05	-
2044	2.04	-
2045	1.02	-

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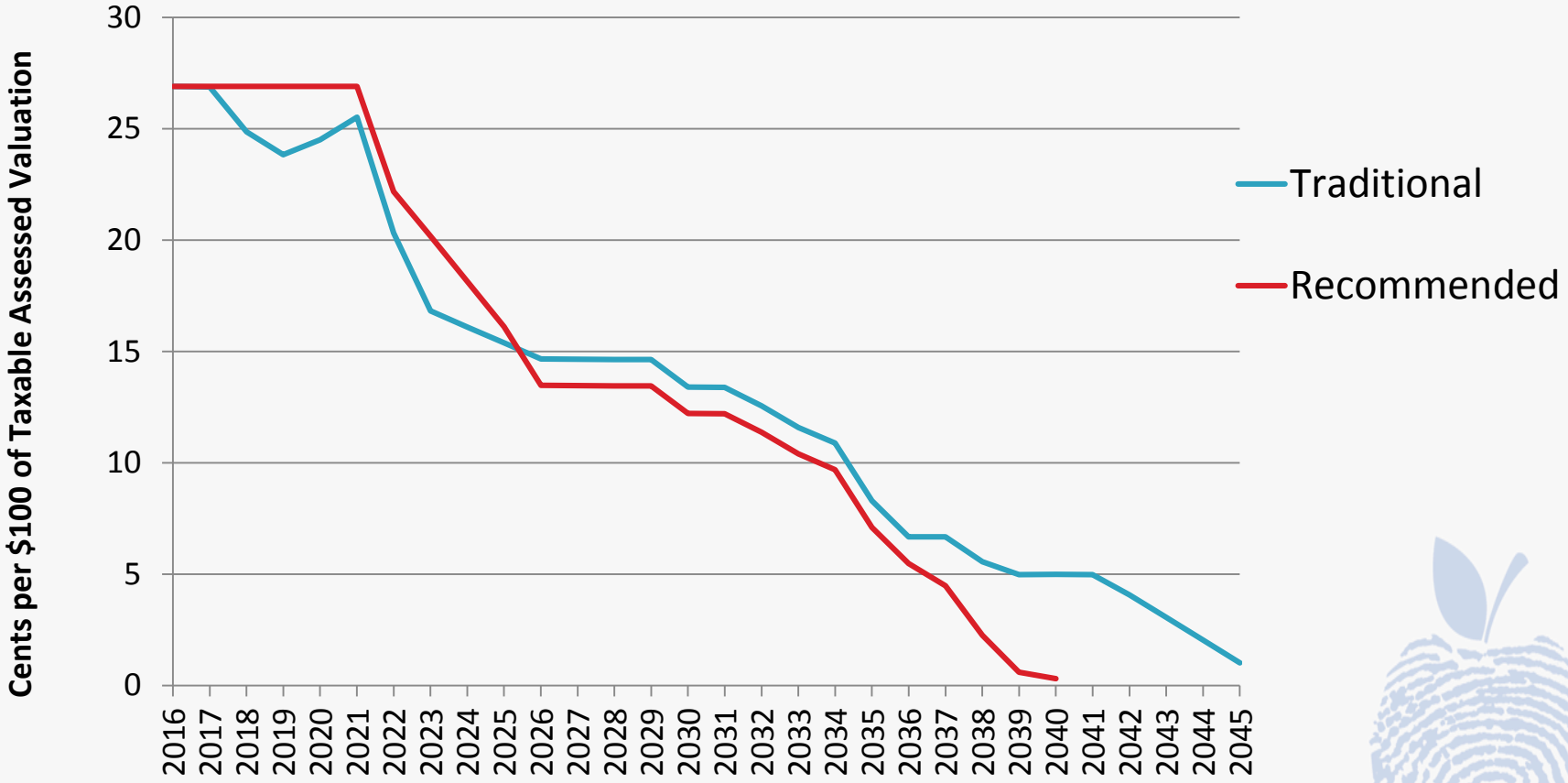
Tax Rate Comparison



Summary of Interim Recommendations

- Recommending a bond program of $425,165,000 to provide for the district's capital needs over the next five years
- Recommending that the program be financed with a new proposition of $409,145,000 plus previously authorized debt of $16,020,000 (contingent on bond counsel approval)
- Recommending excluding buses from the bond program and purchasing from operating surplus instead
- Recommending a more aggressive payment schedule which:
  - Maintains current tax rate for next five years
  - Reduces interest cost compared to traditional method
  - Leaves capacity for future needs in five years
  - Results in lower overall debt level at the end of the five year program

Next Steps

- December 3rd – Task Force meets to discuss feedback from Trustees and plan for public hearing
- December 17th – Public Hearing
- January 7th – Task Force meets to discuss public input and finalize recommendations
- January 12th – Task Force makes final recommendations to Board of Trustees
- February 2nd – Board of Trustees considers calling election for May 2016

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