

Levies February 2010

Supporting Seattle's Children



Excellence For All

Every student achieving, everyone accountable.

Seattle School Board Work Session
September 2, 2009

Agenda

- Introduction and Overview
- Operations Levy
- BMAR
- BTA III Board Guidelines
- BTA III Project / BTA III Buying Power
- BTA III Next Steps and Timeline

Levies 2010 Overview

- February 2010 Operations Levy (General Fund)
- February 2010 BTA III Capital Levy (Capital Projects)
- Per the current legislation, school levies require 50% plus 1 “YES” vote
- Bonds still require Super-Majority (60%) and Election Validation requirement

Operations Levy – Planning Approach

- Don't leave anything on the table
- Optimistic financial and enrollment assumptions, including planning options



Funding Model

- The Funding Model is Calculated as follows:

Prior Years State and Federal Revenue

+

Per Pupil Inflator

X

Authority %

= Maximum Levy Amount that may be Collected

3 - Year Operations Levy – Preliminary

(in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>	<u>2008 - 2010 Levy</u>	<u>% Change</u>
Base	135.4	137.1	143.2	415.7	397.0**	5%
Add'l Levy Capacity	<u>9.7</u>	<u>11.2</u>	<u>26.6</u>	<u>47.5*</u>	<u>-</u>	
Total Levy	<u>145.1</u>	<u>148.3</u>	<u>169.8</u>	<u>463.2</u>	<u>397.0</u>	17%

* Includes 35% levy lid (SHB1776) for \$25.5

** Certified amount was \$369.7



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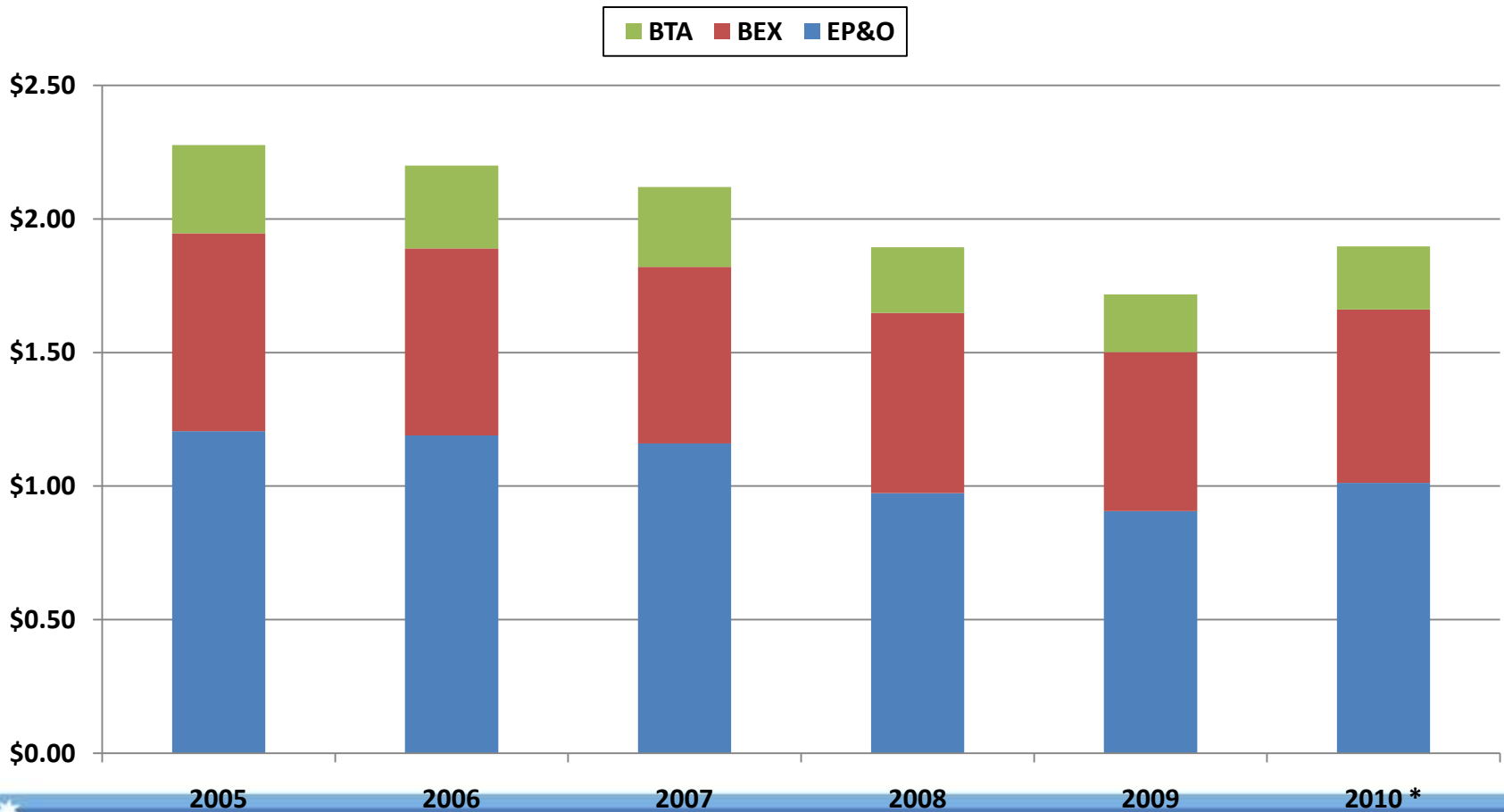
Additional Levy Capacity – Preliminary

Description	2011	2012	2013	Total	Probability Analysis
Increase Levy Authority Percent to 35.00% (SHB1776)	\$ 8.3	\$ 8.4	\$ 8.8	\$ 25.5	
Additional 1.0% enrollment growth (2.0% / year)	\$ 1.4	\$ 2.8	\$ 4.2	\$ 8.4	
Phase-in estimate for Basic Ed Foundation Bill (ESHB2261) for Instructional Hours, Transportation, and All-Day K in 2011-12 for 2013 Levy Base.			\$ 6.3	\$ 6.3	
Reinstatement of LID day in 2011-12			\$ 0.3	\$ 0.3	
Use Office of State Actuary 2011-12 recommended pension rates.			\$ 4.6	\$ 4.6	
Continued federal funding of ARRA IDEA funds at 50% of current allocation			\$ 2.4	\$ 2.4	
Potential ARRA "Race to the Top" and Innovation Grants	\$ -	\$ -	\$ -	\$ -	
Options Total	\$ 9.7	\$ 11.2	\$ 26.6	\$ 47.5	

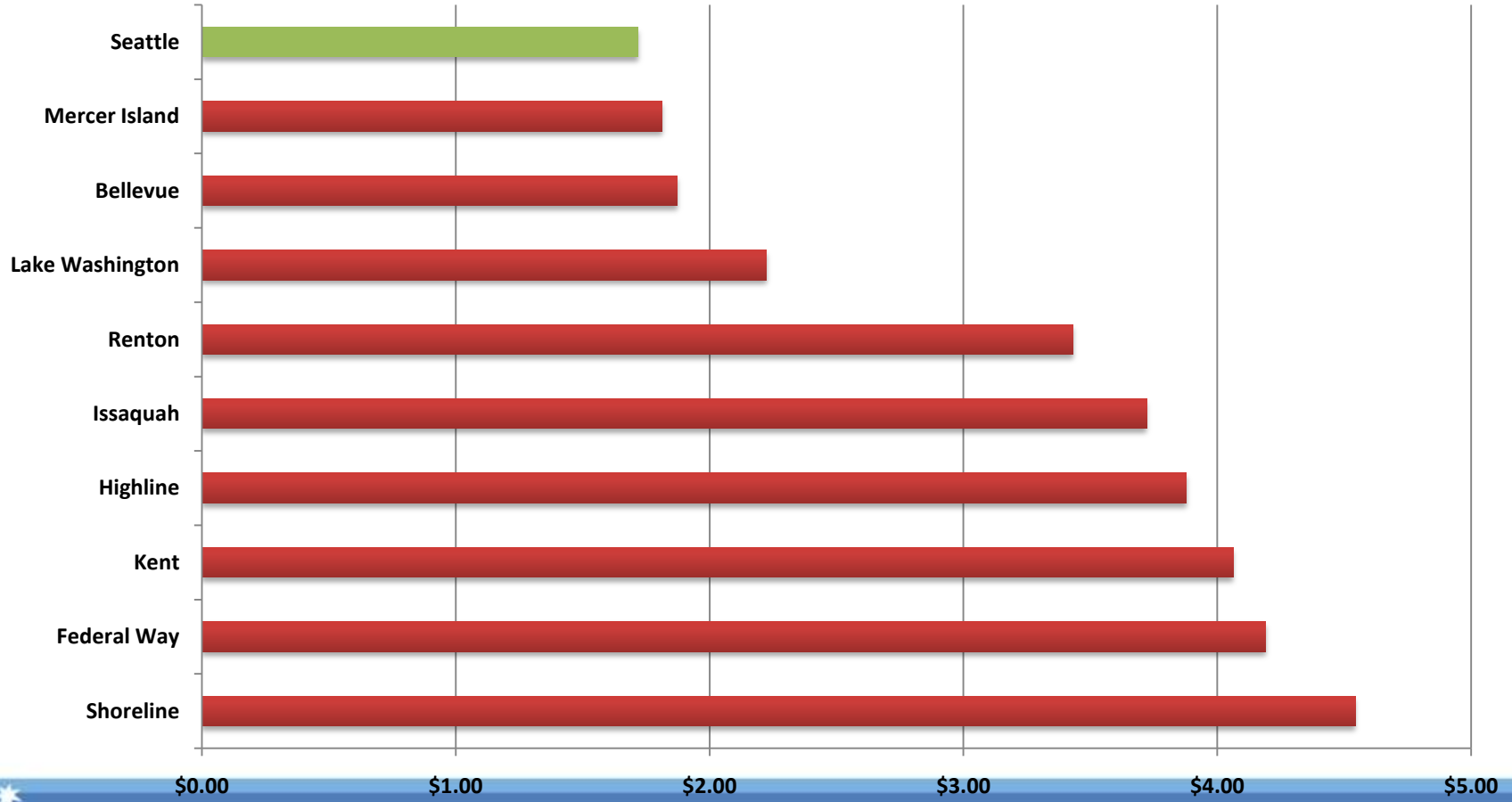
Base Assumptions - Preliminary

- Enrollment growth 1.0% per year. Estimated final growth for 2008-09 is 0.7%.
- Legislative rates for 2009-10 and 2010-11 are used to develop 2011 and 2012 levy bases.
- Reset pension rates to 2008-09 levels in 2011-12.
- Phase-in of Catch-up COLA (ESHB2363) in 2011-12 for 2013 Levy Base.
- Per pupil inflator growth estimate based on COLA and Pension growth.
- Seattle CPI growth of 1.5% for 2009 and 3.0% for 2010 are used to develop 2012 and 2013 Levy Bases.

Levy Rate -Current



Levy rates per \$1000



Levy rates per \$1000

- continued

- The 2009 current combined (Operations, BEX III and BTA II) is \$1.7175 per \$1,000 of Assessed Value
- The Average 2009 value of a typical Seattle House is \$365,000*
- The combined levy rate on the typical house is \$626.89

* www.housingtracker.net/asking-prices/seattle-washington

Operations Levy Planning

Board Discussion

Reducing BMAR

Reducing Backlog of Maintenance & Repair (BMAR)

- August Report to Operations Committee
 - How has capital construction helped?
 - What is required to reverse the annual increase?
 - How will BTA III help?

Not Included In Analysis

- Effect of inflation on maintenance budgets
- Proportion of BMAR that cannot be reduced or controlled with capital funds
- Change in state law allowing more maintenance to be funded with capital dollars
- Portion of general fund maintenance spending on improvements (some “paid work”)
- Changes in design of future buildings to reduce
 - Maintenance and operating expenses
 - Construction costs, allowing more schools to be renovated

Sample Cost Extended to All Buildings

9.04M Square feet of buildings
X

\$ 3.83 per square foot (from sample)

\$ 34.6M Average annual increase in
BMAR after average annual
District's investments of:
\$ 25.8M (capital fund) and
\$ 8.4M (general fund)

Conclusion:

Would Have Been Worse

For each of the last 3 years, the Backlog of Maintenance and Repair would have averaged

- \$ 34.2M higher (50% worse) without general and capital fund spending
 - \$ 20.4M higher (30% worse) without BTA II

Conclusion:

Proposed BTA III Can Help

The estimated increase in total BMAR that would be offset by a \$200M and \$300M levy as the proportion of levy funds directed to the BMAR changes:

"B"	"T"	"A"*	Total BMAR Increase Off Set	
			\$200M Levy	\$300M Levy
33%	33%	33%	\$100M	\$150M
50%	25%	25%	\$125M	\$188M
67%	17%	17%	\$150M	\$225M

* 50% of Academic projects assumed to reduce the BMAR

BMAR

Board Discussion

BTA III Board Guidelines

- Align projects with future BEX IV and FMP
- Used Facilities Condition Index (Meng) prioritized with 3 or less years of useful life – prioritized building envelope and life safety
- Aligned with the New Student Assignment Plan / Capacity Management / School Consolidation
- Made progress in managing the maintenance backlog (BMAR)

BTA III Board Guidelines - *continued*

- Created a category of energy efficient / sustainable projects
- Used an inclusive process which included early school surveys and prioritized rankings utilizing cross departmental teams
- Projects can be completed within the 6-year life of the levy

Project Prioritization List

- Projects assembled to four break points:
\$210 Million \$270 Million
\$240 Million \$300 Million
- Projects list assumes non-discretionary projects fully funded
- Project list is based on rank order need

Summary: \$210 Million

- Buildings : \$74.3 Million
- Technology: \$34.1 Million
- Academics: \$71.2 Million
- Program Expenses: \$5.2 Million
- Program Escalation: \$23.7 Million
- *These numbers will change with refined cost estimates*

Integrated Projects

- BTA III will support Strategic Plan projects:
 - Building Infrastructure
 - Addresses maintenance backlog
 - Technology Infrastructure, hardware and licenses
 - MAP Assessment Effort
 - Licenses and hardware
 - Cleveland STEM School
 - New Student Assignment Plan
 - Capacity Management component and boundary planning

Building Age

- 2008 FMP: Average Age of buildings district wide is 43 Years Old
- Over ½ of the District's buildings were constructed earlier than 1960
- Average Age of Elementary, K-8 and Middle School Existing Buildings differ by cluster with North (46.9) and Northeast (52.7) buildings significantly older than the average

Capacity Management

- Estimated at \$34.5 Million Dollars using average BMAR on closed buildings plus average FF&E
- Particular buildings are still being reviewed in context of New Student Assignment Plan
- Individual school names will be discussed at the Oct. 6 with the NSAP boundaries

Technology

- Objectives:
 - Life Cycle Management
 - Business Efficiency
 - Cost Reductions
- Challenges:
 - Keeping technology easy to use
 - Managing costs of Operations
 - Eliminating Service Barriers

\$240 Million

- Additional Energy Efficiency / Sustainable Technology Retrofits - \$21.6 Million (*Early Estimate – Feasibility Study underway*)
 - 6 CIP schools need new Heat Pump
 - 5 of these schools need new roofs
- Additional Funds to retrofit to “Energy Star” Technology
 - Upgrade Roofing and Insulation to higher standards
 - Upgrade heat pumps from conventional technology to Ground Source Heat Pumps
- Sustainable Enhancements – funds dependent
 - Bike Rack Covers, Solar Panel, Low VOC products if possible

Energy Efficiency and Sustainable Technology

- Schools that were not slated for major renovation or replacement in the next 20 years
- Schools that had multiple building systems that had reached the end of their useful lifespan and that there is new technology available for system replacement
- Schools that could substantially improve their energy performance
- Use “Energy Star” type technology

Energy Efficiency and Sustainable Technology - *continued*

- Heat Pump Replacement – *Study Underway*
 - Geothermal / Ground Source Heat Pumps
- Roofs, Insulation and Seismic Diaphragm
 - Roofing and membranes – reflective, metal
 - Increased Insulation prevents heat build-up and reduces heat loss
 - Increased Seismic performance (*where needed*)
- Other Enhancements –
 - bike rack covers, solar panels, Low VOC products

\$270 Million

- Buildings: \$14.9 Million
 - Exterior Renovations, HVAC, Electrical Systems, CEP
- Technology: \$1.9 Million
- Academics: \$4.8 Million
- Construction Escalation Allowance: \$7.9 Million

\$300 Million

- Buildings: \$138,000
 - Exterior Walls, Storm Sewer Systems
- Technology: \$6.3 Million (Equipment, MDF)
- Academics: \$5 Million (Skill Center)
- Construction Escalation Allowance: \$11.7 Million

Levies 2010 Planning Timeline

- ✓ **School/Community Input** Oct 2008 - Fall 2009
- ✓ **Facilities Analysis by MENG** Nov 2008 - April 2009
- ✓ **Develop Potential Project Needs** Nov 2008 - May 2009
- ✓ **Community Informational Meetings** May 2009 - Fall 2009
- ✓ **School Board Adopt Guidance and Principles** July 1, 2009
- ✓ **Operations Committee / BTA III Website Live** August 20, 2009
- ✓ **School Board Work Session** Sept. 2, 2009
- **Three Community Meetings (proposed)** Sept 22, 24 & 28
- **Levy Resolutions- Introduction** November 4, 2009
- **Levy Resolutions – Adoption** November 18, 2009
- **Levy Election** February 2010

Levy Planning Information

Board Discussion