

Levies February 2010

Supporting Seattle's Children



Excellence For All

Every student achieving, everyone accountable.

May 13, 2009

Agenda and Meeting Overview

- Introduction
- Levies Planning, Schedule, Overview
- BTA III
 - Building Component
 - Technology Component
 - Academics/Athletics Component
- Communications Plan
- BTA III Levy Economics

Levies 2010 Overview

- February 2010 Operations Levy (General Fund)
- February 2010 BTA III Capital Levy (Capital Projects)

Long-Term Levy Plan

- Operations Levy renewal every three years
- Capital Levies and Bonds renewal every 6 years (alternating)
 - BTA Levies (many small renovations and major maintenance projects) and
 - Current BTA II last passed in 2004
 - BEX Levies (new construction, renovations, additions) alternate every three years
 - Current BEX III last passed in 2007

Levy Plan 2001 - 2013

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oper.	X			X			X			X			X
BTA				X						X			
BEX	X						X						X
Election	X			X			X			X			X

Operations Levy 2010

- Supports core educational programs
- Represents 20-25% of the annual budget
- Helps pay for instructional programs, student activities, staff salaries, bilingual and special education services, technology infrastructure, student transportation and security and maintenance
- Passage requires a simple majority (over 50%) of all votes cast

Current Buildings, Technology and Academics II Levy Update

- Six-year, \$178 million, approved in 2004
- Funds more than 600 projects at virtually every school in the District
- Budget: BTA II will finish at or under budget
- Schedule: Projects are on or ahead of schedule

Facilities Master Plan (FMP)

The School Board adopted the FMP in March, 2008.

Criteria were adopted in the FMP that are to be used in the analysis of capital projects and their prioritization.

Educational Adequacy Guidelines were also set for elementary, middle and high schools, including a scoring system to compare schools to one another.

Planning for BTA III Levy Feb. 2010

Based on the FMP Criteria and Guidelines,
MENG performed the following work:

- Building Condition analysis of all open and closed buildings
- Educational Adequacy Evaluation of those buildings
- Seismic Evaluation

Levy Planning Information

Board Discussion

School Evaluation Results

Completed by MENG Analysis April 2009

Initial Priority Project Costs: \$431,794,000

Initial Seismic Costs (separate cost): \$119,447,000

BMAR (Backlogs of Maintenance and Repairs)

Project Costs (Including Closed Schools) \$ 535,210,000

Included in the BMAR Project Costs are:

Building Envelope Deficiencies \$ 71,845,000

Heating and Ventilation Deficiencies \$ 183,848,000

Health and Safety Deficiencies \$ 37,595,000

Building System Component

- **0 to 4 years of useful life to be addressed**
- **Inflation added starting in 2009 @ 3.5% (Based on historical average for construction costs)**
- **Roof work proposed for interim sites and closed schools included**
- **Asphalt playfield & sewer work proposed under site work included**
- **Roof diaphragm (seismic) work will be added to roof work**
- **No sprinkler work included**
- **Coordinate planning between BTA III, BEX IV and Capacity Planning Project and Student Assignment.**

Buildings - Potential Projects \$209,555,000 Total (preliminary estimates)

- Roofs \$ 15,078,000
- Exterior Renovations \$ 8,841,000
- Interior Finishes \$ 10,491,000
- ADA / Life Safety \$ 2,367,000
- Mechanical Systems \$ 47,850,000
- Electrical Systems \$ 14,523,000
- Playgrounds \$ 11,744,000
- Seismic Upgrades \$ 13,000,000

Buildings Analysis and Component

Board Discussion

Technology Requests- \$ 78,195,000

(preliminary estimates)

•Data Management	\$ 6,500,000
Academic Warehouse, SAN Upgrades (Additional Data Storage Needs)	
•School Services	\$ 11,675,000
Student Information Enhancement, Classroom Applications	
•District Enterprise	\$ 4,660,000
SharePoint collaboration Enhancement Public Communications, Web Technology Upgrades	
•Classroom Services	\$ 15,900,000
Ceiling - mounted projectors, elementary schools Classroom printers	

Technology Requests (Continued)

(preliminary estimates)

- **IT Infrastructure** **\$ 28,765,000**
 - Increase network capacity in schools
 - IT disaster recovery
 - Increase bandwidth in schools
- **Business Operations** **\$ 6,470,000**
 - Upgrade Point-of-Sales, Nutritional Services
 - Project Management Support
 - SAP Enhancements
- **Data Management** **\$ 3,800,000**
 - Records Management Plan
 - Remote Access Service Expansion

Technology Component

Board Discussion

Academics Component

- **Support Academic Achievement, School Improvement Plans**
- **Capacity Management**
- **Academic Facilities Upgrades**
- **Special Education Services Improvements**
- **Science, Art and Music Facilities**
- **Early Learning Facilities**
- **Athletic Improvements**

Academics/Athletics Needs- \$ 119,665,000 Total

(preliminary estimate)

• Early Learning Classrooms	Placement in all Title I Schools
• Addition Science Classrooms	10 +
• Special Education Therapy Spaces	3-5
• Computer Labs	10+
• Textural Materials Adoption	\$ 1,500,000
• Athletic Field Replacement	\$17,000,000
• Program Placement	\$ 4,000,000
• Elementary School Lunch Rooms	\$15,000,000
• Convert TVs from analog to digital	\$ 4,000,000
• Skills Center	18 High Tech Labs
• STEM School	6 High Tech Classrooms
• Educational Technology Tools	\$ 750,000

Academics/Athletics Component

Board Discussion

Other Items

(preliminary estimates)

BEX / BTA Planning	\$ 2,000,000
LEVY Monies Never Collected (BTA III)	\$ 2,500,000
BEX IV Election Costs	\$ 700,000
TOTAL	\$ 5,200,000

Estimated BTA III Total Need

Preliminary Total \$412,615,000

NEXT STEPS IN BTA III

Levy Planning

- Senior leadership and staff to prioritize projects
- Refine cost estimates
- Public input and communication
- Respond to winter 2008-09 school surveys
- Reconcile project list with dollar amount

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 Engagement Meetings** May 2009 - Fall 2009
- √ **School Board Work Sessions** May 13 and ongoing
- **Levy Resolutions- Board Introduction** Sept. 16, 2009
- **Public Hearing for BTA III Capital Levy** TBD
- **Levy Resolutions- Board Action** October 7, 2009
- **School / Community Information Sharing** Oct 2008- Jan 2010
- **Levy Election** February 2010

Summary of Levies February 2010

- **Operations Levy**
 - approximately 25% of general fund budget for 2011-2013
 - passage requires simple majority (50% plus one vote)
- **Buildings, Technology and Academics Capital Levy**
 - pays for hundreds of projects across the district
for the years 2011-2016
 - passage requires simple majority (50% plus one vote)
- **February 2010 is the first King County “all-mailer” election**

BTA III Other Items, Needs, Next Steps, Planning Timeline, Summary

Board Discussion

Levies 2010

Communications Plan

- Communications Plan for both the Operations Levy and BTA III Capital Levy
- Plan Details
 - SPS Strategic Communications
 - Communication and Engagement Objectives
 - Key Stakeholders
 - Goals

Levies 2010 Communications Plan

(continued)

- Information Sharing May 2009 – January 2010
 - Use regular electronic and printed publications
 - Create and disseminate levy specific information materials
 - Conduct community Meetings
 - School Board meetings and work sessions
 - Engage School Leaders
 - Engage School Staff
 - Engage PTSA and other family organizations
 - Engage Community Service and Civic Organizations
 - Brief media

Levies 2010 Communications Plan (cont.)

- **Overview of Planning Timeline for February 2010 Levies**

Oct 2008 - Fall 2009	School/Community Input, Community Informational Meetings
Nov 2008 - April 2009	Facilities Analysis by MENG, Develop Project Needs
April 2009 - Oct 2009	Financial Analysis, review assessed values, rates
May 2009 - ongoing	School Board Work Sessions
Fall 2009	Community Informational Meetings
Sept - Oct 2009	Levy Resolutions, Introduction, Action to Board and Public Hearing for BTA III Capital Levy
Oct 2009 – Jan 2010	School/Community Information Sharing
February 2010	Levy Election

Other Communications Plan Considerations

- Other Ballot Measures and Levies
- Major District Initiatives
- Economic Climate
- Clarity of SPS Role in sharing information about levies

Action: EMT, Levy Planning Project Managers and the Communications Team will monitor impacts

Note: Seattle Public Schools is prohibited by law from using public resources, including staff time, computers, e-mail, funds or other resources to promote or campaign for levies – or for any other initiative or measure.

Communications Plan

Board Discussion

The Economy and Levies

Discussion

Renewal: Adjusting for Inflation

Two options:

- Consumer Price Index (CPI)

Or

- Levy (tax) Rate

CPI – Background

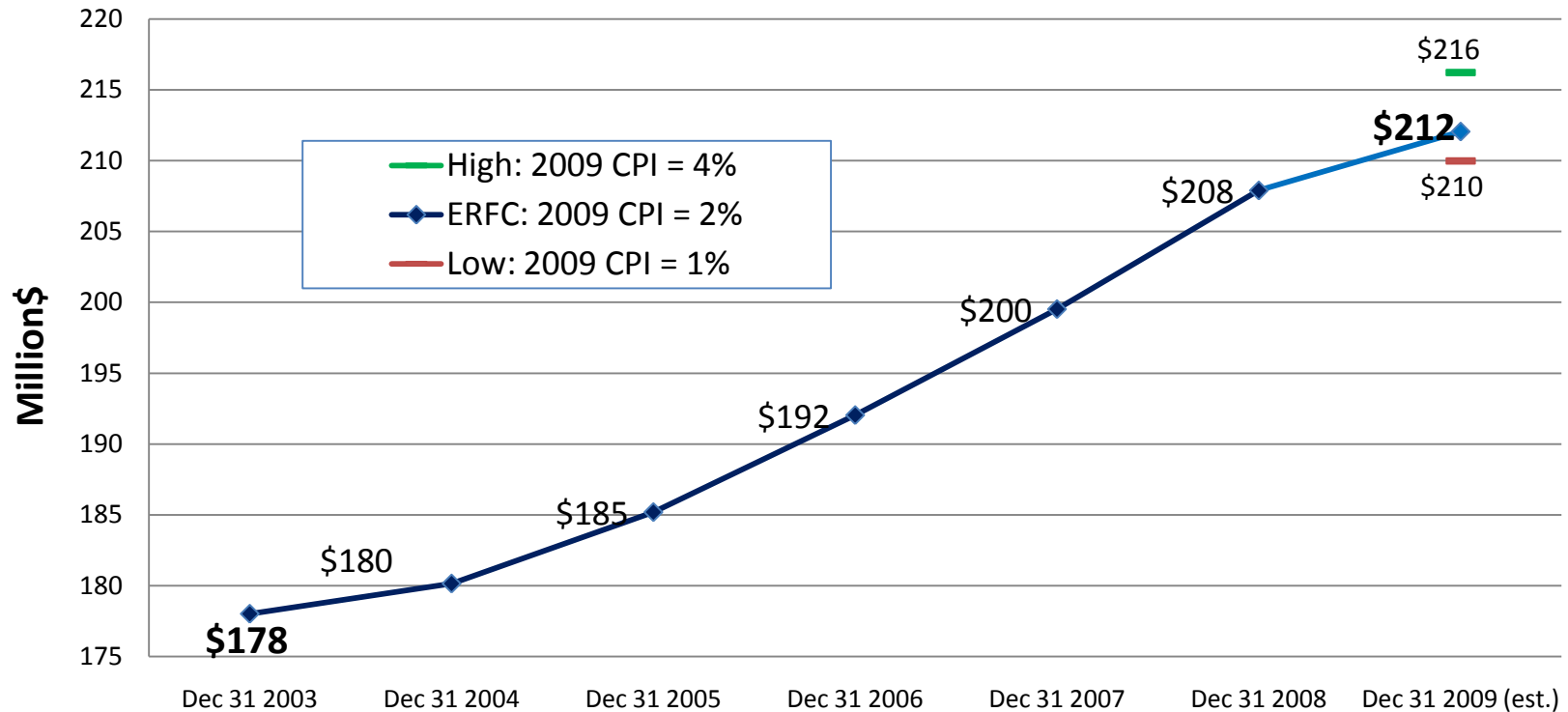
- CPI: Change in consumer prices for the Seattle-Tacoma-Everett area
- CPI: A familiar measure of inflation
- CPI excludes
 - what BTA is based on - property
 - what BTA purchases - construction & educational technology

Levy Rate – Background

- Cents per \$1,000 of assessed property values:
 - Residential, Commercial, Industrial
- Holding levy rate constant captures inflation (deflation) of property values.
- Also excludes what BTA purchases:
 - Construction
 - Educational Technology

CPI

BTA II Adjusted for Consumer Price Index (CPI)



Source: Economic and Revenue Forecast Council (ERFC) March 2009 Report <http://www.erfc.wa.gov/pubs/mar09pub.pdf>

Estimating BTA III Amounts

Future assessed property values are required to:

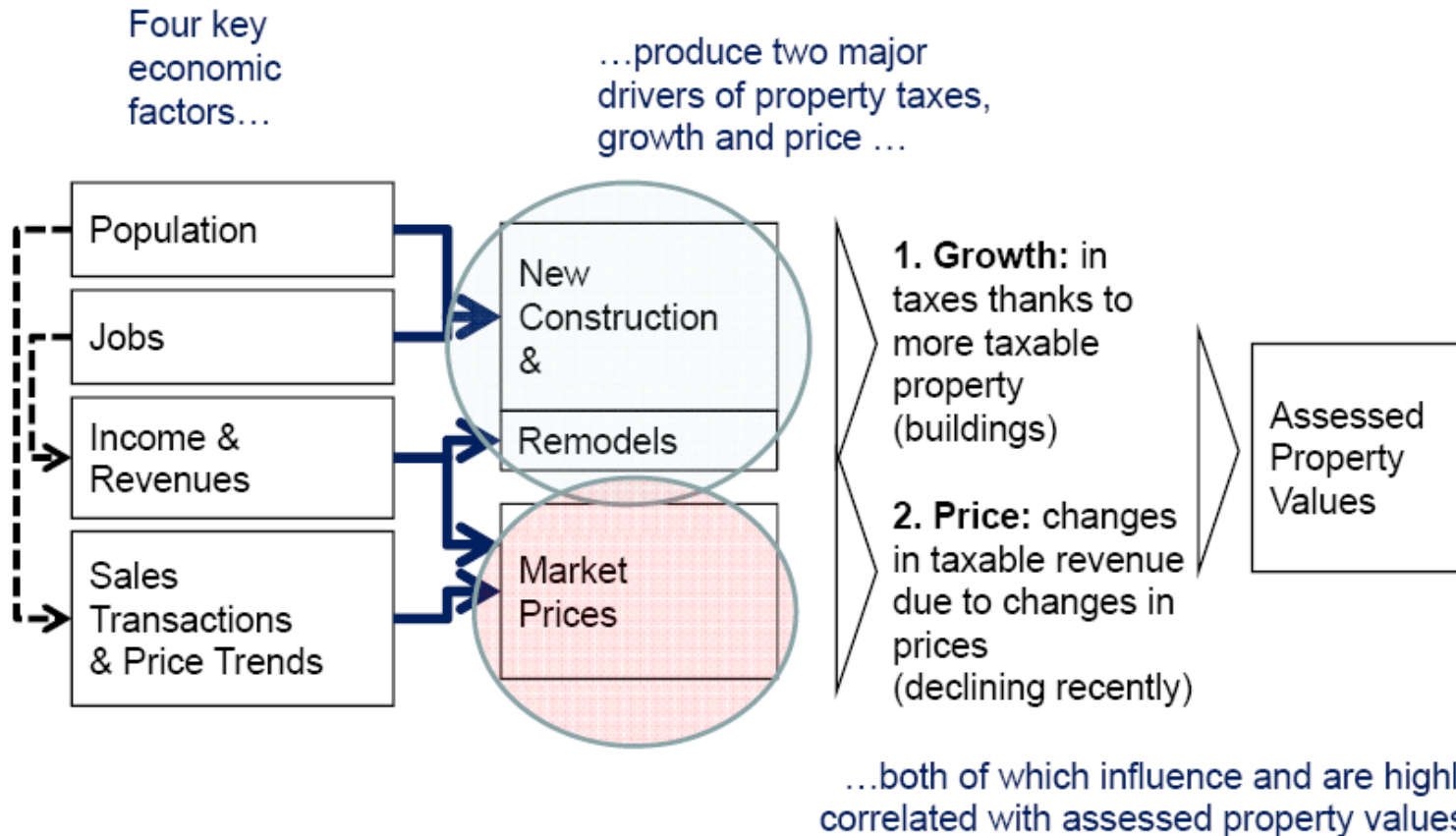
- Estimate the **levy rate** property owners will pay if BTA II is renewed by using CPI
- Estimate the **levy amount** property owners will pay if BTA II is renewed by keeping the levy rate the same

Assessed Value Study

- Research of academic and trade journal articles that reflect the best thinking related to market prices and assessed value forecasts
- Acquisition and analysis of two independent economic forecasts for King County and the Puget Sound region
- Custom analysis of the SPS taxing district (historic trends in assessed value, assessed value by land use, market data, and population)
- Levy revenue scenarios based on the forecasts and analysis

communityattributes

Key Economic Factors



communityattributes

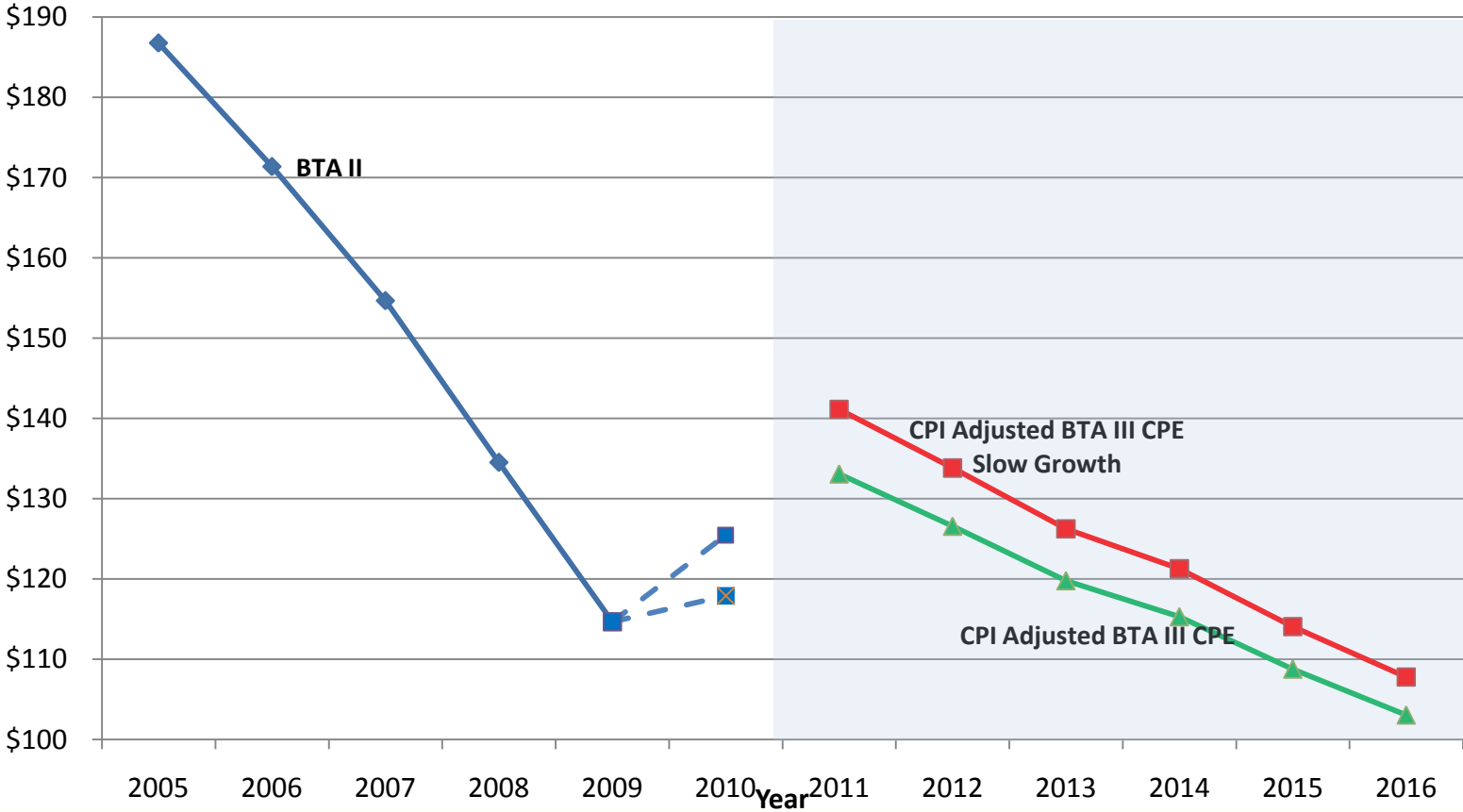
Expected Future Economic Conditions

- Economic Crisis: A decline in Seattle Public Schools property tax base through 2009 reflects national economic crisis and increasing unemployment in King County.
- Recovery Begins: Increases return in 2010, as Seattle population continues to grow and housing market recovers.
- Jobs Rebound: County jobs rebound in 2011 and continue through 2016; property values continue to increase during this period.
- Population: Population growth will offset the decline in assessed values per person, resulting in net growth in assessed values.

communityattributes

CPI

Estimated BTA Tax Payments for 2009 Average Assessed Value (\$530,800)



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Using BTA II Levy Rate

*Extending BTA II Levy Rates To Estimated Assessed Values**

	Scenario 1 Economy.com	Scenario 2 Conway Pedersen Economics (CPE)	Scenario 3 CPE Slow Growth	Scenario 4 Stagnant Market**
Estimated Average BTA II Levy Rates per \$1,000	\$0.2762	\$0.2749	\$0.2773	\$0.2740
Estimated Levy Amounts	\$243,970,370	\$249,504,420	\$238,186,207	\$238,504,412

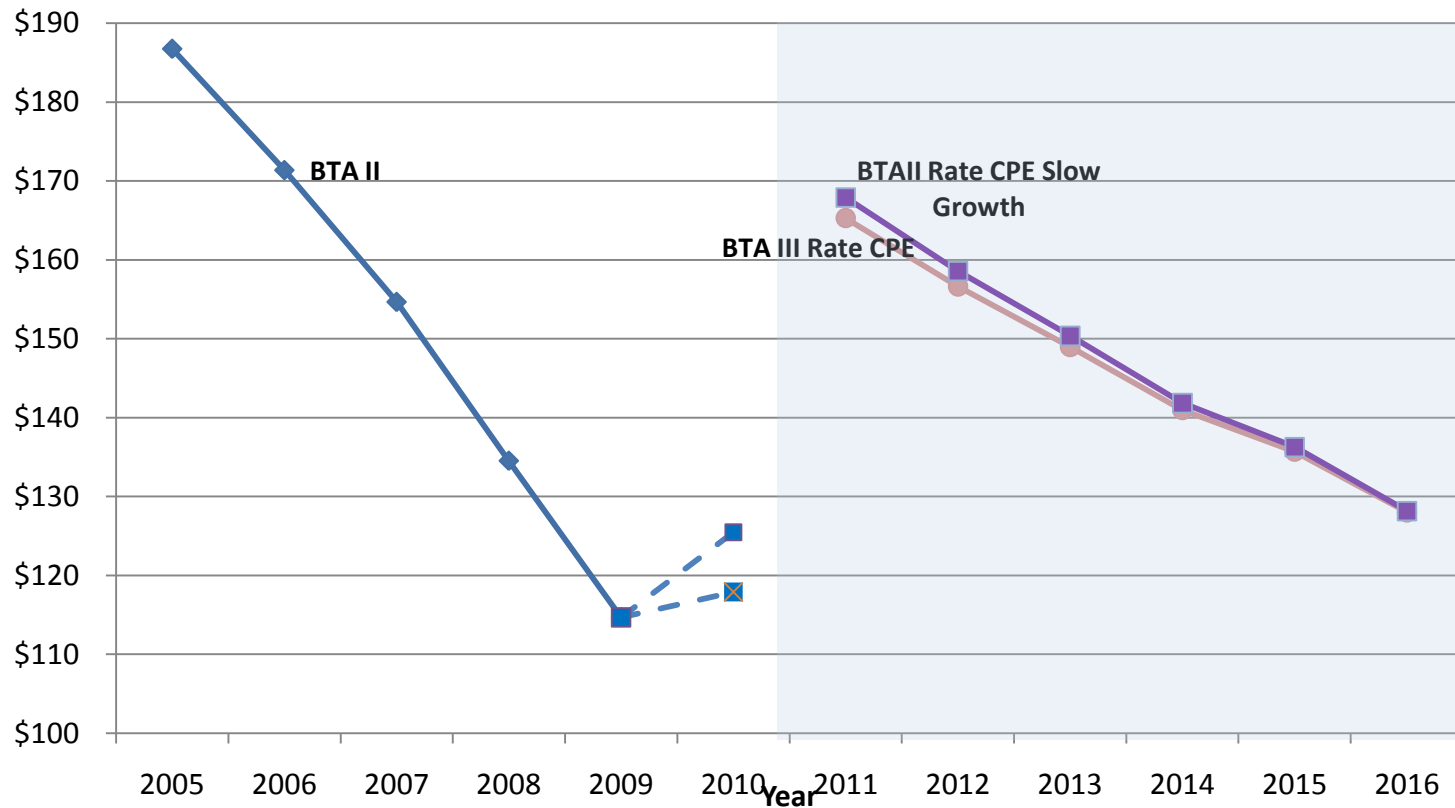
* This model adjusts for inflation of housing values instead of using CPI (which does not measure changes in home prices)

**Assumes worst 6 year period since 1991

sources: King County Assessor, Community Attributes

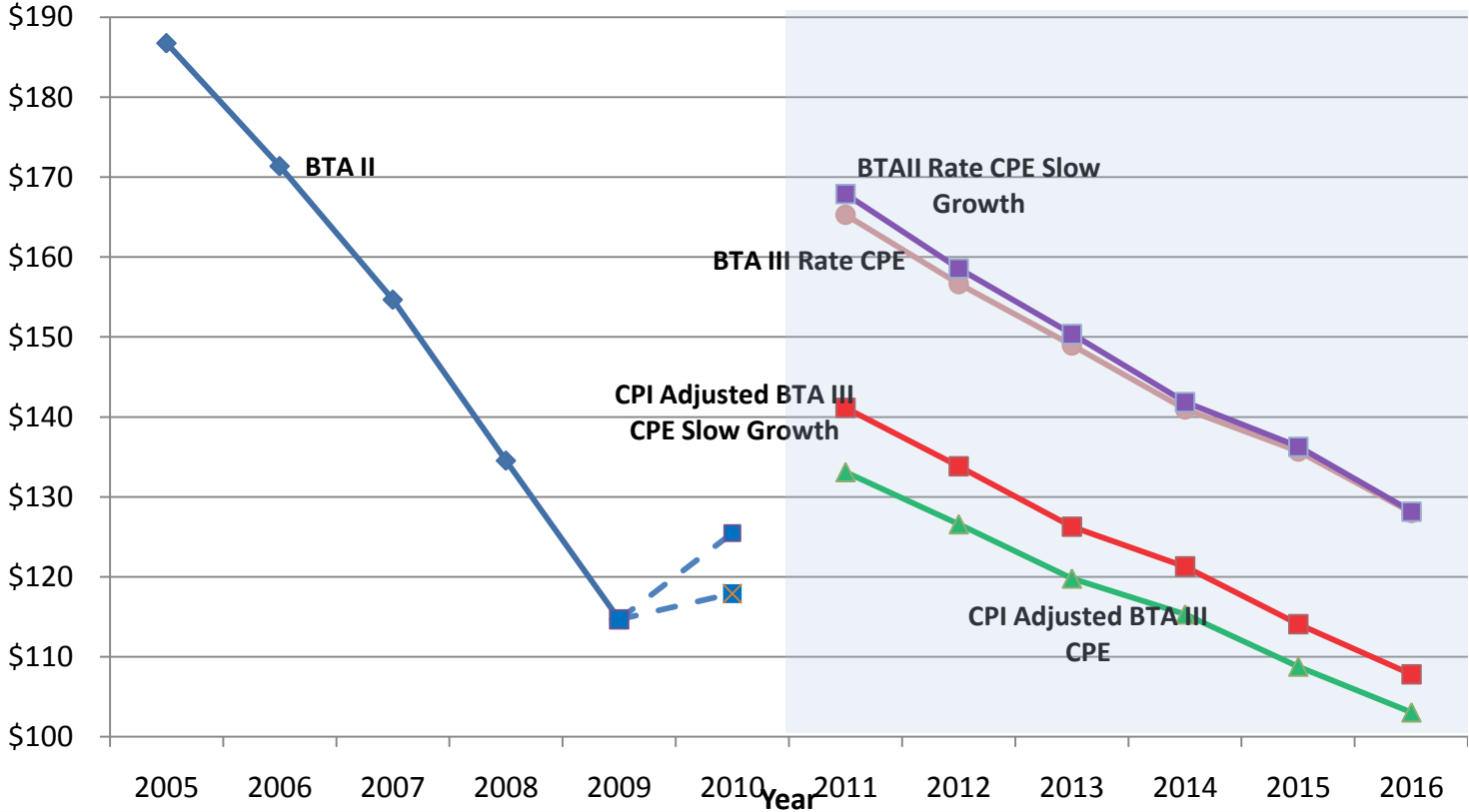
Using BTA II Levy Rate

Estimated BTA Tax Payments for 2009 Average Assessed Value (\$530,800)



Comparison: CPI & Levy Rate

Estimated BTA Tax Payments for 2009 Average Assessed Value (\$530,800)



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Next Steps

- Select renewal adjustment option.
- Update economic information in August.
- Analyze updated information.
- Present analysis to Board.

The Economy and Levies Discussion

Board Discussion