



Planning for a Future Bond

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AGENDA

- Priorities for Next Bond
- Bond Composition
- Financing
- Timing
- Next Steps



TOP PRIORITIES FOR NEXT BOND



Staff Recommendations:

1. Continue to improve district-wide safety/security
2. Update seismic structural systems in older buildings
3. Provide a new high school facility for the Renton High School area, which allows for modern learning environments and equitable athletic opportunities
4. Replace our oldest middle schools (Dimmitt & Nelsen) with modern school facilities and updated site layouts
5. Continue updating HVAC systems with 25+ years of service life
6. Identify ~40 acres for a future high school site

ESTIMATED COST: PROPOSED BOND PROJECTS

<u>Project Location/Description</u>	<u>Proposed Year of Construction*</u>	<u>Anticipated Final Project Cost</u>
District Wide Safety/Security Updates (interior classroom doors)	2024 through 2030	\$8m
District Wide Seismic System Updates	2024 through 2030	\$26m
New High School	25/26	\$321m
Replacement Middle School Building (Dimmitt)	27/28	\$155m
Replacement Middle School Building (Nelsen)	29/30	\$170m
District Wide Mechanical/Plumbing/HVAC Upgrades	2024 through 2030	\$19m
District Wide Roof Updates (Four Elementary Schools)	2024 through 2030	\$12m
Lindbergh HVAC Updates – Phase II (Cooling)	26/27	\$26m
Hazen Updates (Roof/Seismic/HVAC)	26/27	\$70m
Property Acquisition (40+ acres for new high school)	2023	\$120m
Overhead (includes staff, legal fees, consultants, etc.)	2024 through 2030	+ \$34m
	TOTAL:	\$961m

* - Proposed year of construction is utilized to establish cost escalation year, not project completion

CONSIDERATIONS FOR CURRENT PROJECT COST ESTIMATES

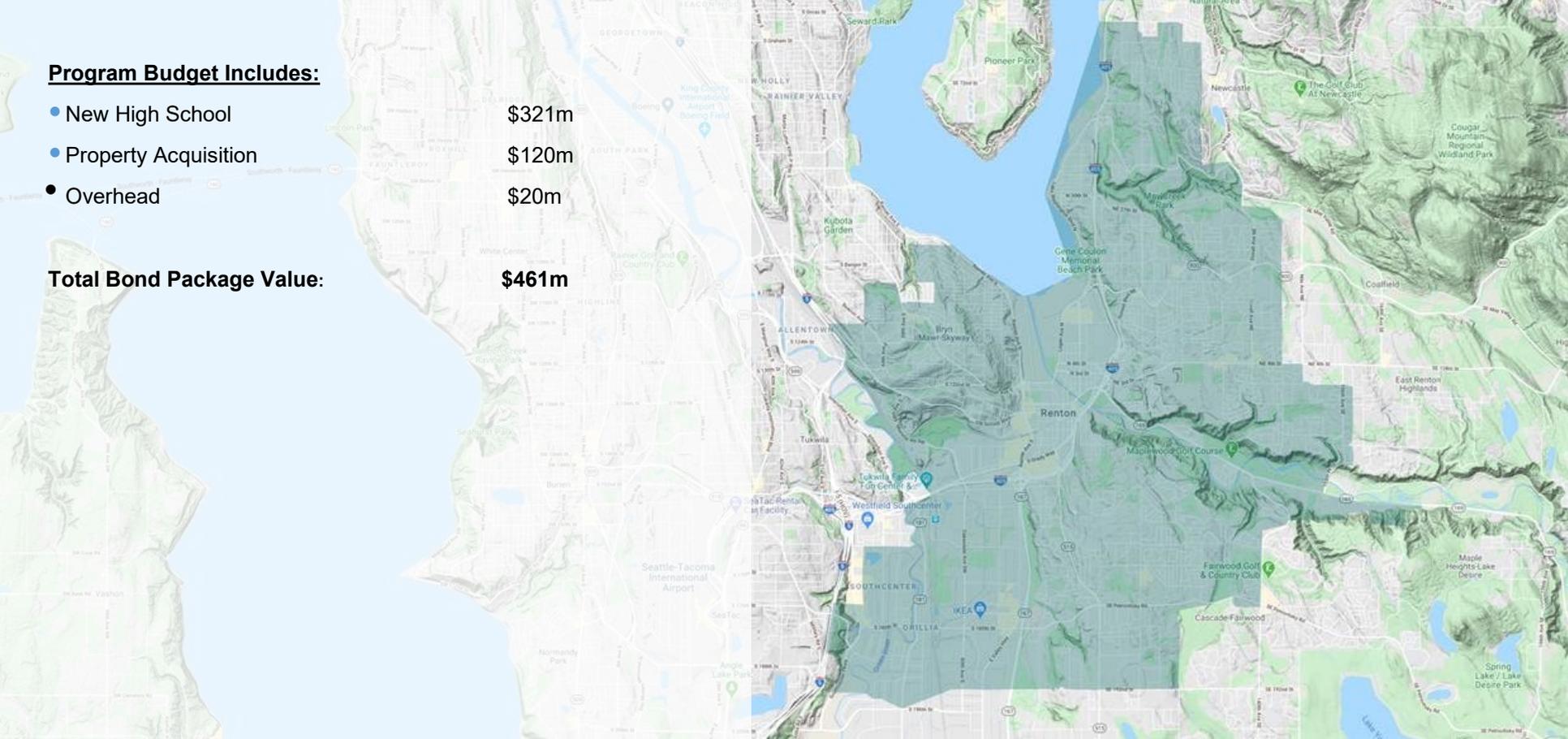
- Construction cost escalation is assumed at 6% per year (2023 through 2030)
- Current K-12 construction costs (2022 value) are approximately \$615 per square foot (includes new building and site work)
- Our proposed new high school project includes remodel work, lowering our estimated cost to \$550 per square foot in 2022
- Projects identified as “2024 through 2030” are estimated utilizing 2027 estimates, to provide an average escalation amount

BOND PACKAGE – OPTION 1

Program Budget Includes:

- New High School \$321m
- Property Acquisition \$120m
- Overhead \$20m

Total Bond Package Value: \$461m

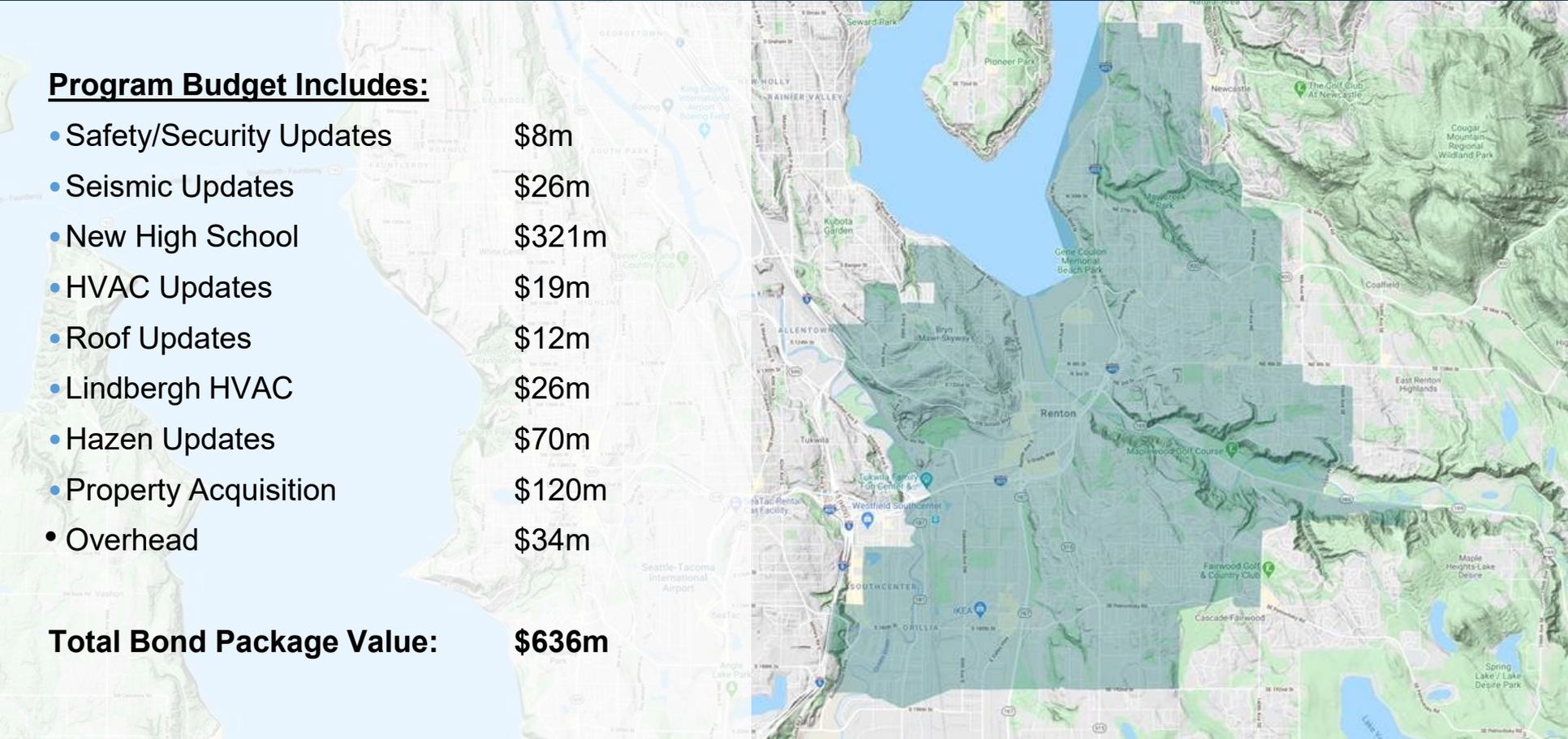


BOND PACKAGE – OPTION 2

Program Budget Includes:

- Safety/Security Updates \$8m
- Seismic Updates \$26m
- New High School \$321m
- HVAC Updates \$19m
- Roof Updates \$12m
- Lindbergh HVAC \$26m
- Hazen Updates \$70m
- Property Acquisition \$120m
- Overhead \$34m

Total Bond Package Value: \$636m

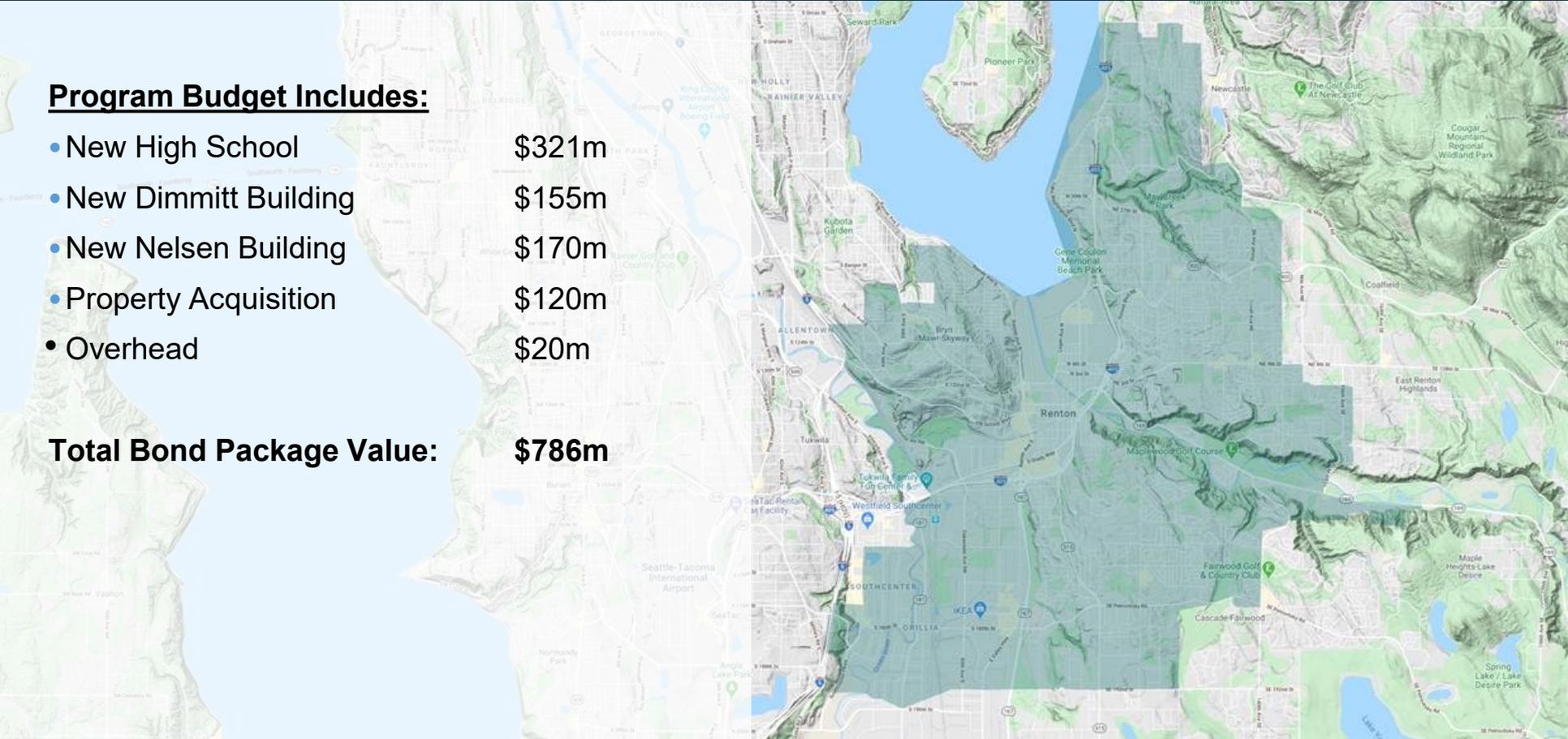


BOND PACKAGE – OPTION 3

Program Budget Includes:

- New High School \$321m
- New Dimmitt Building \$155m
- New Nelsen Building \$170m
- Property Acquisition \$120m
- Overhead \$20m

Total Bond Package Value: \$786m

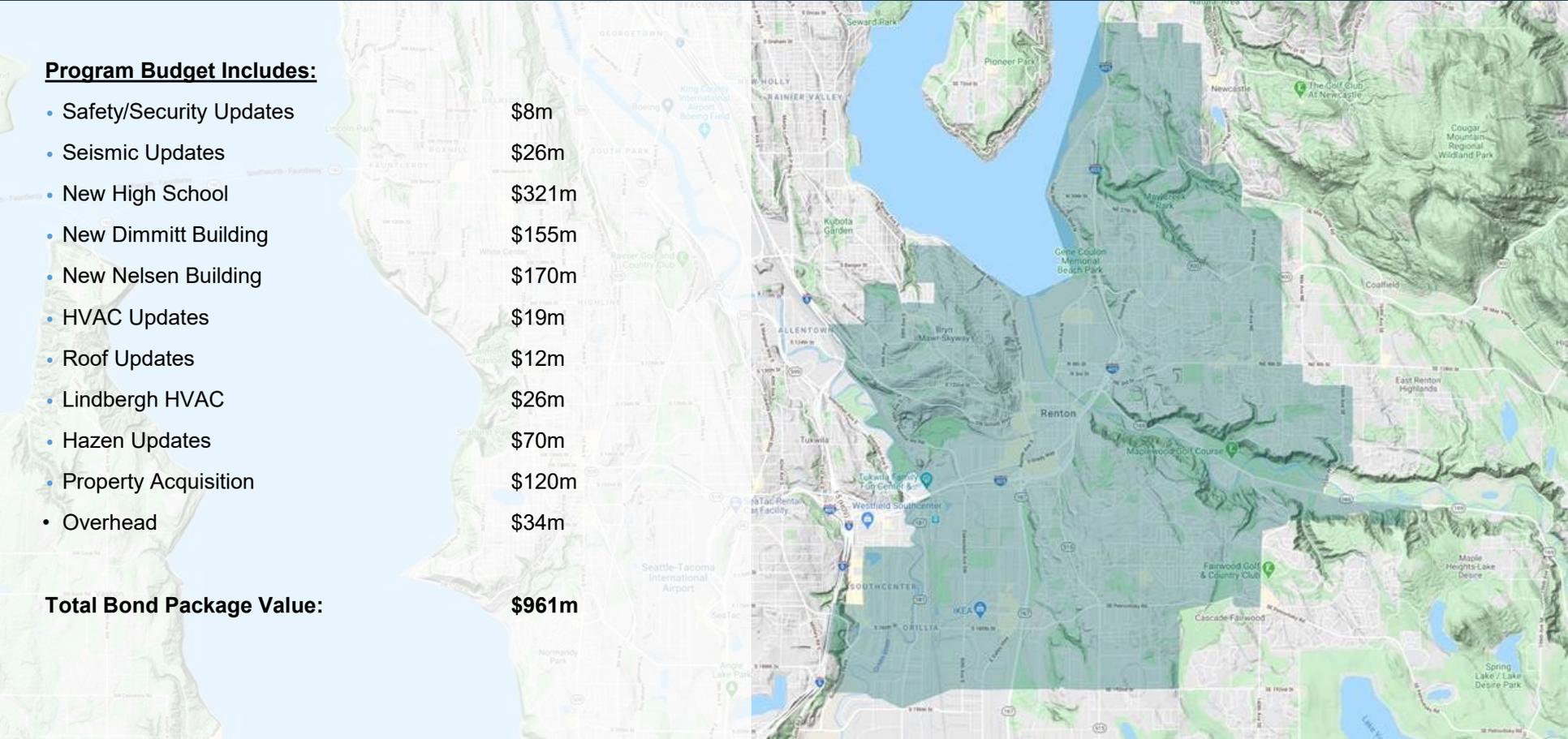


BOND PACKAGE – OPTION 4

Program Budget Includes:

- Safety/Security Updates \$8m
- Seismic Updates \$26m
- New High School \$321m
- New Dimmitt Building \$155m
- New Nelsen Building \$170m
- HVAC Updates \$19m
- Roof Updates \$12m
- Lindbergh HVAC \$26m
- Hazen Updates \$70m
- Property Acquisition \$120m
- Overhead \$34m

Total Bond Package Value: \$961m



Financing Options

- Commercial Loans/Other Non-Voted Debt - Not Recommended
 - High interest rates, short duration
 - Limited to $\frac{3}{8}$ of 1% AV = ~ \$ 117 Million
 - Interest payments must be paid from GF
- Voted Bond Debt - Term Financing (max 21 yrs)
 - Clear authorization from voters (60%, validation)
 - Limited to 5% of AV (presently ~20% leverage)
 - Traditional (UTGO) debt instruments
- Capital Levy - Pay as you go (max 6 yrs)
 - Clear authorization from voters (50% +1 approval)
 - Unlimited amount (subject voter approval)

Bond or capital levy?

Tax rate analysis

Key Inputs

- Remaining 2019 bond authorization:
 - \$110 million
- New Bond Funding – Fall 2022
 - \$460 million
 - \$637 million
 - \$760 million
 - \$961 million
- Bond payments or capital levy collections are structured to result in a **level total tax rate** (operating, bonds, capital levy, and technology levies) to the extent possible
- Assessed value growth:
 - 2023: 5.00%
 - 2024: 4.00%
 - 2025 and later: 3.00%
- Interest rates:
 - 2023 Issue: Current rates +1.50%
 - 2024 Issue: Current rates +2.00%
- Maximum bond term:
 - 21 years

Bond package?

Summary of analysis

Summary of Analysis				
Election Date	Fall 2023			
2019 Bond Authorization	\$ 110,000,000	\$ 110,000,000	\$ 110,000,000	\$ 110,000,000
New Bond Authorization	460,000,000	637,000,000	760,000,000	961,000,000
Bond Sale Dates and Amounts				
3/1/2023	225,000,000	269,250,000	300,000,000	\$ 350,250,000
6/1/2025	345,000,000	477,750,000	570,000,000	720,750,000
	\$ 570,000,000	\$ 747,000,000	\$ 870,000,000	\$ 1,071,000,000
Maximum Bond Term	21 Years			
2022 Total Tax Rate	3.55	3.55	3.55	3.55
Projected 2023 Total Tax Rate <u>With New Bonds</u>	3.60	3.76	3.93	4.17
Projected Change from 2022 Rate	0.05	0.21	0.38	0.62
Example Home Value	\$500,000	\$500,000	\$500,000	\$500,000
Projected Cost Per Year	\$25.00	\$105.00	\$190.00	\$310.00
Projected Cost Per Month	\$2.08	\$8.75	\$15.83	\$25.83



Election timing



Application Deadline

August 2, 2022

December 6, 2022

February, 2023

Election date

November 8, 2022 *

*February 7, 2023 ***

*April 4, 2023 ***

* Note: If levies are on the ballot in November there are strict timing requirements for subsequent levy certification in 2023.

** 2023 dates not yet published by KC Elections office

Political considerations (pg. 1 of 2)

Project components:

- Marketing the package - RHS replacement only?
- Land? Safety, security, other priorities across the district?
- Is a bond for 1 school (RHS) supportable? 3 schools (RHS, NMS, DMS)?

Follow-on/linked components (the dominos):

- Future of existing RHS site?
- “Swing” space for ongoing construction efforts?

Political considerations (pg. 2 of 2)

Size/scale:

- Passed largest bond measure in 2019 - can we sustain another?
- Is a phased approach warranted?

Stakeholders:

- Support from RHS Alumni? Staff? And the broader tax base/voters?
- City response?
- Airport expansion/FAA considerations?
- Early childhood/daycare opportunities?
- Impacts/changes to 2019 bond program priorities (e.g., athletic fields)?

Next Steps/Wrap Up/Check-in

If authorized to further develop a new capital bond program the next steps include:

- ✓ Property search (continues)
- ✓ CFAC consideration (5/11/22)
- ✓ Staff priorities for next bond program (5/25/22)
 - 6/8/22 - Check point with RSD school board. Proceed with bond planning? Review potential bond packages.
 - Ongoing: Plan for public communications (e.g., RHS, S360)
 - 6/22/22 Finalize potential bond package. Draft election resolution.
 - 7/13/22 Adopt election resolution. Pro/con committee appointments.
 - 8/2/22 Filing deadline KC elections.
 - 11/8/22 Election date.

DISCUSSION



THANK YOU!

