

TO: BOARD OF DIRECTORS
FROM: EXECUTIVE COMMITTEE
SUBJECT: 2014 NISD BOND ELECTION



STATUS: APPROVED

DATE: April 24, 2014

RECOMMENDATION: That the Executive Committee of the San Antonio Chamber of Commerce has adopted the following statement as policy:

STATEMENT: The San Antonio Chamber of Commerce supports the \$648.34 million bond initiative for the Northside Independent School District (NISD). With the continued growth on the northwest side of San Antonio, particularly outside of loop 1604, the 2014 bond program will support the district's increasing enrollment. Improvement to current school facilities will account for nearly 51% of the bond expenditures. These upgrades will include improvements to many campuses technological capabilities, classroom additions, roofing & waterproofing of buildings as well as safety and security measures to keep NISDs children and staff safe. Forty-two percent of bond expenditures will go towards 5 new elementary schools (including one paid for with extra funds from the 2010 bond program) and one new high school, all located on the northwest side of San Antonio.

BACKGROUND: NISD is the largest district in South Texas and the 4th largest in the entire state of Texas. With current growth of 2,000 students every year, NISD expects this growth to continue with projected total enrollment at nearly 110,000 students by 2018. With this type of student growth occurring, and the continued expansion of businesses and residences in the northwest area of the city, the district now faces overcrowded, capped schools in newer areas of the district, as well as aging facilities in older parts. More than half of the schools that make up NISD are older than 20 years with many more 50 years and older.

In the fall of 2013, NISD created a Citizen's Bond Committee which held meetings over a 2 ½ Month Period to assess the needs for a Bond Program. Made up of parents, community leaders, business owners and teachers, this committee examined was divided into 6 different working groups where they were able to examine in detail proposed projects. At their final meeting, each group presented recommendations that varied from bond programs costing \$600 million to a high of \$661 million. These recommendations were then re-examined and consolidated into the committee's final recommendation to the NISD Board of Trustees which was for \$647 million dollars.

On January 28, 2014, The Northside ISD Board of Trustees voted to call a \$648.34 million bond election to be placed on the May 10th ballot. The recommended projects are summarized as follows:

Projects Summary	Budget (millions)
New Schools	\$274.5
Future Sites	\$21.25
Classroom Additions	\$12
Renovations/Reconstruction/Upgrades	\$170.97
Infrastructure	\$71.84
Roofing/Waterproofing	\$18
Safety & Security	\$8.28
Technology	\$47
Transportation	\$15
Bond Issuance & Management	\$9.5
Total	\$648.34 million

Under classroom additions, new classrooms will be added to Luna Middle School and Allen Elementary School, both located on the westside of San Antonio. Within the area of Renovations/Reconstruction/Upgrades, there are plans for a huge cross section of projects including: cafeteria renovations to 7 schools; library additions and renovations at 6 campuses; science lab additional to 4 schools; AC installation to all the high school and middle school locker rooms; ADA work and upgrades on 8 campuses; and a large scale auditorium replacement at Holmes High School. Under infrastructure, there will be major mechanical upgrades at 16 campuses, lighting upgrades at 42 sites; drainage work at 31 campuses along with a massive HVAC replacement at Clark High School. Security upgrades will consist of site fencing at 11 sites, fire alarm system upgrades at 14 schools, ES security lobbies for 30 schools and police communication system upgrades at all campuses. Significant funds will be spent to upgrade technology at campuses within the district to include desktop virtualization for teachers and students, replacements district-wide of technology currently in place as well as the addition to 1,739 classrooms of interactive whiteboards, specifically for grades 3-5. NISD will also purchase 129 additional school buses under it transportation allocation.

The tax implications for this proposed 2014 Bond program would be minor as the program was implemented. Using the average home value in NISD of \$164,615.00, a projected school tax increase of \$1.81 per month would be in place in 2015 with this increase peaking at \$14.31 per month in 2019 assuming there is no increase in the property value. If there is a property value increase, using an estimated annual increase of 3.5%, then the school tax increase to each property owner within NISD would be \$5.27 per month in 2015 with a peak increase of \$26.72 per month in 2019.

NISD residents have approved every NISD bond package since 1995. NISD historically has a proven track record with being fiscally responsible in past bonds. One example of this fiscal responsibility is the carryover of funds from the 2010 Bond Program which will be used to build one of the Elementary schools planned for within this bond program. They have been rated “AAA” by Moody’s and “AAA” by Standard & Poor’s. In addition, NISD has a solid academic performance.

Pros:

1. The passing of the proposed bond would help NISD manage growth, alleviate facility overcrowding, and maintain current neighborhood schools that are aging.
2. The ramifications of the proposed bond not passing could adversely impact families, businesses, educators, and the northwest sector of the community.
3. NISD has had reputable debt management in the past.
4. NISD's Citizen Bond Committee included a large cross section of community and business representation adding significant buy-in power to the recommendations made and approved by the NISD Board of Trustees.

Cons:

1. Due to the current public school finance structure and pending school finance law case, NISD has no alternative plan if the 2014 bond fails to pass voter approval.
2. For a \$648.34 million bond proposal, the estimated property tax increase to the average home value in NISD of \$164,615 would be approximately \$2 per month in 2015 and an additional \$5 per month in 2016 (assuming there is no property value increase).
3. If there is a property value increase, using an estimated annual increase of 3.5%, then the school tax increase to each property owner within NISD would be \$5.27 per month in 2015 with a peak increase of \$26.72 per month in 2019.

IMPLEMENTATION: The Chamber will help support the NISD Bond 2014 Initiative (Early Voting April 28th -May 6th; Election Day May 10th) at membership meetings and other public opportunities. The Chamber will communicate this position to the media, the business community and other Chamber members through publication in The Chamber Today and media releases.