

**TO: AHISD BOARD OF TRUSTEES**

**FROM: SA CHAMBER BOARD OF DIRECTORS**

**SUBJECT: 2017 AHISD BOND ELECTION**

**STATUS: APPROVED**

**DATE: APRIL 27, 2017**



**RECOMMENDATION:** The Board of Directors of the San Antonio Chamber of Commerce has adopted the following statement as policy:

**STATEMENT:** The San Antonio Chamber of Commerce supports the \$135 million Bond program for the Alamo Heights Independent School District (AHISD). Improvement to current school facilities that include safety, security, capital maintenance, academic and extracurricular are included in this proposed bond program. These improvements will focus on all of the school campuses of AHISD which includes 6. Specifically, within AHISD this includes 2 high schools, 1 middle school, 2 elementary schools and 1 childhood center. The proposed renovations include replacing aging infrastructure systems that in most cases is more than 40 years old, upgrading labs, technology, maker spaces and expanding other classroom spaces to the recommended state guidelines. These renovations would enable AHISD to provide facilities (academic and extracurricular) that are in line with state and national standards.

**BACKGROUND:**

*What is a Bond Election?*

In the same way homeowners borrow money in the form of a mortgage to finance the purchase of a home, a school district borrows money in the form of bonds to finance construction and renovation of schools. Both are repaid over time, but in order for a school district to sell bonds, it must go to the voters for approval. By law, bond funds can only be used for building and renovations; they may not be used to fund daily operating expenses, which are paid from the district's maintenance and operations (M&O) budget.

*Background*

AHISD is one of the smallest school districts in Bexar County with a student population of approximately 4,800 students. This is the largest student enrollment for the district in 44 years. Additionally, AHISD is a landlocked district within the heart of Bexar County.

In preparation for this proposed bond program, AHISD had TASB conduct a Personnel Audit for the district, collaboratively developed a 7-year technology plan for the entire district, and conducted a safety audit of all buildings. Beginning in Fall 2015, a district bond committee composed of students, parents, teachers, coaches, administrators,

trustees and architects began making plans for a potential bond in 2017. The committee was tasked with addressing short-term and long-term needs for each of the campuses in the district. Every campus in the district will be addressed in some way in the 2017 bond.

In addition to the bond committee, district staff and architects met numerous times with campus leadership staff to discuss needs for the classroom. Following this, staff and architects then met twice a month with the AHISD Board of Trustees for more than 18 public meetings to continue discussions on identified needs. This entire process started in August of 2015 and lasted until February 2017 when the AHISD Board called for the 2017 Bond election.

### *2017 Bond Program:*

With the challenge of many aging and outdated school buildings AHISD is faced with the need to provide safe and functional school buildings for its students. Alamo Heights ISD is a land-locked district, and all six campuses were constructed between the years 1911 and 1963. Because of these circumstances, the AHISD Bond Committee was formed to assess the needs of the district and provide recommendations for a long-term plan on proposed remedies to structural, safety, and technological issues with the campuses and facilities of AHISD.

In this bond program, all district classrooms will be completely remodeled. AHISD piloted 17 “engaged classrooms” during the 2016-2017 to determine the type of equipment, technology and other upgrades would be best to serve students. The process for having one of the 17 engaged classrooms involved teachers applying to be selected for the “engaged classroom,” after which their rooms were redesigned in line with the district’s Profile of a Learner. This initiative focuses all efforts on developing students with the characteristics of the Profile. The feedback received by the district after this pilot began was overwhelmingly positive and included feedback from students, teachers and parents has been overwhelmingly positive. Should this bond pass, over the next four years, all classrooms will be modified to the engaged model that AHISD has piloted.

Focusing now on the career and technology programs, the district’s Rocketry program, which has gained national recognition, will have a new space which students from the class actually helped to design, including a large machine shop. In this program, students design and build rockets, culminating in the design and construction of a 22-foot long rocket weighing 600 pounds and going three times the speed of sound. The only place in North America where this can be launched is at White Sands Missile Range in New Mexico. AHISD is also adding a STEM building at the middle school with 12 classrooms and 3 labs, where career tech pathways begin at the district.

Additionally, AHISD will be adding a new culinary arts facility for their fast growing program. The Culinary Institute of America has offered to design this classroom and kitchen space free of charge. This will be located next to the new high school cafeteria so that students will be able to practice their skills at special events.

A new Entrepreneurship program at the high school, called incubator, will also be part of the bond program. The new multipurpose facility at the high school will be the home for this specially designed space. The program will allow students to partner with area business leaders in a “mini-MBA” program. Students will work in teams to create a product that they will eventually pitch to investors. This will begin in the fall of 2018. The multipurpose facility will also feature three “makerspace” areas for classes to use to build projects in all academic and career tech areas.

In this proposed bond, technology equipment, buses, trucks, and other equipment will be purchased allowing for AHISD to structure the debt in such a way that the portion used to purchase those items will be paid off within one to seven years of when the bonds are issued. This will allow the district to avoid paying debt on any obsolete item.

With the Permanent School Fund guarantee, the AHISD bonds for the 2017 program will carry the state of Texas rating. However, the district holds an aaa1 rating currently by Moody’s which is the highest bond rating a school district can receive on its own. AHISD’s debt currently is 1.33% to taxable assessed value, which is the lowest among several Bexar County school districts. If the bond passes, the ratio will be 2.311% still one of the lowest in Bexar County.

AHISD Assistant Superintendent for Business and Finance has supervised the past four bonds for the district spanning more than 20 years. In each of those past bonds, the district has completed all projects within budget, and has even had money left over on two occasions which allowed AHISD to delay an additional bond by two years.

*Board Vote and Recommendation:*

In February 2017, the Bond Committee presented its proposed recommendations for a bond program to the AHISD Board of Trustees.

In February 2017, The AHISD Board of Trustees voted to call a \$135 million bond to be placed on the May ballot. The recommended projects are summarized as follows:

<b>Projects Summary</b>	<b>Budget (millions)</b>
Academic	\$68.162
Capital Maintenance	\$22.258
Safety/Security	\$1.515
Extracurricular	\$43.085
<b>Total</b>	<b>\$135 million</b>

AHISD schools range in age (50 to 116 years old) and all schools will be targeted in this Bond program in order to begin Phase 1 of the infrastructure updates needed for the buildings. For more details on the proposed renovations for each of the 6 schools you can visit [http://www.ahisd.net/about\\_the\\_district/a\\_h\\_i\\_s\\_d\\_bond\\_2017](http://www.ahisd.net/about_the_district/a_h_i_s_d_bond_2017)

### *Tax Implications:*

The average taxable value of homes in AHISD is approximately \$515,000.00. If the bond proposal passes, the impact to the average homeowner in AHISD would be an initial increase of \$24.00 a month in 2017. Over the next 7 years it is estimated that there will be a 5.5 cent tax rate increase to cover debt service but this will not begin until 2019.

AHISD property taxes for senior citizens' homesteads will not be affected by the bond. Taxes are frozen for senior citizens who have filed their homestead exemption and Over-65 Exemption applications with the Bexar Appraisal District and who have owned the home as of January 1, 2017.

### **Reasons for Support:**

1. The passing of the proposed bond would help AHISD improve and enhance campuses. These improvements will include improving technology for both students and educators, improving safety to meet state standards, and improve and maintain current neighborhood schools that are aging.
2. The ramifications of the proposed bond not passing would adversely impact student, families, businesses, and educators who reside and work in this region.
3. AHISD has had reputable debt management in the past.
4. AHISD is following a master plan developed by a bond committee that was inclusive of numerous community members including those from the business community. These individuals will continue to serve a role along the way in the Bond's implementation and continuous review and development of the mast plan.

### **Reasons for Concern:**

1. Due to the current public school finance structure and pending school finance law case, AHISD has no alternative plan if the 2017 bond fail to pass voter approval.

**IMPLEMENTATION:** The Chamber will help support the AHISD Bond 2017 Initiative (Early Voting April 24<sup>th</sup>– May 2<sup>nd</sup>, Election Day May 6<sup>th</sup>) 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.