

TO: NORTHSIDE ISD BOARD OF TRUSTEES

FROM: SAN ANTONIO CHAMBER BOARD OF DIRECTORS

SUBJECT: 2018 NISD BOND ELECTION



STATUS: APPROVED

DATE: APRIL 26, 2018

RECOMMENDATION: That the Board of Directors of the San Antonio Chamber of Commerce adopt the following statement as policy:

STATEMENT: The San Antonio Chamber of Commerce supports the \$848.91 million bond for the Northside Independent School District (NISD). Improvement to current school facilities will account for 65% of the bond expenditures.¹ These improvements will impact the vast majority of schools within NISD which is comprised of 17 high schools, 20 middle schools, 78 elementary schools and 4 special schools.² The proposed bond program includes eight major categories: new schools, renovations and upgrades, infrastructure, roofing, safety and security, technology, transportation, and bond issuance/management. The proposal also identifies four potential new schools (two elementary, one middle, and one high school) for the bond.

BACKGROUND:

NISD is the largest school district in the city, and the fourth largest in the state of Texas³ with a student population of approximately 106,000 students.⁴ It has nearly 14,000 employees, including more than 7,600 teachers.⁵ Based on growth trends, grade progression ratios, retention trends, knowledge of geography and other factors, NISD projects enrollment to increase to 110,000 students by 2023.⁶

Over half of schools within NISD are 25 years old or older. Aging facilities impact instructional programs in that they do not meet current standards for learning environments in terms of configuration, space, and amenities. Additionally, such facilities have existing infrastructure due for significant maintenance/replacement, e.g. roofing,

¹ NISD News Article, January 24, 2018: <https://nisd.net/news/articles/75021>.

² NISD website: <https://nisd.net/sites/default/files/pdf/schools/CampusAdminListing.pdf>

³ NISD website: <https://nisd.net/content/northside-isd-destination-district>.

⁴ NISD website: <https://nisd.net/schools/enrollment-figures>.

⁵ NISD website: <https://nisd.net/administration/facts-and-figures>.

⁶ NISD website: <https://nisd.net/bond/2018/sites/bond/files/docs/2017-11-16%20Resource%20Planning%20Presentation.pdf>

plumbing, and electrical. This bond will allow NISD to address maintenance needs for existing facilities, add more learning space, and implement safety and security upgrades.⁷

Community Input

In September and October of 2017, NISD conducted surveys by phone and online. Respondents included district employees, parents and community members. The published survey key findings related to a 2018 Bond Program determined:

- respondents prioritized keeping technology in schools current and up-to-date,
- safety and security,
- renovations,
- new schools,
- and established the bond package dollar threshold was \$700-\$800 million with 57% reporting they would support a bond at \$17 per month.⁸

Throughout November and December, NISD’s 250-member Citizens’ Bond Committee, comprised of parents, students, staff, teachers, taxpayers, senior citizens, elected officials, and business representatives, met to discuss and review in detail the proposed projects. Initial presentations to the Citizens’ Bond Committee covered the following areas: the District’s resource planning and the project recommendations for the 2018 Bond Program; bond scenarios and tax implications for bonds ranging from \$700 million to \$900 million; reasoning for investing in existing facilities; status report on the 2014 Bond; and questions/comments. Following the format of the successful 2014 bond process, the Citizens’ Bond Committee was divided into six working groups that presented their respective recommendations for the bond project. The recommendations for bond program costs ranged from \$806.5 million to \$841.2 million.⁹

NISD Approved Bond Proposal Overview

On January 23, 2018, the NISD Board of Trustees unanimously voted (7-0) to call for an \$848.9 million bond election be placed on the May 5, 2018 ballot.¹⁰ The recommended projects are summarized as follows:

Projects Summary	Budget (millions)	Percentage
New Schools	\$280.3	33%
Renovations/Reconstruction/Upgrades	\$329.46	39%
Infrastructure	\$85.2	10%
Roofing/Waterproofing	\$20.45	2%
Safety & Security	\$34.7	4%
Technology	\$73.8	9%

⁷ NISD website: <https://nisd.net/bond/2018/presentations>.

⁸ NISD website: <https://nisd.net/bond/2018/sites/bond/files/docs/2017-11-02%20Survey%20Presentation.pdf>

⁹ NISD website: <https://nisd.net/bond/2018/sites/bond/files/docs/2017-12-12%20Group%20Presentations.pdf>

¹⁰ NISD website: <https://nisd.net/news/articles/75021>

Transportation	\$15	2%
Bond Issuance & Management	\$10	1%
Total	\$848.91 million	100%

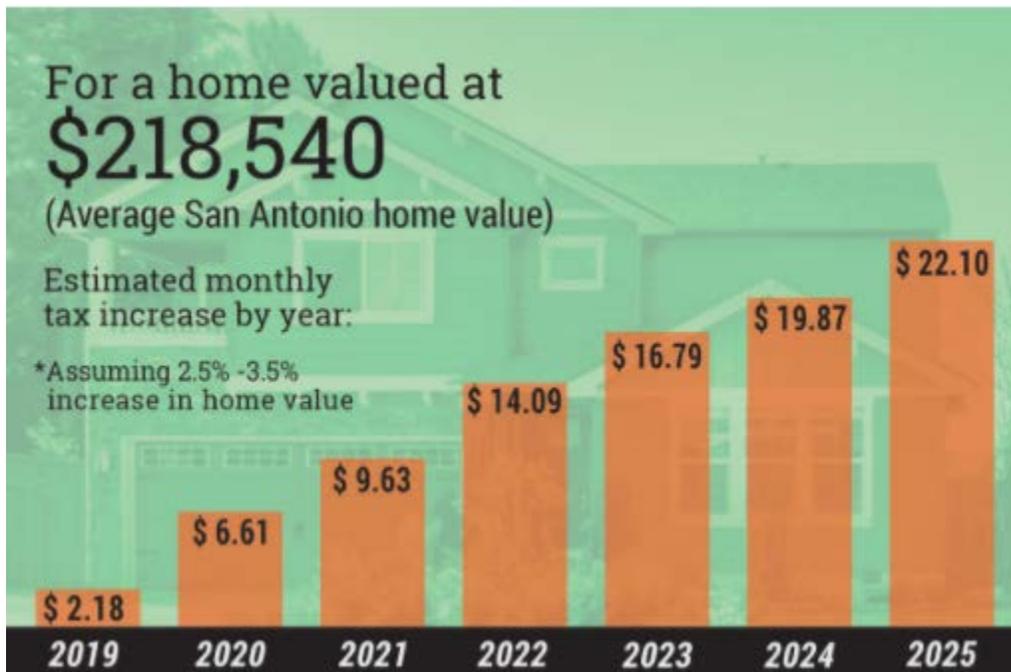
Source: NISD website, <https://nisd.net/news/articles/75021>.

Under *New Schools*, four potential sites in the Galm (HS), Kallison Ranch (MS), Village at WestPointe North (ES) and FM 471 North (ES) areas have been identified to address enrollment growth. Within the largest area of *Renovations/Reconstruction/Upgrades*, projects include: fine arts upgrades at three (3) campuses; several types of synthetic turf replacement at 12 schools; resurfacing of all HS tracks; major field renovations at 22 sites; shades over playgrounds at 79 schools; fire sprinkler upgrades at three (3) schools; special education ALE upgrades at four (4) ES; ADA/Accessibility upgrades at five (5) campuses; library additions and/or renovations at three (3) schools; and various gym, walkway upgrades across the district. *Infrastructure* covers a wide-range of upgrades, including: mechanical at 150 sites; boilers at four (4) ES and one (1) HS; energy controls at ten (10) ES and one (1) MS; electrical at six (6) campuses; lighting at 23 sites, including NISD Family Engagement Ctr and transportation stations; plumbing at two (2) ES, Gustafson Stadium, and maintenance Mainland and Richland Hills Warehouse; paving/drainage/emergency access at 21 sites; tennis courts at seven (7) schools; flooring replacements at 11 sites; and clocks replacements at 12 schools, the Nellie Reddix Ctr, central office and Hardin Complex. *Safety and Security* upgrades will cover fire alarm systems at 14 sites; completion of security lobbies in 44 ES and police department; PA intercom systems in four (4) ES, five (5) MS, two (2) HS and the NISD Learning Center; door hardware at 14 sites; and ISMS video surveillance/serve/access control/cabling. Sweeping *Technology* replacements of outdated equipment, projectors, servers and data center storages are planned, along with MS language labs additions. NISD will purchase 85 buses and 37 multi-use vehicles under the *Transportation* allocation.

Tax Implications

The average taxable value of homes in NISD is approximately \$218,540.¹¹ If the proposal passes, the impact to the average NISD homeowner would be an initial increase of \$2.18 per month in 2019. In 2020, the impact is estimated to be an additional \$6.61 per month, which would increase to \$9.63 per month by 2021 and peaking at \$22.10 a month by 2025 (see chart below).

¹¹ NISD website: <https://nisd.net/bond/2018/tax-information>.



It is important to note that NISD states their projections of tax payer impact are “very conservative.”¹² NISD has provided similar tax impact projections for the past three bond election that ended up being less. The most recent example is the projected tax rate for the successful 2014 bond election is, in fact, 12 cents lower.

NISD property taxes for senior citizens’ homesteads would 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, 2018.

NISD Fiscal Management of 2014 Bond

NISD residents have approved seven (7) NISD bond packages since 1995. NISD historically has a proven track record of being fiscally responsible with managing past bonds and according to the most recent bond statement the District has never defaulted on the payment of its tax-supported debt.¹³ The District actively employs debt management strategies that, over the past three years, have resulted in over \$198 million in interest cost savings and avoidance.¹⁴ Factors that assist in managing the cost of

¹² NISD website: <https://nisd.net/bond/2018/tax-information>

¹³ NISD website: <https://nisd.net/sites/default/files/attachments/Official%20Statement%20-%20Northside%20UT%20Refunding%20Bonds%20S17.pdf>

¹⁴ NISD website: <https://nisd.net/sites/default/files/pdf/bond/2018/%232%20School%20Finance%2C%20Taxes%2C%20Bonds%20Presentation.pdf>

borrowing include: AA+ bond rating; variable bond rates ranging from 1.45% to 2.125%; structure of the amortization; federal/state assistance, and timing.¹⁵

In May 2014, district voters approved a bond package of \$648.34 million to build five new schools, design and engineer a sixth school, and make additions and improvements to existing schools and facilities. The total number of projects in the bond was 424. Over the past four years, NISD has completed 55% (243) of projects and has 41% (174) projects currently in-progress for the 2014 Bond Package. Only 4% (16) projects remain on the “to do” list. Construction has been done in phases to minimize disruption to staff and students. Through effective financial management, the 2014 bond has been financed by a property tax rate that has been consistently lower than what was originally projected.

Reasons for Support:

1. The passing of the proposed bond would help NISD 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 the district.
3. NISD has a reputable debt management record. For example, over the past three years, NISD debt management strategies have produced more than \$198 million in interest cost savings, and avoidance, through refinancing at lower interest rates; issuing variable rate bonds versus fixed rate; and selling bonds only when needed and not all at once.
4. NISD's district-wide Citizens' Bond Committee represented 250 community members, including parents, senior citizens, elected officials, teachers, business members, and district staff, adding significant stakeholder strength to the recommendations made and approved by the NISD Board of Trustees.

Issues of Concern:

1. Due to current public school finance structure, NISD has no alternative plan if the 2018 bond fails to pass voter approval.
2. Bond payments will be highest in 2025, at which time homeowners in Northside could potentially face a tax increase to \$8.10 a month (compared to current taxes and

¹⁵ NISD website:

[https://nisd.net/sites/default/files/pdf/bond/2018/%232%20School%20Finance%2C%20Taxes%2C%20Bonds%20P
resentation.pdf](https://nisd.net/sites/default/files/pdf/bond/2018/%232%20School%20Finance%2C%20Taxes%2C%20Bonds%20Presentation.pdf)

average projected home value, if appraisals increase more, than the monthly tax increase would rise accordingly).

3. Public education is the underpinning of well-prepared employees. A solid educational foundation allows for potential employees to enter the workforce, pursue certifications and attain two and/or four year degrees. If NISD does not have the resources to fully support this foundation, there could be an unfavorable ripple effect on the workforce pool.

IMPLEMENTATION: The Chamber will help support the NISD 2018 Bond Program (Early Voting April 23 to May 1, Election Day May 5) 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.