



## 2018 Capital Plan Update Board Workshop August 6, 2018



## Historical Perspective:

- Bond failed in May 2003 and then passed that November
- Successful election in 2007 followed by:
  - Downturn in economy and slower growth
  - Turnover in District administration and Board of Trustees
- Capital Plan created in 2013 with \$1 billion of needs identified
- Bond 2014 for \$484 million was passed
  - No tax rate increase
  - Goal to keep bond under \$500 million
  - Work to restore trust between community, Board, and administration



## **Bond 2018 Recommendation:**

- November 6, 2018 Election
- \$992.6 million bond plan
- Projected tax rate of \$1.35
  - 3 pennies higher than current tax rate \$1.32
  - 1 penny higher than 2016 tax rate \$1.34
- Three year plan with Phase 2 election in 2021



## Why is this plan essential to the success of Fort Bend ISD?

- Supports the Profile of a Graduate
  - Increased safety and security
  - Updated Education Specifications by level
  - Modernized technology
- Invests in aging facilities (average age of current facilities is 25 years)
  - FBISD has underinvested in facilities
- Addresses expected enrollment growth

## 2018 CAPITAL PLAN SUMMARY

Description (\$Millions)	Phase 1 2018	Phase 2 2021	2018 Capital Plan
New Construction	\$ 324.0	\$ 187.0	\$ 511.0
Building Modernization Rebuild	65.0	-	65.0
Classroom Additions	14.4	-	14.4
Natatorium	-	14.0	14.0
New Bus Terminal	-	14.3	14.3
<b>Sub-Total New Construction</b>	<b>403.4</b>	<b>215.3</b>	<b>618.7</b>
Life Cycle Deficiencies & Educational Adequacy	396.5	429.8	826.2
<b>Construction Total</b>	<b>799.9</b>	<b>645.1</b>	<b>1,444.9</b>
Special Education Security Cameras	1.3	1.3	2.5
Door Locks	1.2	-	1.2
Security Cameras Storage	2.6	2.6	5.2
Window Film	4.0	1.0	5.0
Student ID System	3.0	-	3.0
Fencing	1.3	1.3	2.6
Police Vehicles	1.6	0.3	1.9
<b>Safety and Security Total</b>	<b>14.9</b>	<b>6.4</b>	<b>21.4</b>

## 2018 CAPITAL PLAN SUMMARY (Cont.)

Description (\$Millions)	Phase 1 2018	Phase 2 2021	2018 Capital Plan
Buses & Other Vehicles	8.8	8.8	17.7
District-Wide White Fleet	1.7	1.7	3.4
<b>Transportation Total</b>	<b>10.6</b>	<b>10.6</b>	<b>21.1</b>
Classroom Toolset	94.0	-	94.0
Systems	7.3	31.0	38.3
Infrastructure	24.3	-	24.3
Staff Computer Refresh	11.3	-	11.3
Network Infrastructure	3.7	4.9	8.6
Campus Audio/Video	2.0	0.1	2.2
<b>Technology Total</b>	<b>142.6</b>	<b>36.0</b>	<b>178.6</b>
Land	19.7	2.4	22.1
Bond Program Contingency	5.0	5.0	10.0
<b>Summary Total</b>	<b>\$ 992.6</b>	<b>\$ 705.6</b>	<b>\$ 1,698.1</b>

# Phase 1 Bond Distribution - \$992.6M

PROJECT	<i>(\$millions)</i>
<p><b>New Construction, Rebuilds &amp; Additions</b></p> <ul style="list-style-type: none"> <li>• Construction of three Elementary Campuses</li> <li>• Design of one Middle School Campus</li> <li>• Construction of one High School Campus</li> <li>• Rebuild Lakeview and Meadows</li> <li>• Additions at Neill and Madden</li> </ul>	<b>\$403.4</b>
<p><b>Technology</b></p> <ul style="list-style-type: none"> <li>• Classroom toolset</li> <li>• Infrastructure</li> </ul>	<b>\$142.9</b>
<p><b>Building Envelope &amp; Mechanical</b></p> <ul style="list-style-type: none"> <li>• HVAC</li> <li>• Roof</li> <li>• Windows</li> <li>• Canopy Walkways</li> </ul>	<b>\$135.6</b>

# Phase 1 Bond Distribution - \$992.6M

PROJECT	<i>(\$millions)</i>
<b>Building and Grounds</b> <ul style="list-style-type: none"> <li>• Structural</li> <li>• Restroom Renovations</li> <li>• Special Education Renovations</li> <li>• Playgrounds</li> </ul>	<b>\$64.9</b>
<b>Fine Arts</b> <ul style="list-style-type: none"> <li>• Auditorium &amp; Suite Renovations</li> <li>• Lighting, Audio/Visual</li> <li>• Stage Curtains</li> <li>• Instruments</li> </ul>	<b>\$68.6</b>
<b>Athletics</b> <ul style="list-style-type: none"> <li>• Locker Room Renovations</li> <li>• Tennis Court Renovations</li> <li>• Middle School 4-lane Track</li> <li>• High School Turf</li> <li>• Bleachers</li> <li>• Scoreboards</li> </ul>	<b>\$49.8</b>

# Phase 1 Bond Distribution - \$992.6M

PROJECT	<i>(\$millions)</i>
<b>Civil, Mechanical, Electrical &amp; Plumbing</b> <ul style="list-style-type: none"> <li>• Site Drainage</li> <li>• Electrical Gear &amp; Distribution</li> <li>• Water Heaters</li> <li>• Drinking Fountains</li> <li>• Site Paving</li> </ul>	<b>\$28.9</b>
<b>Land</b> <ul style="list-style-type: none"> <li>• Future Site Acquisitions</li> </ul>	<b>\$19.7</b>
<b>Safety &amp; Security – Building Systems</b> <ul style="list-style-type: none"> <li>• Intrusion Alarms</li> <li>• Fire Alarm Systems &amp; Fire Sprinklers</li> </ul>	<b>\$18.2</b>
<b>Child Nutrition</b> <ul style="list-style-type: none"> <li>• Kitchen Renovations &amp; Expansions</li> </ul>	<b>\$16.8</b>

# Phase 1 Bond Distribution - \$992.6M

PROJECT	<i>(\$millions)</i>
<b>Safety &amp; Security</b> <ul style="list-style-type: none"> <li>• Special Education Cameras</li> <li>• Door Locks</li> <li>• Window Film</li> <li>• Fencing</li> </ul>	<b>\$14.9</b>
<b>Furniture, Fixtures &amp; Equipment</b>	<b>\$13.4</b>
<b>Transportation</b> <ul style="list-style-type: none"> <li>• New Buses</li> <li>• District White Fleet</li> </ul>	<b>\$10.6</b>
<b>Program Contingency</b>	<b>\$5.0</b>

# Construction Detail

## *New Construction, Rebuild, Additions & Other*

July 2018 to September 2024	YR. Needed	Phase 1	Phase 2
Elementary School 51 - Northwest	2019	\$46,000,000	
Elementary School 52 - Fort Bend Tollway	2021	\$45,000,000	
Elementary School 53 - Riverstone/or Additions to CWE, APE,SWE	2021	\$45,000,000	
Elementary School 54 - Southeast	2024		\$47,000,000
Elementary School 55 - Southeast	2024		\$53,000,000
Middle School 16 - Southeast	2023	\$10,000,000	\$87,000,000
High School 12 - Southeast	2024	\$178,000,000	
Rebuild LVE and ME	LVE 2022	\$65,000,000	
	ME 2021		
School Additions - JNE & CVME	JNE 2020	\$14,400,000	
	CVME 2022		
Natatorium	TBD		\$14,000,000
Bus Terminal	TBD		\$14,300,000
<b>Subtotal:</b>		<b>\$403,400,000</b>	<b>\$215,300,000</b>



# Proposed Performance Contracting

	Phase 1 2018	Phase 2 2021	TOTAL
<b>Exterior LED Lighting Upgrades</b>	\$3,920,255	\$2,269,243	\$6,189,498
<b>Interior LED Lighting Upgrades</b>	\$0	\$9,165,508	\$9,165,508
<b>Solar Initiatives - TBD</b>			
<b>HVAC Systems - TBD</b>			
<b>TOTAL</b>	<b>\$3,920,255</b>	<b>\$11,434,751</b>	<b>\$15,355,006</b>

\*Exterior LED lighting upgrades: Phase 1 - 33 Campuses, Phase 2 - 16 Campuses

\*Interior LED lighting upgrades: Phase 2 - 13 Campuses

# New Construction Cost Data

## FBISD 2018 Estimated Cost/SF

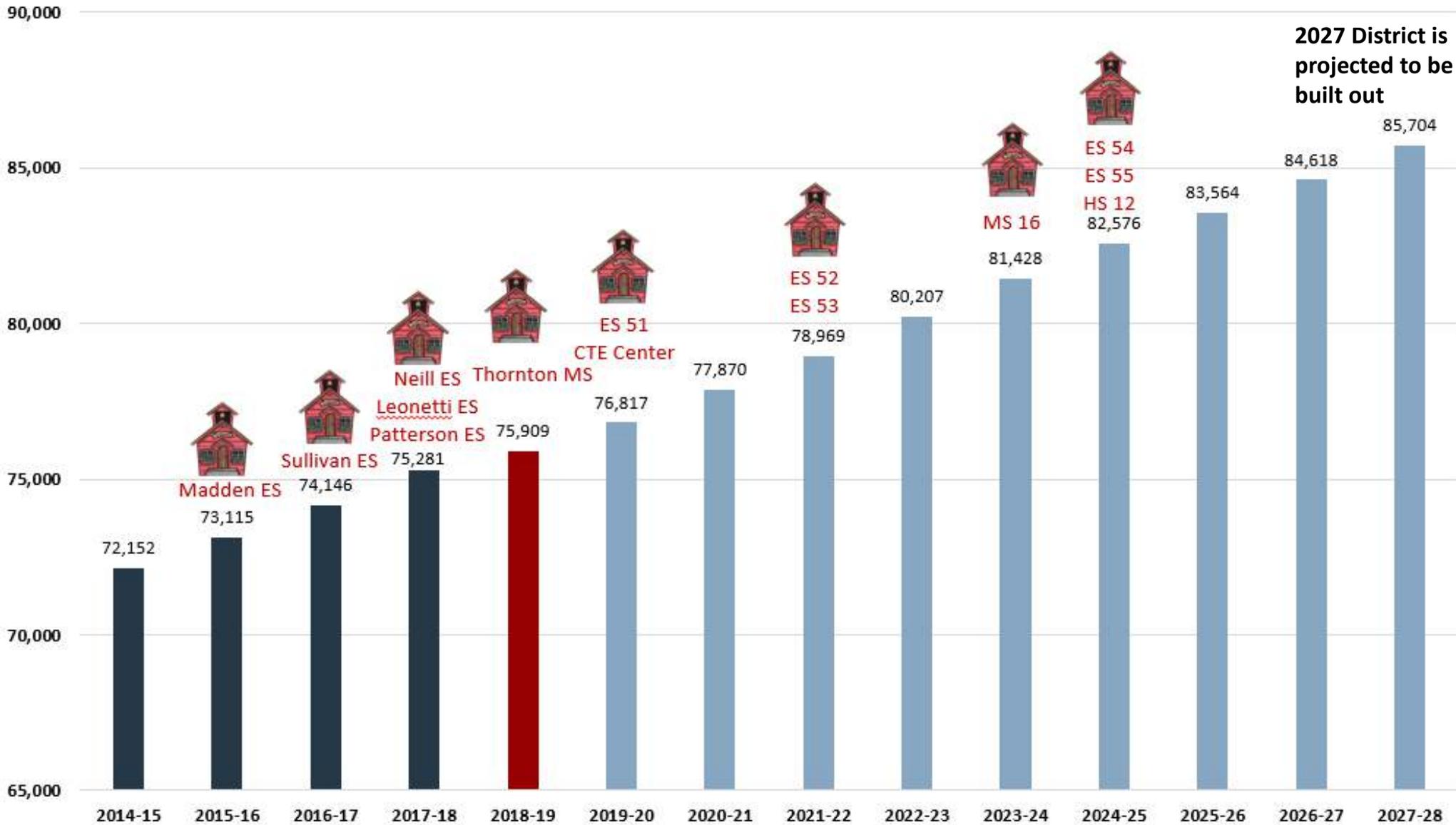
- Elementary School \$237/SF
- Middle School \$250/SF
- High School \$265/SF

## Cost Comparison Data

Elementary \$237/SF	Middle School \$250/SF	High School \$265/SF
Humble ES #28 \$243/SF Humble ISD	Dean Leaman JH \$245/SF Lamar CISD	Grand Oaks HS \$299/SF Conroe ISD
Lamar ES #24 \$246/SF Lamar CISD	Humble MS #9 \$259/SF Humble ISD	Energy Institute HS \$275/SF Houston ISD
Carter ES \$229/SF Lamar CISD	Kranz JH \$241/SF Dickinson ISD	Katy HS #8 \$268/SF Katy ISD

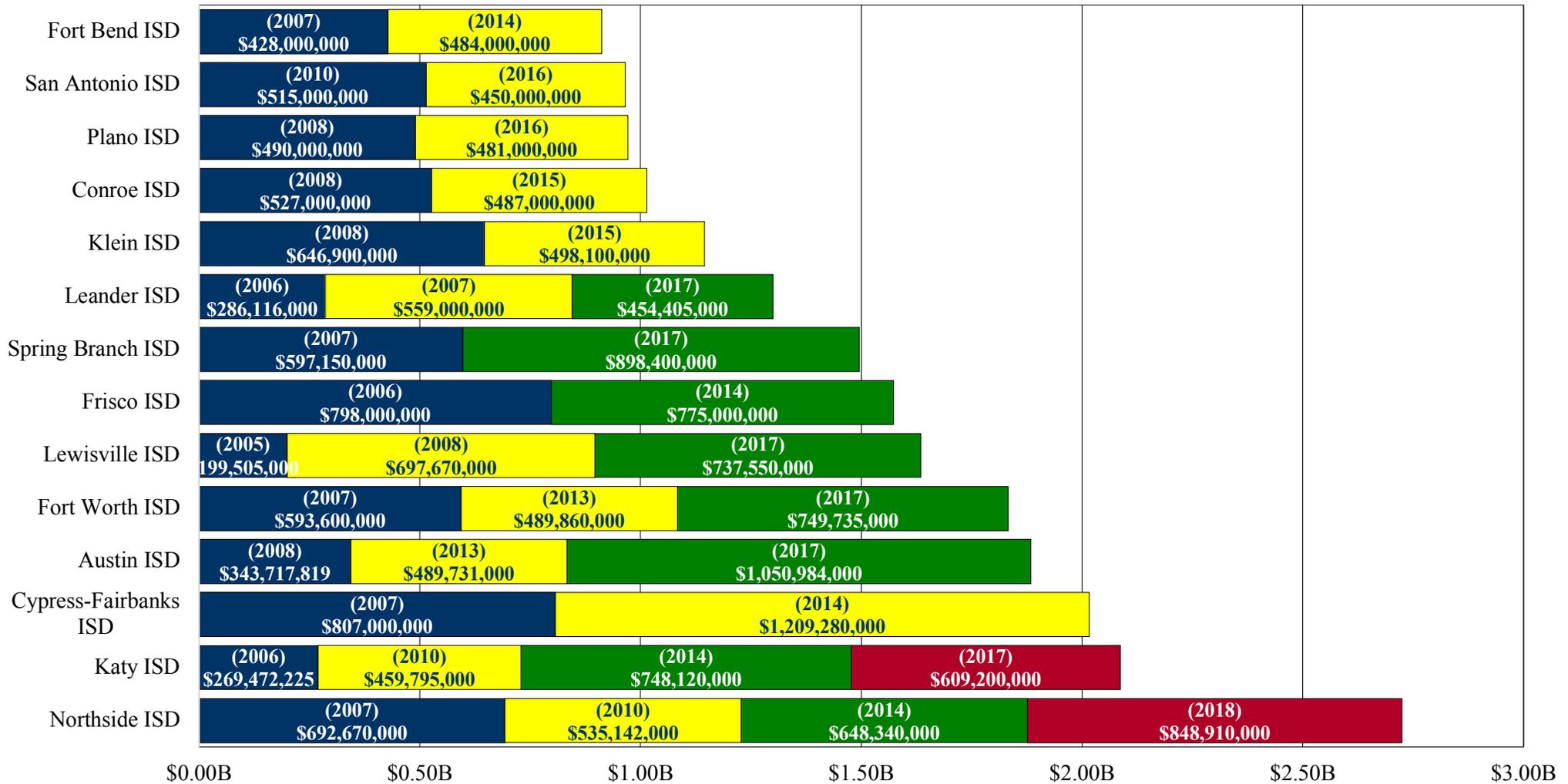
## Recent and Expected Enrollment Growth

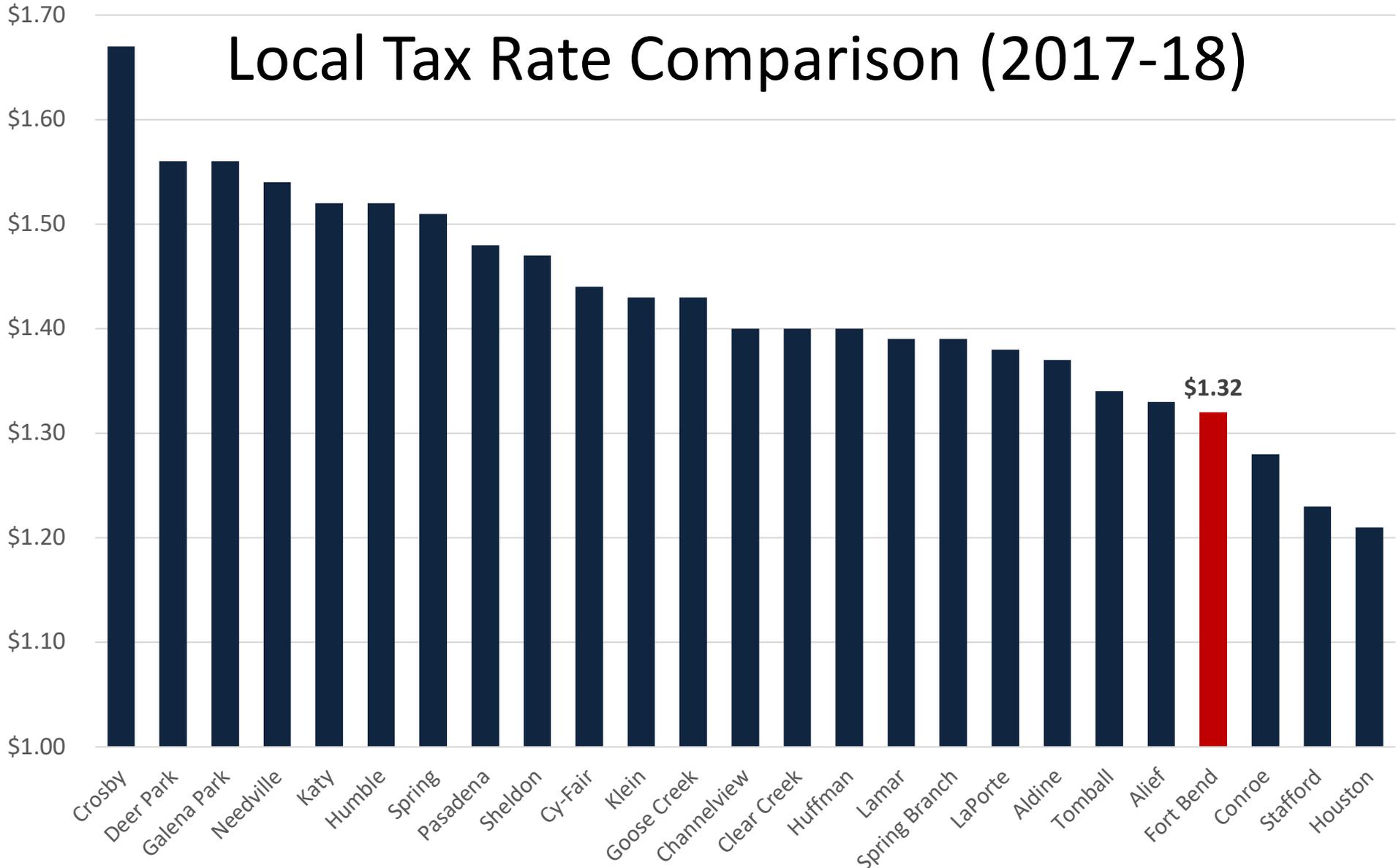
### Enrollment History and Projections 2014-2028



## FBISD UNDER INVESTING IN CURRENT FACILITIES

### Successful Bond Elections (2005-2018)





Source: FBISD Finance

# Statewide Comparison – Debt Levels

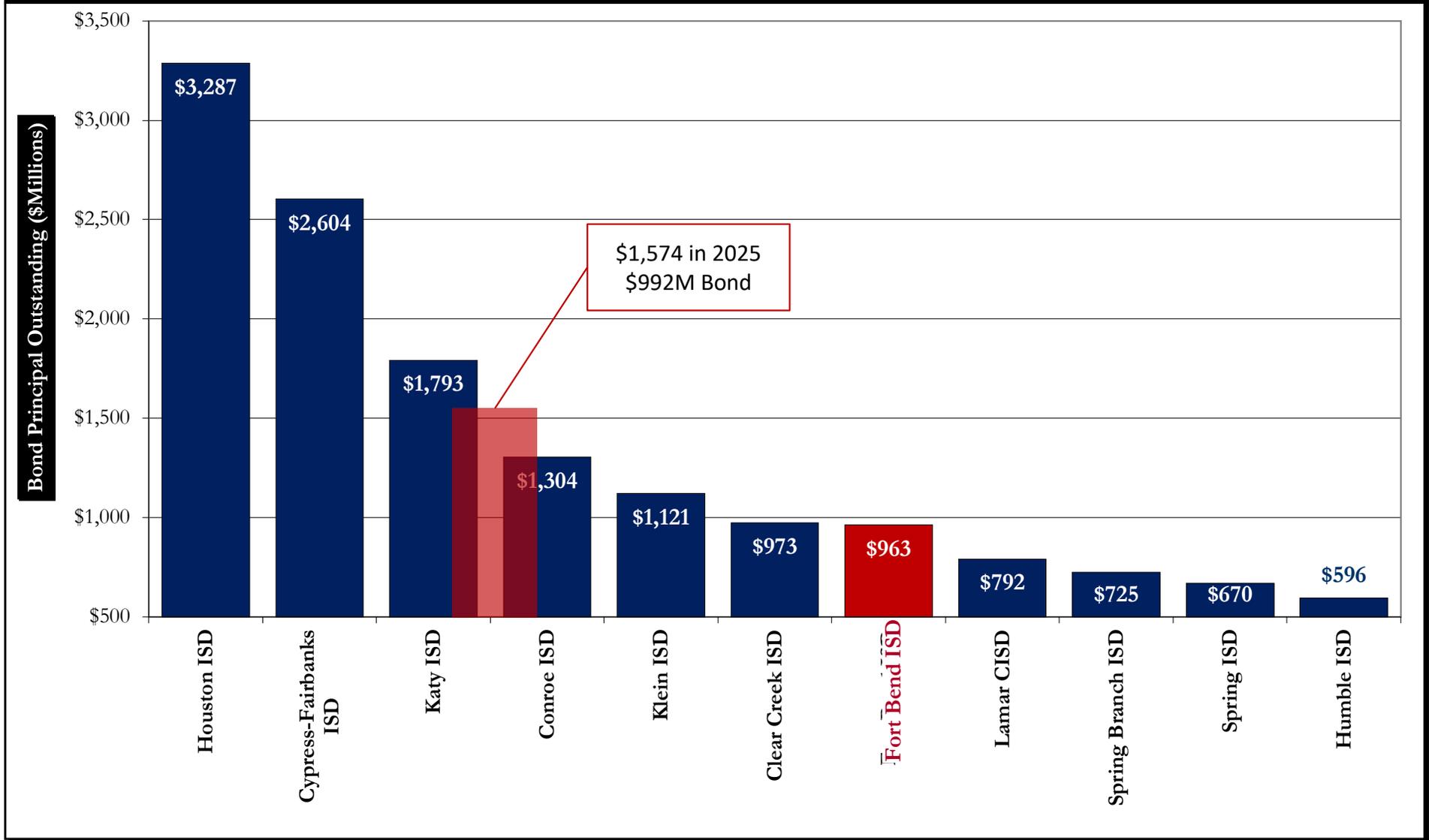
- **Bond Principal Outstanding:** Among the 875 Texas school districts with outstanding debt, Fort Bend ISD’s “Bond Principal Outstanding” ranks **14<sup>th</sup>**.
  
- **Bond Principal Per Student:** Among the 149 Texas school districts with at least \$100 million of outstanding debt, Fort Bend ISD’s “Bond Principal Outstanding Per Student” ranks **119<sup>th</sup>**.
  
- **Bond Principal as a Percentage of Taxable Value:** Among the 149 Texas school districts with at least \$100 million of outstanding debt, Fort Bend ISD’s debt burden ranks **123<sup>rd</sup>** as a percentage of taxable values that secure repayment of the District’s bonds.



**Comparison of Certain Texas School Districts  
Within the Greater Houston Area**

**INSPIRE EQUIP IMAGINE**

**Ranked By Bond Principal Outstanding as of 5/31/2018**



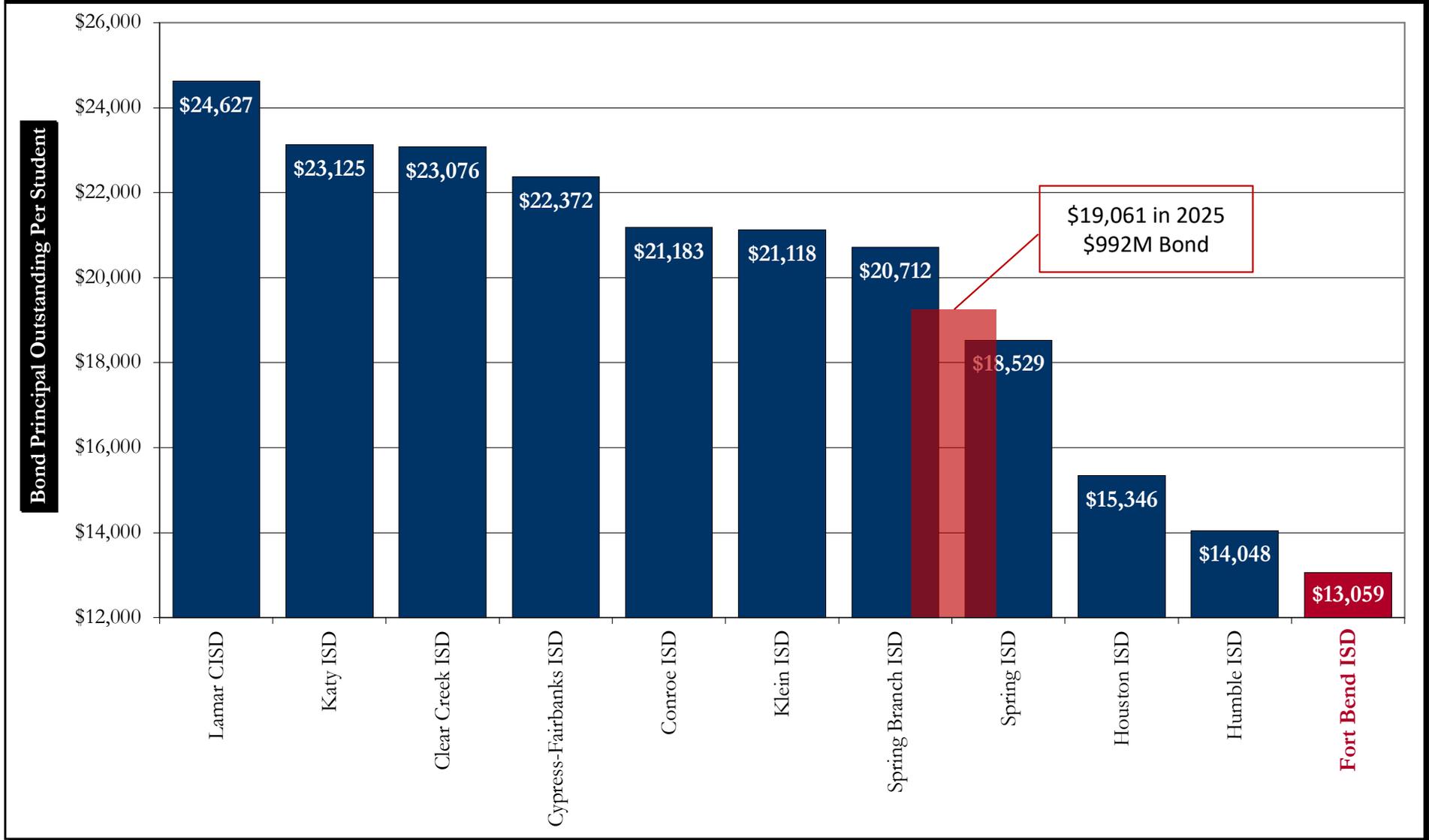
Source: The Municipal Advisory Council of Texas – As of May 31, 2018. Includes Voted and M&O debt.

<b>FBISD OUTSTANDING DEBT (2014-18)</b>	
<b>12/31/2014 Balance</b>	<b>\$844,038,663</b>
Principal Payments	(\$145,005,112)
Refundings	(\$67,710,000)
New Issuances	\$333,135,000
OST Commercial Paper	(\$1,000,000)
<b>6/30/2018 Balance</b>	<b>\$963,458,550</b>



**Comparison of Certain Texas School Districts  
Within the Greater Houston Area**

**Ranked By Bond Principal Outstanding Per Student as of 5/31/2018**

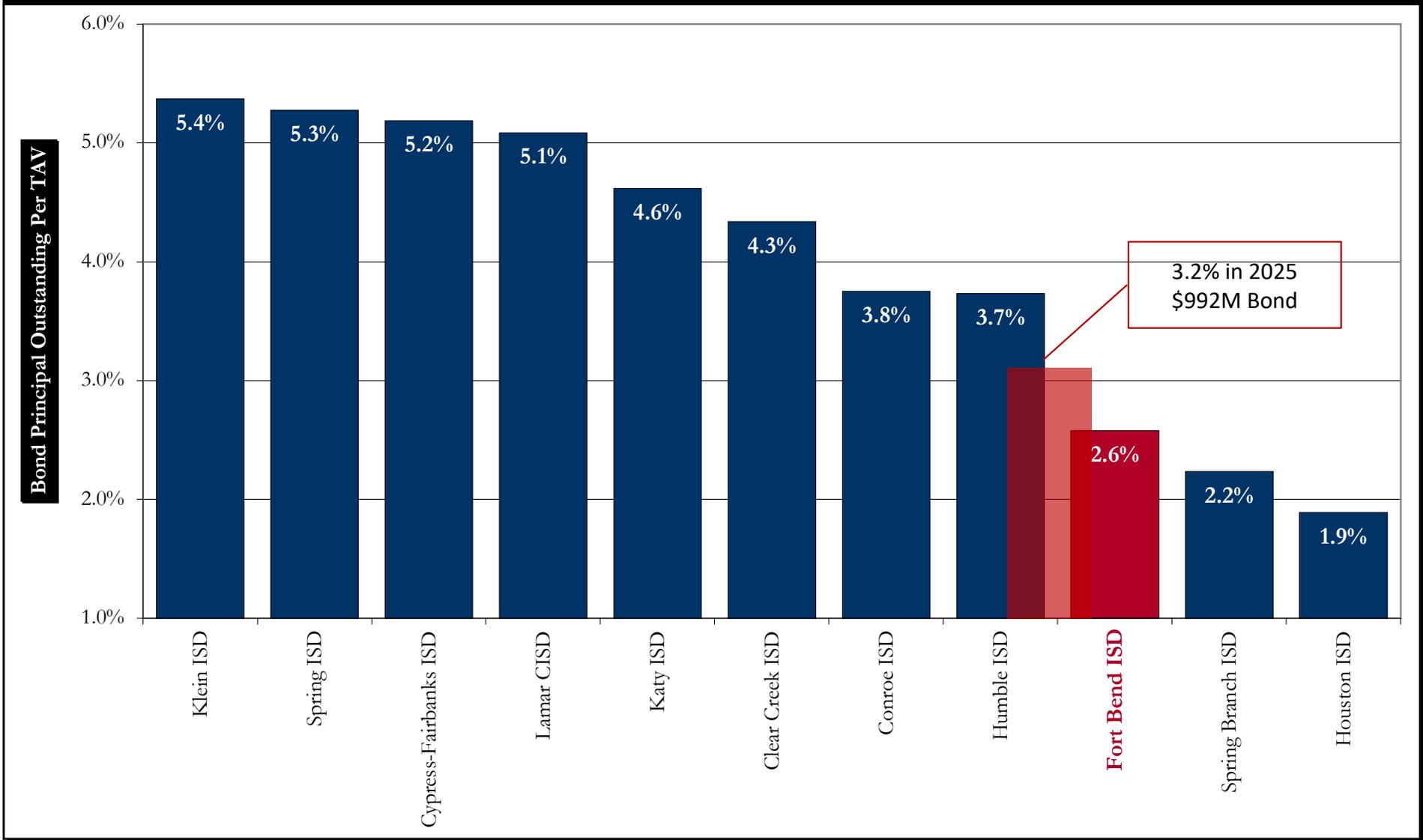


Source: Texas Education Agency – PEIMS and The Municipal Advisory Council of Texas – As of May 31, 2018. Includes Voted and M&O debt.



Comparison of Certain Texas School Districts Within the Greater Houston Area

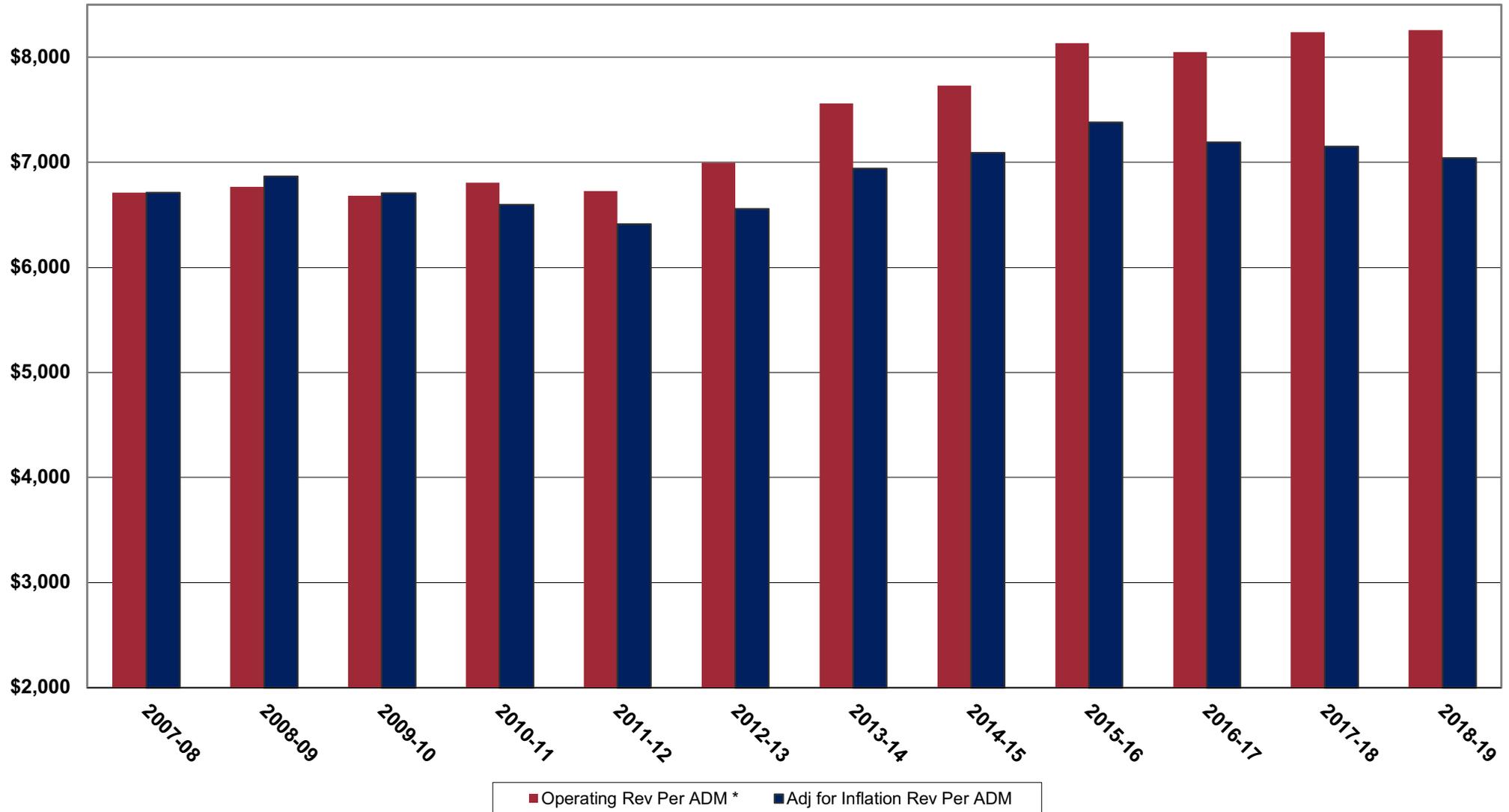
Ranked By Bond Principal Outstanding as a Percentage of Taxable Value as of 5/31/2018



Source: Texas Comptroller of Public Accounts and The Municipal Advisory Council of Texas – As of May 31, 2018. Includes Voted and M&O Debt.

GF Revenue Per Student Adjusted for Inflation

Compound Annual Growth Rate .48% Over 12 Years (Adjusted for Inflation)

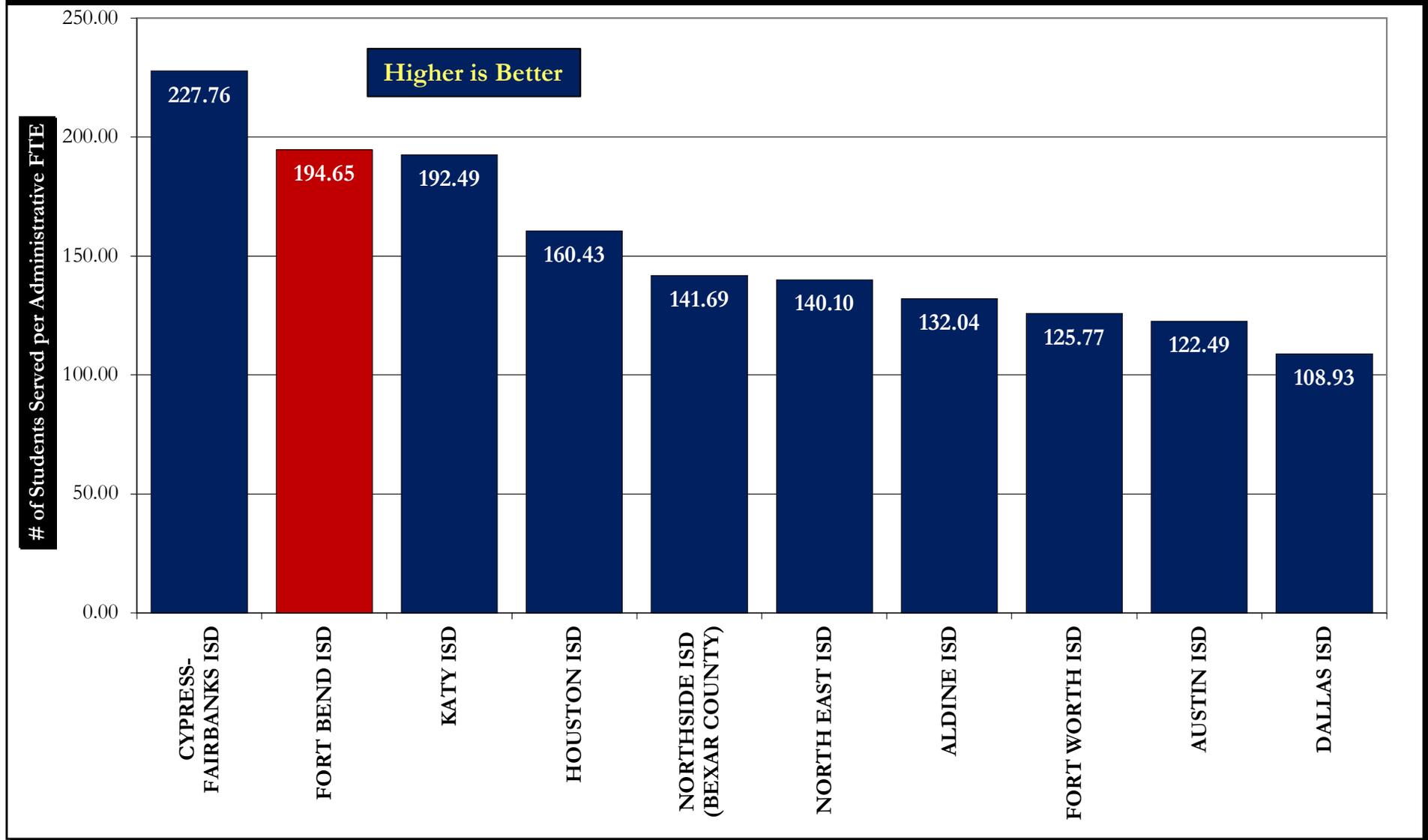




Comparison of 10 Largest School Districts in Texas

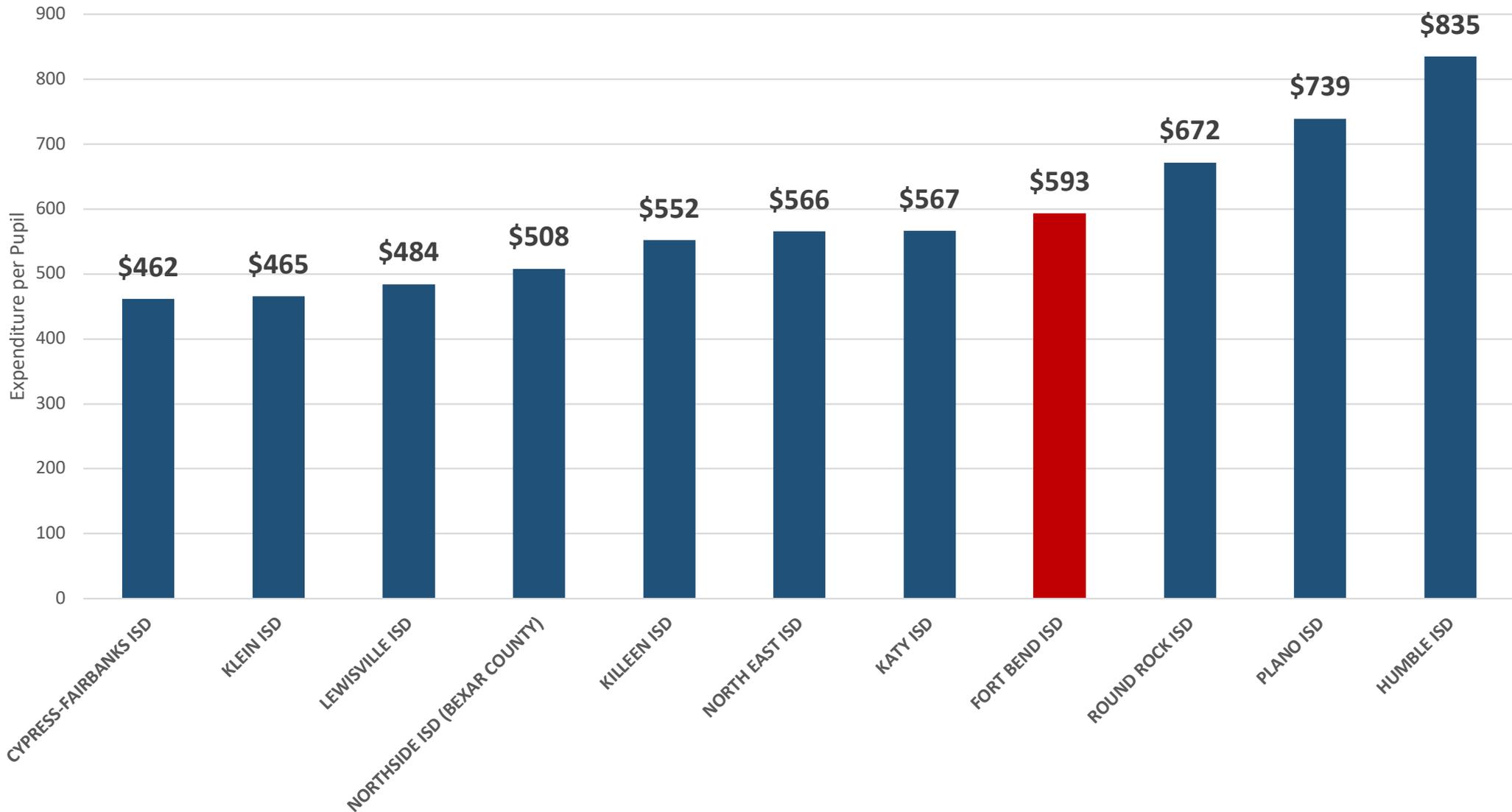
INSPIRE **EQUIP** IMAGINE

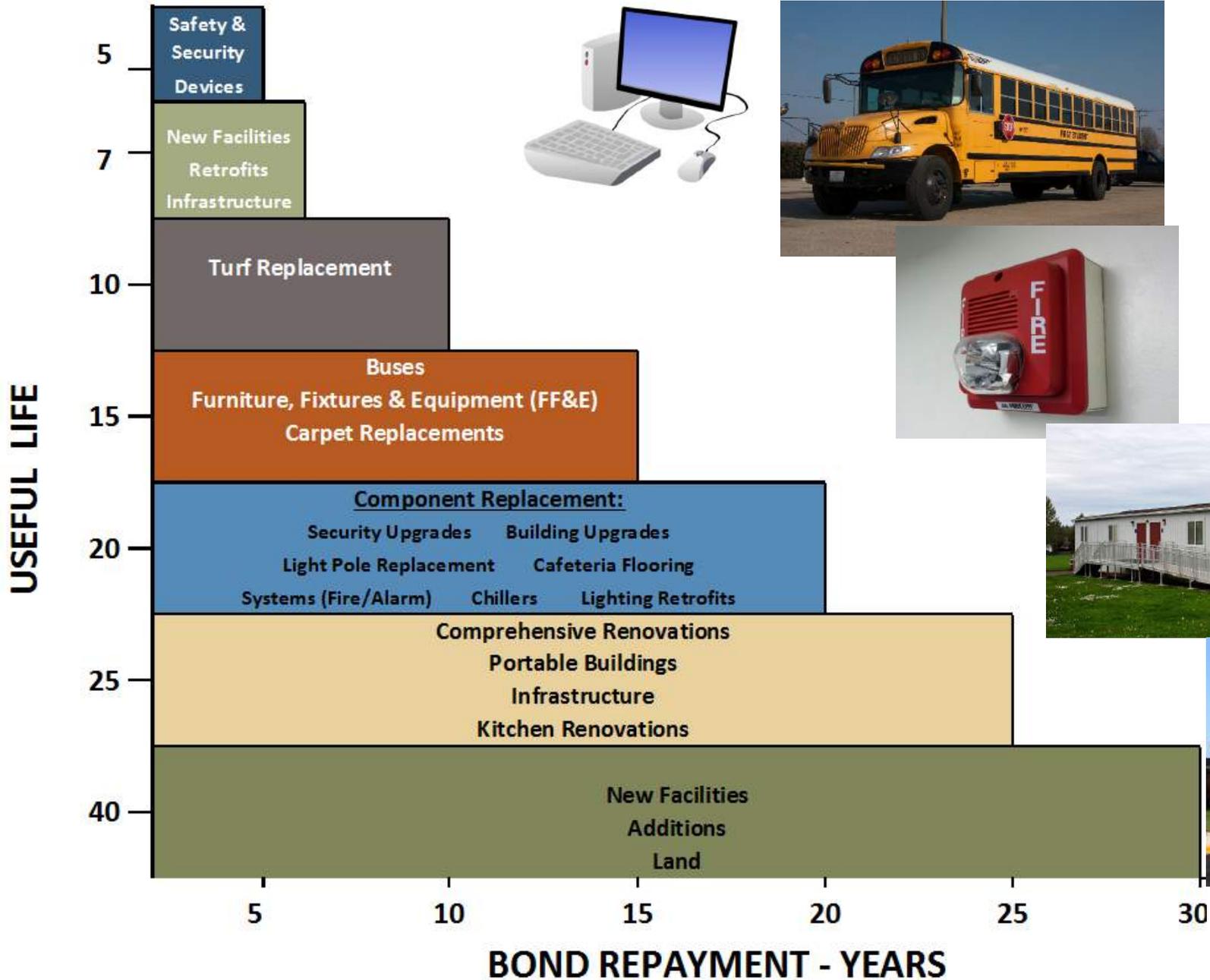
Ranked By Students served per Central Administration FTE 2016-17 (All Funds)



**EXPENDITURES PER PUPIL GENERAL FUND**

State Peers Expenditure per Pupil GF199 - Function 51\*





# Bond 2014 Weighted Average Analysis

## Debt:

Weighted Average Maturity                      14.76 years

## Assets:

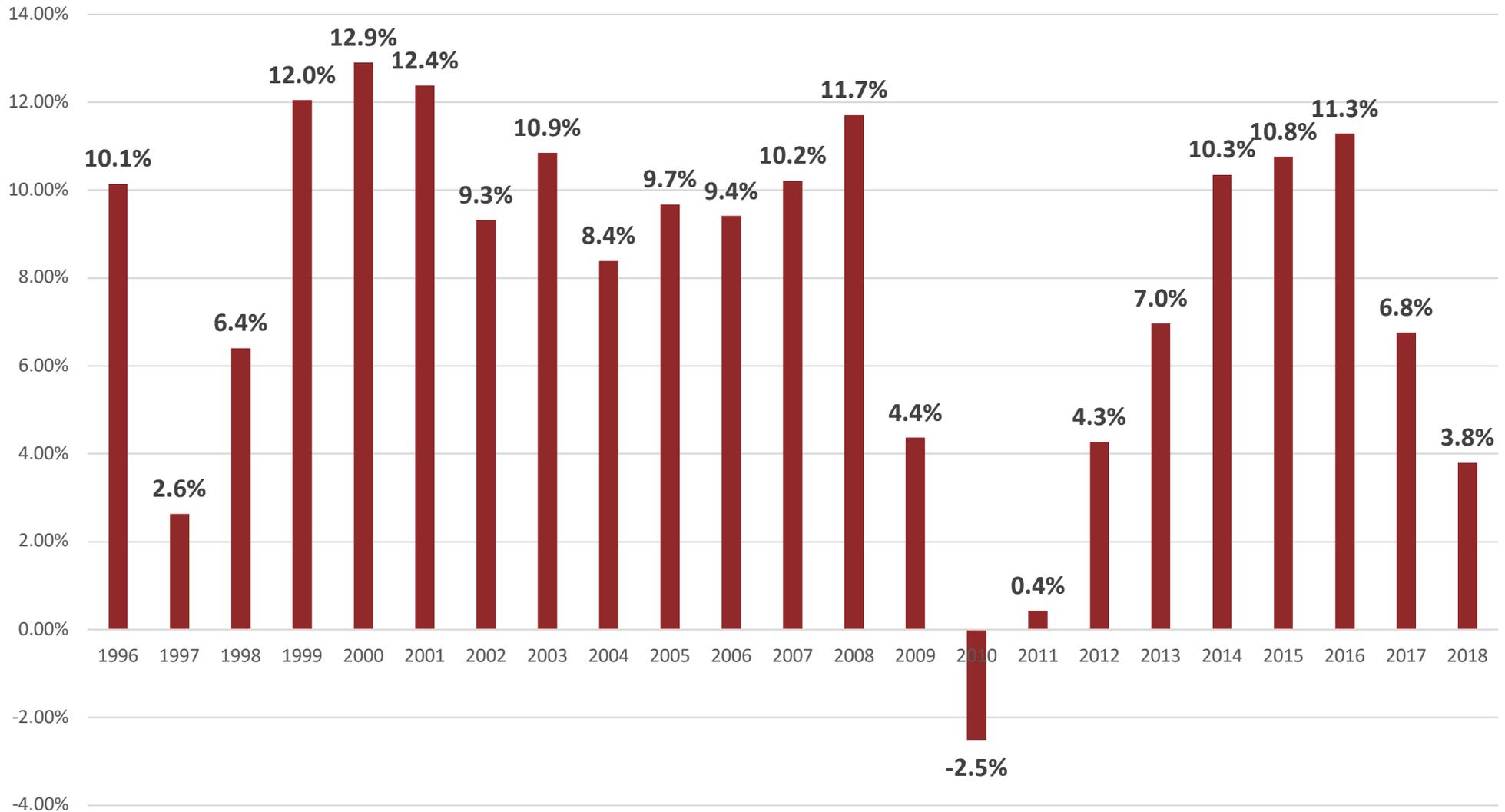
Weighted Average Useful Life                      21.13 years

Per the Board Resolution adopted on 8/25/2014, the weighted average of maturity of the debt issued will not exceed the weighted average economic life of the assets by more than 120%.

## Tax Rate Scenario Assumptions

- 30 Year Level Debt Service Schedule or
- 30 Year Deferred Debt Service Schedule
  - Five year interest only (no capitalized interest)
  - Projected Weighted Average Useful Life of 21 Yrs.
- New money issuances through 2025 for Bond 2018
- Interest rate range from 4.5% to 6%
- FBISD disclosed potential tax rate increase of \$0.11 for Bond 2007
  - **No pennies were used for Bond 2007**
- FBISD disclosed NO tax rate increase for Bond 2014
  - **I&S tax rate was reduced by 4 pennies**

# Change in Certified Net Taxable Value



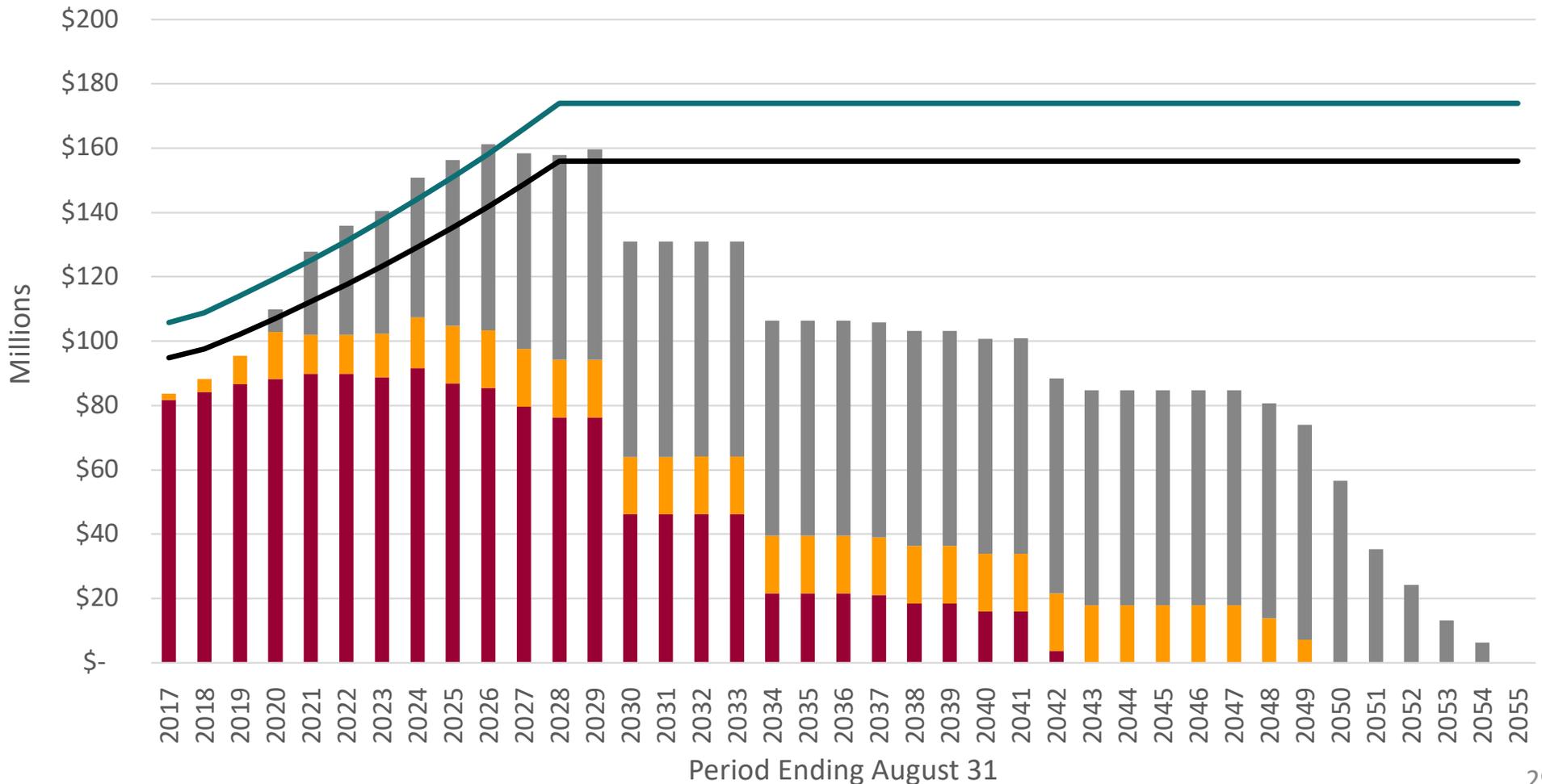
Source: Fort Bend CAD and FBISD Finance

**\$990M BOND – Deferred Principal**

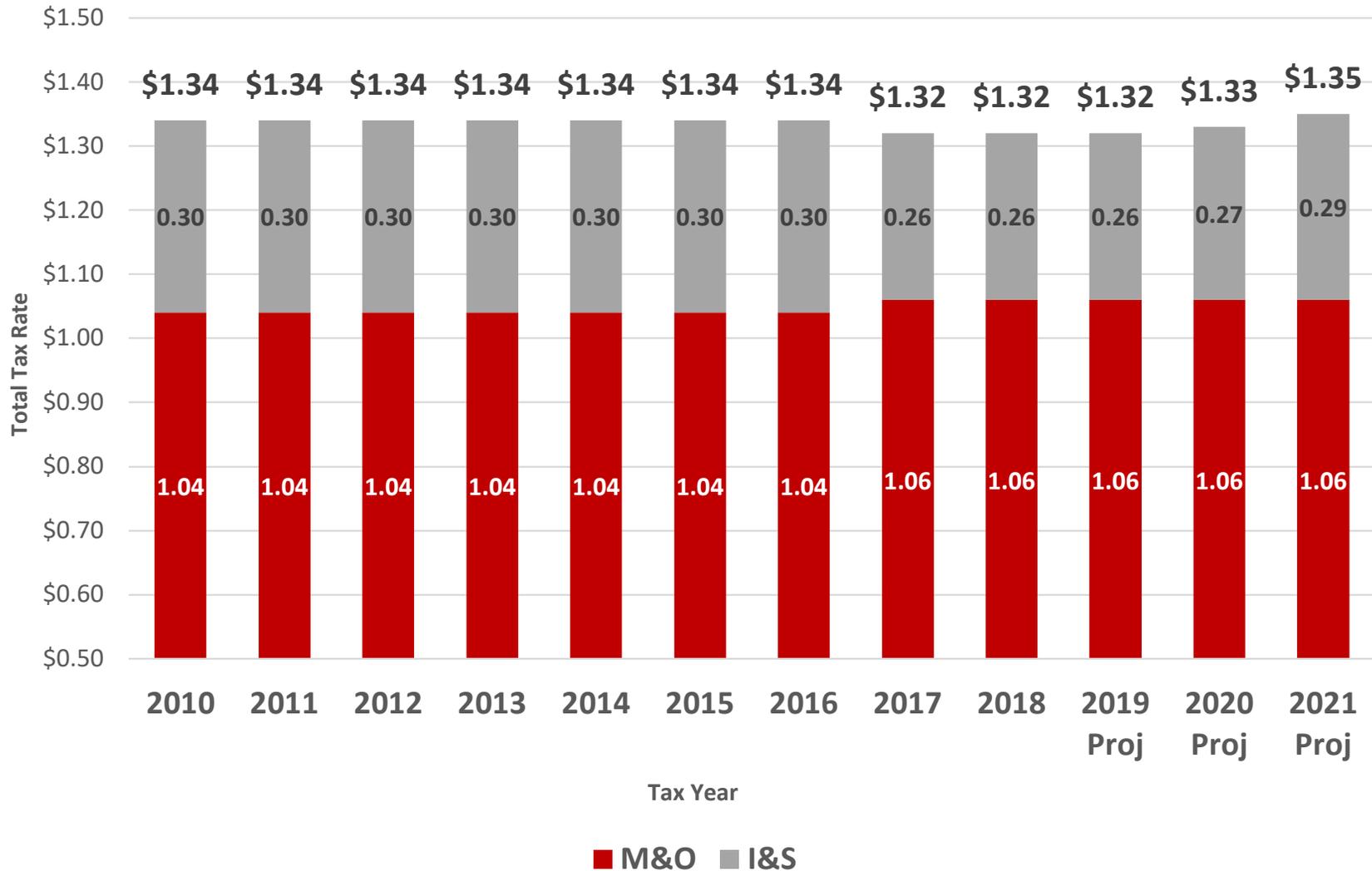
# Summary of Debt with Remaining Issues

## 5% Property Value Growth

- Existing Debt Service
- Remaining 2014 Debt
- Potential 2018 Bond
- Property Tax Collections with \$0.26 tax rate
- Property Tax Collections with \$0.29 tax rate



# TAX RATE PROJECTION

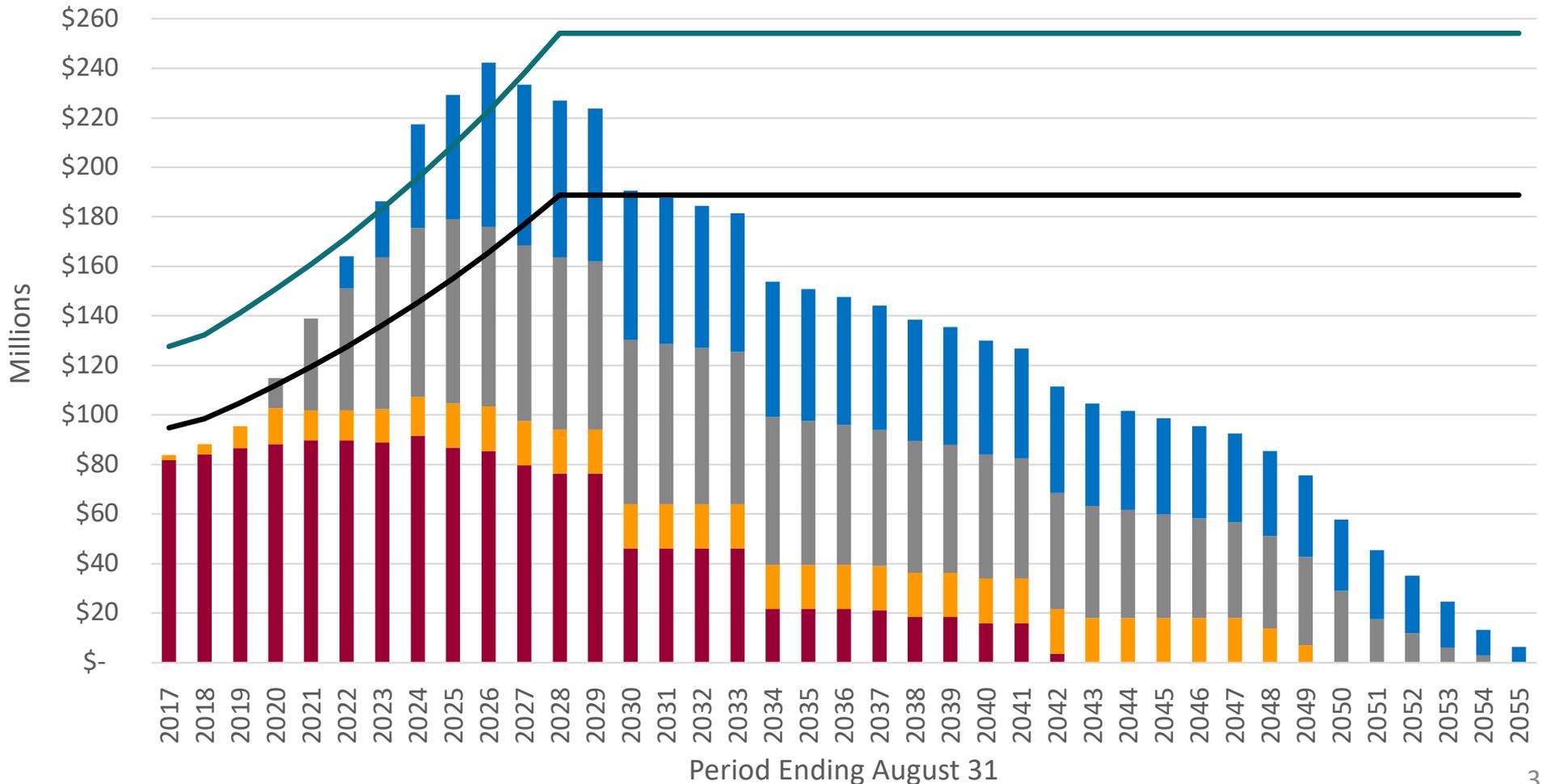


\$1.8B BOND – Level Principal

# Summary of Debt with Remaining Issues

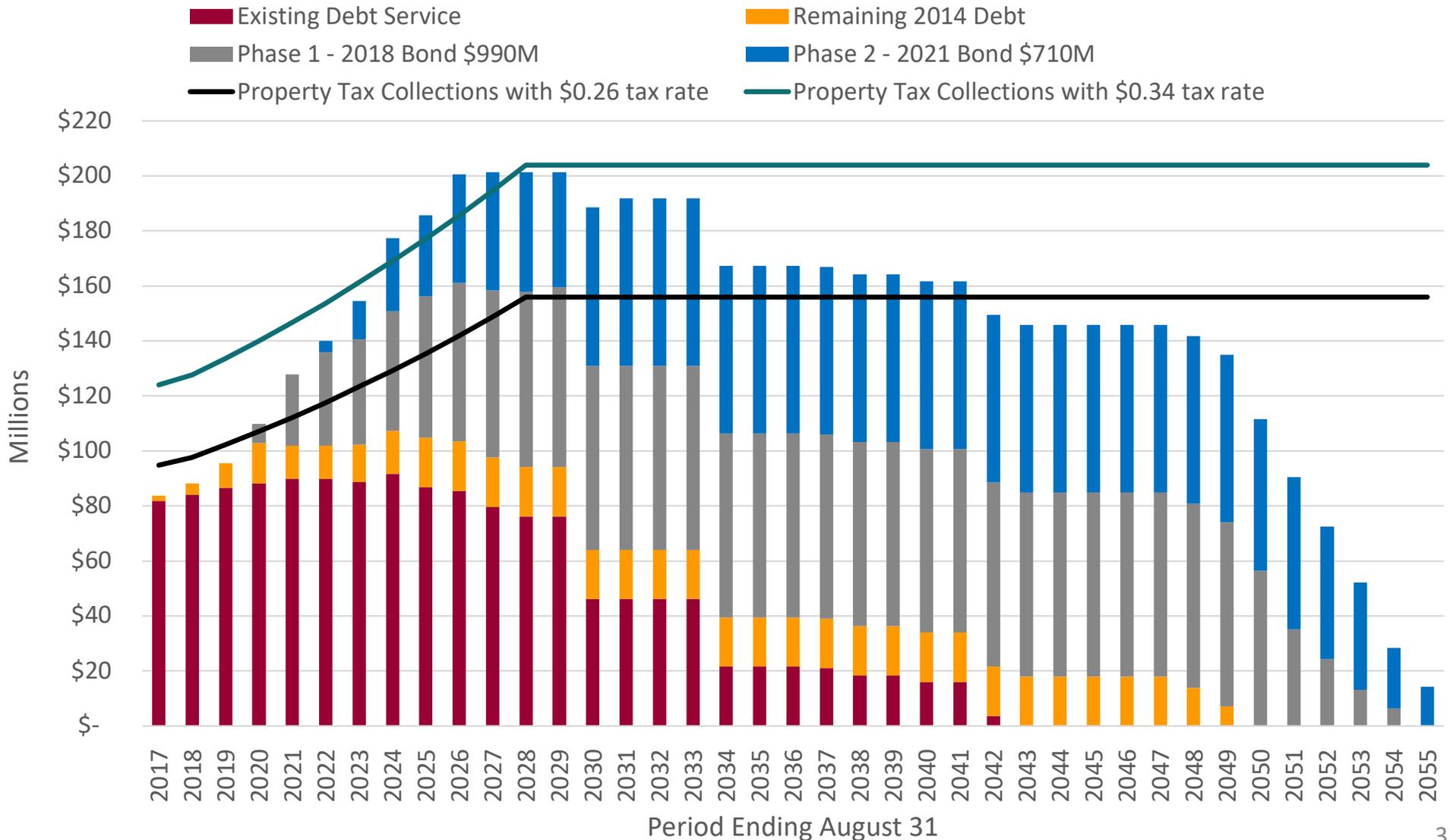
## 7% Property Value Growth – 10 yrs

- Existing Debt Service
- Remaining 2014 Debt
- Phase 1 - 2018 Bond \$990M
- Phase 2 - 2021 Bond \$710M
- Property Tax Collections with \$0.26 tax rate
- Property Tax Collections with \$0.35 tax rate



# Summary of Debt with Remaining Issues

## 5% Property Value Growth – 10 yrs



## Strategies to Manage Debt Service Tax Rate

- Continue debt management strategy:
  - Commercial paper program (expand to \$150M)
  - Refunding of bonds (2009 series & beyond)
  - Continue variable rate debt program
    - Variable Rate is 18% as of 5/31/2018
    - Limit is 25%
- Flexibility with structure of future debt issues
- Utilize debt service fund balance if needed
- Adjust plans based on market conditions



# Estimated Impact of Total Tax Rate Increase on Average FBISD Home for Bond 2018

<i>Tax Rate Scenarios</i>	<b>Current</b>	<b>+3¢</b>
	<b>\$1.32</b>	<b>\$1.35</b>
Avg Market/Assessed Value of Residences	\$284,377	\$284,377
<b>Avg Taxable Value of Residences</b>	<b>\$255,111</b>	<b>\$255,111</b>
<b>Total Tax Rate</b>	<b>\$1.32</b>	<b>\$1.35</b>
Annual Taxes on Average Residence	\$3,367.47	\$3,444.00
<b>Annual Increase in Taxes</b>		<b>\$76.53</b>
Monthly Increase in Taxes		\$6.38
<b>% Change</b>		<b>2.27%</b>

Our citizens with Over 65 or Disabled Persons exemptions have established tax ceilings on their homesteads and those ceilings will not be impacted. In other words, homestead taxes are frozen for our citizens with the Over 65 or Disabled Persons exemptions unless the citizen is currently paying below their tax ceiling.

\* Based on 2018/2019 property value growth of 3% over prior year

## Next Steps:

- August 13 Board Meeting
  - Call the Bond Election
  - Accountability Resolution
  - Bond Oversight Resolution
  - Joint Election Agreement
- Hiring Architects
- Performance Contracting

