

2020 Citizens' Bond Committee Questions 4-27-20

General Questions

1. May we get a copy of the listed priorities in this presentation?

Yes, the committee received a copy of all the presentations on Tuesday, April 28. All of the presentations are also posted online here: <https://www.lcisd.org/about/bond-information>

2. Can we visit the facilities for assessment purposes?

Yes. We will need a list of sites the committee—or committee members—would like to visit and we can schedule site visits. Social distancing criteria will need to be observed.

3. Can we have pictures of the interior improvements? It will make it easier to assess the true need.

Yes. Attached you will find a sampling of photos. These photos will also be posted online.

4. What is the Framework for Facilities Planning 2003? We are in 2020...shouldn't there be a newer "Framework?"

The Framework for Facilities Planning is attached. It is simply a process that utilizes the RACE (Research-Analyze-Communicate-Evaluate) Model to help plan the components of a bond referendum.

5. How have the Master Plan Principles evolved since 2003 based on state and federal funding and the growth in the district?

The Master Plan Principles have been periodically revisited. Feedback from the community is solicited regarding the number of students per campus and academic impact of changes. The School Board also reviews the Master Plan Principles prior to every bond planning process. The Master Plan Principles are a Board decision. They guide the work of the Citizens' Bond Committee, but the committee does not have any input into the Master Plan Principles. The Master Plan Principles are attached for your review. They are also posted online.

6. Was their community involvement in the generating of the Long-Range Master Plan?

The Long-Range Facilities Master Plan was generated using information collected from staff, the Facility Assessment Report and the Demographic Report. Campus principals complete questionnaires at the beginning of the process and are typically aware of feedback from their community, which is reflected in their responses.

7. Will the committee members be provided hard copies of the presentations from today?

Committee members can receive hard copies, upon request.

8. What industries are attracting people to move to our school district area?

There are several far west logistic centers that are contributing to our suburban industrial growth. These include:

- **Twinwood Business Park near I-10**
- **Costco Distribution Center on I-10**
- **Ross sorting/distribution center near I-10: 1,300 jobs**
- **Dollar Tree 1.2 million sq. ft. distribution center**
 - **300–400 jobs added in west Rosenberg**
- **Freeport to Rosenberg rail study commissioned**
- **SW Intn'l Gateway (540 ac./8 mil. sq. ft. NW of El Campo)**

9. Why is the blue track split up by the red track? Kids from Kendleton area ride the bus to Lamar?

In 2010, Kendleton ISD was closed by the State of Texas and became part of Lamar CISD. Prior to this time, Kendleton ISD was a district that served only pre-k through 6th-grade and the students from the Kendleton area in grades 7-12 always attended Lamar Junior High and Lamar Consolidated High School. Considering both Lamar Consolidated High School and Terry High School are roughly one mile apart, previous attendance boundary committees have always recommended this small, rural community remain in the blue track to preserve continuity and tradition.

10. Will the results of the current census being conducted impact PASA's estimates? If so, what year would we see those updates reflected?

Yes, the Census data will be studied and incorporated into PASA studies. The Census data will be released in stages, with the smaller units of analysis (Block Groups) data that is important for this kind of work being released later. Originally, this data was expected by March 30, 2021, but that has been delayed due to COVID-19. The earliest PASA can possibly access this data will be July 2021. Therefore, the Demographic Study conducted for Lamar CISD in 2021-22 could potentially incorporate Census data.

11. The PASA high school long range planning numbers didn't reflect the impact of Randle High (and Junior High). Assuming they open in August 2021, what is the revised projected students at George Ranch and Terry?

That is yet to be determined, as the Randle/Wright Attendance Boundary Committee will begin work this June. Once the Board approves the updated secondary attendance boundary zones, the 2021 Demographic Report would be updated to reflect the new campus, new enrollments and future projections. The Board is scheduled to approve the new attendance boundary zones in August and the demographic report is delivered every February.

Previous Bonds

12. What say does this committee have on projects that have already started?

The committee does not have any involvement on projects that have already started. All projects currently in progress have been approved through the proposal process, awarded and funding encumbered.

13. Can we have the status of the 2014 & 2017 bond projects in a spreadsheet containing design phase, bid, construction, estimated completion date, under/over budget, contractor?

Yes, attached you will find a document with this information. This information will also be posted online.

14. Many of the items in this last bond issuance called for doing projects that could be considered maintenance. Such as wall coverings carpeting painting parking lots and the such?

There is an annual operating budget to maintain the District property. Projects such as carpet, painting, roofing, etc. that may be a high dollar amount are requested through capital outlay in addition to the operating budget. Roof replacements and carpet replacements are generally on a 20-year life cycle and can be very costly. These items are generally difficult to fund through an annual operating budget due to the high cost, which is why they are placed on a bond referendum.

All these items have an estimated life cycle that the District monitors. The maintenance history is also a factor in these recommendations. When issues start to occur near the end of the life cycle, the District will consult with architects, engineers and the manufacturers to determine the best plan of action.

15. When will the new high school be finished/ is there a timeline for its growth?

Dr. Thomas E. Randle High School will be complete and open in August 2021. Growth projections will be included in the 2021 PASA demographic report once the secondary attendance boundary zones are finalized. The Board is scheduled to approve the new attendance boundary zones in August and the demographic report is delivered every February.

16. Has there been a mobility study surrounding Randle and Wright schools? (FBC will have a mobility bond on the ballot in Nov as well.)?

Yes. Traffic studies are required by the County and reviewed by the County. A Traffic Impact Analysis (TIA) was done in June of 2019 and was submitted to Fort Bend County and TxDOT. Recommendations contained in the TIA are incorporated into the final design and approved by the County.

2020 Bond

17. Why are these items not part of the regular operating budget?

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18. Is the bond committee deciding the ranking of importance regarding Level 1/2, Level 3 - 4, etc. or is the district giving us the guidance?

The priorities have been decided by staff with feedback from consultants. Priority 1s are for items needing attention in one to two years.

The ranking of priorities is done by District facilities and maintenance staff and other department heads, along with hired professional consultants. A large majority of the priority rankings are directly related to life cycle and expected required replacement of systems or materials. Due to the technical nature of the evaluation process of life cycle items, the committee is being asked to consider P1s or P2s as a group and they

are not being asked to evaluate the thousands of priority maintenance items individually.

19. A football stadium costs more than a Junior high school?

Yes. When compiling the numbers, we used the information from the most recent Houston area stadiums under construction.

The cost of a stadium does cost more than a junior high school. Because of the scale and large assembly occupancy of a stadium, there are many complicated construction components that do not exist in most junior high school projects.

20. Is the new stadium incorporated in the NEW FACILITIES & LAND?

Yes, it is in the slide for New Facilities & Land. However, if the Citizens' Bond Committee includes a stadium in its recommendation to the Board, the legislature has required it be a separate item on a bond menu.

21. GRHS is really new, why replace roof??? this is almost a BILLION.... / George Ranch is a fairly new school. Why is the need for a new roof so soon?

George Ranch High School only requires roof repairs. George Junior High needs a roof replacement.

22. What about the construction of a vestibule at Huggins Elem? I did not see that as an exterior item.

During the 2019-2020 school year, Huggins Elementary had a video security buzzer system installed. Feedback from the campus is overwhelmingly positive and meets the security needs of the campus.

23. Could the county and city partner with the school district for an event center?

Yes. Options for a shared partnership have been, and are continuing to be, considered.

24. What other School Districts own and operate their own event centers?

Katy ISD and Cy-Fair ISD are the most common comparisons to a multi-purpose event center. There are other area centers that are essentially a large basketball facility and cannot accommodate the events held in the Katy ISD and Cy-Fair ISD facilities.

25. Why wouldn't we utilize the Smart Financial Centre at Sugar Land instead of building a new event center? / Does Smart Financial allow use at a cost or do they donate the facility?

The Merrell Center in Katy is currently what Lamar CISD has been using. Both the Merrell Center and Smart Financial Center charge a facility use fee.

Lamar CISD's annual rental agreement with the Merrell Center for graduation ceremonies is \$68,720. We have not used the Smart Financial Centre as the estimates have always been over six figures.

26. What goes into the decision of building order? Case in point: Orchestra buildings. Why build the Junior High first and then the high school? For an instance like this, the high school program is already going strong, by the time the junior high facility is complete, the high schools will be struggling for space. Are the parental concerns about high school aged kids (even seniors) traveling down into younger campuses (particularly 6th grade) If the high school was built first, junior high students could, also, travel up, as we do in other programs.

Lamar CISD implemented the orchestra program in the 2017-2018 school year for 6th, 7th and 8th grade students. It is in its second year at the high school level. In the case of orchestra rooms, the District recommended the construction of orchestra rooms in the last bond. Ultimately, it was decided to have those built at the middle schools in order to take advantage of lower building costs. Students can be transported between campuses for orchestra classes until program enrollment, orchestra teacher staffing and orchestra facilities at all campuses makes this unnecessary.

In the 2020 recommendation, there are orchestra rooms at all secondary schools. Campuses currently under construction, Randle High School and Wright Junior High, have an orchestra room included.

27. Surrounding districts are investing in the CTE studies. Any thoughts on LCISD's future to CTE campus or increased facility usage?

The District did not recommend a Career & Technology Center in its initial needs assessment.

We have partnered with the Texas State Technical College (TSTC), which recently opened a state-of-the-art facility in Lamar CISD. We also partner with Wharton County Junior College (WCJC), Alvin Community College, Brazosport Junior College, the Art Institute of Houston and the Culinary Institute LeNotre for numerous post-secondary and dual-credit educational opportunities.

Additionally, we offer multiple comprehensive Career & Technical Education (CTE) courses on all our junior high and high school

campuses.

Last school year, our CTE students earned industry certifications in a variety of areas, including: Pharmacy Technician, Veterinary Assistant, Insurance Coding, ASE Auto Maintenance and more.

We're also working with WCJC for dual-credit pathways in the following areas:

- Business Office Technology
- Computer Science
 - Computer Simulation & Game Development
 - Digital Media
 - Network Support Technician
 - Network Administration
- Cosmetology
- Early Childhood
- Process Technology
- Health Information Technology
- Human Services
- Paralegal Studies

If there is consensus among the members of the 2020 Citizens' Bond Committee, a Career & Technology Center may be proposed as part of the recommendation to the Board of Trustees.

28. Could we have the year built added to the slides stating the School Name(s)?

Yes. Attached you will find a document that includes the school name and the year built.

Finance

29. How did we get cost projections? / How are the forecasted cost of the items identified developed?

Our third-party vendor, PBK Architects, has a robust computer database that can estimate costs for repairs, replacements and new buildings based on current industry standards and can be adjusted for inflation. PBK's extensive Houston area construction cost database includes recent K-12 construction projects, including the most recent Lamar CISD construction projects, to develop anticipated construction cost. Construction costs are always presented first as current-year cost and then inflated to the projected bid date as identified in the Demographics Report.

30. Are the costs quoted per facility open bid or is there a narrow (prescribed) bidders list?

The costs quoted in the Facilities Assessment are provided by consultants (PBK Architects) in current-year dollars, escalated by an inflation rate to the year that the facility will go out for bid. The costs are based on the consultants' knowledge and experience in building school facilities and recent market and economic data.

The District is required to follow the State of Texas' procurement laws as well as Board Policies (Legal and Local). All purchases over certain threshold amounts must be acquired using approved competitive purchasing methods. There are higher levels of compliance required for construction projects. You may refer to Board Policy CH for general purchasing requirements and Board Policies CV, CVA, CVB, and CVC for construction-related requirements. Board Policy for Lamar CISD can be found here: <https://pol.tasb.org/Home/Index/481>

31. Can you let us know what the tax increase would be for the recommended proposal?

The proposal provided includes all Priority 1 items from the Facilities Assessment, recommendations based on the demographic study, and certain facilities used Districtwide. Not all items will end up in the CBAC's recommendation to the Board of Trustees, and others may be added. In addition, any tax rate impact analysis is based on certain assumptions that are reasonable in the current market and economic climate. At the time of sale(s), the values assumed will have changed. At the current time, we are using the following assumptions:

3 bond sales -

Fixed interest rates: 3% for first sale, 3.75% for subsequent sales

Maturity: 40 years Variable interest rate: 1.95%

Tax Collection Rate: 99% Property Value Growth Rates: 4.5%, 6.5% and 8.5%

Based on three growth rate scenarios, the impact on the Interest and Sinking Fund Tax Rate is estimated as follows, and would occur gradually over a period of years (if needed):

4.5% property value growth rate: \$0.16/\$100 valuation

6.5% property value growth rate: \$0.11/\$100 valuation

8.5% property value growth rate: \$0.07/\$100 valuation

These values will be added to the rate needed for servicing existing debt, which is anticipated to be \$0.38/\$100 over the next two years.

Please remember that the District has been able to maintain a level I/S tax rate for many years and will continue using all strategies available to minimize the rate increase. Over the previous nine years the Lamar CISD tax rate has not increased,

despite bond elections in 2014 and 2017. However, value growth is a critical factor over which we do not have control.

32. What are the funding projections for this growth based on current taxing authority? / Were the higher tax percentages on the 2020 FBCAD letters part of the tax rate or will it be further increased?

Our projections begin with property values based on the current estimate of values for 2019 and reflect five years of value growth at the assumed rates noted in question #31. Growing the values for more than five years exceeds our expected bond election rotation cycle of three years and would not provide capacity for issuing additional bonds in the future.

33. What's the historical property value growth rate (that serves as the basis for the 6.5% assumed rate)?

Over the past five years, values in the Lamar CISD have grown at the rates below:

2020 (estimate currently being used):	5.26%
2019:	7.57%
2018:	3.65%
2017:	5.51%
2016:	9.43%

The estimated value for 2020 is based on preliminary reports received from the central appraisal district and are expected to be conservative. The 6.5 percent growth rate was established before those reports were available, but should still be reasonable.

34. Why can we not set the spending in the district to the growth in the district. This would allow for no new taxes.

The Citizens' Bond Committee can elect to reduce the number of projects under consideration to a value where our models will predict no increase in the I/S tax rate. However, our concern is that the District would not be able to accommodate the student growth predicted by demographers, the equipment and technology needs of students, or be able to purchase land and buses needed.

Also, without new facilities, the District would have to accommodate student growth with temporary buildings. These buildings and infrastructure would place additional stress on the annual operating budget and could impact the funding available for student instruction.

Finally, with bonds in excess of \$1 billion currently outstanding, there is no way to guarantee that the I/S tax rate would never increase even with no new election. Slowing or declining value growth or lower investment rates could require tax rate adjustment.

35. As the last few bonds have been increasing with the last around 350M on a 3-year cycle do we reduce this 800M bond to address the near-term needs vs 2029 forecasts and propose another in 3 years?

This bond package considers the 10 years covered by the Demographic Report and assumes a three-year bond election cycle. There are a few projects that can be scaled back or eliminated in order to lower the total amount. The charge of the Citizens' Bond Committee is to review the projects and data that support them and recommend changes as they see fit.

36. Projecting growth and population additions (new taxpayers) , do the projections provided take this new taxpayer base into account? We have projections for student growth over 10 years. Certainly, there is something reasonable we could look at for projected new taxpayers to our district. Speak about how this could impact our bottom line as taxpayers.

Use of the property value growth rate is how new taxpayers are factored into the equation. For instance, a February 2020 report of preliminary 2020 values shows that approximately 2,800 new residential, single-family accounts have been added to the tax roll for the current year. The value of these accounts would be contained in the overall 6.5 percent growth rate used in tax rate models.

37. Does the district growth completely fund the suggested requirements?

No. I/S tax rate increases would be required.

38. What is the rate at which we are eliminating debt we already have?

Currently, total debt service per year is roughly \$72 million through 2036, approximately \$60 million through 2045, and then tapers off after that and eliminated in 2051. About \$25-40 million in principal is paid off per year.

39. In the last 5 bond cycles we doubled the rate. In this bond cycle we would add almost another third to that. Is my guestimate right?

Over the past five bond cycles, the I/S tax rate increased from about 16.5 cents to 35 cents per \$100 valuation, so yes, it doubled between 2003 and 2019. However, the important points to note are that the District entered a tremendous period of growth beginning in about 2014 (64.78 percent increase). This is reflected in the tax rate since

then. The District has maintained a 33-35 cent tax rate for the past eight years (half of the period reviewed).

40. Are there any concerns on the financial impacts the Coronavirus might have to the district?

Yes. Administration routinely prepares projections of operating results and is currently reviewing the impact of the pandemic on projections for the current fiscal year. We are expecting certain savings occurring during the year to offset revenues that are sure to be less than budgeted. However, the impact is not expected to be significant, especially with federal and state relief funds becoming available.

As for bond election planning, we will be conservative in tax rate models and all information provided. Administration will continue to monitor any new developments and adjust plans accordingly. If the bond election is successful, the District will continue to monitor economic conditions. This is one of the methods administration has always used to manage the tax rate. For instance, if enrollment does not grow as anticipated, plans for construction change, and therefore the timing and amounts of bond sales change. We monitor many data sources and have become very nimble and able to pivot during periods of uncertainty.

41. Could we have the percentage of total listed next to the category? For instance, Safety and Security for children was .0038% of the total money requested

There are instances where categories overlap. Safety and Security is a good example of such an instance. While there is a specific line item titled Safety and Security, this item encompasses creating a robust communications network for the District. Many projects across the District that physically impact District facilities are designed using the latest industry standards for creating safe and secure facilities.

42. Have we looked at Cy-Fair ISD Berry center/stadium? Has that been successful in generating revenue for the district? / What potential could an events center provide as a revenue generating device? How much do we pay to other entities (Katy ISD?) for use of their facilities? / Has someone done an outreach to other PACS (Katy, Spring Brach, Cy-Fair, Aldine) to get numbers in terms of: What do they utilize the facilities for? What does their calendar look like regarding its capacity and usage? Budget/Income numbers?

Each of the facilities have different functions and capabilities. The Berry Center was opened in time for graduation ceremonies in May 2006. It is a complex of five main facilities: arena, conference center, stadium, theater, and food distribution center. These facilities are used by Cy-Fair ISD for: food preparation for delivery to campuses, athletic events and tournaments, graduations, student performances, concerts, galas and proms, banquets and convocation, among other things. The District retains

priority booking for all the facilities, and when unoccupied, the sites are offered for the booking of outside rentals.

The Berry Center does not generate additional funds for the District because its focus remains on student use. In the past fiscal year, the Berry Center (specifically) generated roughly \$3 million in revenue but sustained an operational cost of \$6 million. The loss was made up largely through cost avoidance. The District estimates that 65 percent (or possibly more) of the time, the facility is used by the District and avoids costs relating to rentals of space for staff development and convocation, graduations, proms, banquets, retreats and so on. Cy-Fair ISD now has a Visual and Performing Arts Center under construction.

Districts can fill the arena with outside sources and make money or only use it for District events. Katy ISD's policy is to ensure it is available for District use.

The various Houston area K-12 event centers have varying policies related to district use vs. outside reservations. Most districts have established a policy to prioritize District use first, and then allow outside revenue generating reservations. Revenue generation related to a school district's multi-purpose event center is completely dependent on reservation priorities.

Lamar CISD's annual rental agreement with the Merrell Center for graduation ceremonies is \$68,720. We have not used the Smart Financial Centre as the estimates have always been over six figures.

43. Do current schools have operating budgets that get regularly funded? Some of the upgrades seem like typical run & maintain activities... Is there a better way to serve the school to keep up with maintenance vs. the current process (3-yr bond issuance)?

Yes, each campus has an operating budget based on a per-student allocation. Although they may choose to fund certain upgrades with these funds or with donations from parent organizations, we prefer that they use these funds to focus on student instruction and instead, the District establishes an annual property and equipment maintenance budget carried out by the Support Services departments.

The Maintenance and Operations department regularly monitors buildings and equipment and budgets for regular cleaning and upkeep. In many cases, they have established routine schedules for replacements. Projects such as carpet, painting, roofing, etc. that may be a high dollar amount are requested through capital outlay (bonds) in addition to the operating budget. Roof replacements and carpet replacements are generally on a 20-year life cycle and can be very costly. These items are generally difficult to fund through an annual operating budget due to the high cost, which is why they are placed on a bond referendum.

All these items have an estimated life cycle that the District monitors. The maintenance history is also a factor in these recommendations. When issues start to occur near the end of the life cycle, the District will consult with architects, engineers and the manufacturers to determine the best plan of action.