

COMMUNITY TASK FORCE
BOND 2022
Paving Our Path

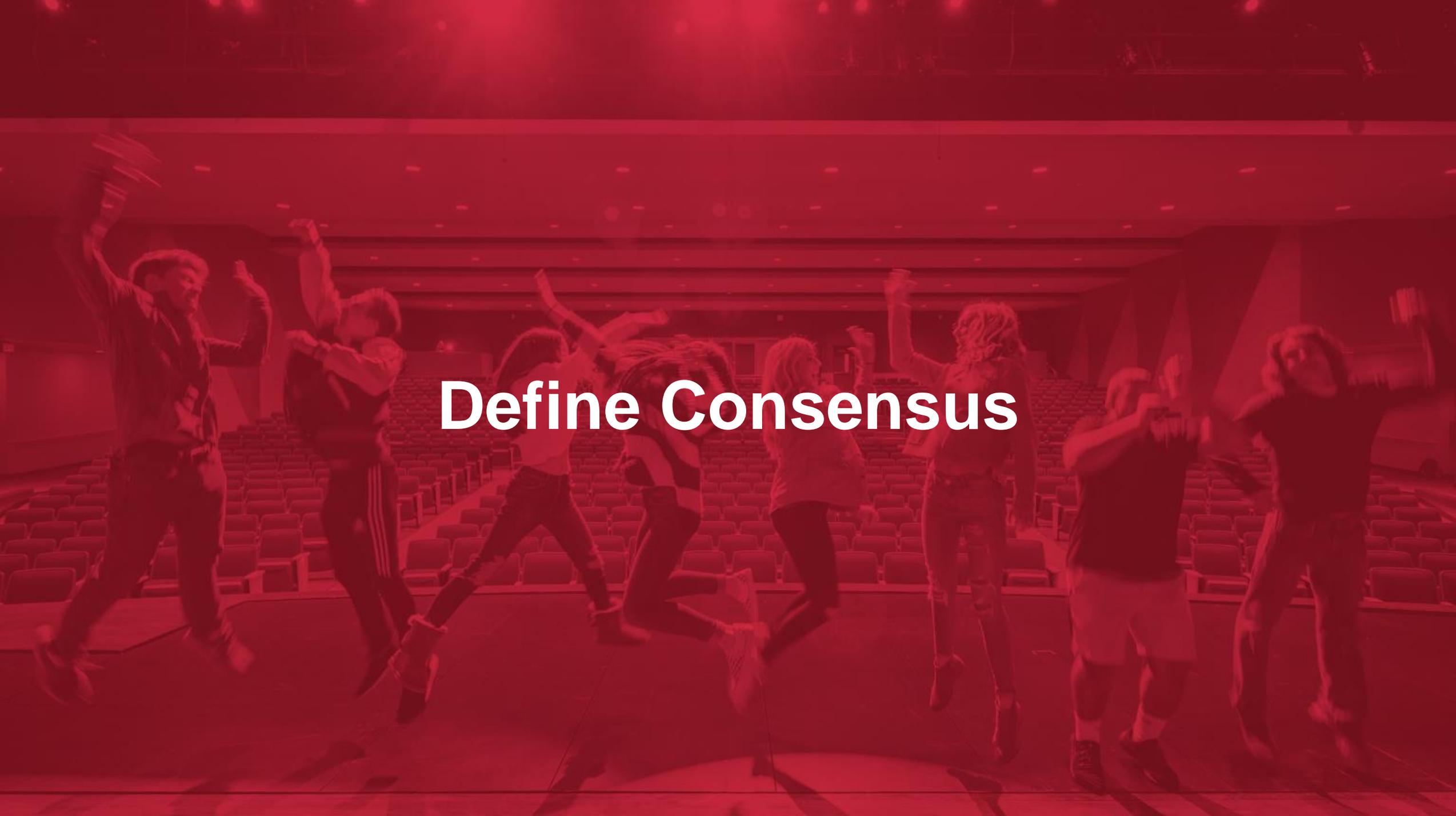
October 20, 2021
Lake Creek High School

Meeting 1 Takeaways



Agenda

- Define Consensus
- School Finance 101
- Facility Assessment Overview
- Visioning Rotations
 - Comparability
 - CTE
 - Operations & Technology

A group of approximately ten people are captured in a moment of high energy and celebration on a stage. They are dressed in casual, contemporary clothing. Some have their arms raised, some are clapping, and others are in mid-air as if jumping or dancing. The background consists of rows of empty, light-colored seats, suggesting a large indoor arena or stadium. The entire scene is overlaid with a semi-transparent red filter, which makes the colors appear monochromatic and adds a sense of intensity and excitement. The lighting is bright, highlighting the figures against the darker background of the seats.

Define Consensus

Consensus

Consensus is defined by Merriam-Webster as:

- a general agreement
- the judgment arrived at by most of those concerned
- group solidarity in sentiment and belief;
- *concerned with the process of deliberating and finalizing a decision*

Goal:

Goal is to agree on a definition and then, once recommendation goes forward, for everyone to be able to support it.

Group Discussion: What is Our Definition of Consensus?

- Unanimous agreement
- Unanimous consent (“I can support that.”)
- Unanimous agreement minus one or two votes
- Unanimous consent minus one or two votes
- Super majority thresholds (90%, 80%, 75%, two-thirds, and 60% are common)
- Simple majority



School Finance 101

Quiz - Answers

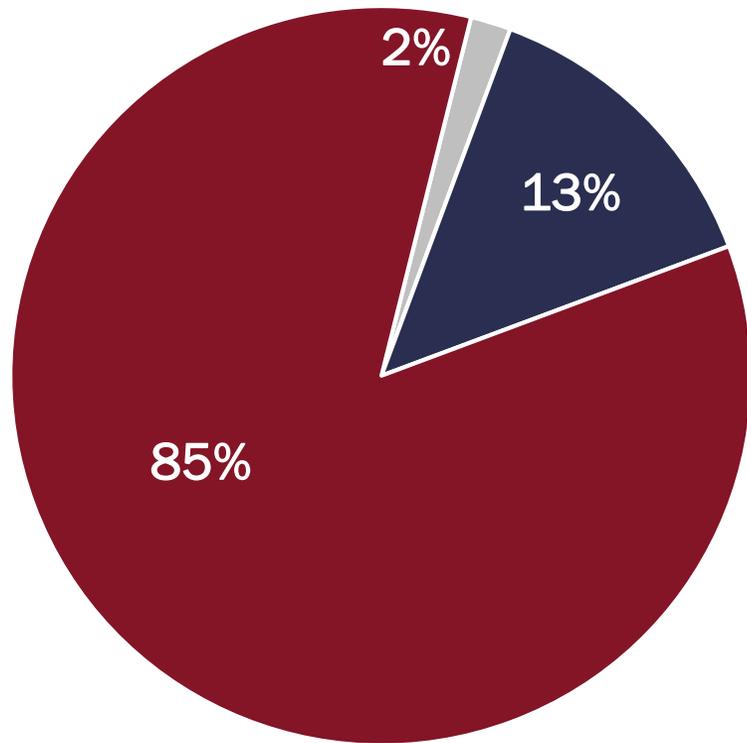
Question 1 – Montgomery ISD receives revenue from 3 sources (Local, Federal and State). Which source provides the largest amount of revenue?

Local

Bonus: What percentage of total revenue does this source provide?

85%

School Finance: The Big Picture



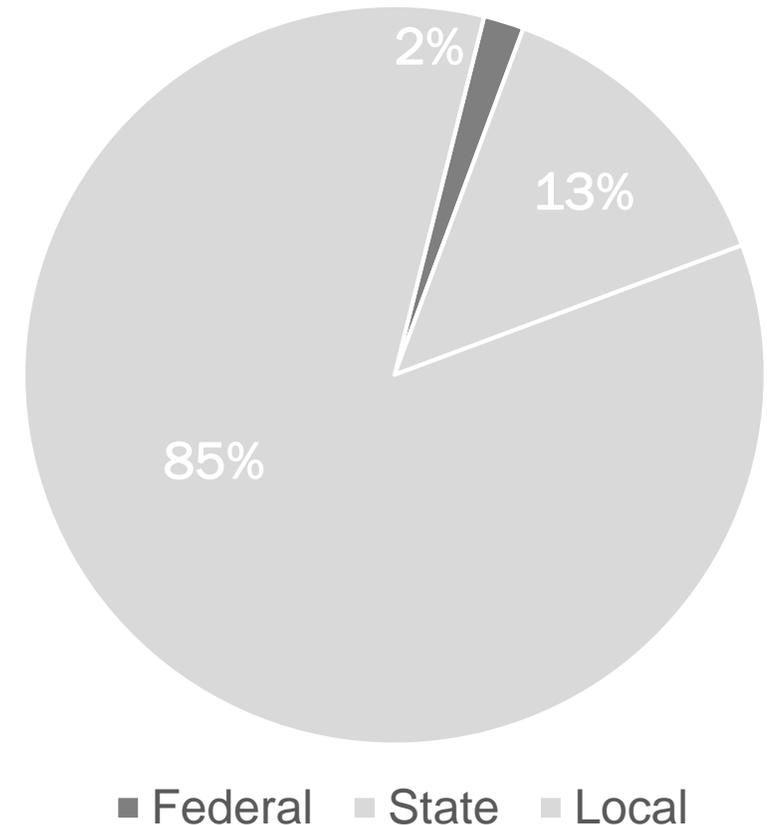
■ Federal ■ State ■ Local

A school district's budget is generated from three sources:

- Federal funding
- State funding
- Local tax effort

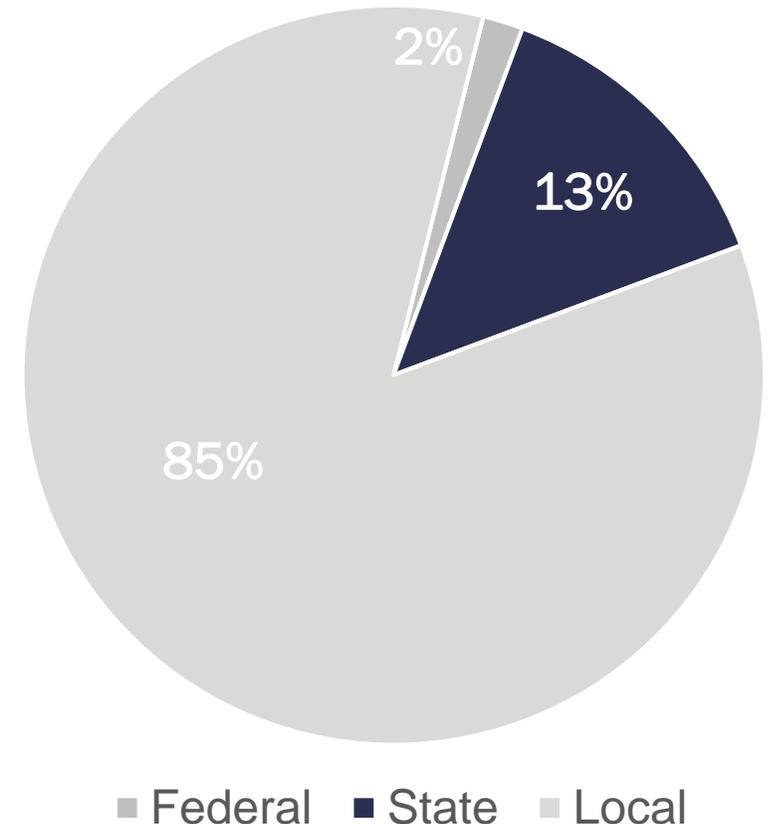
Federal Funding

- Appropriated for special programs or to provide services to a specific group of students
- Cannot be used to replace state or local dollars to fund a program (supplanting)
- About half of federal funds go directly to school districts
- The remainder goes to the State
- ESSER Funds – MISD received \$4M
 - Conroe- \$64M Magnolia- \$29M Willis- \$17M Tomball- over \$11M



State Funding

- Provides state funding to school districts
- Administered by TEA
- Meant to ensure that all school districts, regardless of property wealth, receive “substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences.”



Quiz - Answers

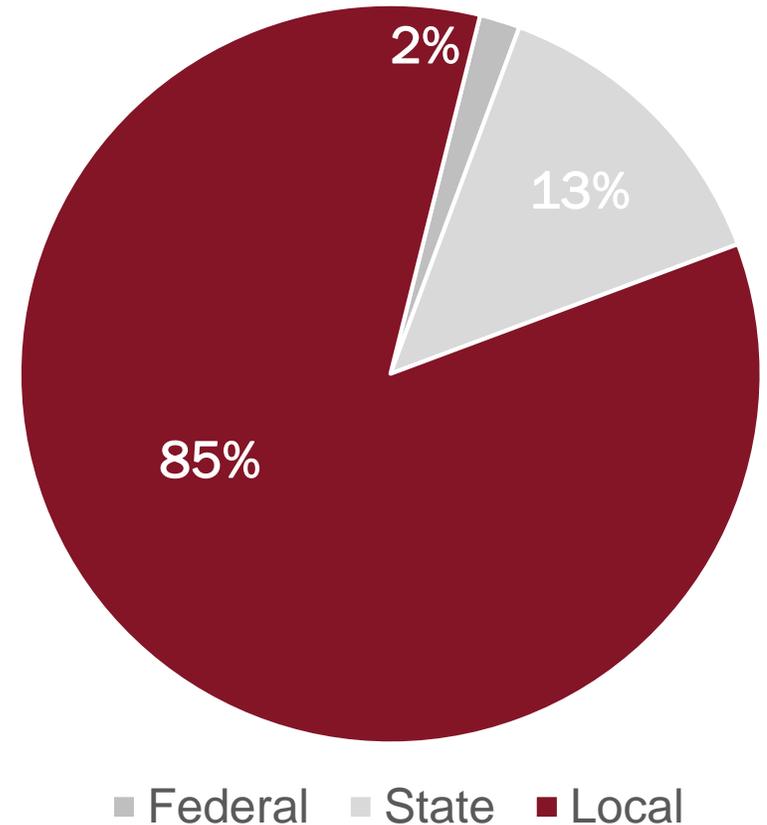
Question 2 – True or False – Montgomery ISD determines your property value when establishing the tax rate.

False

**Montgomery County Appraisal District
determines property values.**

Local Funding

- Generated from property taxes (not sales taxes)
- Montgomery County Appraisal District sets taxable home values
- Called “ad valorem” taxes



M&O vs. I&S

Each year, a school district adopts two tax rates, which determine the total tax rate:



Maintenance & Operations
(M&O – aka general fund)



Interest & Sinking
(I&S – aka debt service)

Quiz - Answers

Question 3 – The MISD tax rate is comprised of two "buckets" (Maintenance & Operations and Interest & Sinking). Employee salaries are paid from which bucket?

Maintenance & Operations

Maintenance & Operations (M&O) Tax Rate

Funds the day-to-day maintenance and operations of the district:

- Salaries (for teachers and other staff)
- Bus repairs, maintenance and fuel
- School supplies and materials
- Utilities (electricity, water, etc.)

For the average citizen this is similar to:

- ✓ House repairs
- ✓ Car fuel
- ✓ Routine services
- ✓ Groceries
- ✓ Cleaning Supplies
- ✓ Utilities

Interest & Sinking (I&S) Tax Rate

Funds debt repayment for “big ticket” items:

- New building construction
- Existing building renovations
- Land purchases
- Program-specific equipment
- Technology
- School buses

For the average citizen
this is similar to:

- ✓ New home purchase
- ✓ House renovations
- ✓ Land for a home
- ✓ New appliances
- ✓ New home computer
- ✓ New car

Quiz - Answers

Question 4 – A school district can issue bonds to pay for "big ticket" capital needs. This is similar to a family taking out a _____ for the purchase of their home.

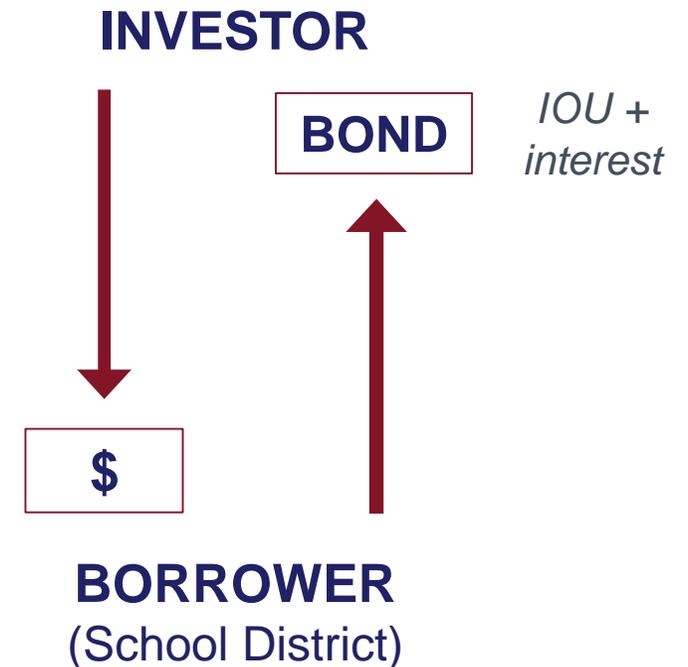
Mortgage

I&S (Debt Service) Funding

What is a bond?

A bond is a debt investment in which an investor loans money to a school district, with interest, for a defined period of time. Essentially, it's similar to a family taking out a mortgage for the purchase of their home.

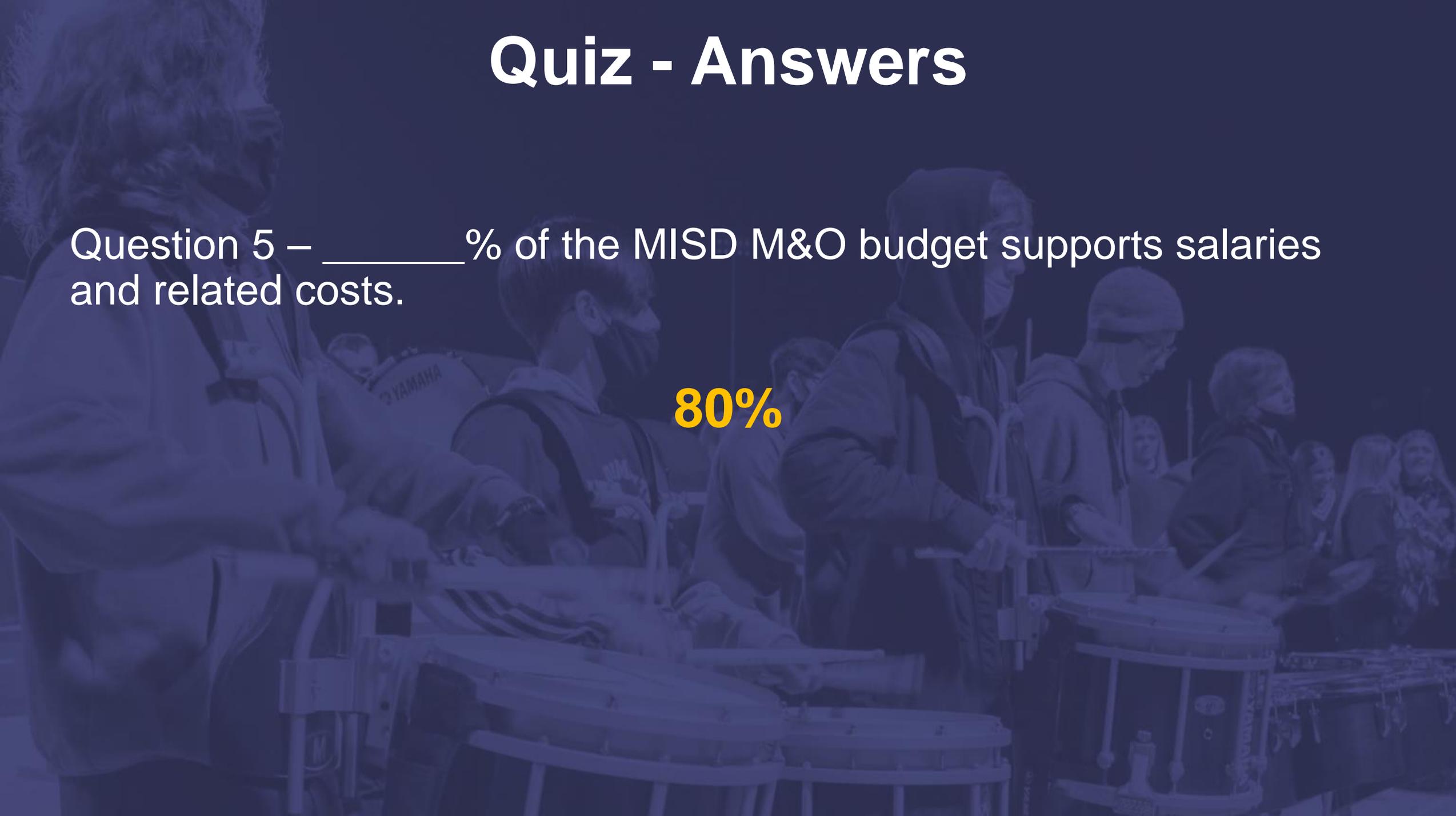
School districts issue bonds to pay for “big ticket” capital needs: new facilities, renovations, land, technology, etc.



Quiz - Answers

Question 5 – _____% of the MISD M&O budget supports salaries and related costs.

80%



Local Tax Effort



The Annual District Budget is passed by the School Board of Trustees.
80% of the District's M&O budget supports personnel salaries and related costs.

Subject to Recapture



I&S funds may only be used to repay debt.

They cannot be used for salaries, utilities or other day-to-day expenses.

100% of the Funds Stay Local

Recapture / “Robin Hood”

Chapter 49 Districts

Pay Recapture to State /
No State Funding

“Gap” Districts

Pay Some Recapture /
Receive Some State
Funding

Chapter 48 Districts

Pay NO Recapture /
Receive State Funding

Local Tax Effort



Capped at \$0.9664 per \$100
of property value.

If a district wants to raise the rate beyond the cap, it requires voter approval through the holding of a Voter-Approval Tax Rate Election.



Capped at \$0.50 per \$100
of property value.

Every cent requires voter approval in a Bond Election.

Current Tax Rate

**M&O
TAX RATE**

**I&S
TAX RATE**

**TOTAL
TAX RATE**

$$\begin{array}{r} \text{M\&O} \\ \text{TAX RATE} \\ \hline \$0.8857 \end{array} + \begin{array}{r} \text{I\&S} \\ \text{TAX RATE} \\ \hline \$0.3743 \end{array} = \begin{array}{r} \text{TOTAL} \\ \text{TAX RATE} \\ \hline \$1.26 \end{array}$$

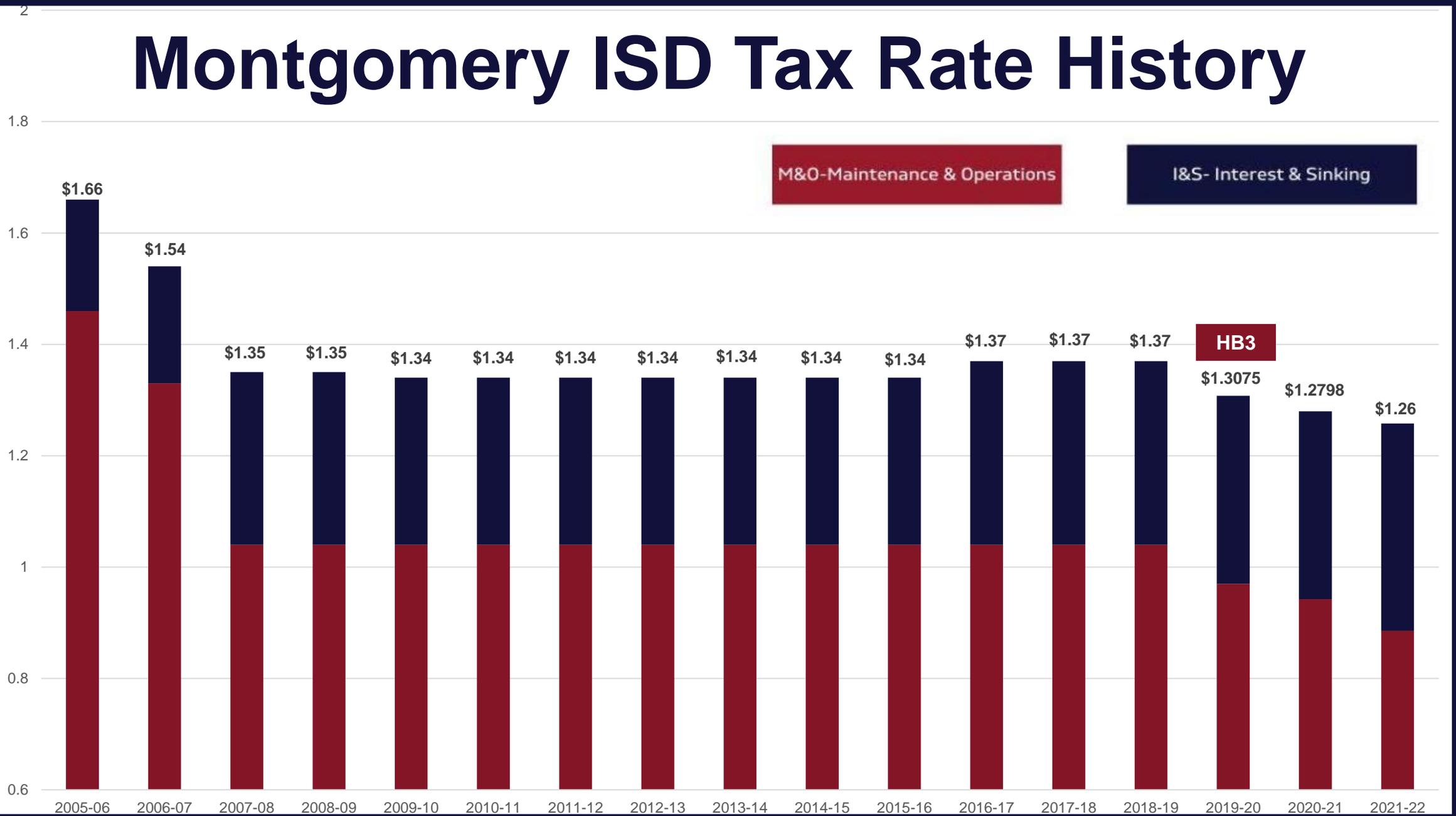
per \$100 of
property value

Quiz - Answers

Question 6 – Since 2018-19 the MISD tax rate has increased or decreased?

Decreased

Montgomery ISD Tax Rate History



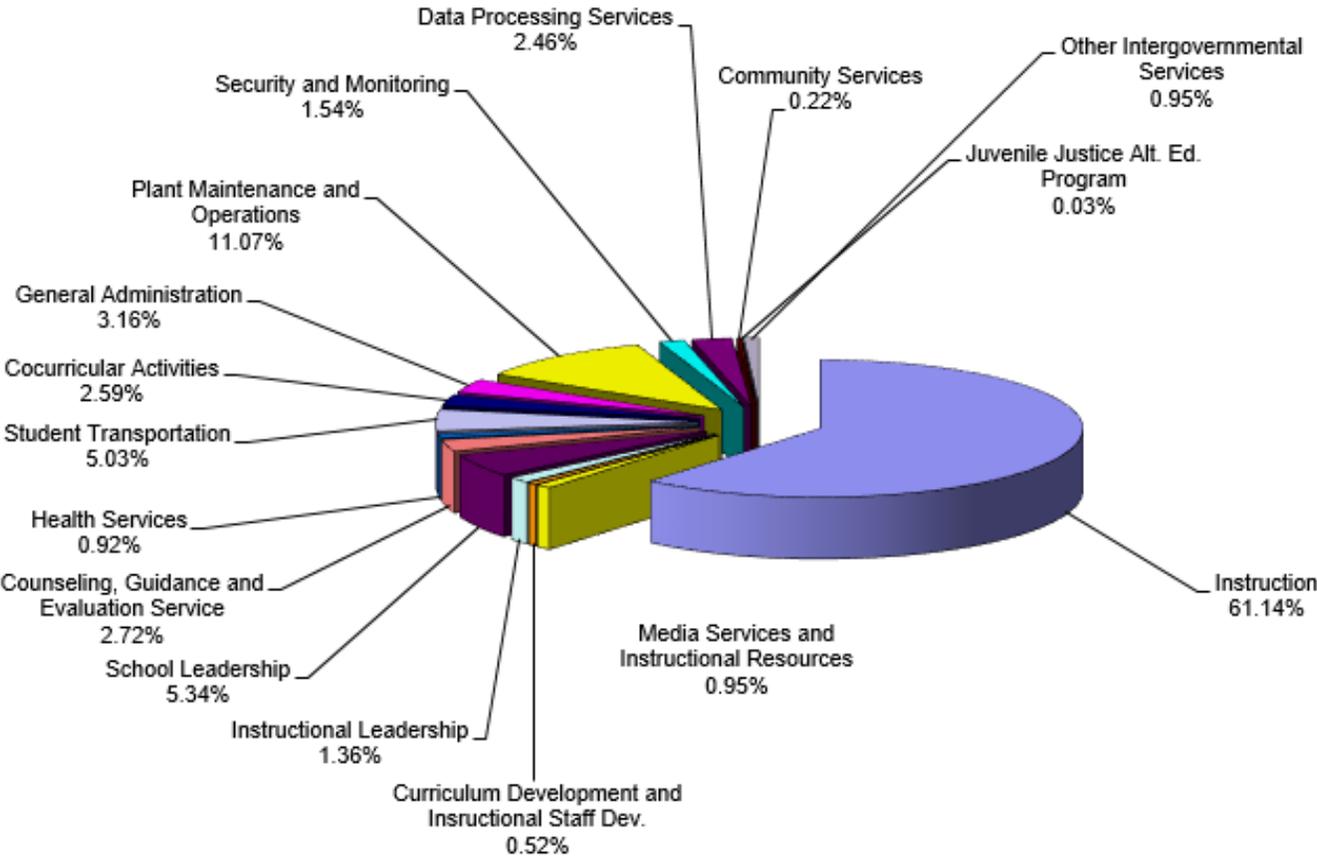
Quiz - Answers

Question 7 – MISD spends 61% of its M&O budget on expenditures related to instruction. Please identify the following expenditures by rank from 2 – 5:

- 5** District Administration
- 4** Student Transportation
- 2** Plant Maintenance & Operations
- 3** Campus Administration

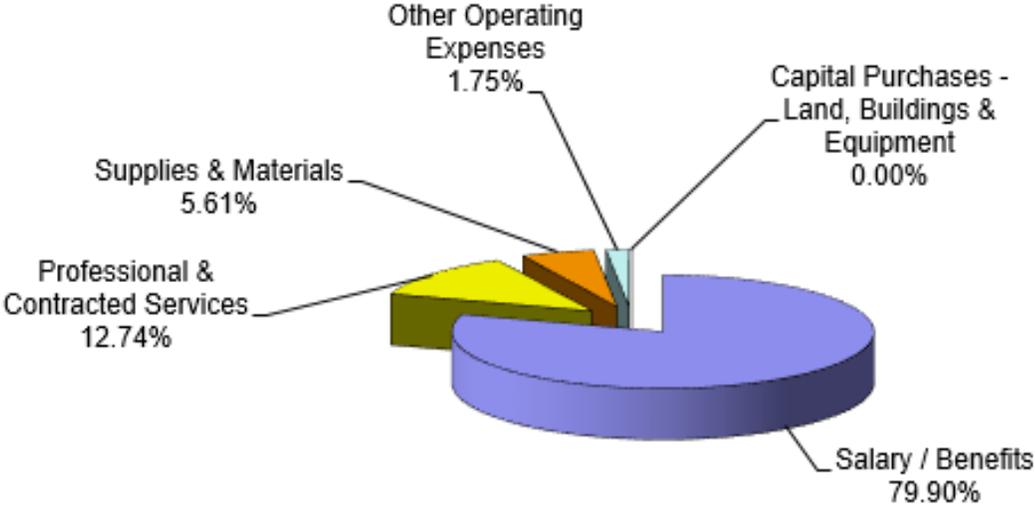
Annual Budget (by Function)

2021-22
Expenditures - Sorted by Function



Annual Budget (by Object)

2021-2022
General Fund Expenditures - Sorted by Major Object



A group of young people are dancing in a gymnasium. The scene is overlaid with a semi-transparent red filter. The text "Career and Technical Education" is centered over the image in a white, bold, sans-serif font.

Career and Technical Education

Career and Technical Education (CTE)

- Career and technical education programs offer a sequence of courses that provides students with coherent and rigorous content.
- CTE content is aligned with challenging academic standards and relevant technical knowledge and skills needed to prepare for **further education and careers** in current or emerging professions.

CTE Career Clusters Offered



**Agriculture,
Food &
Natural
Resources**



**Architecture &
Construction**



**Arts, A/V
Technology &
Communications**



**Business,
Marketing,
& Finance**



**Education &
Training**



Health Science



**Hospitality
& Tourism**



**Human
Services**



Manufacturing



**Science,
Technology,
Engineering &
Mathematics**



**Law &
Public Service**

CTE Programs of Study Offered



Agriculture, Food & Natural Resources

- Applied Agricultural Machinery
- Animal Science
- Plant Science



Architecture & Construction

- Architectural Design



Arts, A/V Technology & Communications

- Digital Communications
- Design and Multimedia Arts



Business, Marketing, & Finance

- Accounting & Financial Services
- Business Management
- Marketing and Sales



Education & Training

- Teaching and Training

CTE Programs of Study Offered



Health Science

- Healthcare Therapeutic



Hospitality & Tourism

- Culinary Arts



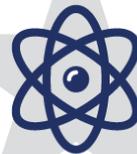
Human Services

- Cosmetology



Manufacturing

- Advanced Manufacturing and Machinery Mechanics



Science, Technology, Engineering & Mathematics

- Engineering



Law & Public Service

- Law Enforcement

A blue-tinted photograph of a school marching band. The band members are wearing dark jackets and are playing various types of drums, including snare drums and larger drums. They are arranged in a line, and the background is dark, suggesting an outdoor setting at night or in a dimly lit area. The overall mood is focused and active.

Facilities Assessment

2021 Facilities Assessment

- Completed in May 2021
- 10 campuses and 6 auxiliary facilities assessed
- Outlines the **current physical conditions** of the facilities as ascertained from **visual observations** of each campus/ buildings.
- A living document, to be reviewed and updated regularly as new deficiencies are identified, the District grows and as educational needs change

2021 Facilities Assessment Team

- **Architectural:** Huckabee
- **Civil Engineering:** Kimley-Horn
- **Structural Engineering (Select Campuses Only):** Wiss, Janney, Elstner Associates, Inc.
- **Mechanical, Electrical, Plumbing and Technology:** LTY Engineers
- **Food Service:** Foodservice Design Professionals
- **Roofing:** Kuhn & Associates

Objective

Generally, observe the condition of each campus, and provide recommendations for improvement.

- **Good** (Preventative Maintenance should maintain expected life)
- **Fair** (Budget for replacement)
- **Poor** (Maintenance cost can exceed replacement cost, and nearing expected end of life)
- **Bad** (Immediate replacement should be considered)

General Observations

- All Campuses will need to have radio repeater testing performed to comply with new IBC Regulations.
- Review the replacement of fluorescent fixtures with LED fixtures throughout older campuses.
- Generators at each campus currently serve only Food Service Equipment.
- MISD can consider the development of new Educational Specs and Tech Specs to help create more comparable facilities district wide.

Assessment Components



Accessibility/ Code

- Compliance with American with Disabilities Act / Texas Accessibility Standards (federal and state law that has no grandfather clause for non-compliant items)
- Building code compliance triggered by level of renovation



Civil

- Site
- Paving
- Concrete/Flatwork
- Student Access & Safety



Exterior

- Walls
- Masonry
- Window Assemblies



Interior

- Floors
- Ceilings
- Doors
- Hardware
- Millwork



MEPT

- Mechanical / HVAC
- Electrical
- Plumbing
- Technology



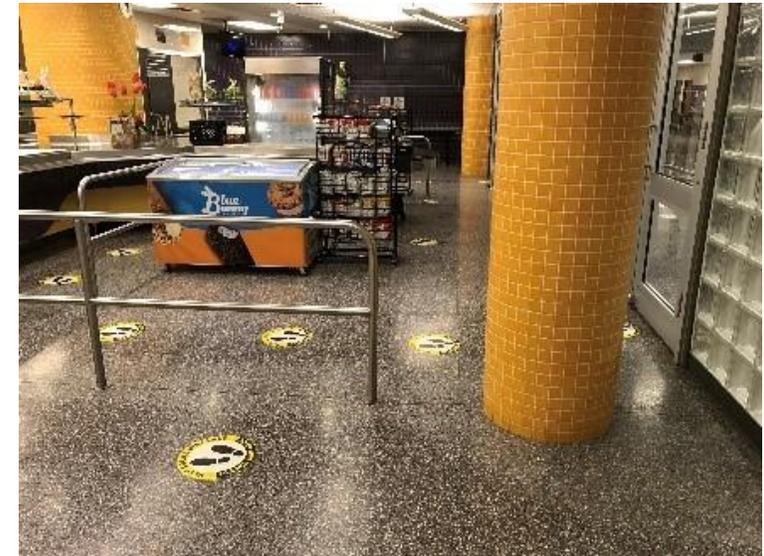
Roof

- Replacement
- Patch / Repair



Food Service

- Kitchen
- Serveries
- Capacity
- Dining



Assessment Cost Estimates

- Cost Analysis provided based on each recommendation.
- Estimates are based on current market costs (spring 2021)
- If construction scope is identified, a more focused field verification will be required and total project cost developed (including escalation, soft costs, etc.)

63.69M

District Total

0.96M

Exterior

3.71M

Interior

40.91M

MEPT

1.24M

Civil

3.65M

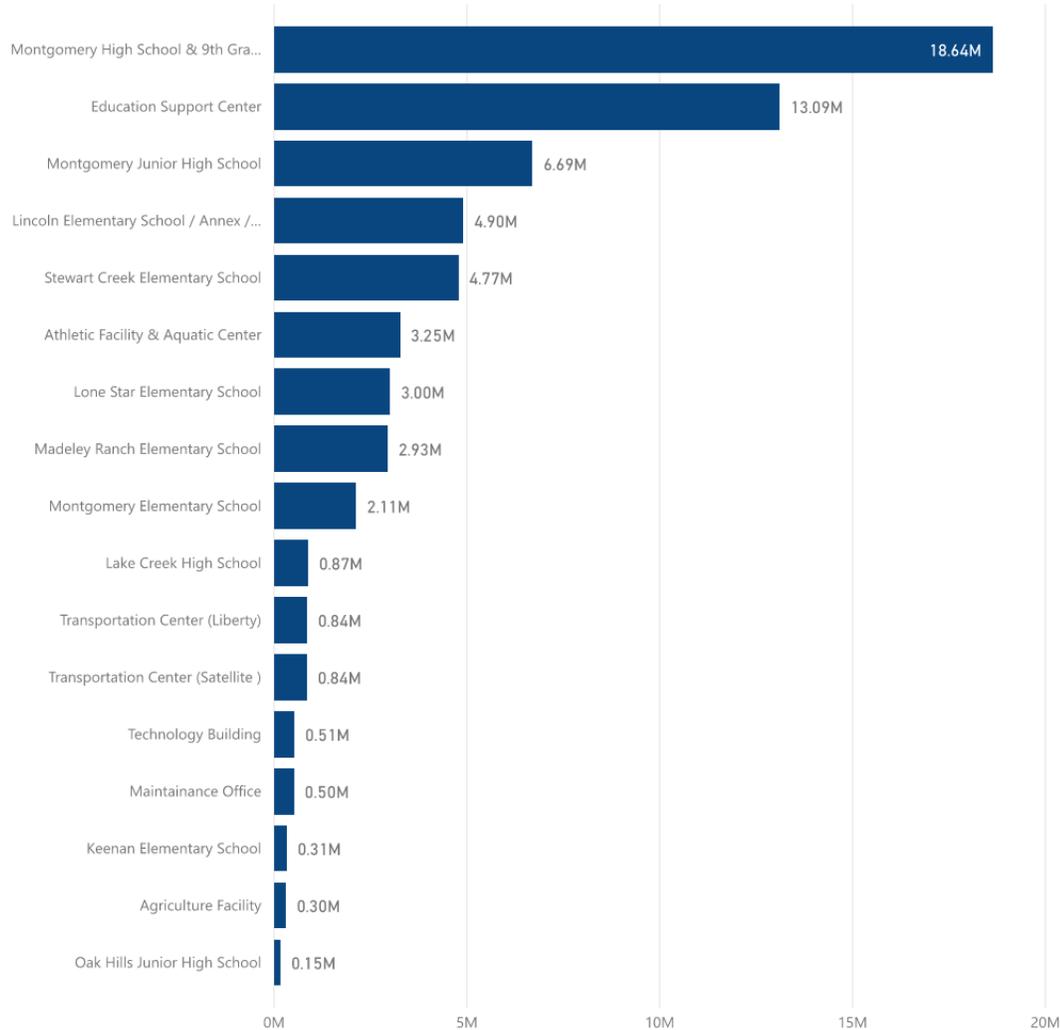
Accessibility ...

2.31M

Roof

Cost Summary (2021 Estimates)

Totals by Facility

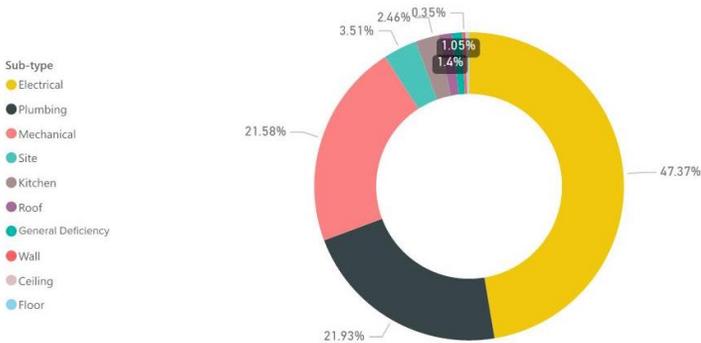


Campus Example: Montgomery High School

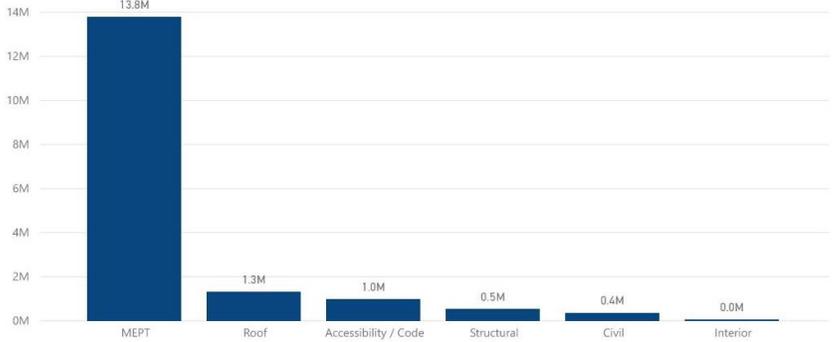


19M Campus Total	\$41.88 \$/SF	445,008 Facility Square Footage
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Number Of Deficiencies



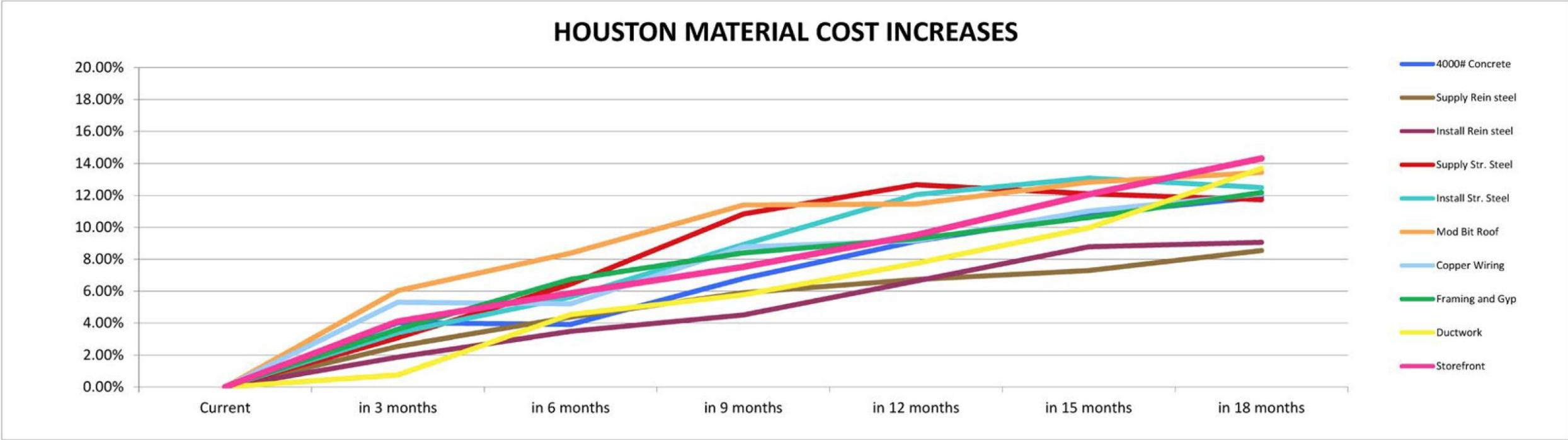
Cost by Deficiency Type



A blue-tinted photograph of a school marching band. The band members are wearing dark jackets and are playing various types of drums, including snare drums and larger marching drums. They are arranged in a line, and the background is dark, suggesting an outdoor setting at night or in a dimly lit area. The overall mood is focused and active.

Building Total Bond Project Costs

Construction Escalation



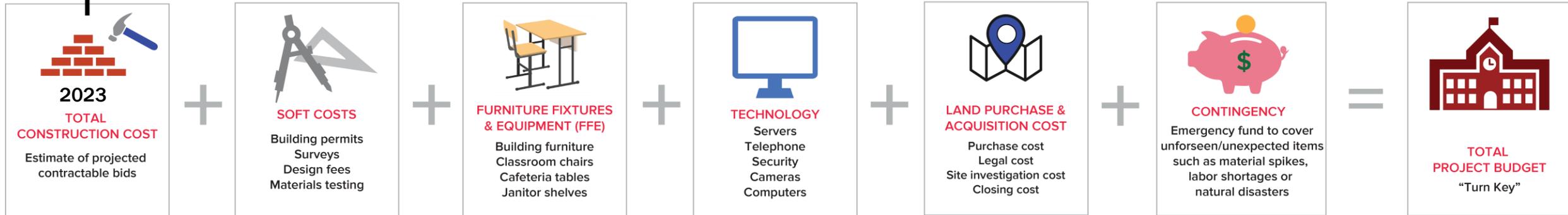
“ Overall construction input prices increased 23.1% from a year ago, as of July, according the U.S. Bureau of Labor Statistics Producer Price Index. Non-residential construction rose 23.4% in the same time period, with steel mill products soaring 108.6%. Energy prices also rose sharply, with natural gas up 146.7% and crude prude petroleum up 102.9%, year over year. ”

Source and Link:

ENR: August 19, 2021 - Alisa Zevin

<https://www.enr.com/articles/52267-steel-prices-causing-construction-pain-point>

Building a Total Bond Project Budget



Example Total Bond Project Budgets

New 900-student Elementary School

Based on construction start in April 2023

- Construction cost: \$30,800,000
- Escalation: \$3,688,092
- Total Escalated Construction Cost: \$34,488,092
- Soft Costs: \$3,793,690
- FFE: \$1,572,657
- Technology: \$1,965,821
- Contingency: \$1,034,643
- **Total Project Costs: \$42,854,903**

Renovations to Stewart Creek

Based on construction start in June 2023

- Construction cost: \$5,993,594
- Escalation: \$892,857
- Total Escalated Construction Cost: \$6,886,452
- Soft Costs: \$757,510
- FFE: \$0
- Technology: \$866,250
- Contingency: \$550,916
- **Total Project Costs: \$9,061,127**

Visioning Rotations



Visioning Rotations

20-minutes on each topic

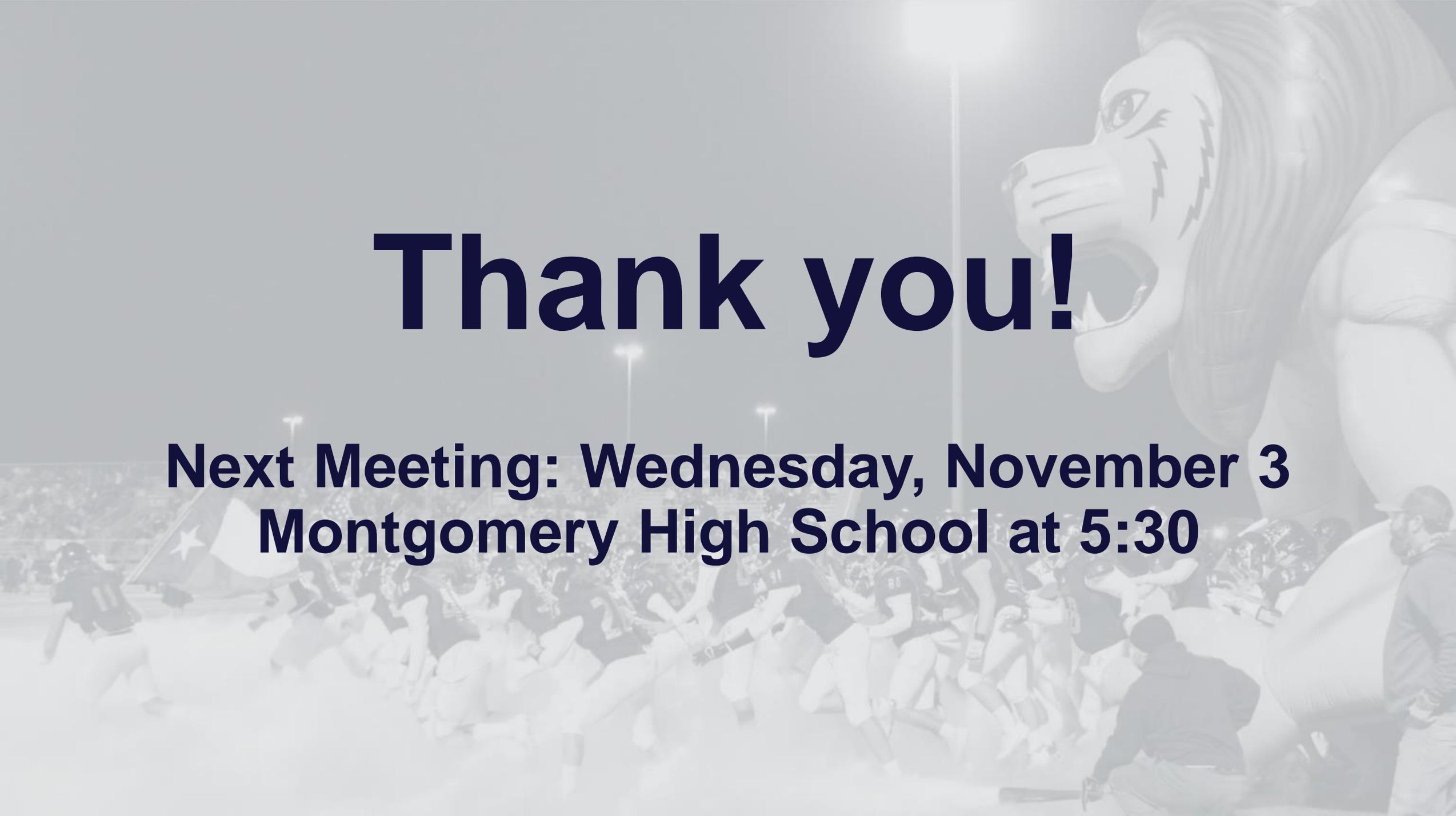
Comparability

Career & Technical Education

Operations & Technology



Tour of Lake Creek High School

The background is a grayscale image of a football game at night. In the foreground, a large tiger mascot is shown roaring with its mouth wide open. Below the mascot, a football team is huddled on the field, with players in dark jerseys and light pants. The scene is illuminated by stadium lights, creating a bright, high-contrast atmosphere.

Thank you!

**Next Meeting: Wednesday, November 3
Montgomery High School at 5:30**