

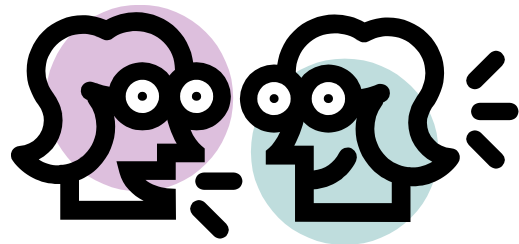
# 2018 Bond & Levy Planning



Board Study Session  
October 2, 2017

# Study Session Purpose

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 Discussion



Decision



 Information



 Direction

# Study Session Outline

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- Bond & Levy Advisory Committee
  - ▣ Meeting 3
- Bond & Levy Recommendation

# Role of Bond & Levy Advisory Committee

- **To provide feedback and advice** on the district's *Building on Success Plan*, which involves bond and levy proposals for 2018 ballot measures
  - ▣ Review survey information and community input
  - ▣ Consider overall cost and tax implications
  - ▣ Provide expertise/perspective based on professional role/connection to the community

# Clarifying Roles

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- Role of the District
- Role of Bond and Levy Advisory Committee
- Role of the Board
- Role of Lake Washington Citizens Levy Committee

# Meeting 1: History & Overview

- Review of Recent History
  - ▣ Enrollment Data
  - ▣ Long-Term Facilities Planning Task Force Recommendations
  - ▣ Long-Term Funding Plan
  - ▣ 2016 Bond Measure
  
- Review of Current Situation
  - ▣ How School Funding Works
  - ▣ Pending Changes to School Funding
    - Legislature and EP&O Impacts
  - ▣ How School Taxes Work
    - LWSD Specifics and King County Comparisons
  
- Closing & Next Steps

# Meetings 2 & 3: Review District's Draft Plan

## Meeting 2:

- Provide update on EP&O impact
- Review draft plans for bond and levies

## Meeting 3:

- Review AV assumptions
- Provide feedback and advice on the plan
  - ▣ Review Parent Survey Data

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# Assessed Valuation (AV) Assumptions



# Total Tax Rate

	<b>Educational Programs and Operations &amp; Levy</b>	<b>Capital Projects Levy</b>	<b>Bond</b>	<b>Total</b>
2017	\$1.32	\$0.63	\$1.21	\$3.16
2018	\$1.26	\$0.59	\$1.31	\$3.16
2019	\$1.03	\$0.59	\$1.31	\$2.93

# How Local School Taxes Work

- Establish a total amount that a district can collect
  - ▣ Example: EP&O Levy \$63.5 million (average per year)
- They are typically expressed in terms of the “rate per \$1,000 of assessed value”
  - ▣ Example: EP&O Levy \$1.03 per \$1,000 of AV
- This rate/\$1000 of assessed value determines what taxpayers pay in their tax bill for school levies
- Levy rates are determined by dividing the total amount to be collected by the district’s total Assessed Valuation (AV) and multiplying by \$1,000
  - ▣ Example (Year 1 of collection)  
$$\frac{\$59,200,000 \text{ total amount}}{\$57,600,000 \text{ Assessed Value}} \times \$1,000 = \$1.03$$

# How Local School Taxes Work

- Levy rates are determined by dividing the total amount to be collected by the district's total Assessed Valuation (AV) and multiplying by \$1,000

- Example (Year 1 of collection)

$$\frac{\$59,200,000}{\$57,600,000,000} \text{ total amount} \times \$1,000 = \$1.03$$

\$57,600,000,000 Assessed Value

- Example (Year 2 of collection)

$$\frac{\$62,200,000}{\$60,500,000,000} \text{ total amount} \times \$1,000 = \$1.03$$

\$60,500,000,000 Assessed Value

# LWSD Historical Assessed Valuation

- LWSD Assessed Valuation Growth over time
  - 5 year average AV growth = 10%
  - 10 year average AV growth = 6%
  - 15 year average AV growth = 9%
  - 20 year average AV growth = 16%
  - 25 year average AV growth = 17%

# LWSD Assessed Valuation History

<b>Year</b>	<b>AV</b>	<b>% Change</b>
2007	31,547,975,575	10.05%
2008	36,229,033,511	14.84%
2009	41,134,278,214	13.54%
2010	35,827,587,494	-12.90%
2011	34,518,301,405	-3.65%
2012	33,679,079,940	-2.43%
2013	33,463,833,496	-0.64%
2014	37,075,748,944	10.79%
2015	43,318,135,154	16.84%
2016	46,903,181,329	8.28%
2017	50,811,214,803	8.33%

# LWSD Assessed Valuation Projection

<b>Year</b>	<b>AV</b>	<b>% Change</b>
2018	54,876,111,987	8.00%
2019	57,619,917,587	5.00%
2020	60,500,913,466	5.00%
2021	63,223,454,572	4.50%
2022	65,752,392,755	4.00%

# Reasonable AV Assumptions

- More aggressive AV assumptions would put our tax rate commitment at risk
  - ▣ If AV does not grow as projected, the tax rate will be higher than we communicated

# Educational Programs and Operations Levy

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## 2014 Levy

- \$63.0 million
- \$64.9 million
- \$66.8 million
- \$68.9 million

Avg. per year \$65.9



## 2018 Levy

- \$59.2 million
- \$62.2 million
- \$65.1 million
- \$67.7 million

Avg. per year \$63.5

Equates to \$2,190 per student

State limit allows \$2,500 per student



# Capital Projects Levy

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## 2014 Levy

- \$31.2 million
- \$31.5 million
- \$32.0 million
- \$32.5 million

Avg. per year \$31.8

\$10.4 Facilities

\$21.4 Technology

## 2018 Levy

- \$34.2 million
- \$35.9 million
- \$37.6 million
- \$39.1 million

Avg. per year \$36.7

\$13.1 Facilities

\$23.6 Technology



Equates to \$1,265 per student

# LWSD Bond Debt Service



Current Debt Service includes first 2016 Bond sale. 2016 Bond includes first sale of 2018 Bond

# Long-term financing plan based on new AV and EP&O

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Year	<u>AV</u>	<u>Increase</u>	<u>EP&amp;O</u>	<u>Capital</u>	<u>Bond</u>	<u>Total</u>
2018	\$54.9	<b>8.0%</b>	\$1.26	\$0.59	\$1.31	<b>\$3.16</b>
2019	\$57.6	5.0%	\$1.03	\$0.59	\$1.31	\$2.93
2020	\$60.5	5.0%	\$1.03	\$0.59	\$1.31	\$2.93
2021	\$63.2	4.5%	\$1.03	\$0.59	\$1.31	\$2.93
2022	\$65.8	4.0%	\$1.03	\$0.59	\$1.31	\$2.93

Assumes EP&O, Capital Levy and Bond amount by collection year grows at same rate as AV growth. If AV grows more, collection amount stays the same.

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# Enrollment Projections

# Enrollment Projection Methodology

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- King County and school district birth statistics used to project kindergarten classes
- Percent change in student enrollment between years used to project further enrollment
- Tracking of new housing developments factored into projections
  - ▣ New housing starts tracked from city and county permitting data
  - ▣ Recently building housing developments tracked to determine students generated from each new home
  - ▣ Data used to project number of students expected from new housing developments

# Long-Term Task Force

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- Based on recommendations from the long-term Task Force we are using additional tools, information, and expertise to refine projections
  - ▣ Review district births data by census track to determine if it can help refine projections
  - ▣ Work with a demographer, Western Demographics, to prepare high, medium, low projections and to make recommendations to refine methodology, and study student generation rates by housing types

# Analysis of Projections over time

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- District long term projections are within 1-2% of actual enrollment
- 1% margin represents about 290 students district wide or about 6 students at an elementary school or 16 students at a high school
- These margins are very reasonable for a district of our size

# 2018 Bond Projects

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Project	Est. Cost (Millions)
Addition at Lake Washington High School	\$36
New elementary school in LWLC	\$47
Remodel or replace and enlarge Kamiakin MS	\$83
New choice high school in the Eastlake/Redmond region	\$45
Remodel or replace and enlarge Alcott Elementary	\$46
Land/Program Contingency/Special Education spaces	\$57
Total Project Cost	\$314
<i>Less estimated State Construction Assistance</i>	<i>\$15</i>
<b>Total 2018 Bond Amount</b>	<b>\$299</b>





# Board Meeting Presentation