

FREDERICKSBURG ISD



BOND 2021

**Bond Steering Committee
Meeting #3
October 7, 2020**

Agenda

- Welcome & Meeting 2 Recap
- Question Cards from Meeting 2
- Tour Takeaways & Discussion
- Potential Solutions
- School Finance & Tax Rate Overview
- Q&A/Closing

Meeting 2 Recap

Meeting 2 Recap

**Determining
Consensus**

**FMS Facility
Assessment**

**FMS Campus Tour
and Reflection**

Questions from Meeting 2

1. Need more information on what “triggers” TEA/ADA compliance. Are there any current claims that need to be addressed?
 - TEA and ADA are both mandated by law.
 - TEA requirements for facility standards apply to new construction projects and major space renovations.
 - When a space is “non-compliant” it means that it is not in line with the current standards for area, student capacity, and/or other features in the Texas Administrative Code rules, which also cover ADA requirements.
 - ADA standards apply to facilities used by the public that are constructed, renovated, or modified, in whole or in part, using public funds.
 - There are very few instances where ADA compliance is not required.

Tour Takeaways & Discussion

Tour Takeaways

- Don't put another dime into this
- Disjointed campus
- Massive accessibility issues
- Depreciated
- Concerned with... experience. We can do better
- AC in new gym
- 800 & 900 buildings have many safety issues and should be replaced. Multiple levels need to be taken out of buildings or buildings completely demolished.
- There is no excuse.. This school is not safe.
- Sell FM
- New Campus needed
- Build new high school campus
- The entire campus is in need of replacement.
- Several health and safety issues
- Historical buildings made safe

Tour Takeaway Summary

- Many health & safety concerns
- Structural Integrity
- Outdated buildings & technology
- No more money should be spent on renovation
- Concern for historical buildings
- Educational efficiency issues
- Does anyone have anything to add or expand upon?

Potential Solutions

Potential Solutions

OPTION 1

New Site,
New School



OPTION 2

Existing Site,
New School



OPTION 3

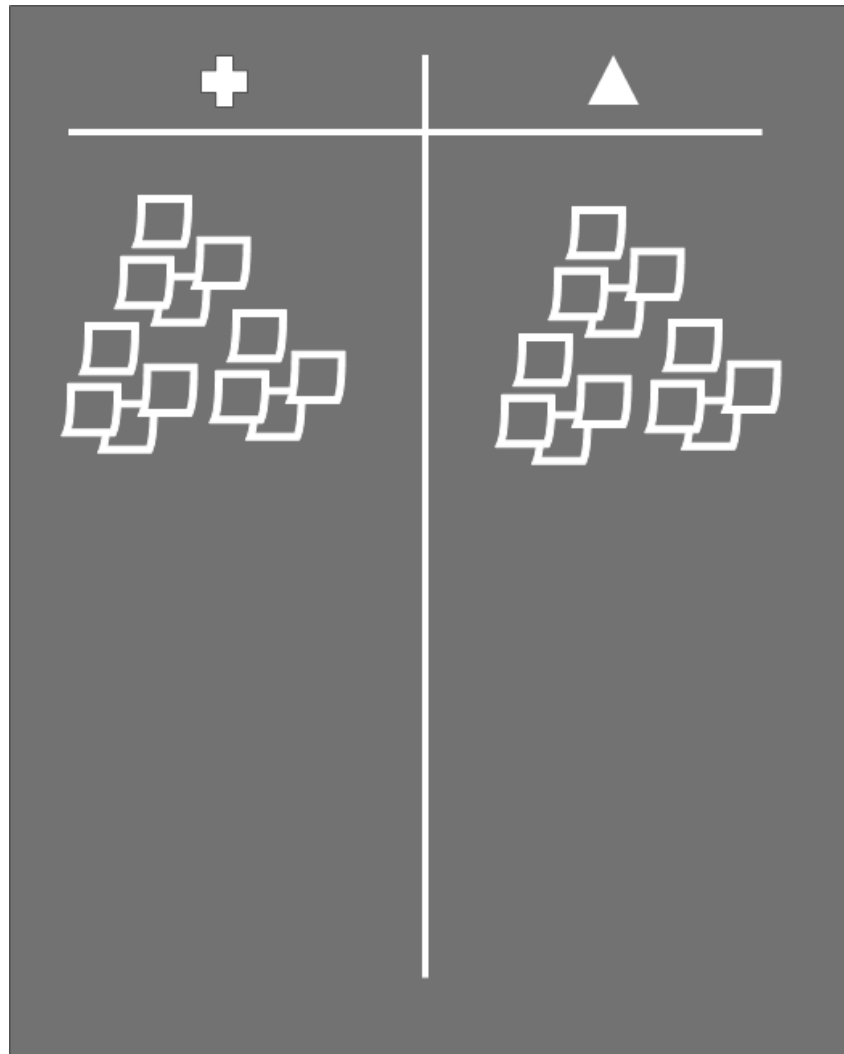
Existing Site, Renovate
Existing Buildings



Plus / Delta Exercise

1. Select a spokesperson
2. Discuss as a group and complete a $+\Delta$ chart for each option
3. When time is called, the spokesperson will share out for each group

Plus / Delta Exercise



One Idea
or Thought
Per Sticky
Note

Other Possible Solutions for MS?

On an index card, list any other possible solutions that should be considered:

- Build New High School, Convert Existing to MS

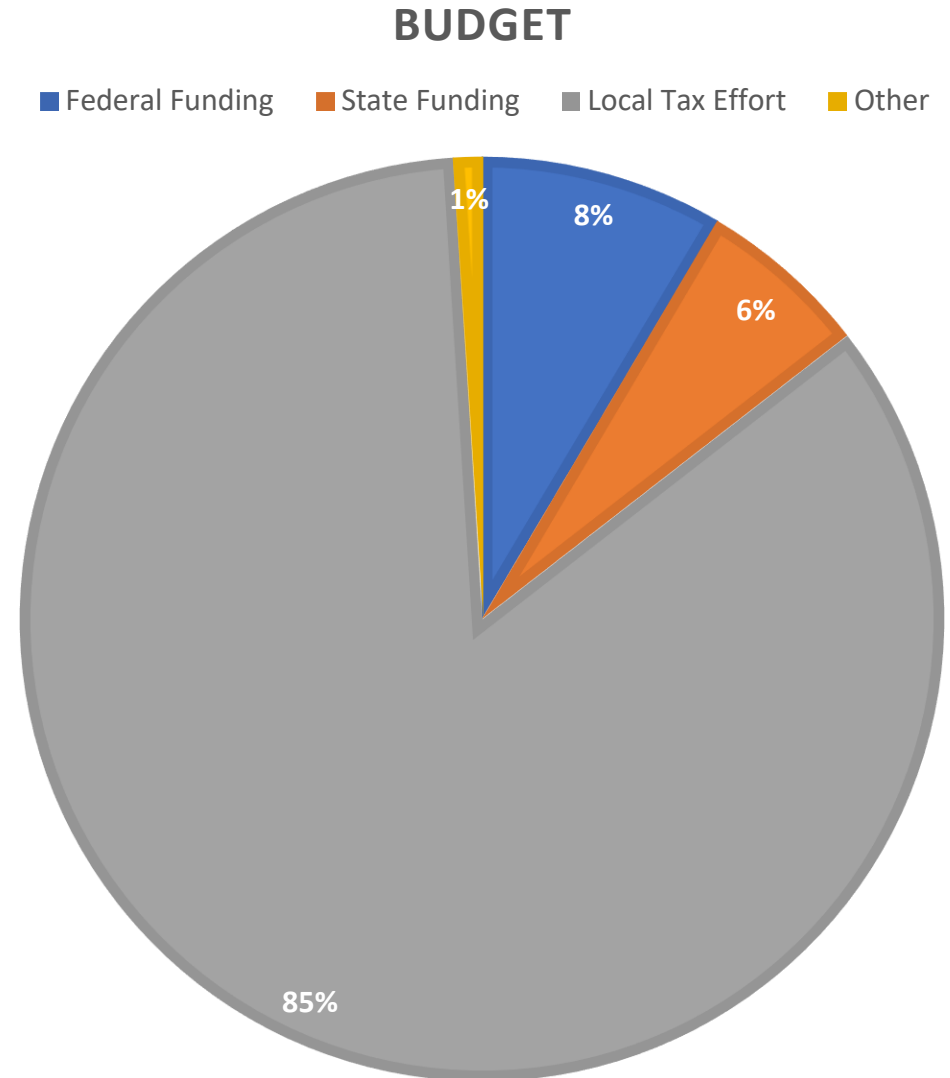
How School Finance Works in Texas

School Finance – The Big Picture

A school district's budget is generated from 3 main sources:

- Federal funding – 8.5%
- State funding – 6%
- Local tax effort – 84.5%

Remaining 1% from other Local funding (Donations, Billie DayCare, etc)



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)
- Restrictive spending requirements

State Funding

State Funding is VERY COMPLICATED

The simplest explanation:

- Each district receives a different level of funding based on “wealth per student”
- Tax base divided by number of students
 - Lower “wealth per student” = more state funding
 - Higher “wealth per student” = less state funding
 - As local property values increase, the district receives less funding from the state

“Robin Hood” / Recapture

“CHAPTER 49” DISTRICTS

Pay Recapture to State /
Receive Some State
Funding

“GAP” DISTRICTS

Pay Little or No Recapture
Based on Tax Rate /
Receive Some State
Funding

“CHAPTER 48” DISTRICTS

Pay No Recapture /
Receive State Funding

Driven by property wealth per student.
FISD is a Chapter 49 Recapture district.

Local Tax Effort

- Generated from property taxes (not sales taxes).
- Gillespie County Appraisal District sets taxable home values.
- Each year, a school district adopts two tax rates:
 - Maintenance & Operations -- (M&O – aka General Fund)
 - Interest & Sinking -- (I&S – aka Debt Service)

Maintenance & Operations (M&O) Tax Rate

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

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

For the average citizen, this is similar to:

- House repairs
- Gas for your car
- Routine vehicle service
- Groceries
- Cleaning supplies
- Utilities

Interest & Sinking (I&S) Tax Rate

Funds the principal and interest payments on bonds authorized by the voters and issued by the District.

Cannot be used for salaries, utilities, or other day-to-day expenses for the district.

For the average citizen, this is similar to:

- Mortgage
- Home improvement loan
- Vehicle loan
- Furniture financing

Local Tax Effort

M&O

The annual district budget is passed by the School Board of Trustees.

77% of the district's M&O budget supports personnel salaries and related costs.

I&S

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

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

Current Fredericksburg Tax Rate

$$\begin{array}{r} \text{M\&O} \\ \text{TAX RATE} \\ \hline \$0.9491 \end{array} + \begin{array}{r} \text{I\&S} \\ \text{TAX RATE} \\ \hline \$0.1062 \end{array} = \begin{array}{r} \text{TOTAL} \\ \text{TAX RATE} \\ \hline \$1.0553 \\ \text{per \$100 of} \\ \text{property value} \end{array}$$

FISD Tax Rate History

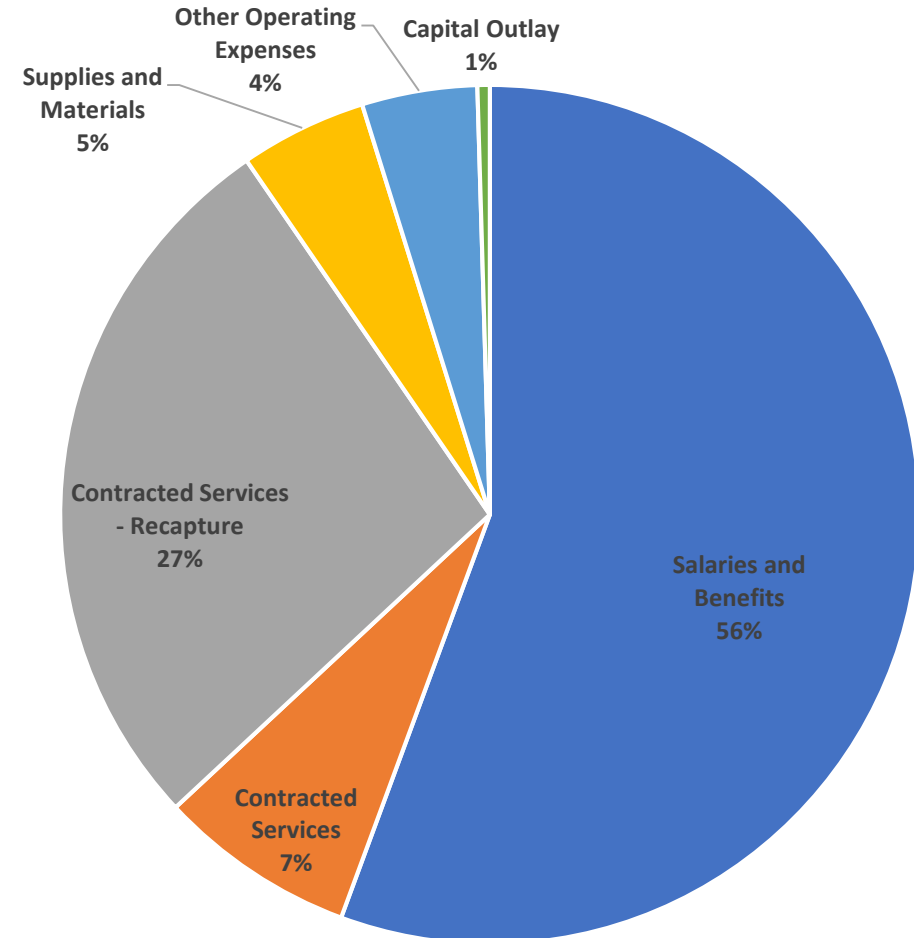
Fiscal Year	M&O	I&S	Total Tax Rate
2011-2012	1.04	0.1062	1.1462
2012-2013	1.04	0.1062	1.1462
2013-2014	1.04	0.1062	1.1462
2014-2015	1.04	0.1062	1.1462
2015-2016	1.04	0.1062	1.1462
2016-2017	1.04	0.1062	1.1462
2017-2018	1.04	0.1062	1.1462
2018-2019	1.04	0.1062	1.1462
2019-2020	0.97	0.1062	1.0762
2020-2021	0.9491	0.1062	1.0553

Tax Rate Comparison

District	M&O	I&S	Total Tax Rate
Comfort	0.9447	0.3076	1.2523
Marble Falls	0.9697	0.2153	1.1850
Kerrville	0.915	0.20	1.1150
Burnet	0.9513	0.195	1.1463
Johnson City	0.9499	0.1939	1.1438
Llano	0.9119	0.1174	1.0293
Fredericksburg	0.9491	0.1062	1.0553
Harper	0.9453	0	0.9453
Doss	0.9537	0	0.9537

District General Fund Budget by Object

Expenditure Object Code Summary		
6100	Salaries and Benefits	\$ 25,749,500
6200	Contracted Services	\$ 3,442,375
6200	Contracted Services-Recapture	\$ 12,662,656
6300	Supplies and Materials	\$ 2,210,997
6400	Other Operating Expenses	\$ 2,009,472
6600	Capital Outlay	\$ 215,000
	Total Exp & Operating Transfer Out	\$ 46,290,000



FISD Bonding Capacity

- Several factors affect bond capacity
 - Tax Rate Increase (each penny = \$426,000)
 - Term Length – can borrow more money with longer terms.
 - Can borrow up to 40 years → FISD has historically done 15 years, but recent bond elections haven't been as major
 - Property Value Changes
 - Current Interest Rates when sell bond
 - FISD's capacity for future bond needs
 - Don't want to over-extend on this bond limiting ability for future bonds

Example Scenarios

- Bond Election - \$55,000,000
 - No tax rate increase
 - 25 year term
 - 4.15% interest rate
 - Conservative property value growth
 - Future smaller bond elections possible
- Bond Election - \$60,000,000
 - No tax rate increase
 - 31 year term
 - 4.35% interest rate
 - Moderate property value growth
 - Future smaller bond elections possible
- Bond Election - \$67,500,000
 - No tax rate increase
 - 31 year term
 - 3.35% interest rate
 - Moderate property value growth
 - Future smaller bond elections possible
- Bond Election - \$71,500,000
 - 1 cent tax rate increase
 - 31 year term
 - 4.35% interest rate
 - Moderate property value growth
 - Future smaller bond elections possible

Q&A / Closing

Looking Ahead

- **WHEN:** Our next meeting will be in two weeks on October 21st at 6PM.
- **WHERE:** FMS Cafeteria

Meeting 4 at-a-Glance Potential Projects

Meeting 3 Recap

Review Potential Projects

Initial Prioritization Exercise with Costs

Other District Needs

Q&A + Closing