

**2016 CAPITAL BOND FEASIBILITY & DEVELOPMENT COMMITTEE**  
**OFFICIAL MINUTES**  
**4/1/15**

**The meeting was called to order at 6:07 p.m.**

**ATTENDANCE**

In attendance: Josh Almy, Connor Applegate, Tim Baynes, Paul Bialek, Martin Buckley, Marta Burnet, Stacy Cho, Kim Clarke, Betsy Cohen, Carla Cohen, Daniel Crouner, Laura D'Arcy, Amanda Dorey, John Gorow, Jonathan Grudin, Lance Gyotoku, Kim Hand, Donna Hood, Delaney Huesgen, Kerri Jensen, Doug Jones, Mark Jonson, Jonathan Koshar, Erik Landahl, Leslie Lederman, Christie Malchow, Tola Marts, Andrea McCormick, Jaimi Messmer, Daniel Miller, Kimberly Montague, Matt Monte, Jason Morse, Jody Mull, Andrew Pedersen, Dawn Peschek, Ashwani Sirohi, Shawn Skogstad, Erica Stephens, Susanna Stratford, Mitch Tallman, Drew Terry, Lee Thacker, Alicia Veevaert, Paul Winterstein

Not in attendance: Tricia Barry, Dana Rundle, Madison Willis

**WELCOME**

Superintendent Ron Thiele opened the 2016 Bond Feasibility and Development Committee meeting and thanked the Committee members for their time. He explained that this is the Superintendent's Committee and that he will receive and review the work of the Committee, and make the decision whether to push it onto the school board. Ultimately the school board will decide if this will become a ballot measure. The Superintendent will be an audience member. Jake Kuper and Chris Burton will be the facilitators and oversee the Committee and Technical Team.

Superintendent Thiele explained the reasoning for forming the Bond Feasibility and Development Committee. A year ago this was not in the Superintendent's work plan – staff thought we had at least a year before we would need to look at this work. Staff regularly watches growth and demographics, and we could see that the District was experiencing higher levels of growth again beginning last summer into early fall including new subdivisions and traffic congestion. While this can be attributed to an improved economy, more and more the question began to come up, "What are you doing to manage growth?" Staff realized that we needed to accelerate our thinking about how we would house our students going forward given the amount of growth we were experiencing.

The Superintendent commented that most of the growth in the last 50 years has been good for the school systems. The area has changed from being less rural, schools have improved and infrastructure is better. It brings in vibrant new families who are passionate about education. It draws good teachers to our District. The Seattle, King County area is a desirable place to live and is rapidly growing. But the Superintendent noted this means the District must manage the growth that comes from being in a desirable place to live. We don't have control over the traffic but we do have control over the infrastructure for the public school system.

The Superintendent said that the District has been growing by 300 students per year on average for the last 20 years and this year we grew over 500 students. Staff is looking at development rights, housing permits, short plats, and see there is much more growth to come and we must be ready to respond. Legislative discussions appear to be moving into action, particularly in the area of full day Kindergarten. Both the house and senate budgets implement Full Day Kindergarten over the next biennium. The Superintendent said that the District currently does not have enough classrooms to implement full day K and would have to "give the money back"; we would not be the only District to do that. In regards to voter approved class size reductions, the District would need more teachers and classrooms. He acknowledged that the District wants to manage our growth, implement full-day K in the future and reduce our class sizes and the only way to do this is to add classrooms.

The Superintendent noted that portables are typically used to house additional students. However the District currently uses a lot of portables with some buildings at capacity for portables. Good schools, plus legislative changes, and land use issues have forced us to move forward in our discussions on how to manage growth. In addition, the Growth Management Act (GMA), now affects where we can build. In the past the District could build schools in the rural area adjacent to the urban area line (Pacific Cascade is an example). However, the implementation of the GMA will not allow us to build outside the urban growth line. Property inside the urban area is 3-10X more expensive per acre than land in the rural area. The Superintendent added that there is a “hot” competition within the urban area with developers competing with school districts to build on the land. Property is becoming scarcer and scarcer and the District is in a competition for land. Growth, legislative actions and land issues mean it the time for a discussion on how we will house students in the future.

The Superintendent asked how many individuals had not served on a bond committee and it was noted that the majority are new faces to the District bond committee work. He thanked the Committee members again for taking time from their schedules to be a part of this work.

## **INTRODUCTIONS**

The Superintendent turned the meeting over to Jake Kuper, Chief Financial/Operating Officer, who noted that this is his 3<sup>rd</sup> Bond Committee since 2004. He added that the work of the Committee is the first step in an important process - Committee members are the first line of communication with the stake-holders and they will bring back their questions and concerns to the Committee. Mr. Kuper then introduced his Technical Team:

- Chris Burton, Executive Director of Compliance and Legal Affairs
- Steve Crawford, Director of Capital Projects
- Colleen Dixon, Executive Director of Educational Technology
- Emilie Hard, Assistant Superintendent of Teaching and Learning
- L. Michelle, Executive Director of Communications
- Paula Phelps, Executive Director of High Schools
- Lisa White, Administrative Assistant to Mr. Kuper providing administrative support to the Committee
- Debbie Massaro, Construction Specialist in Capital Projects providing administrative support to the Committee

Mr. Kuper informed the Committee that the meeting was recorded for the purpose of taking accurate minutes. There would be no podcast.

Mr. Kuper introduced 2 board members in the audience: Director Callan and Director Weaver. He added that the board members may come to meetings to collect more information for future decisions.

At this point the Committee members introduced themselves. Mr. Kuper specifically thanked the student representatives for their time and commitment.

## **CHARTER AND TIMELINES**

Mr. Kuper pointed members to the Bond Committee binders but added that the process could be followed online. Before each meeting, all handouts will be posted on the web and after each meeting; a mini-summary will also be posted. Minutes will be posted to the website once they have been declared official. Mr. Kuper pointed to the email link on the Bond Committee website for Committee members to direct community input. Any community input received between meetings would be posted online and reviewed at the following Committee meeting. He noted that community input may or may not have influence on the Committee’s decision-making process. Input can also be provided at the meeting in writing however Mr. Kuper clarified that while this is a working committee meeting, no

questions would be taken from the audience during the meeting - questions may be asked by email or in writing. Mr. Kuper added that the Committee works before the public but this is not a public meeting.

Mr. Kuper next reviewed the agenda with the Committee. He noted that the first action of the Committee would be the decision-making process and what type of consensus would be taken. He said most groups of this nature have had a 70-75% threshold. Mr. Kuper said that a Springboard proposal (the items the District would like the Committee to consider) would be presented at the next meeting. Staff has learned it is best to provide the Committee with a list of items what we would like them to consider, and then let the Committee modify, add or subtract from that Springboard proposal before it is returned to the Superintendent. Mr. Kuper said that staff wants the Committee to know administratively what they believe is the best thing moving forward. He noted that there are fewer items on this proposal than in previous bond committee discussions. Usually there are several items per building – carpeting and HVAC work for example. Mr. Kuper noted that some Committee conversations may lead to other discussions but to be clear, this is not a Boundary Committee. There may be changes in boundaries due to additional land purchases and school building construction but that is not the charge of the Committee.

Mr. Kuper said that the timeline for the Committee's work is April to June 2015 and the Committee should finish within this time frame. The Superintendent will then review the work of the Committee after which the school board will review the package that has been submitted to them.

Mr. Kuper outlined the goals of the Committee including feasibility which means "Can it be done?" The Committee must determine what can be done and what should be done. He acknowledged that this will be clearer once the Springboard has been provided.

Mr. Kuper noted that the District's Parameters have changed since last Levy/Bond due to the recession. We had planned a Bond in 2010 but pushed that to 2012 due to the economic downturn. At that time we were focused on what could be done in the near term to modernize our older facilities. For example, IMS will break ground next week during Spring Break. Sunny Hills, our next oldest building, will be under construction soon. Liberty recently completed 3-phase construction and Clark will also have construction. Mr. Kuper said that the District had previously taken a conservative approach to adding new facilities. Most districts had stagnation or decline in enrollment, but not the ISD; we have added 2000 students in the last 4 years. This bond will be focused on acquisition of land, construction of new buildings, and renovation/modernization of existing. Mr. Kuper stated that the District will need 88 classrooms to meet the required K-3, 17:1 student to teacher ratio. Our elementary schools typically have 28 classrooms apiece but do not account for additional enrollment growth.

Mr. Kuper added that safety and maintenance of facilities is important; the District oversees \$1.6B in property value which is a large community investment. He noted that staff works to ensure buildings are kept in a safe and working order for students and those facilities are well-maintained, giving the taxpayer a good value for its dollar. Mr. Burton also spoke to the meaning of Feasibility, noting that the Committee members each have different perspectives and skill sets. These will be necessary for the Committee as it reviews district needs and limitations be they structural limitations or financial limitations. Mr. Burton further noted that this package will be voted on and it is important for the Committee to weigh those limitations in vibrant discussions so we can speak to these in an authentic way. Mr. Kuper concurred and noted that these conversations will carry a great deal of weight with board, the technical team as well as the campaign committee.

Mr. Kuper noted that the Roles and Responsibilities of Committee members are taken seriously. He hopes members can attend all meetings as attendance is taken to determine a quorum percentage. Mr. Kuper said members are the first feedback loop back to stakeholders whether they are a school or community member. There will be media attention

around this process, discussion at school board meetings, and members will be asked questions. He asked Committee members to report back to this group either verbally or in writing any information from their stakeholder groups adding this is an important role of the Committee.

Mr. Kuper said that it may be necessary to vote on items for the greater good and not what may be best for individual school or stakeholder group. The District has over 19,000 students with a very broad group of stakeholders to represent -what's best for the organization may not be best for one group. Mr. Kuper also explained that there will be time at the end of each meeting for Committee members to ask for more information. The Technical Team will respond to Committee requests before the next meeting so members may use it in their processes.

### **OPERATING NORMS**

At this point Mr. Kuper asked Committee members to determine a Consensus Model for the group. He explained that every Committee needs to know how they will make a decision. He said the Committee would operate under "Bob's Rules", not a parliamentary procedure. Ideally we need to know what threshold there would be for decision-making. In the past it has been between 70-75%. The question comes up "Can we vote by proxy?" Mr. Kuper said it is preferred that Committee members be in attendance to vote.

Mr. Kuper asked the Committee to determine quorum and a percentage to make a decision. A motion was made that a quorum be 60% of the members in attendance. Mr. Kuper asked for discussion on the motion. He noted that at the previous meetings we had 75% quorum threshold with 75% voting threshold to approve changes or decisions and the final package had to have an 80% pass rate. This meant there were 3 different "hurdles". He commented that this was the historical model but there is no right or wrong way.

A member asked how many people typically miss a meeting. Mr. Kuper answered that there were usually 3-4 people absent but it depended on timing of the meetings. Historically it has been difficult to get a quorum later in Spring close to June. A Committee member commented that a 60% quorum feels too low and did not send a powerful message to the community. A member asked for clarification on a 60% quorum and 75% threshold – Mr. Kuper said this means that 60% of all Committee members must be present to form a quorum and 75% of the members in attendance would need to approve a motion. A member asked why a lower percentage was being requested and the Committee member answered that 50% plus 1 was typical for a PTSA quorum; 60% is higher than the PTSA best practices. Another member felt that the Committee's work had serious consequences if we get it wrong and that we need to have as many people present to have consensus.

A comment was made that with a 70% quorum and 75% threshold that would be more than 50% of all Committee members. With a 60% quorum and 75% threshold that would be less than half of the Committee. The motion was withdrawn. A new motion was then made and seconded for a 70% quorum.

**Motion on the floor that 70% of participants on the Bond Committee would constitute a quorum for voting purposes. It was determined by a vote of hands that the motion passed.**

Mr. Kuper then asked the Committee to decide on the voting threshold to alter or change the proposal that Committee would receive. A motion was made and seconded that the threshold be 75%.

**Motion on floor that 75% of the existing quorum constitutes passage. It was determined by a vote of hands that the motion passed.**

Mr. Kuper then asked for a decision regarding an allowance for proxy voting. A motion was made and seconded that there would be no proxy voting. Mr. Kuper commented that it is important to be present to vote to send a message to

the Superintendent and the Board. A member asked if members were allowed to vote on a measure if they were not in attendance at a previous meeting. Mr. Kuper answered yes, that earlier discussions can be considered in voting. Mr. Burton added that a group can vote to extend a meeting if more discussion is needed for making a decision.

**Motion to not allow a proxy vote. It was determined by a vote of hands that the motion passed.**

A member asked if there should be a higher voting threshold on the final package. Mr. Kuper responded that other Committees have done this to send a strong message to the Superintendent and Board. It was decided that the Committee would not make a motion on a higher voting threshold at this time.

## **BOND OVERVIEW**

Mr. Kuper then moved onto the topic, "What is a School Bond?" In simple terms a request for a bond is sent to the Superintendent and school board and then goes on a ballot. He noted that a school board is the only body that can put a ballot measure out to its own electorate. The board is asking voters for a dollar amount to pay for construction and modernization. If they request \$100M in bonds and voters say yes, they are authorizing the school district to levy taxes to pay the principal and interest on those bonds. Bonds are sold to financiers, brokerage firms, life insurance companies and any business that wants consistent returns on investment. Mr. Kuper stated that the Issaquah SD has the highest bond rating in the state of WA; we have clean audits, stable financial management, a stable Board of Directors, a high demographic community, and we have been in the capital markets constructing buildings for many years. Mr. Kuper noted the District has a AAA Moody's, which is a higher bond rating than state of Washington on the Moody's side, and the same rating as the federal government on the S&P side. Mr. Kuper added that the District just refinanced debt and saved \$9M in interest, saving the taxpayers more money.

Mr. Kuper added that bonds are sold thru an underwriting process to financiers who give us principal; those proceeds are then used to build, buy land, and remodel buildings. Debt is repaid over time depending on structure of the debt. Mr. Kuper noted that the Committee would discuss tax rates and rates per thousand. He commented that a bond requires a super majority approval. While a simple majority of 50% + 1 is required to pass a levy, a super majority of 60% + 1 is required to pass a bond.

## **SUPPORTING INFORMATION**

Mr. Kuper then directed the Committee to the Supporting Information in their binders, specifically the "Issaquah School District 2015-16 Enrollment Projections". For purposes of understanding the data, he explained the difference between FTE and Headcount. FTE is Full Time Equivalent; Headcount represents one child and counts as one. For example if a child goes to school 300 minutes a day over the week the state counts this as (1) full time student in high school. A student can be considered part-time at both high school or elementary. In high school, a student can miss one period in the school day to take a community college course. In elementary school, some students may receive just speech therapy or be home schooled part-time; variations are numerous. These situations reduce our FTE. Because the state funds us on the FTE, normal FTE projections drive our staffing needs and 85% of budget. On the 2015-16 Enrollment Projection sheet, Mr. Kuper noted that Kindergarten is shown as FTE and would be doubled for actual number of Kindergartners or Headcount. All Kindergartners are counted as half for budget purposes because this is how they are funded by state. Even full-time Kindergartners, who are tuition-based, count as half because that is how they are funded by the state.

At the bottom of the projection sheet, Mr. Kuper noted year-to-year growth numbers for the District. In 2010-2011, for example the district grew 320 students while in 2014-15, the district grew 556 students. This number is the equivalent of

a new elementary school. In comparison, some Districts grow relatively slowly. Mr. Kuper commented that the Issaquah School District has added half of Mercer Island in the last 4-5 years.

A Committee member asked how district staff projects future growth. Mr. Kuper explained that most enrollment projections are based on roll up; it is linear based on a mathematical trend. The Issaquah School District is not as complicated as urban districts. We have steady numbers for Kindergarteners moving up to 1<sup>st</sup> grade numbers and students who return from private schools. Mr. Kuper uses birth rates from Seattle/King County to formulate Kindergarten numbers. There may be enrollment at of 120% birthrate due to inbound migration but this is trended out over time. Mr. Kuper commented that Demographics is an art with variances, and he is conservative in our projections year-to-year because we cannot afford to over-staff or over-project enrollment.

Explaining further, Mr. Kuper said projections are a series of data points. He also uses software to collect information on developments and plats in the pipeline. He noted that real estate developers work with the district as well as our city partners. Since the last Bond, the City of Issaquah has finalized a 30-year redevelopment plan in the central core which could have a huge impact on us in the next decade.

A Committee member questioned why the District is conservative with more development taking place in the area – shouldn't we be projecting higher numbers in the future? Mr. Kuper acknowledged that he typically does not stray off his path with enrollment projections, but acknowledged the hardest thing is to project timing of development. A development could open in July immediately affecting September enrollment or open later in winter affecting 2<sup>nd</sup> semester numbers. An area could also experience a recession. The economy is growing in the county with more new development. For this reason, Mr. Kuper has provided two different sets of enrollment projections. Mr. Kuper noted that the first 2 enrollment pages include conservative enrollment projections. The third and fourth pages of enrollment projections are different. We needed to create a different model based on new housing data we received.

Mr. Kuper offered the following examples. Newcastle has a 900 unit multi-family development in the pipeline which could open anywhere from 9 months to 4 years. This makes projections more difficult. What the Highlands area has taught us that a 2-3 bedroom multi-family unit will generate more students than previous models. In the past we calculated one student for every 10 apartments; however newer stacked condos are generating 2 ½ times that rate. In other words, depending on the development, we see different numbers of students at different times. Mr. Kuper acknowledged there is no art or perfect way to determine projections. He needs to be conservative to staff and build schools appropriately.

A Committee member asked what the benefit was to being conservative. Mr. Burton responded that most models are driven from a staffing and budgetary standpoint. District administration has a fiduciary responsibility to the taxpayer to budget in a conservative manner which is in juxtaposition to space needs. He explained that if the students did not show as we projected, this would create more problems. If we staff too high and give contracts to teachers we would still have to pay those teachers. The conservative goal is a fiduciary responsibility on the budget.

A Committee member asked if a bond is authorized and not needed, could it be repurposed. Mr. Kuper answered yes. For example, after a \$150M bond is approved, the school board must authorize the sale of the bond. If Mr. Kuper was wrong in his projections we could ask the board to not issue the bonds that were authorized. If you leave the bonds out there unsold there would be no principal interest for the taxpayer. We could wait until we have future growth to issue the bonds.

Another Committee member asked if the school board authorizes but does not issue a bond, when does it hit the taxpayer. Mr. Kuper answered that when the District issues \$100M in debt (for example) there will be some debt due in principal and interest within 2 years, some due in 5 years, some due in 10 years. The principal and interest is due at

different times depending on the debt structure with a goal of keeping a level tax rate and planning for future capital needs. Mr. Kuper said the District prefers to be “consistent and boring” in its tax rates keeping them level.

Another committee asked Mr. Kuper what is the window of time used in forecasting projections – is it the near term or does the District look forward to tackle projections. He also asked if there was any data available to verify how accurate District forecasts have been to what actually occurred. Mr. Kuper responded that the 2018-19 and 2019-20 enrollment window are the force driving the secondary schools request on the springboard proposal. He noted that we have short term capital needs – we would still need elementary classrooms today without any enrollment growth. There are other things we could grow into at the secondary level. An example of this is Skyline which opened in 1997 far from its full capacity. As noted on the enrollment charts, growth at Skyline has steadily increased since its opening.

Mr. Kuper explained that it may be five years for buildings to open after land acquisition. This makes us nervous from a capital standpoint. The District must take the informed risk when it comes to capital investment because we cannot turn the key on a new building tomorrow. For example, a new elementary school would be 24-36 months out and a new secondary school would be 48 months if we passed a bond tomorrow. Mr. Kuper acknowledged that land use plans are going to drive most decisions. Will the GMA remain intact? Will economy grow? New facilities have operating costs when they come on board: an elementary school has \$1.25M in overhead; a Middle school has \$1.5M-\$1.75M, and a new high school has \$2.25 in overhead expenses. Therefore the District is conservative on the capital side mostly due to operating decisions.

A Committee member asked if there was any data on whether it is better to request more money from the voters or run bonds less frequently. Mr. Kuper answered that historically bond measures pass around the state at 40% and a 60% super majority is required. With these requirements it would seem harder to pass 2 issues. He stated that dollar amounts are often local issues. In this district we did not pass bond measures in the 90’s when they were smaller – they only passed when we made them bigger. Some districts go out for a large amount and their bonds fail. Mr. Kuper stated that capital needs and the relationship a District has with its stakeholders and community influences voting decisions. The dollar amount may not be the issue - it is hard with large public infrastructure projects to know whether \$30M is too little or is \$300M too much. Mr. Kuper said that there is no good data on the success rate of larger or smaller bond measures - it really comes down to local politics.

A Committee member asked what factors are used for conservative projections. Mr. Kuper responded that a new development would kick up a linear model, while a recession and budget cuts will affect projections. Currently the pipeline of development in Issaquah and Sammamish shows both large developments and small horse-acre lots with 4 new houses. Mr. Kuper directed the committee to the Actual FTE vs Projections chart which showed very little difference between budgeted to actual numbers, noting a slight difference during the recession years.

While pointing to the District Enrollment Trends chart, Mr. Kuper commented that a recent *Seattle Times* story stated that the Issaquah School District is the fastest growing district by percentage in the County. In his opinion, the District would rather manage growth than decline as a declining district is financially stagnant. Managing growth for newcomers and additions to the community is what makes educators excited.

Looking at Elementary Enrollment Trends Mr. Kuper pointed out that the large drops in enrollment indicate the opening of a new building. The “zig zags” have a story to tell and usually coincide with boundary changes and opening new buildings. This is an example of how managing growth allows us to open buildings, not close them.

Mr. Kuper noted that the District also looks at each area to determine growth based on the feeder patterns of the high schools: Skyline (North Area), Issaquah HS (Central Area) and Liberty (South Area).

A Committee member asked if there had been a change in the percentage of students who attend private schools. Mr. Kuper noted that when Eastside Catholic opened they took 50-60 students out of Skyline. However, during the recession over 200 students returned from private schools. We did not see private school students leave the District even when the economy improved. Mr. Kuper acknowledged that private schools impact the District when they open but over the most part we do not have a lot of migration from our schools given the achievement in our District.

Mr. Kuper mentioned that the District has many portables. District elementary schools are built at 28 classrooms; we are now talking about 32 classrooms in the future. We will have 198 total portable classrooms including those at Sunny Hills and the Administration building. Clark has a large number of portables due to construction. That will change with many of those portables being used at the new Clark or other buildings. We have about 160 portable classrooms at just the Elementary level. That is the equivalent of 5 free-standing elementary schools. Mr. Kuper noted that a double classroom portable is \$200-250K to purchase and site. Portables do not make the core facilities larger; we still need to run 3-4 lunches as we cannot increase the size of our lunchrooms, for example. A portable can house extra students but will not change the core of the facility.

A Committee member asked why there were so many portables at IVE even though it had just been remodeled. Mr. Kuper replied that not all are used as classrooms; one is used for training and others are used for day care and pull out programs. The District also does not want to move portables if necessary due to the expense. Mr. Kuper believes that given its location and development in the central core, IVE will eventually need the portables for classroom space.

Mr. Kuper stated that the District has a lot of portable classrooms but not a lot of permanent space. A Committee member asked if there were differences in operating costs between portables and permanent facilities. Mr. Kuper answered that portables do have increased costs due to heating and cooling, they have standalone security as well as traditional maintenance costs (ie. re-roofing, re-framing and re-decking). He noted that per square foot they have higher operating costs. Bricks and mortar schools are considered generational schools built for 30-50 years. A portable usually needs major modernization work after 20 years such as new flooring, new heating and cooling systems, and re-worked infrastructure. Mr. Kuper stated that the best taxpayer investment is out of your brick and mortar buildings - you will get more out of your initial investment.

Mr. Crawford added that a portable is constructed like a single family residential home with similar siding and framing materials. Generally, the building materials in portables are not as durable as those used in the permanent school buildings. He added the number of children housed in portables affects the life and condition of the portable as well.

Average duration of debt on our entire debt portfolio is close to 10 years - some is short and some is long. We want to pay our debt as soon as practically possible without increasing the tax rate. A member asked if a bond matches the portable's life or a brick and mortar school. The bonds closely match a portable life. You have 30 plus years beyond the expiration of the debt with a brick and mortar building.

When we build new schools we are building at a 4-5 year term. When we plan additional capital offerings and we don't want to be wrong. We take capital improvements a chunk at a time. We'll come back to the Community and ask to build for the next 4-5 year window. We build an elementary at 28 and have 5 portable pads for 10 portables classes. We can also re-boundary or move programs to other buildings if necessary. We have other levers to pull to manage growth.

A Committee member asked about balloon payments on debt. We don't necessarily have balloon payments on debts; traditional municipal bonds pay interest back over a period of time on a semi-annual basis. Mr. Kuper said that if you have 5 year note you will receive interest payments every 6 months and then you will get principal back at the end.

Mr. Kuper directed the Committee to the Middle School enrollment data, noting that in 2010 middle school enrollments dropped at most schools when PCMS opened. Beaver Lake had been the largest middle school in District history at 1162 students. Maywood is undergoing similar growth and should surpass Beaver Lake in enrollment next year. In 2011-12, Maywood was remodeled to house 1200 students. Recently, a decision was made to build out the MMS basement adding generational brick and mortar classrooms for \$1M instead of adding portables. As noted on the chart we reached a peak in middle school enrollment when a 5<sup>th</sup> middle school was added in 2010; data indicates middle schools are once again reaching a similar peak.

Mr. Kuper noted that both Issaquah High and Skyline are almost identical in size which is FTE not headcount. He reiterated that because there are several part-time students at high schools FTE is used for counting purposes. Liberty has stable enrollment. The school recently completed a 3-phase construction project and can house 1400 students. Skyline is built for 1850-1900 students and Issaquah is built for about 2000. At the start of September, Skyline will have 6 double portables and Issaquah will have 4 portables. Mr. Kuper also provided a list of the top 25 high schools in the state in terms of headcount. Both Skyline and Issaquah are in the top 11 schools; Skyline has 2137 students and Issaquah has 2107 students. The largest high school in the state has 2394 students.

A Committee member commented that typical high schools in Minnesota have 3000-4000 students and asked why Washington schools were much smaller. Mr. Kuper responded it may have to do with land use and programming. High schools require 30-50 acres generally and Minnesota may not have the same growth management issues. Superintendent Thiele said that while there has been much debate over the size of high schools (some feeling larger high schools may be impersonal), there is no definite reason why Washington high schools are smaller than those in other states.

#### **NEXT STEPS AND CLOSURE**

Mr. Kuper asked Committee members to review the Enrollment numbers provided in their binders. In response to Committee member requests, Mr. Kuper said capacity numbers would be provided at upcoming meetings as well as the Capital Facilities Plan. He also said he could provide enrollment data in an Excel spreadsheet upon request.

Mr. Kuper reviewed agenda items for the next meeting. Committee members would review any input received via email or in writing. The meeting minutes would be sent in advance to give members time to review prior to the next meeting; Committee members also would have time to read, amend and ultimately approve the minutes at the meeting. The springboard proposal will be presented and Mr. Kuper noted that this proposal is different than others in the past. There would be fewer large items with less carpet, HVAC, or other “sundries”. Projected tax information may also be provided so Committee members could understand the tax impacts of the proposal.

A Committee member asked how detailed the tax data would be. Mr. Kuper responded that he will provide assessed valuation (AV) assumptions. The Committee would discuss what tax base is and what how assessed valuation drives the tax rate. Some “behind the scenes work” will be presented: we will sell some bonds short, some middle, or long, and plan for future capital offerings. Mr. Kuper noted that the District can be flexible in how it sells bonds and may change even after a bond is approved depending on the markets.

A Committee member asked if there are any parcels being targeted for purchase. Mr. Burton responded that there are parcels available but the District cannot express interest until it knows if those parcels are firmly available and we have financing available. This is one of the reasons for forming the Bond Committee.

When asked, Mr. Kuper responded that we cannot provide a list of these properties to the Committee as that would weaken our abilities for negotiations in real estate acquisition. He said the Committee would receive the cost estimates

for an average per acre acquisition. For example, land within the Urban Growth Area (UGA) averages \$.75M-\$2M per acre depending on zoning. It would be difficult for us to discuss the location of available parcels because it would weaken our hand as far as real estate negotiations. By law, school district real estate acquisitions or personnel issues can be kept private in Executive Session.

Mr. Burton further stated that being aware of available property and being able to do anything about it are two different questions. Mr. Kuper further explained that in general we are looking for parcels of approximately 10 acres for elementary buildings, we like 20-30 acres for middle schools ,and 30-50 acres for high schools. These are standards of service to meet our Capital Facilities Plan. Mr. Crawford added that staff has looked at properties from north and south, to east and west in the District and have concluded there are very few “gems” available. Responding to a Committee member’s question, Mr. Crawford said that the estimates per acre are based on what other developers may be offering. The District is aware that some of the largest home developers in the world are hoping to purchase land in this area as well as the local well-known builders.

Another Committee member asked where impact fees stand in this area. Mr. Kuper responded that the District currently collects impact fees generated by a formula agreed upon with King County in the 90’s. We have collected \$35M in impact fees since 1991-92 and built about \$1B in construction. He noted that impact fees do not come close to the cost of development. Further, the Legislature is looking to move impact fees out to closing or occupancy versus plat and permitting which would be a delay when the District could collect them. Mr. Kuper said impact fees are driven by a formula including outstanding debt, tax rate, and land purchase.

A Committee member asked if estimations for new development were based on plat application or permitted plats. Mr. Kuper responded that both are considered. To project new growth out of development a generation factor is used where housing units are divided by the number of school age children. Mr. Kuper said that some developments generate more than others, ranging from 0.2 per house to 1.5 per home. These numbers are affected by the timing of platting and permitting and other unexpected factors.

The meeting was adjourned at 8:11 p.m.