

Bond Election Recommendation

I. Identify the issue from the perspective of involved stakeholders.

Issue:

In November 2001, voters authorized the Washington Elementary School District (WESD) to sell up to \$64 million in school improvement bonds. At present, the District has received all proceeds from the 2001 authorization; with the exception of less than \$1 million that is held in reserve for emergency projects, the funds have been expended, and the originally designated bond projects have been completed.

Buildings throughout WESD are aging, and some will require extensive repair, renovation or rebuilding in the near future. Capital Projects and Maintenance Department staff, as well as school administrators, have identified significant capital project needs and priorities. State Building Renewal funding, which was established in 1998 for the purpose of maintaining the adequacy of existing school facilities, has not been a reliable funding source. If WESD capital project needs are to be addressed and if District facilities are to be adequately maintained, funding must come from voters' authorization of additional school improvement bonds.

Involved Stakeholders:

The WESD facility planning process is the responsibility of the District's five Regional School Facility Planning Councils in collaboration with the Capital Projects, Facility Planning and Finance Departments. Each regional council is comprised of WESD parents, community members and staff; three representatives from each region volunteered to serve on the District-wide School Facility Planning Council, the group from which this recommendation originates. A list of involved stakeholders is included as *Attachment A*.

II. Identify the options or alternatives that address the issue, including an option to maintain the status quo, utilizing the efficient and sufficient use of research and data. For each option, identify advantages and disadvantages.

Research/Data:

The bond election recommendation is the culmination of over two years of research, analysis and planning by the five Regional School Facility Planning Councils, both individually and collectively. Since September 2007, each regional council has accomplished the following:

- Studied the concepts of high-performance schools, energy conservation and “green” school buildings;
- Researched and documented basic data about each school and campus in the region, i.e., size, enrollment, energy usage, capacity;
- Reviewed educational specifications for schools;

- Reviewed anecdotal information regarding the condition of school buildings in the region, as well as building and maintenance assessment data for each structure;
- Reviewed the District’s current Five-Year Capital Improvement Plan, with particular focus on schools in the given region;
- Learned about capital funding sources and school improvement bonds;
- Identified and prioritized capital projects within the given region that could be funded through a future bond. (To ensure consistency in the prioritization process, members of each regional council applied the WESD Capital Improvement Plan Priority System, *Attachment B*.)

Each regional council met in early 2010 to finalize their prioritized list of potential bond projects. A detailed compilation of WESD Bond Project Recommendations (*Attachment C*), including both site- and District-level proposals, was forwarded to a District-wide School Facility Planning Council, which met on February 16 and March 2, 2010. The 15 members of the District-wide council reviewed and unanimously approved the recommendations.

The District-wide council then applied the WESD decision-making template in consideration of a possible bond election recommendation.

The following attachments provide additional information regarding a potential WESD bond election:

- *Attachment D*, Resolution Ordering and Calling for a Special Bond Election
- *Attachment E*, Historical Tax Rate Breakout
- *Attachment F*, Estimated Secondary Tax Rate Impact of School Improvement Bond Sale
- *Attachment G*, Bond Election – Frequently Asked Questions
- *Attachment H*, Bond Election Talking Points
- *Attachment I*, Cholla Region Proposed Bond Projects Display Board
- *Attachment J*, Desert Foothills Region Proposed Bond Projects Display Board
- *Attachment K*, Mountain Sky Region Proposed Bond Projects Display Board
- *Attachment L*, Palo Verde Region Proposed Bond Projects Display Board
- *Attachment M*, Royal Palm Region Proposed Bond Projects Display Board

Options:

- Option A: Maintain the status quo, i.e., do not call for a WESD bond election.

Advantages	Disadvantages
Owners of a \$100,000 home in the District could save an average of \$12 per year through 2017 and \$72 per year thereafter.	Lack of bond funding would be devastating to the maintenance of District schools and facilities.
	Safety at District sites could be adversely impacted.
	Energy conservation efforts could be adversely impacted, with higher utility costs and a negative impact on the environment.
	The remaining \$800,000 in bond contingency

	funds will be quickly depleted if any major maintenance projects are required.
	Allowing facilities to deteriorate would not reflect well on the District; as a result, WESD might lose students and funding.

- Option B: Call for a WESD bond election to be held in November 2010.

Advantages	Disadvantages
Some community members are receptive to information; if they are provided factual information, they will understand the need for continued bond funding.	The state of the economy and its impact on people's attitudes may not be conducive to a successful election.
Better schools help to make a better neighborhood.	Citizens may feel overwhelmed by Phoenix food taxes and possible state tax increases.
The burden for education funding is being shifted to the local level.	Citizens have different levels of understanding with regard to bonds and other facets of school finance. Unless the message is simplified and the need is effectively communicated, voters may not support the election.
In spite of difficult economic times, some people believe that education is a priority.	The state deficit may have an adverse effect on the outcome of a bond election.
Bond funding would enable WESD to continue to address high priority maintenance and renovation needs as well as energy conservation efforts.	

- Option C: Call for a WESD bond election to be held in November 2011.

Advantages	Disadvantages
Waiting a year might put some distance between the bond election and the proposed one-cent state sales tax increase.	The state of the economy and its impact on people's attitudes may be even worse in another year.
If a bond election were held in November 2010 but failed, another election the following year might be successful.	Historically, bond elections have been more successful when held in even years.
Voters may observe the negative repercussions from lack of funding for maintenance and repairs, and they may gain an understanding of the need for bond funding.	Having only one item on a ballot may draw more attention from "no" voters.
	The longer the wait, the further in the hole the District will be with regard to capital project funding.
	If a bond election were held in November 2010 but failed, another election the following year might be unsuccessful due to "taxpayer fatigue."

III. Prepare a cost-benefit analysis/cost assessment of each option.

- Option A: Maintain the status quo, i.e., do not call for a WESD bond election.

Cost Analysis: Given that WESD anticipates no Building Renewal fund allocation from the state in 2010-2011, WESD will have no budget for capital project needs if bond funding is not available.

- Option B: Call for a WESD bond election to be held in November 2010.

Cost Analysis: If a November 2010 bond election is successful, approximately \$64 million in funds will become available for the District's capital project needs during the next 7 to 10 years. If the election is not successful, WESD will have no budget for capital project needs.

- Option C: Call for a WESD bond election to be held in November 2011.

Cost Analysis: WESD will have no budget for capital project needs during 2010-2011. If a November 2011 bond election is called, the principal amount will be limited to the greater of 5 percent of secondary assessed valuation or \$1,500 per student. If the election is successful, those funds will become available for the District's capital project needs for a maximum duration of 20 years. If the election is not successful, WESD will have no budget for capital project needs.

IV. Seeking stakeholder feedback when relevant and/or necessary.

As members of the regional facility councils and the District-wide council, representative stakeholders provided input throughout the decision-making process.

V. Use conclusion(s) to develop a rationale and prepare recommendation(s) to present to the Governing Board for action.

Conclusions:

- In order to protect facilities and maximize their utility, WESD must conscientiously maintain, repair and renovate its buildings and sites.
- Facility project needs throughout the District have been identified and prioritized, with critical attention paid to issues of safety, code compliance and building system failure.
- Because state funding is not sufficient to maintain the adequacy of school facilities, districts typically seek funding through voter-approved school improvement bonds.
- Bond funding would enable WESD to continue to address high priority maintenance and renovation needs as well as energy conservation efforts.

- According to research, the physical condition of school facilities impacts students' ability to learn and teachers' ability to instruct.
- Research also indicates a positive correlation between school quality and residential property values, with the characteristics and condition of facilities contributing to overall school quality.

Recommendation:

Members of the District-wide School Facility Planning Council arrived at a full consensus decision to recommend Option B, as presented.

Therefore, it is recommended that the Governing Board approve the Resolution ordering and calling a special bond election to be held in and for Washington Elementary School District #6 of Maricopa County, Arizona, on November 2, 2010 and authorizing the District's business services director as the officer to comply with sections 103 and 141 through 150 of the internal revenue code. In addition, it is recommended that the Governing Board adopt the informational publications associated with this Agenda item, including the display boards, as well as the non-interactive WESD Web site page on which bond-related information is posted.