



## Long Range Planning Committee Meeting Notes

Tuesday, October 25, 2016

- Welcome & Meeting 1 Recap  
Tim McClure, District Architect and Planner, opened the second LRPC meeting at 6 pm and reviewed the night's agenda. He recapped the first committee meeting, reviewing the district's mission, vision and beliefs, committee charge and history, and the district's previous bond programs.
- Committee Schedule & Agenda Review  
Mr. McClure reviewed the committee schedule and the outlined agenda for each meeting. Meeting 3 and 4 will cover departmental presentations and the facility assessment. Meeting 5 will be a discussion on building bond project budgets and we will begin to review and study potential projects. Meeting 6 we will discuss bonding capacity and tax impact scenarios, share the results from a community survey and continue to prioritize potential projects. We want to wait and discuss bonding capacity scenarios, because we want to focus on needs first. We want this process to allow us to set the vision for the next 10 years and then focus on how we address those needs. The process will conclude when we come back in January to build consensus on our recommendation.
- How School Finance Works & NISD Financial Overview  
Dr. Ryder Warren, Superintendent, reviewed an overview of school finance. He shared that 6 of 8 times the State has been sued for the unconstitutional nature of school finance, the Texas Supreme Court has deemed it unconstitutional. However, just this year, the latest school lawsuit was ruled constitutional. The Supreme Court is taking the stance to not interfere and urge the State Legislature to address it. Finding a solution to the school finance dilemma will be a topic at this next legislative session this Spring 2017.

Dr. Warren reviewed the three main sources of school funding and how much, on average, comes from each. NISD actually gets almost 80% from local sources. The state funding system is complicated, but it is essentially based on a funding formula per student. Wealth per student drives the amount of state funding you get from the state. The problem is that the wealth per student formula has not been updated since 1984. The bulk of our funding is from local property taxes – broken into two separate rates and two separate buckets. M&O essentially makes up our budget and 80 percent of that goes to pay staff. I&S pays for debt and there are very few districts in the state that do not have an I&S tax rate. NISD has an existing M&O tax rate of \$1.04 and an I&S tax rate of \$0.41, for a total tax rate of \$1.45. The M&O tax rate is capped at \$1.04. It used to be \$1.50 and back in 2006 the state compressed the tax rate. The I&S is capped at \$0.50. Funding through debt service is really the only way school districts can fund major capital needs.

Dr. Warren shared the NISD budget amount and debt amount and outlined the current financial challenge for NISD. The district's budget grows annually, mainly driven by hiring new teachers to accommodate the growth. As discussed last time, NISD is growing by about 1,000 kids per year. The district's fund balance acts as the district's savings account and we don't want to use these funds to pay our monthly bills. However, NISD will lose a portion of its funding from the state that

it currently receives called ASATR (Additional State Aid for Tax Reduction). ASATR was a promise by the legislature that school districts would be held harmless from the tax rate compression put in place in 2006. Those funds expire next year. NISD estimates to lose over \$8 million next year. NISD will have to “scrub” and find efficiencies that will allow the district to save where they can. The district may also have to consider a TRE (Tax Ratification Election), which would allow the district to ask the voters to raise the M&O tax rate. The absolute maximum a district can go to is \$1.17, so the district can ask for up to 13 cents.

**Question:** Are any of the pennies approved in a TRE subject to recapture?

**Answer:** There are two chapters in the Texas Education Code. NISD is a Chapter 41 district, or what they call a “property wealthy” district. It means our wealth per pupil is over the \$319 per pupil limit. Right now we are in the sweet spot where our property growth is keeping up with our student growth, which offsets us from having to make any payments back to the state.

**Question:** If ASATR doesn’t go away, how long will the fund balance sustain you? And if it does go away, how long will it sustain you?

**Answer:** If ASATR stays, we will be just fine. It is a priority for the district to make sure we do not over utilize the fund balance and keep a healthy amount. We have it budgeted to use \$10 million this year but that doesn’t mean we will. We are already looking for efficiencies and our staff has historically done an amazing job of coming under that. If ASATR does go away, we do not know for sure. We don’t know if we can absorb an additional \$8-\$10 million a year.

- Demographic Projections – Bob Templeton, Templeton Demographics

Bob Templeton, Templeton Demographics, introduced himself, his firm and experience. He began his presentation with discussing the economic strength of the DFW region. Northwest ISD is ranked 5<sup>th</sup> in the DFW area for new housing starts – 1,300 new housing starts a year. The big number to look at is the future inventory with 25,357 future lots recorded. Mr. Templeton reported they are tracking these stats every quarter. In the first two quarters of 2016 there were 618 starts, and 500 starts in the 3<sup>rd</sup> quarter alone. NISD is on pace to close more than 1,200 homes in 2016. Mr. Templeton shared a map by elementary attendance zones that shows the growth is all over the district. He said they also track vacant developed lots. The largest area for this is the Nance attendance zone.

Templeton builds the enrollment projections at the elementary campus first, geocodes the students and builds the forecasts as they advance. A map showed the current developments underway as well as the future ones in planning. Northwest ISD is very large geographically with over 200 square miles – four times the size of Keller ISD, for example – which means the future growth potential is huge because so much is still undeveloped.

Mr. Templeton reviewed identified active subdivisions and the number of lots in each. He said there is typically a 16-18 month window from when a developer starts the process for approval and when you see homes start to go up.

There are multi-family developments that are also being tracked that could produce over 1,500 units, though the majority of the growth is still in single-family homes. In conclusion, there is a lot of growth, it is spread all over the district and it is continuing to come at a very fast rate.

Mr. Templeton reviewed the ten-year forecast by grade level – a potential of 12,726 students. It is common to be larger at your elementary grades than your secondary grades. It is also very common for your 9<sup>th</sup> grade to be one of your largest classes. The projections show that enrollment numbers grow steady and will pick up in another 3-4 years. NISD is projected to add

6,218 students in the next five years. In 2018, we project to have 7 elementary campuses over capacity. The district is growing 500-600 elementary students per year, which is adding almost a new school each year. At the secondary level, three middle schools are over capacity and two middle schools will be over by 2020/21. Byron Nelson High School is over capacity and Eaton will exceed its capacity by 2019/20.

The potential facility forecast shows the need for another 8-10 new elementary schools, 3 new middle schools and 1-2 new high schools in the next 10 years. Three projects are already in the works - expand Schluter, new elementary by 2018 and new middle school in 2018.

Mr. Templeton also discussed a potential build-out model of the southern portion of the district, which could result in potential enrollment of 4,694 elementary students in the region.

Mr. McClure added that we need to focus on the southern portion of the district because it is so fast growth that land in this area is becoming scarce. He said we need to make sure we are planning ahead and getting the sites we know are needed to serve that area.

Mr. Templeton wrapped up his presentation with a summary of the housing outlook and enrollment projections.

**Question:** If the district is building out at this rate, the current infrastructure cannot accommodate that growth. Is there any relief coming with that?

**Answer:** Roadways are always a huge problem. Roads in new developments are funded through impact fees on developers. Therefore, typically, the roads follow way behind. Sometimes cities will have a bond election for new roads and major improvements. It is an unfortunate situation. Mr. McClure added that the district is working hand-in-hand with the City of Fort Worth to get ahead of the curve moving forward on roads for the sites the district has already identified for a future school. Mr. McClure says he will be the district's biggest advocate and build the relationships with all different entities – TXDOT, cities, and counties – to get the infrastructure they will need in place in a timely manner.

**Question:** What is the ratio of students per single family home?

**Answer:** On average it is about 0.5 to 0.6 for a single family home. We do have a yield identified per subdivision in the report.

**Question:** It shows the capacity for an elementary at 850. Has it been considered to build larger capacities and build less new schools?

**Answer:** Yes, it has been studied by the district. NISD elementaries used to be at a 650 capacity and it was increased to 850. The administration feels strongly that the elementary campuses remain at a maximum of 850 for academic, discipline and administrative reasons.

**Question:** You said that we will need six elementary schools in the southern portion of the district. Does that include the ones that are already there?

**Answer:** Yes.

**Question:** We used to be focused on neighborhood schools. Is the plan to go away from that?

**Answer:** No, the plan is to continue to add new schools to an area as growth comes online.

**Question:** None of the multi-family developments are for senior living?

**Answer:** One of the multi-family developments was for senior living.

- Website Review

The designated committee website is [www.nisdtxlrpc.org](http://www.nisdtxlrpc.org). The committee website is to be a tool for the committee and provide transparency to the community. It outlines the committee charge and purpose, identifies all the committee members, and it will host all the committee meeting materials and notes. Site visitors can also submit questions through the FAQs page.

- Closing

Dr. Warren thanked the committee for their time and commitment. He asked for members to begin to really think about the four main areas of new buildings, existing building needs, technology, and safety as we begin to form our vision over the next several meetings. The next meeting is Tuesday, November 8 at 6:00 pm.

**Next Meeting: Tuesday, November 8, 2016 at 6:00 p.m.**