

**LRPC WORKSHOP WITH THE NISD BOARD OF TRUSTEES
MEETING NOTES**

Thursday, January 21, 2021
Virtual Meeting

1. Meeting Called to Order – Dr. Anne Davis-Simpson

The January 21 LRPC and Board of Trustees Workshop was held virtually with 63 in attendance, including NISD Trustees, LRPC members, NISD administration and consultants. All seven board members were present.

Dr. Simpson called the meeting to order at 6:00 p.m. and thanked everyone for their attendance.

Dr. Ryder Warren, Superintendent, provided an outline for the evening and next steps. He expressed his appreciation for the hard work of the LRPC members.

2. LRPC Process

Tim McClure, Assistant Superintendent, provided an overview of the LRPC and reviewed the process the committee has gone through since the November election. The LRPC was originally formed in 2000 and currently has 43 members that represent the community. The LRPC has met three times virtually to re-evaluate their recommendations that formed the 2020 bond proposal. Mr. McClure reviewed each meeting's topics and activities.

3. Background Information

Next, Mr. McClure provided background information that the LRPC studied in their meetings. He reviewed the feedback-gathering activities the district has gone through since the November election and the key findings from this work. The third-quarter demographic analysis provided by Templeton Demographics shows NISD will enroll more than 32,000 students for the 2025-26 school year, and more than 39,300 by 2030-31. Mr. McClure said how this information is used for the district to develop the Forecasting Schedule, which shows when new schools, replacement schools and expansions are needed to open in order to relieve overcrowding.

Mr. McClure provided a School Construction Costs overview. He described how construction project budgets are developed for a bond, outlining the various items that must be accounted for in planning. He shared a snapshot of historical new school construction cost per square foot that showed how NISD's construction costs compare to the rest of the market. This information (slides 21-23) provides corrected information from the January 14 LRPC meeting.

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Next, Mr. McClure introduced Jeff Robert with HilltopSecurities to provide the Financial Update. Mr. Robert shared six example bond scenarios – \$600 million, \$700 million, \$800 million over 3 years and \$600 million, \$700 million, \$800 million over 4 years – all of which would result in no tax rate increase and keep the Interest and Sinking (I&S) rate at a maximum amount of 42 cents. He explained that these are very conservative estimates and closer to a worse-case scenario.

Mr. Robert noted that interest rates have gone to record low levels and the district's bond refundings over the past year that saved the district over \$50 million enabled the board to lower the I&S rate three pennies to 42 cents this year.

Trustee Questions for Mr. Robert:

- Are there any more savings the district can capture on its existing debt now?
Answer: We have refinanced almost all of the existing debt. There are a few potential opportunities, but we feel like it is best to see the results of this May election before we do that because the way we structure those refundings will be dependent on that.
- Have we been on target with the rate of spending on previous bonds?
Answer: Yes, we have been on target. With the exception of the 2009 recession and a few items that were delayed this past year due to COVID, we have issued bonds and delivered projects as planned.
- Has the construction market come down with the pandemic?
Answer: We have seen a softening of the market. The subcontractor market is more competitive because other industries have slowed down.
- If we've realized some savings from that can they go to pay for the proposed bond projects and reduce the bond amount?
Answer: The savings we have realized have not been substantial enough to address entire proposed projects.

4. Revised Scenarios

Mr. McClure shared multiple scenarios that revised the November 2020 bond proposal. He explained that the LRPC voted in their January 14 meeting on each project. He first outlined the projects that the LRPC voted to remove or postpone from the proposal, which totaled \$198,153,249. He next outlined the LRPC's draft recommendation which is comprised of projects that met the committee's 2/3rd threshold for consensus. This totaled \$774,809,104.

Mr. McClure and the administrative team used this draft recommendation as a guide to develop a two-year, three-year and four-year plan, per the LRPC's request. The two-year plan totaled approximately \$703 million. Mr. McClure explained that many projects that were phased in over several years, such as land purchases, Pre-K

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expansions and lifecycle replacements, were reduced for the appropriate years in each plan. The three-year plan totaled approximately \$747 million and a four-year plan totaled \$853.5 million. Mr. McClure explained he added the HS#4 and MS#8 design fees back into the four-year plan since those projects are projected to need to begin in that timeframe.

Mr. McClure opened the meeting for questions and comments.

Dr. Simpson began by thanking the committee and commenting on the work that had been done.

Questions:

Last meeting the LRPC asked about stretching out some of the lifecycle projects like carpet?

Answer: Yes, that has been done. Our team has gone back and refined those numbers and that is reflected here.

Where would Elementary #22 be built?

Answer: That has not been determined at this time. As we continue to track the housing growth across the district, it is projected that Elementary #21 and #22 will be built somewhere in the north and somewhere along the 287 corridor, respectively. It is a little too soon to predict exact neighborhoods.

Will the opening of Berkshire relieve any campuses?

Answer: Yes. We are working on boundaries to bring the Board in February. It will relieve Schluter, Nance, and Curtis elementary schools.

What are we doing to the West Operations Facility?

Answer: We've adjusted some scope for that project per the request of the LRPC. That facility is currently a gravel lot and a metal building with offices and shop space. This project will provide a fueling station, paving, an elevator for accessibility, and exterior lighting. We removed some of the paving work from the proposal reducing the project cost approximately \$2 million. The district spends \$45,000-\$60,000 a month in gas and staff overtime to transport the buses, from the West Operations Facility back to the Central Bus Facility, for fueling and maintenance. That would be cost savings for the M&O budget realized from this project.

Is that savings calculated into the cost?

Answer: No. Savings will be realized in the maintenance and operations budget once the facility is complete.

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Nance Elementary is showing in the green on the demographics chart but the Nance addition was postponed. But Seven Hills looks okay with capacity. Why are we delaying the Nance addition but including the Seven Hills replacement?

Answer: The opening of Berkshire Elementary will relieve Nance Elementary which is not reflected on the demographic report. Seven Hills infrastructure is not sufficient to increase from 650 to 850 students, the district's standard. It was originally a 450-student elementary. The strain on core spaces to add on space would be difficult. The facility also has many aging needs to be addressed and it was determined it was a better investment to rebuild that school at the district's standard 850-student elementary which will also prepare it for the growth coming to that area.

Are we trying to improve Texans Stadium (track and field complex) to save money on the M&O side?

Answer: Texans Stadium, which is the district's track and field complex, is the original district stadium used back when Northwest High School was the only high school. It is used for track and field, as well as middle schools' competition since our middle school fields are not all lit. The funds proposed are to repair field events, repair bleachers, provide refurbishment to press box, concessions and restroom and extend the facility life for another 20 years.

I thought there was an M&O savings component?

Answer: There is certainly a revenue-generating opportunity with that facility as it is rented out to other organizations, like youth football, which will offset M&O costs.

It was discussed that the lighting at both NISD and Texans stadium is approaching their 20 years lifespan and are proposed to be replaced with LED lighting which is more efficient and will create savings in utilities.

Why were the HS#4 and MS#8 designs added into the four-year plan when they were removed from the draft recommendations?

Answer: The committee was focused on the short-term and voted to delay it if we were looking at a shorter-termed cycle, but then charged me (Mr. McClure) to look at a two-, three- and four-year scenario. I added it back in the four-year scenario because of when those facilities are projected to be needed and if the Board or committee chose to go with a four-year scenario that would need to be discussed.

LRPC Member Comment:

It is safe to say the LRPC was thinking shorter-term. The three-year term received the most votes.

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Should Middle School #7 be moved up a year?

Answer: It is needed sooner, but because of the failed election that is the fastest we will be able to construct and open a new middle school should the election be successful this May.

Will MS#7 alleviate just Adams?

Answer: The location is centrally set in Haslet and will pull from several middle schools and balance attendance.

If you go with a two-year plan, that means another bond will be needed again in another two years?

Answer: Yes.

What was some of the conversation regarding education of the community?

LRPC members' responses:

- Hopefully we can have more meetings with the vaccine rolling out, larger signage at the campuses, and better wording to better demonstrate the need and safety issues.
- We tried to focus on items that protect our investments as well as things that impact larger numbers of students.
- The committee really focused on savings and long-term savings and tried to be sensitive to athletics.
- Photos and wording are also important.
- This has to pass. The new schools are critical. It will have to be well-crafted.
- Lesley Weaver is holding a communication planning meeting to brainstorm this topic more with the LRPC and other stakeholders.
- We have a responsibility to provide equitable environments to every student in our district.

What is involved in the central admin costs?

Answer: We've added 4.5 million square feet in the district without adding any administrative space, so this is to create some much-needed space. Central admin has to be looked at in conjunction with Hatfield. Hatfield is an old 450-student elementary and sits right next to Central. The proposal is to repurpose spaces to move departments to Hatfield and also renovate spaces as departments move out of Central. It also includes technology, infrastructure and furniture costs. We've also worked to reduce the scope of these two projects per the direction of the committee, reducing the costs by approximately \$4 million between the two projects.

Are we purchasing chromebooks and are these the best solution?

Answer: Proposition A includes infrastructure and Proposition D includes devices. The chromebooks are very sustainable, students are having a lot of success with

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them and they are at a very good price point. We go through a series of steps to always evaluate when we do a refresh.

What is the longevity of a bus and how many do we need for growth?
We add about 7 routes a year. The buses are on a 12-year replacement cycle that is on a staggered schedule.

Comments were made that a two-year plan is too short, and the amount of the four-year plan is too high, making a three-year plan the best option.

Can you speak to the concern we've heard that our facilities are extravagant?
NISD has historically been competitive with its construction price-point as compared to the rest of the DFW school market. Mr. McClure expanded on the design decisions that provide quality schools and also make our schools more efficient and save on lifecycle costs. This includes decisions to use materials that provide maintenance-friendly and custodial-friendly solutions and compact two-story designs.

LRPC Member Comment:

Just because it looks different from what we grew up with doesn't mean they are extravagant. The environments are built to be flexible and meet the needs of a 21st century learner. That looks like collaboration spaces and openness.

We've done an excellent job of repurposing buildings. We will need to be able to explain why we are replacing a facility, in particular Pike Middle School.

Response: We've completed an efficiency audit we can provide. We also have to consider that the best location for a new Pike Middle School is on its existing site where it can utilize the high school facilities.

5. Next Steps

Mr. McClure shared the next steps planned. Representatives from the LRPC will present the recommendations on Monday, January 25 and the deadline for the Board to call for a May 1 election is Friday, February 12.

6. Adjourn

Dr. Simpson expressed her gratitude to the LRPC and called to adjourn.

LRPC Discussion & Finalize Recommendations

The LRPC reconvened following the conclusion of the Board Workshop to finalize their recommendations.

Mr. McClure opened the discussion for feedback on the two-year, three-year and four-year plans that were presented.

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LRPC Member Questions/Comments:

- What is the difference between the Draft LRPC Recommendation and the three-year plan?
The projects that were split up depending on the years including the Pre-K expansions in year 2025, land purchases in 2025, bus purchases in 2025, technology priority one 2025 items, and the lifecycle replacements in 2025.
- I think one of the areas we need to talk about is the administrative space. It is a big-ticket item we will need to justify. Could Hatfield sit there a year?
Answer: If we delayed that project, Hatfield could sit unused. We would invest very minor costs to keep it running while its empty. In addition, the cost of construction will continue to increase.
- I have a concern about pushing off the administration space and the size of the next bond in 3-4 years when the next high school has to be included.
- I think we also run the risk of cutting too much and voters thinking those things weren't really needed.
- Note that there are deferred, end of life, maintenance items at both Hatfield and the Administration building in those renovation numbers that would typically be included in the lifecycle replacement costs.
- Student space suffers when we run out of admin space. Student space also has to be used for professional learning because we don't have designated space for it.
- Costs will only continue to go up and when we put this work on the next bond it will be larger.
- Yes, I think we just need to provide more clarity on what is proposed.
- We've also done a lot of reduction in Propositions B and C where we got feedback on athletics.

Chat comments:

- Could we discuss wording it as a Consolidation of Central Administration and increase in utility infrastructure?
- The power being capped at admin is one of the reasons the entire operating center went down in early October causing a big impact-no network, no phones, minimal learning. It was a bad day with long term damage. :(
- Who did we move to the old Haslet Elem? Didn't we make that admin space?
- NEF is there right now. They are repurposing a large part for the SPC campus as they are in the oldest building in the district. The building will ultimately house our DAEP program, RISE & Horizon, Academic Coaches and Professional Development.
- I like the idea of renaming for clarity what "Central Admin" means and leave it in for the final recommendation.
- Maybe we can also show what the last bond improved and how important these are. We could have videos of kids who benefited from the improvements to the Ag barn

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from the last one for example. Or the divers and swimmers talking about how the new Aquatics center improves their experience.

- Big Thank you to Tim and his team and the rest of the District Staff that have worked on this and turned around mass amounts of information in a days/weeks time for these meetings. Great job team!

After much discussion on the three-year plan, Mr. McClure facilitated a vote on the three-year plan as the committee's recommendation. The committee voted 27 in favor and 1 against the three- year plan.

Mr. McClure wrapped up the meeting by thanking the committee for their hard work and commitment and discussing the next steps. Committee members are encouraged to attend the recommendations being presented this coming Monday evening.