

## MEETING NOTES

Thursday, January 14, 2021  
Virtual Meeting

### 1. Welcome, Meeting 2 Recap

The January 14 LRPC meeting was held virtually with 58 in attendance, including LRPC members, NISD administration, Trustees and consultants.

Dr. Ryder Warren, Superintendent, welcomed the LRPC to the third 2020-21 LRPC meeting and recognized members of the NISD Board of Trustees present, Dr. Anne Davis-Simpson, Mark Schluter and DeAnne Hatfield.

Tim McClure, Assistant Superintendent, thanked the committee for their time and reviewed the meeting agenda.

### 2. School Construction Costs

Mr. McClure described how construction project budgets are developed for a bond, outlining the various items that must be accounted for in planning. He explained that a construction cost estimate is developed based on the scope of the project and then it is estimated when that project will bid, and an escalation factor is applied to account for the rise in construction costs between today and that time. Then added to the total construction cost are additional items that are required to get a project complete and a school up and running. We must also budget for furniture, fixtures, equipment, technology, soft costs like fees and permits, additional utilities if needed, and a small amount of contingency to take care of those unforeseen costs or changes in the market.

Mr. McClure then 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. Huckabee, a school architect and consultant to NISD, provided their cost database of public school construction over the past five years that includes both Huckabee and non-Huckabee projects by region. Construction costs vary drastically across the state of Texas due to different soil-types, different markets, and more. Tables provided showed a state average and a DFW average. Mr. McClure said that DFW tends to have a slightly higher cost than other parts of Texas. NISD built Curtis Elementary in 2018 for \$224/square foot compared to the DFW 2018 average of \$254. Lance Elementary was completed at \$257/square foot in 2019 and was the first elementary school to include a storm shelter. The DFW average was \$279 in 2019. Per the International Building Code, north of about Waco, new schools are

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now required to be constructed with storm shelters that can hold the entire student body.

Historical school construction costs show that NISD constructed Adams Middle School in 2018 for \$232.60/square foot compared to the DFW 2018 middle school average of \$274, and Eaton High School in 2015 for \$179/square foot compared to the 2015 state average of \$262 (a 2015 DFW average was not available).

Chat comments:

- This would be VERY valuable info to get out to taxpayers.
- I agree! This is great!
- I think this is usually included in the presentation that is posted on the website, but I could be mistaken.

### 3. Financial Update

Next, Mr. McClure introduced Jeff Robert with Hilltop Securities, which has advised the district since 2002 and helps structure new bond fundings as well as debt refinancing.

Mr. Robert said a positive that has come out of the past year is the lowering of interest rates and that since his last time with the LRPC (November 2019) the NISD Board of Trustees has completed three different refundings saving over \$50 million. They also completed the last 2017 bond sale with a much lower than expected interest rate. Both of these actions have put NISD at an even better position to issue new bonds and enabled the district to lower the Interest & Sinking (I&S) rate three cents this year.

Mr. Robert then 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 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. He explained the difference in the scenarios is the timing and amount of principal paid off, but that in any scenario they would ensure short term assets (technology, buses) are paid off within their useful life. He also noted that all scenarios build in capacity for future needs.

Mr. McClure added that 50 cents is the maximum a school district can set the I&S tax rate. Mr. Robert noted that many other fast growth districts' I&S rates are at that 50-cent cap and remain there.

Mr. Robert emphasized the conservative nature of the assumptions used to build the scenarios noting that NISD has experienced double digit property value growth for some time but to be conservative he is using only five percent annual growth. In addition, he is using higher interest rates than what the market is seeing today.

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NISD bond sales average 25 years, though the state allows up to 40, and NISD has been able to retire debt faster due to debt refinancing and property value growth. In fact, the oldest debt NISD is currently carrying is from 2006 or 2008.

Mr. Robert concluded with emphasizing that NISD is actually in a better position on the debt side than it was a year ago.

Chat Comments:

- Maybe we can include that information comparing the fast growth districts so people know where we stand.
- Can we get an update on golden pennies and how many we are currently using?

We currently have 4 golden pennies as part of our M&O tax rate. There are no golden pennies on the I&S side of the tax rate.

Question: What are things that have helped us to stay below the 50-cent cap? You've mentioned our bond ratings in the past.

Answer: Yes, the district has two good bond ratings that certainly helps. The main driver is the growth in tax base. As the district has evolved to be a more commercial tax base, it has allowed the district to issue bonds without having to raise the rate to the cap.

Question: Some voters don't understand why we can't save and pay for these things with cash. How would you address this comment?

Answer: Pretty much every public school district has to use bonds to pay for any major capital project. It is simply the way school finance is setup. There are just not the extra funds in the Maintenance & Operations (M&O) fund, and, in fact, TEA frowns upon accumulating too much fund balance.

Mr. McClure added how NISD is utilizing bonds for lifecycle replacements and using maintenance-friendly materials to lower the custodial impact, ultimately saving M&O dollars that are not subject to state recapture (100% of I&S funds are kept in district).

Question: What's the maximum we can issue with no tax increase?

Answer: Without running specific scenarios, I would estimate being able to add another \$50 million to this for a total of \$850 million at the current rate (over four years).

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Question: Does that mean it is not possible to present the same recommendation from last year of \$986 million without a tax increase?

Answer: We could issue the \$986 million without a tax increase, but it would be over a five-year period, not over four.

#### 4. Results of Committee Survey

Mr. McClure shared the results of the survey sent to the committee following last meeting asking the committee's comfort level with a total bond dollar amount and bond term (number of years). LRPC members were split on the total dollar amount with 7 (32%) LRPC members selecting \$600-\$700 million, 4 members selecting \$400-\$500 million and 4 members selecting \$700-\$800. LRPC members were split between 3 and 4 years for bond term, with 10 members selecting each.

#### 5. Potential Bond Scenarios

Mr. McClure shared a revised forecasting schedule showing when it is estimated each growth project is needed to open.

He then shared two bond scenarios based on the project rankings completed last meeting in which each project was categorized as green (keep)/yellow (discuss)/red (remove or postpone for future bond).

The Green & Yellow Ranking Scenario, that includes all projects that the committee identified as green or yellow, was reviewed. He noted that the project category headers were revised slightly to streamline the grouping. All of the green and yellow projects total \$828,450,663.

The Green Only Ranking Scenario, that includes only the projects that the committee identified as green, was reviewed. All of the green projects total \$740,829,743. Mr. McClure noted that there were several capital improvement/lifecycle projects that were identified as yellow because it was determined that the number of years that these projects addressed could be reduced. In the Green Only scenario, all of these were removed.

LRPC Questions/Comments:

- I like the Green Only Ranking Scenario, but I would add back in the capital improvements that were subtracted out. We have to maintain our facilities. It is incredibly important that we protect our investments.
- I thought athletic ticket booths were out.  
Answer: We can correct that tonight in our exercise.
- Is the year listed when it would start or finish?  
Answer: It is when we anticipate the work would complete. Also, those years that are bolded are to point out that this work would be completed in multiple phases, but the year listed is when the last batch would be completed.

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Chat comments:

- This spreadsheet looks much better.
- Agreed! Great work!
- So the Nance addition is going to be pushed back?
- Yes. The new schools being built will bring enough relief to the Nance campus that the addition can be deferred a bit longer.
- Last week the group discussed that Nance could be pushed back with the opening of Berkshire.

**6. Finalize Recommendation**

Next, Mr. McClure facilitated a committee vote on each project. The committee’s 2/3<sup>rd</sup> consensus was used to determine a project as part of the committee’s draft recommendation. A virtual polling feature was used in which each voting committee member selected “in” or “out” for each project. The results of that exercise are as follows:

PROPOSITION A						
GROWTH: New Facilities, Additions, & Land	Estimated Total Cost	Estimated Year Open	In Votes	Out Votes	% For	Draft Recommendation
Elementary School #22	\$42,542,290	2023	30	0	100 %	\$42,542,290
Elementary School #23	\$45,897,260	2024	29	0	100 %	\$45,897,260
Middle School #7	\$81,541,819	2023	30	0	100 %	\$81,541,819
Replacement Elementary School - Hatfield	\$40,421,453	2022	30	0	100 %	\$40,421,453
Replacement Elementary School – Seven Hills	\$40,358,603	2022	29	1	97%	\$40,358,603
Additional Pre-K Classrooms - 14 Schools	\$17,031,269	<b>2024</b>	28	1	97%	\$17,031,269
Pike Replacement Middle School	\$94,820,871	2024	30	0	100 %	\$94,820,871
Northwest HS Additions and Renovations	\$174,588,607	2025	29	1	97%	\$174,588,607
Land Acquisition	\$20,846,717	<b>2024</b>	29	0	100 %	\$20,846,717
Nance Addition	\$15,128,285	2028	13	17	43%	
Elementary School #24	\$49,516,810	2025	17	13	57%	
Middle School #8 Design	\$4,903,939	2025	12	18	40%	
Comprehensive High School #4 Design	\$17,521,644	2027	8	22	27%	
New Maintenance Building	\$19,664,015	2023	15	14	52%	
Conceptual Master Plan: Relocate Central Bus Barn	\$14,748,011	2023	16	14	53%	

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<b>CAPITAL IMPROVEMENTS &amp; RENOVATIONS</b>	<b>Estimated Total Cost</b>	<b>Estimated Year Open</b>	<b>In Votes</b>	<b>Out Votes</b>	<b>%</b>	<b>Draft Recommendation</b>
Hatfield ES to Admin Space	\$20,685,370	2024	28	2	93%	\$20,685,370
Central Admin	\$20,231,818	2024	26	4	87%	\$20,231,818
Fire Alarm	\$834,412	2022	30	0	100%	\$834,412
Kitchen Floor – Prairie View	\$75,745	2021	29	1	97%	\$75,745
Gymnasium Upgrades (flooring, sound system...)	\$1,955,682	2024	27	3	90%	\$1,955,682
West Operations Facility	\$7,712,714	2023	25	5	83%	\$7,712,714
2023 Roofs (3)	\$7,731,055	2023	25	5	83%	\$7,731,055
2024 Roofs (1)	\$992,730	2024	18	12	60%	
2025 Roofs (1)	\$5,765,722	2025	8	22	27%	
2022 Hard Floors (3)	\$914,317	2022	24	6	80%	\$914,317
2025 Hard Floors (1)	\$293,312	2025	8	21	28%	
2020 Carpet (7)	\$3,122,657	2020	23	7	77%	\$3,122,657
2021 Carpet (2)	\$808,603	2021	21	9	70%	\$808,603
2023 Carpet (1)	\$614,034	2023	16	14	53%	
2025 Carpet (3)	\$5,710,751	2025	6	24	20%	
2020 HVAC (3)	\$6,317,852	2020	28	2	93%	\$6,317,852
2022 HVAC (2)	\$4,196,104	2022	25	5	83%	\$4,196,104
2024 HVAC (1)	\$1,085,902	2024	13	17	43%	
2025 HVAC (1)	\$4,897,248	2025	7	23	23%	
LED Lighting	\$9,657,513	<b>2026</b>	8	22	27%	
<b>EQUITY/EVOLVING NEEDS</b>	<b>Estimated Total Cost</b>	<b>Estimated Year Open</b>	<b>In Votes</b>	<b>Out Votes</b>	<b>%</b>	<b>Draft Recommendation</b>
Special Education Upgrades – Middle School	\$610,578	2022	29	0	100%	\$610,578
Buses for Growth	\$2,695,852	2025	25	5	83%	\$2,695,852
PLTW Labs	\$339,736	2022	24	5	83%	\$339,736
Skills for Living – CTMS and Medlin	\$870,147	2022	28	2	93%	\$870,147
Elementary Playground Accessibility Additions	\$2,529,197	<b>2023</b>	27	3	90%	\$2,529,197
Elementary Playground Expansion	\$3,787,154	<b>2023</b>	22	7	76%	\$3,787,154
Elementary Playground Surfacing	\$2,036,051	<b>2023</b>	27	3	90%	\$2,036,051

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2021 E.S. Stage Sound (3)	\$244,643	2021	19	11	63%	
2022 E.S. Stage Sound (2)	\$163,095	2022	18	12	60%	
2023 E.S. Stage Sound (3)	\$263,936	2023	15	15	50%	
2024 E.S. Stage Sound (2)	\$189,834	2024	8	22	27%	
2025 E.S. Stage Sound (3)	\$307,207	2025	5	25	17%	
2026 E.S. Stage Sound (1)	\$110,478	2026	5	25	17%	
Enlarge Competition Gym (BNHS & EHS)	\$9,016,383	2024	9	21	30%	
Updated Elementary School Classroom Furniture	\$7,111,040	2023	6	24	20%	
Updated Middle School Classroom Furniture	\$5,302,091	2023	5	25	17%	
Updated Library Furniture	\$4,963,326	2025	8	22	27%	
Coach's Offices	\$788,021	2023	6	24	20%	
Bus Wi-fi	\$210,191	2022	6	24	20%	
Advanced Manufacturing Program w/ Robotics (BNHS)	\$165,961	2022	10	20	33%	
Paint Booth at BNHS and EHS	\$154,925	2022	8	22	27%	
Hughes Elementary Perimeter Fencing	\$136,575		8	22	27%	
<b>TECHNOLOGY</b>	<b>Estimated Total Cost</b>	<b>Estimated Year Open</b>	<b>In Votes</b>	<b>Out Votes</b>		<b>Draft Recommendation</b>
Tech Priority 1 (Infrastructure & Equipment)	\$79,533,813	<b>2025</b>	26	3	90%	\$79,533,813
Tech Priority 2 (Safety and Security: PA)	\$13,545,594	<b>2025</b>	28	2	93%	\$13,545,594
Tech Priority 3 (Replace Projectors w TVs)	\$5,352,796	<b>2025</b>	22	8	73%	\$5,352,796
Radio Upgrades and Repeaters	\$210,566	<b>2022</b>	28	2	93%	\$210,566
Call Center and BDA	\$505,359	<b>2023</b>	8	22	27%	
<b>PROPOSITION A SUBTOTAL</b>	<b>\$924,279,683</b>					<b>\$744,146,702</b>
<b>PROPOSITION B</b>						
<b>STADIUMS</b>	<b>Estimated Total Cost</b>	<b>Estimated Year Open</b>	<b>In Votes</b>	<b>Out Votes</b>		<b>Recommendation</b>
Texan Stadium (NISD Track and Field Complex)	\$7,425,281	2022	26	4	87%	\$7,425,281
Stadium LED Lighting (Both NISD and Texan)	\$745,233	2028	21	9	70%	\$745,233
NISD Stadium Roof Replacement	\$1,017,190	2025	6	24	20%	
NISD Stadium Replace Aged Carpet	\$70,607	2025	4	26	13%	
<b>PROPOSITION B SUBTOTAL</b>	<b>\$9,258,311</b>					<b>\$8,170,514</b>

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PROPOSITION C						
OTHER REC FACILITIES	Estimated Total Cost	Estimated Year Open	In Votes	Out Votes		Draft Recommendation
Middle School #7 – Tennis and Football Field	\$3,440,934	2023	27	3	90%	\$3,440,934
Middle School Tennis Courts Resurfacing (4 MS)	\$1,818,797	2021	27	3	90%	\$1,818,797
Medlin MS Tennis Courts	\$1,026,217	2022	22	8	73%	\$1,026,217
Turf Replacement (Wilson, NHS Subvarsity)	\$2,647,146	2024	17	13	57%	
Athletic Ticket Booths	\$191,895	2022	14	15	48%	
Middle School #8 – Tennis and Football Design	\$167,731	2025	10	19	34%	
Comprehensive High School #4 – Athletics Design	\$359,388	2027	7	22	24%	
Middle School Weight Rooms	\$258,299	2022	6	23	21%	
Add Concession for Baseball and Softball at EHS	\$318,509	2022	7	22	24%	
Add Concession and Restroom Access for Soccer & Football at BNHS	\$1,872,055	2023	5	24	17%	
Cover Batting Cages	\$9,115,011	2022	8	21	28%	
LED Lighting (Athletic Facilities)	\$2,002,437	2027	6	24	20%	
<b>PROPOSITION C SUBTOTAL</b>	<b>\$23,218,419</b>					<b>\$6,285,948</b>
PROPOSITION D						
TEACHER AND STUDENT DEVICES	Estimated Total Cost	Estimated Year Open	In Votes	Out Votes		Draft Recommendation
Full Device Refresh for Teachers and Students	\$16,205,940	<b>2024</b>	29	1	97%	\$16,205,940
<b>PROPOSITION D SUBTOTAL</b>	<b>\$16,205,940</b>					<b>\$16,205,940</b>
	<b>All Projects Total</b>					<b>Draft Recommendation</b>
<b>GRAND TOTALS</b>	<b>\$972,962,353</b>					<b>\$774,809,104</b>

**LRPC Questions/Comments:**

- Can you look at what could be done to reduce the West Operations Facility scope to potentially fueling only?  
 Answer: We will explore this project and bring back some reduced options for the committee.
- I'd like the committee to reconsider replacing the playground woodchips. As discussed last meeting this project was for accessibility, safety and equity.



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- What is the ability of campuses to volunteer/fundraise for items on their campuses?

Answer: Typically, it would just take too much time to raise the money required for improvements of this magnitude. It can also create inequity when there are areas that could raise the funds versus areas that cannot.

- Agree. Not all community fundraisers are created equal. If it is the district standard, it needs to be funded by the district.

A revote was taken on the elementary surfacing project. Originally rated 19-11, the revote changed to 27 “in” votes versus 3 “out”, meeting the committee’s definition of consensus. Similarly, a revote on elementary expansion shifted this project from 18-11 to 22-7.

LRPC Comments/Questions:

- I’d like to see a revote on the Nance expansion. We’ve been told this campus would be expanded for years now and the growth in this area is not slowing. It does not meet the district’s standard.
- Chat comment: All the schools need to be the same size.
- But projections show it is not needed until 2028?

Answer: Yes. It is one of our few remaining 650-student elementary schools, but that is correct. The opening of Berkshire Elementary will take students off this campus and with these new boundaries, our projections show it doesn’t exceed the 650-capacity until 2028.

A revote on the Nance expansion was taken and it remained “out” with a vote of 13-17.

LRPC Comments/Questions:

- We are currently at \$775 million. I’m still concerned about this amount and the optics, and of getting support with current affairs.
- We have to get this bond through. There are things on this list we have to get through. It’s important for our kids, for our home values. Can we try to get a few more years out of some of these things and make this more palatable to the community?
- Dr. Warren added that it will be critical to have the projects to meet our growth needs. The board will have to put forth a plan they feel will be supported.
- Can we see these items over 4 years vs. 3-year coverage?  
Yes, we can bring back these scenarios.

## 7. Determine Spokespersons & Next Steps

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Mr. McClure concluded with reviewing the upcoming meeting dates and explaining next steps. The committee will be joining the Board for a joint workshop this coming Thursday, January 21. It will be an opportunity for the Board to hear from the LRPC and vice-versa prior to finalizing the recommendations which will be presented at the January 25 board meeting. Mr. McClure asked if any LRPC members are interested in being a committee spokesperson and helping to present the recommendations on the 25<sup>th</sup> to email him. Following the recommendations on January 28, LRPC members are invited to join Lesley Weaver, Executive Director of Communications, for a communication planning meeting where they can provide input on the voter education efforts that would take place should the Board vote to call another bond election.

The next LRPC meeting will be the Board Workshop scheduled Thursday, January 21, 2021. A zoom link will be sent.