

# BISD Capital Levy

February 12, 2019



**BAINBRIDGE  
ISLAND**

SCHOOL DISTRICT No. 303

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**STRONG MINDS, STRONG HEARTS, STRONG COMMUNITY**

# At the end of this presentation you will have a better understanding on:

- The different ways local taxes support our schools
- Why the district requires additional support for its capital projects
- What a \$15 million levy provides



**It's important to understand the  
difference between BISD's two local  
funding sources:**

- 1. General**
- 2. Capital**



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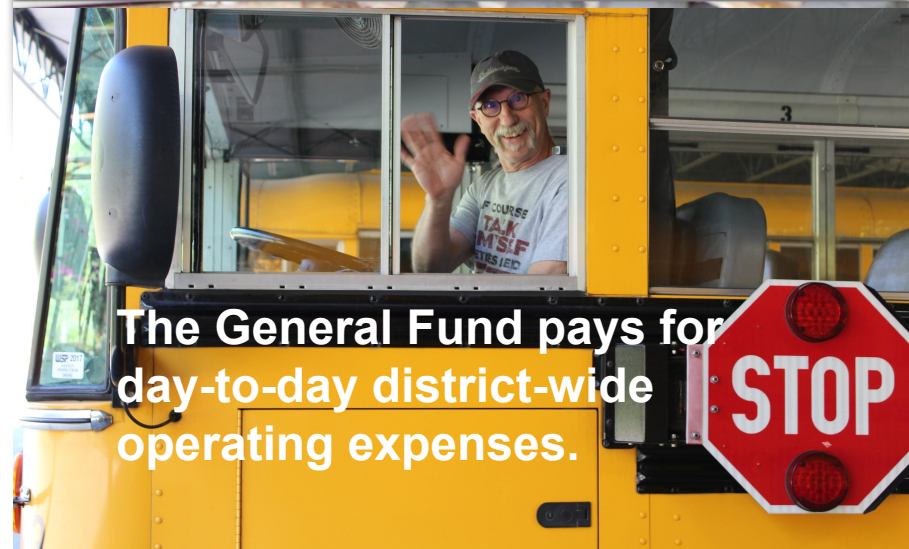
# 1. General Fund (supported by Educational Programs & Operations Levy) pays for:

- Staff salaries and benefits
- Day-to-day operating expenses
- Curriculum
- Supplies
- Utilities
- Transportation

The General Fund pays for staff salaries.



The General Fund pays for day-to-day district-wide operating expenses.



## 2. Capital Fund (supported by bonds & capital levies) pays

for:

- New construction & building renovation (such as roofs, HVAC, infrastructure)
- Technology (equipment & software)
- Staff salaries directly related to funded projects (such as construction project managers)
- Furniture and equipment (desks, ovens for culinary arts, etc.)
- Funding Sources:
  - Technology Levy
  - Bond or Levy measures for capital investments



# Without a Capital Fund, the General Fund is greatly impacted:

## GENERAL FUND:



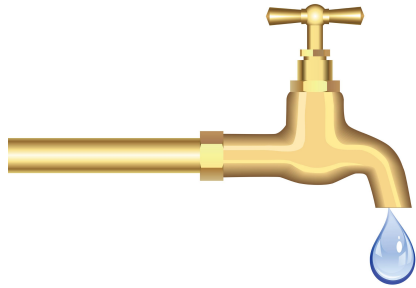
Every capital project paid out of the general fund = less \$ for schools, students and staff.

## CAPITAL FUND:



# Without a Capital Fund, the General Fund is greatly impacted when expenses arise:

IN THE PAST, THE CAPITAL FUND HAS COVERED:



**CLEAN WATER**



**REPAIRING  
CRACKS IN  
PAVEMENT**



**REPAIRING  
LEAKY ROOF**

Every capital project paid out of the general fund = less \$ for schools, students and staff.

# 2016 Capital Bond:

- Replacement of Blakely Elementary School  
**IN PROCESS** New building slated to open  
Fall 2019
- Repairs and renovations districtwide  
**COMPLETED / IN PROCESS**
- Replacement of the Bainbridge High School  
100 Building (currently houses career,  
technology, special education and the arts)  
**IN PLANNING STAGE**





# Reasons for the shortfall —they add up!:

## Escalation & market conditions

+

New building codes and land-use requirements

+

An increase in sales tax (.03%)

+

Tariffs

+

Received less money than anticipated (state grants)

=

**Insufficient funds for projects**

# Construction headline:

May 29, 2018

## Seattle 7th most costly place to build worldwide

- *Seattle ranked fourth worldwide when it comes to skilled labor costs.*



By JOURNAL STAFF

A new report by London-based Turner & Townsend ranks Seattle as the world's seventh most expensive city for construction.

The firm's International Construction Market Survey also lists Seattle as one of three "overheating" cities in a forecast of costs for 2019. The other two are San Francisco and Amsterdam.

Turner & Townsend rates markets as cold, lukewarm, warm, hot and overheating. Markets that are hot or overheating typically have high cost inflation because of intense competition for resources and labor.

Construction price inflation is estimated at 5 percent in both Seattle and San Francisco, matching 2017 levels, and the highest in the U.S. Amsterdam is expected to hit 4 percent.

The cost of construction in 46 global markets is projected to climb 4.3 percent this year, according to the report.

Turner & Townsend attributed the rising costs in Seattle and San Francisco to fast-growing tech companies.

The most expensive place to build is still New York City, where the average cost of construction climbed 3.5 percent to \$362 per square foot. New York held the top spot last year too, but it has cooled since reaching an all-time high in 2016. The cooling was blamed on higher interest rates and a dip in construction spending.

San Francisco was the second most expensive city, with an average cost of \$347 per square foot. Rounding out the top five are Hong Kong (\$344), Zurich (\$339) and London (\$336).

Seattle ranked seventh worldwide, at \$288 per square foot, behind Dublin. Last year Seattle was sixth.

But Seattle ranked fourth worldwide when it comes to skilled labor costs. Zurich topped that list at \$104.10 an hour, including wages, insurance, pensions and other benefits. New York was second at \$98.30 an hour, followed by San Francisco at \$84.20 and Seattle at \$72.50.

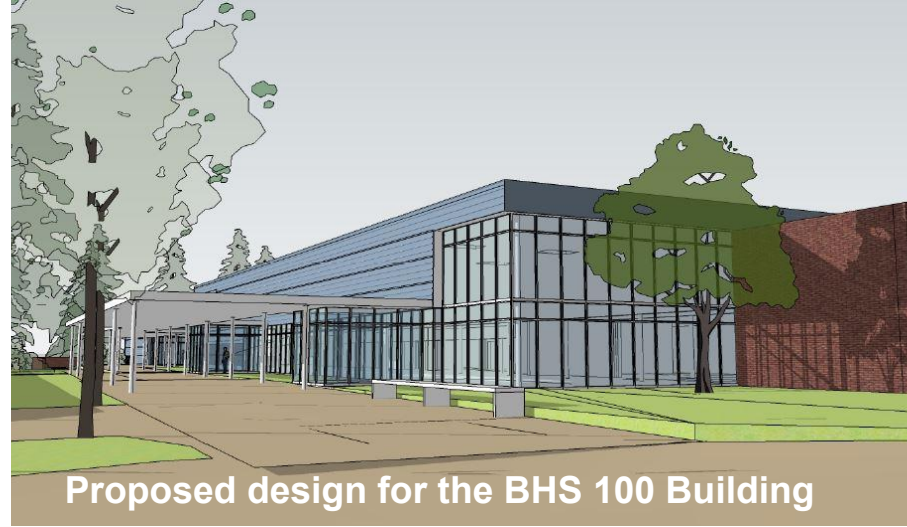
# Cost reductions made:

- **Blakely Elementary School Project:** Project underway; cost-cutting measures to manage increasing costs
- **100 Building at BHS:** Adjusted scope of project; Schematic Design and cost estimate approved



# Why run a \$15M Capital Levy?

- There are not enough funds available to complete the projects identified in the 2016 bond.
- The levy funds will:
  - **Complete the construction projects** identified in 2016 Bond – including the BHS 100 Building which is used by every BISD student who graduates from our district
  - **Perform** ongoing maintenance through 2025
  - **Perform** renovations such as school security upgrades through 2025



# We are not alone:



In February 2018, Bellingham Public Schools went to the voters requesting a \$155 million bond to cover a long list of items including:

**Passed by 70.13%!**

## Complete Remaining 2013 Bond Projects

**Cost estimate:** \$19.5 million

This includes the Sehome High School rebuild, Central Kitchen, and Transportation Garage improvements. The task force learned that since original estimates were developed in 2012 for these projects that are currently in the planning phase, construction costs have escalated and the Sehome project in particular is subject to new stormwater, electrical, mechanical and building regulations.

# Tax implications for the proposed six-year levy:

If approved, the levy will cost homeowners **\$0.30** per thousand assessed value, about **\$198** per year for **six years** for the average Bainbridge Island home (which is assessed for \$660,520).

# FAQs:

**Q:** Why doesn't the district put the projects on hold and wait for the construction industry to slow down?

**A:**

- Money would be needed to patch and repair the 100 building such as re-roofing and updating its electrical, fire and structural systems; Postponing does not provide the space necessary to support 21st century learning.
- There is no indication the construction industry will be slowing – in the Seattle region there have been \$7 billion in school bonds passed with billions more expected to be brought to voters.



Ceiling panel of current BHS 100 Building



Classroom in the BHS 100 Building

# FAQs:

**Q:** How have the plans evolved for BHS remodel since 2016?

**A:** Moving the Commons to the 100 building allows the commons to become the heart of campus.

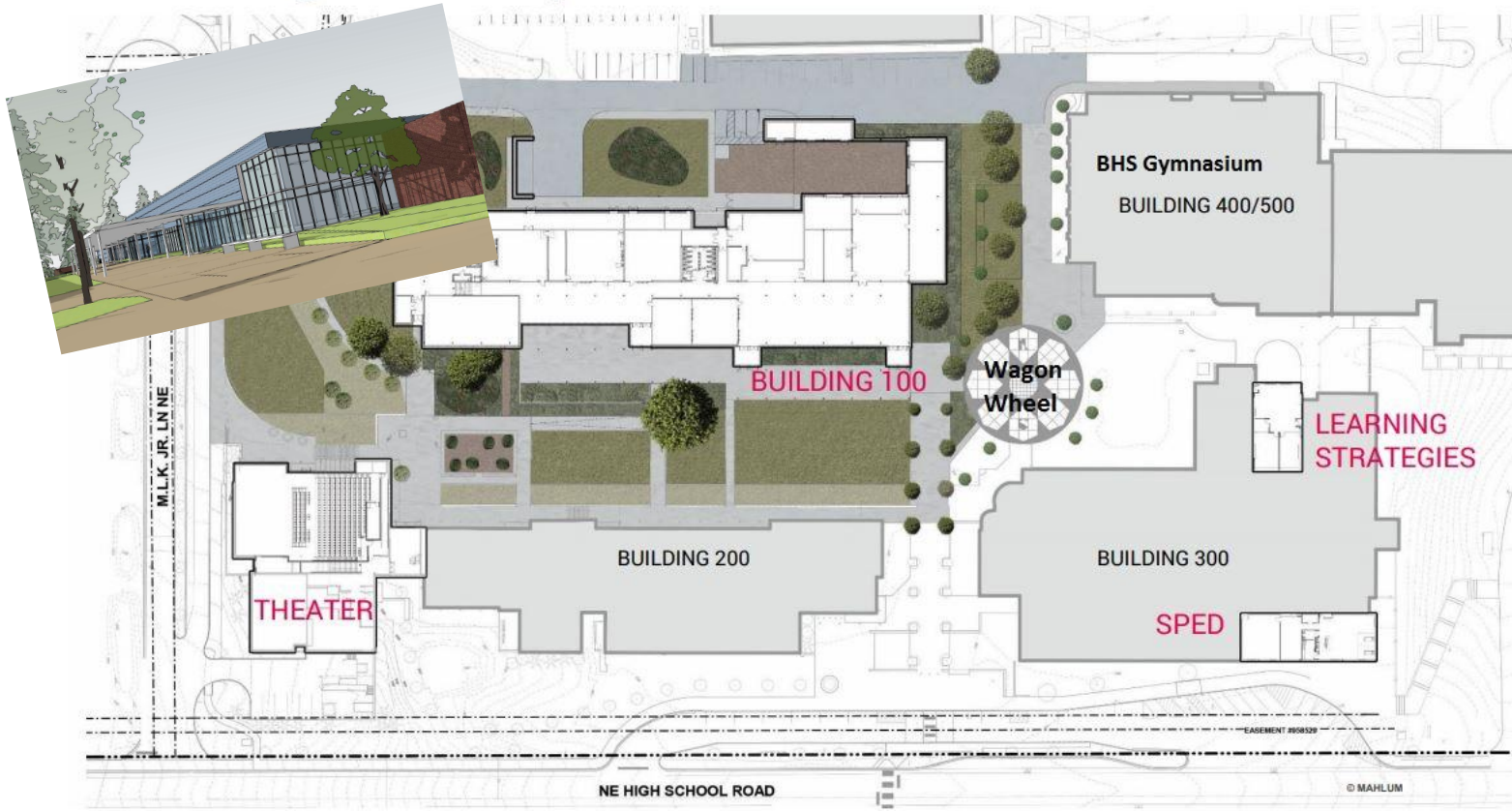
- Provides open access/full utilization of the space during the day for classroom support; allows school administrators to keep watchful eyes on the space
- The current commons will be transformed into an auditorium with seating for 350-400. The space offers an ideal environment for transformation, as the original design intent provides visual access and supports all elements of performance activities.





# BHS Campus Overview with Updated Design

## Building 100 Replacement :: Site Plan



# The six-year levy bridges the gap:

2019

2025

Completes the projects  
identified in the 2016 Bond

+plus

Provides funding for repairs  
and renovations through 2025

# Questions?



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# Bond 2016 & Today's Reality:

## Bond Request 2016 Revenue

Blakely	\$	39,000,000
BHS 100 Building		30,000,000
<u>Essential Renovations</u>		<u>12,200,000</u>
Total Bond Request	\$	81,200,000

## + Plus ANTICIPATED REVENUE

State Match	\$	2,600,000
Class Size Reduction		1,200,000
2009 Interest Earnings		500,000
2016 Interest Earnings		500,000
2006 Blakely Fund Bal.		289,000
<u>2009 Cap. Fund Bal.</u>		<u>5,420,854</u>
<b>Additional Revenue</b>		<b>10,509,854</b>
<b>TTL Anticipated Revenue</b>	<b>\$</b>	<b>91,709,854</b>

## Estimated Cost with Escalation/Revenue 2018-19

Blakely	\$	45,531,251
BHS 100 Building		39,500,000
<u>Essential Renovations</u>		<u>12,200,000</u>
<b>Total Escalated</b>	<b>\$</b>	<b>97,231,251</b>

## + Plus CONFIRMED REVENUE

2016 Bond	\$	81,200,000
State Match		1,750,000
Class Size Reduction		-0-
2009 Interest Earnings		500,000
2016 Interest Earnings		1,000,000
2006 Blakely Fund Bal.		289,000
<u>2009 Cap. Fund Bal.</u>		<u>2,287,883</u>
<b>TTL Confirmed Revenue</b>	<b>\$</b>	<b>87,026,883</b>
<b>Shortfall</b>	<b>\$</b>	<b>10,204,368</b>

**Q:** When it comes to its construction projects, what is BISD's record with being on-budget?

**A:**

- Since the 2006 bond, the district has a track-record of bringing projects on- or below- budget.
- In 2011 the School Board voted in favor of returning \$800,000 to the taxpayers for money not needed from the 2006 Bond.



# What else has caused the shortfall?

- Conservative request in 2016 (to maintain tax stability)
- Lower fund balance due to prioritizing essential renovations
- Did not receive class size reduction grant (\$1.2M)
- State Match eligibility (BHS) OSPI Calculation was reduced to \$1.75M (Were told \$2.6M October 2015)