
Grapevine-Colleyville Independent School District

Board Information Item

Information
Packet

Board Agenda
Information

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Action

Board Agenda
Consent

02/08/2010

Subject:

Workshop: Recommendations for a New Bond Program In Coordination with a Future Tax Rate Election

Contact Person:

Paula Barbaroux, Chief Operations Officer

Policy/Code:

Board Goal:

Board Goal #5 - Consider approval of a bond proposal after review of recommendations from the bond steering committee.

Summary:

The 53-member Bond Planning Committee (BPC) began reviewing and studying requests for a new bond program in late August 2009. During this period the BPC received a variety of reports, data, and information relative to student enrollment projections, facility capacity data, educational and technical standards, program goals and priorities, facility conditions, instructional requirements and trends, and return-on-investment analysis for specific operational items. Some members made specific site visits and field trips to other school districts as it related to specific items under consideration. The total list of requests was \$320 million. Additionally, the BPC received detailed presentations about the results and information of the community survey conducted in July 2009, GCISD's debt capacity, and tax rates for various amounts of a bond program.

Through systematic review of each request, the BPC narrowed the scope of the proposed bond program to \$125.9 million and fulfilled its objective to address the following areas: safety and security, renovation and repair of existing facilities, student and/or program goals, learning environment/instruction, technology advancement and standards, operations, and co-curricular and extra curricular programs.

Through its recommendation, the BPC believes that it has compiled a bond program that responds to the desires of the community as expressed in the community survey and meets GCISD’s instructional and operational goals for the next five years.

At \$125.98 million, the estimated cost of this program is **\$9.17** per month for the average GCISD net taxable home value, which is \$264,554. The estimated tax rate increase is .0416 per \$100 of valuation, taking the debt-related tax rate from .25 to .2916. When asked about a tax rate increase the community survey indicated that more likely than not (55% support and 15% undecided), voters would support a bond program costing \$111 per year or \$9.27 per month. The proposed program is slightly **less than** the amount survey participants indicated they would support.

GCISD maintains very strong bond ratings from the national credit agencies. GCISD is rated “Aa3” by Moody’s Investors Service which puts GCISD in the top 12% of all Texas school districts rated by Moody’s. GCISD is rated “AA” by Standard & Poor’s Ratings Services, ranking GCISD in the top 13% of Texas school districts rated by Standard & Poor’s. For seven consecutive years, GCISD has achieved a rating of “Superior Achievement” under the Texas’ Schools Financial Integrity Rating System. This is the highest rating available, demonstrating the quality of GCISD’s financial management and reporting systems. When comparing GCISD’s debt tax rate with area districts, the average rate is 34.86 cents while the **projected** rate for GCISD would be 29.16 cents, which is lower. The average outstanding debt per taxable assessed valuation is 5.93% for area school districts while it is **projected** to be 3.67% for GCISD.

Funding for a GCISD bond program is not subject to recapture (“Robin Hood”) under the Texas school funding formula. Additionally, 100% of tax money related to the Interest & Sinking (I&S) portion of the overall tax rate remains with the District. A history of GCISD’s overall tax rate is shown below.

<u>Year</u>	<u>M&O</u>	<u>I&S</u>	<u>Total Rate</u>
00-01	\$1.4110	.1710	\$1.582
01-02	\$1.4111	.2057	\$1.6168
02-03	\$1.4410	.2187	\$1.6597
03-04	\$1.4511	.25	\$1.7011 (highest rate)
04-05	\$1.471	.229	\$1.70
05-06	\$1.471	.229	\$1.70
06-07	\$1.3243	.25	\$1.5743 (Bonds sold; 1 st year of compressed rate*)
07-08	\$1.04	.25	\$1.29 (2 nd year **)

08-09	\$1.04	.25	\$1.29
09-10	\$1.04	.25	\$1.29
10-11	\$1.04	.29	\$1.3316 (proposed***)

* Bonds sold for 2005 Bond Program and first year the initial compressed rate went into effect after action by the special session of the 79th Legislature which established the “target revenue” (ceiling/cap) for M&O

** 2nd year of the compressed rate at full amount

*** Proposed New Bond Program

Based upon a constant taxable value, the average dollar amount of property taxes in GCISD has **declined** by \$1,084.67 over the last four years.

Ken Moon and Brian Rosamond, co-chairs of the BPC, will give a presentation to Trustees during the workshop regarding the BPC’s work and the proposed recommendations. Trustees will provide feedback during the workshop regarding the recommendations.

Additionally, Trustees will continue the prior month’s discussion of possible dates and/or timeline for a bond election and a tax ratification election (TRE).

Attachments:

- Presentation from Bond Planning Committee
- Facility Highlights for Proposed Bond Program
- Summary Facilities Opinion of Probable Cost
- List of Recommended Items & Opinion of Probable Cost
- History of Bond Programs in GCISD

Recommendation:

Action is not required. This item is for informational purposes only.