

Bond Update

Board Meeting

Heather Tow-Yick, Superintendent
Martin Turney, Chief of Finance and Operations

December 12, 2024

Purpose

- Discuss November 5th bond input
- Review proposal based on November 14th board meeting input
- Share timeline for possible ballot measures
- Support next steps

Bond Input

- ThoughtExchange
 - Launched November 18th
 - Extended to December 4th
- Bond listening sessions
 - Monday, December 9th
- Bond Advisory Committee

ThoughtExchange Top 10 Thoughts

- 1. The public seems to not have trust in the district managing of funds due to the previous people in charge.**
The District needs to make clear to the public, all of the checks and balances new management has put in place to be sure that doesn't happen again.
- 2. The district does not take the time to collect or listen to peoples opinions.**
The district only asks our opinion AFTER they did not get the bond they should have come to us BEFORE and asked us what mattered to us.
- 3. Work to gain trust of community members**
Our community mistrusts ISD leaders, based on recent (mis?) handling of funds. Please take time and really listen to all community sectors.
- 4. People are not happy with the previous money mismanagement by the District. They have lost trust. The District needs to provide more explanation.**
The public won't vote if they don't have trust or confidence in the district.
- 5. The process to develop the bond measure seemed like it occurred in a vacuum without hard decisions and real tradeoffs presented to the committee.**
Voters will be more supportive if they see the most important needs being prioritized, rather than every possible capital need.

Note:

ThoughtExchange Top 10 Thoughts

6. I don't trust where the money is going.

After the last bond we passed to pay to have PBSE coaches at schools and then they let them all go and took away the position.

7. Lack of trust and transparency in the administration about how it manages bond and levy funds and why past re-allocations were justified

When there are a wide range of underfunded needs in the community, every public dollar should be spent wisely.

8. I voted for it but had reservations. The bad publicity about the mishandling of funds and the lack of transparency from district were my reasons.

Lack of trust within the voters will translate into lack of support. Listen and address our concerns and don't take parents support for granted.

9. Funding was previously approved for a new high school but was redirected

The district needs to help us understand how it's making fiscally sound decisions

10. Need to separate "wants" from "needs" of school district

Needs should always take priority and things district wants should always be secondary and not included in a bond we're there are necessary items.

Follow Up From November 14th Meeting

- Offer voters reduced bond package amount that keeps combined tax rate at or below 2025 amount
 - Estimated 2025 combined tax rate amount is \$3.09 per \$1,000 in assessed valuation based on preliminary district level data
 - No projected change to current combined tax rate
- Pause \$44M in projects repurposed via Resolution 1222
 - Potential to repurpose back to high school project
- Focus projects on Safety & Security and High School Capacity & Program Expansion
- Provide contingency analysis

Bond Package – *Proposed Changes*

November 5th Ballot Total Bond Package Amount	\$642,345,000
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Amounts Removed:

- All Building Modernization and Energy Efficiency (\$317,045,000)
- All Student Support, Well-Being, & Athletics (\$ 46,100,000)
- Issaquah HS, Skyline, Gibson-Ek remodels (\$ 25,600,000)

→ *Projects to be considered for next capital levy*

Amounts Adjusted:

- New High School amount decreased from \$182.7M to \$138.7M (\$44,000,000)
- Increase Fire systems amount \$ 14,400,000
- Add back High school vestibules \$ 7,600,000

Proposed Revised Total Bond Package Amount	\$231,600,000
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Bond Package

Proposed Items

Possible ballot measure for:

- **February 11th, 2025 Special Election**

Resolution due to King County on December 13th, 2024

Ballots mailed out January 22, 2025

- **April 22nd, 2025 Special Election**

Resolution due to King County on February 21st, 2025

Ballots mailed out April 2, 2024

2025 School Safety & Construction Bond

Proposed Items

Presented December 12, 2024

Safety and Security - All Schools		
Fire Systems	\$	15,300,000
Camera Replacement and Expansion	\$	8,400,000
Vestibules - High Schools	\$	7,600,000
Hardware / Access Control	\$	3,900,000
Secure Building Access	\$	2,200,000
Anti Intruder Window Covering	\$	1,700,000
Exterior Enhancements	\$	400,000
Perimeter Security	\$	400,000
Total Safety and Security	\$	39,900,000

Amount Increased by \$14.4M

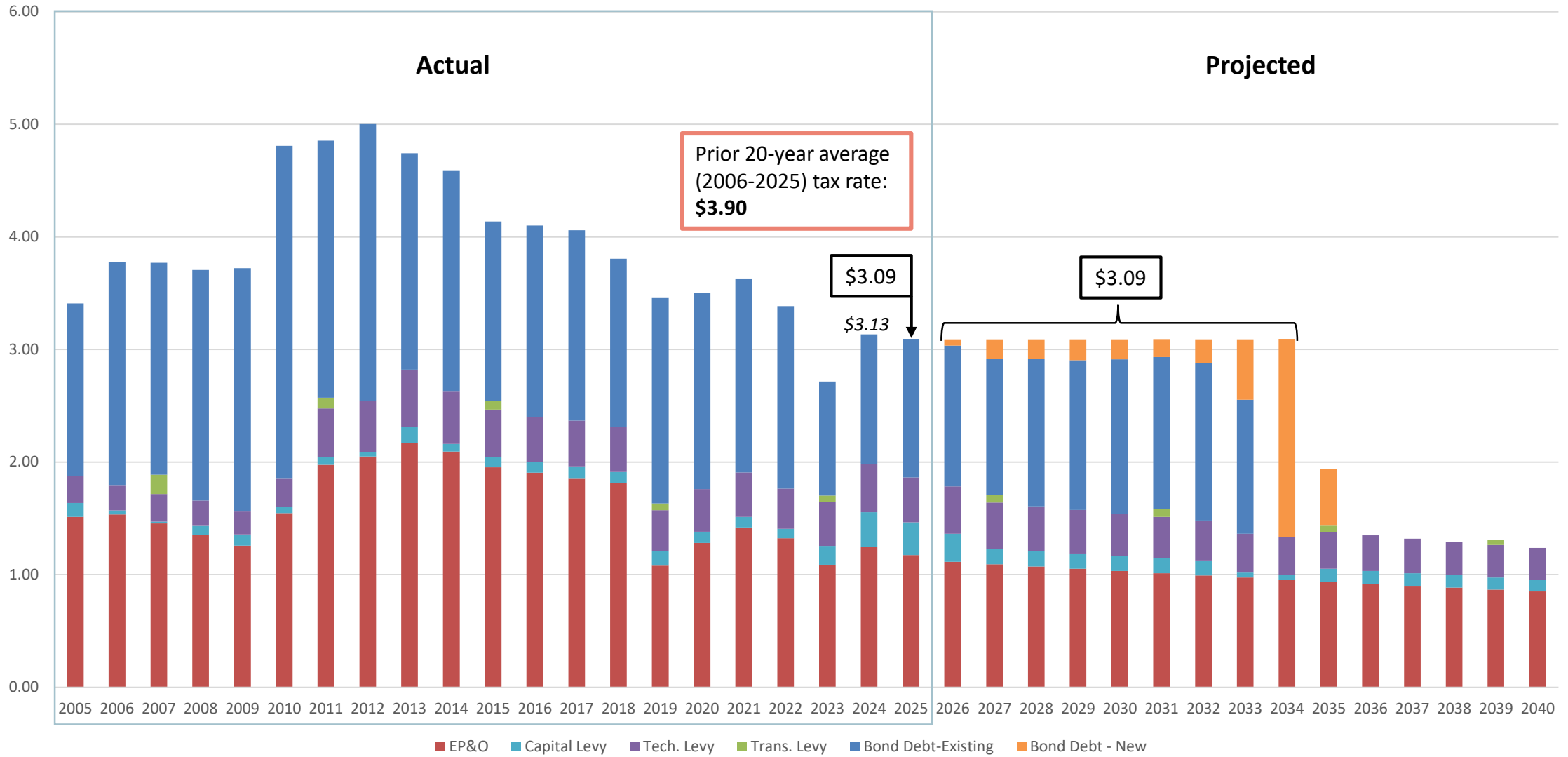
Amount Added In At \$7.6M

High School Capacity & Program Expansion		
Career Preparation & Additional Capacity - Phase 1		
Liberty High School 20,000 sf addition	\$	40,400,000
Liberty High School 5,000 sf remodel	\$	12,600,000
	\$	53,000,000
High School Capacity		
New High School	\$	138,700,000
Total High School Capacity & Program Expansion	\$	191,700,000

Amount Reduced by \$44M

Total Bond Package: \$ 231,600,000

Projected Tax Rates: \$231.6 Million Authorization



**Assessed valuation increased by 8.83% from 2024 to 2025 (preliminary) resulting in an estimated combined tax rate in 2025 of \$3.09 per \$1,000 down from \$3.13 the prior year.*

New High School History

1/3

April 2016 to January 2022

- [Acquisition and land use delays](#) result in escalation in project costs from original estimate of \$120 million to [\\$198 million](#).

April 2022

- District asks for [\\$44 million](#) in the form of a capital construction levy to complete the project.

Summer 2022

- New Administration and finance team began performing due diligence research regarding the project and concluded:
 - The \$198 million estimate and project contingency amount were inaccurate.
 - Updated estimate for the project was at least \$253 million as of July 2022
 - Capital projects fund balance and anticipated future resources were inadequate to complete the project.

New High School History

2/3

Fall 2022 to January 2023

- District becomes aware of likely noncompliance issue regarding bond funds and notifies auditors.

February 2023 to February 2024

- District awaits audit result to determine ultimate disposition of 2016 bond funds and path forward for new high school project.

September 14, 2023

Board Work Study

- In anticipation of various capital needs, the school board asks district staff to provide background and possible timeline for a bond measure. The new high school project is included in the known projects list. Recap available in meeting [minutes](#) and [recording](#).

New High School History

3/3

February 2024

- Auditors conclude their work and issue an audit finding. The district performs a final reconciliation of 2016 bond funds to payments, updates the project cost estimate, and confirms resources available for the project.

New High School Project - Remaining Cost Estimate

Total New High School Project Cost	\$	292,700,000
New High School Project Costs to Date	\$	(20,000,000)
Total Remaining Project Cost	\$	272,700,000
Unspent Capital Project Funds Available	\$	90,000,000
Levy 2022 Capital Construction Funds	\$	44,000,000
Funds Required to Complete Project	\$	138,700,000

Other Pertinent Information

- Bond Validation Requirement is 40% of Prior General Election Voters
 - Estimated at 25K or 33% of registered voters
- New High School Permits Expire **April 27, 2025**
- Educational Programs & Operations, Technology, Critical Repairs, and Transportation Levies Likely on **February 2026 Ballot**

Contingency Assumptions (1/3)

- The District has overcapacity at the high school level across all high schools, with the most overcrowding at Issaquah and Skyline
- There is uneven enrollment at several elementary and middle schools
- The Capital Facilities Plan is updated annually and provides numbers at 95% permanent capacity for main building (without portables) compared to projected enrollment

Contingency – Three Options (2/3)

Reconfigure Structure of Schools	Redraw School Boundaries	Add Double Shift at High School
<p>There are two options to reconfigure the structure of schools:</p> <ol style="list-style-type: none">1. Repurpose a current middle school campus for ninth graders across the district, or from Issaquah and Skyline2. Change school levels from K-5 to K-6, from 6-8 to 7-9, and from 9-12 to 10-12 <p>This would be recommended in conjunction with a boundary change.</p>	<p>Change boundaries and feeder patterns to level enrollment across every building and level.</p>	<p>Have two different start times across the day with some students starting earlier in the day, and some starting later in the day with overlap in the middle.</p>

Contingency Considerations (3/3)

- Significant change for all students, families and staff members
- Collaboration needed across our labor union partners, and may lead to mid-cycle collective bargaining agreements to address schedules
- Community engagement and input
- Complexity and changes with transportation and would need additional investments in the number of buses, drivers and transportation support staff
- Budget will increase which will require reprioritization of resources

Discuss/Feedback