

Funding the Plan

Community Engagement Session #2

Feb. 24, 2022



**Building
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Together**

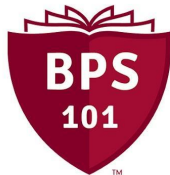


Welcome!

- Please introduce yourself to others at your table
- Put on a nametag
- Complete the sign-in sheet



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Sign-In Sheet



Community Engagement Session #2
February 24, 2022

Sign-in Sheet

Table #1

Please sign in as a record of your participation in this session.

Name	Mailing Address	Phone Number	Email	Check All That Apply
1.				<input type="checkbox"/> Parent <i>Current</i> Student <input type="checkbox"/> Parent <i>Former</i> Student <input type="checkbox"/> Alumni <input type="checkbox"/> Staff <input type="checkbox"/> Community Member <input type="checkbox"/> Business Owner
2.				<input type="checkbox"/> Parent <i>Current</i> Student <input type="checkbox"/> Parent <i>Former</i> Student <input type="checkbox"/> Alumni <input type="checkbox"/> Staff <input type="checkbox"/> Community Member <input type="checkbox"/> Business Owner



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I Have a Question or Comment!

- Complete a form
- (630) 937-8800
- help@bps101.net
- Ask during small group work time



I HAVE A QUESTION!

I would like to be contacted by a Building Our Future Together representative who can respond to this question/comment:

Your question or comment may be directly related to the community engagement project or any other matter regarding the school district.

Name: _____

Address: _____

Phone: _____

E-Mail: _____

Batavia Public School District 101
335 W. Wilson Street • Batavia, IL 60510
Email: help@bps101.net
Website: <https://www.bps101.net/boft/>



Stay Informed!

- bps101.net/boft
-   @bps101
-  @bps101_batavia
- (630) 937-8800
- help@bps101.net



Session Materials

Each Participant

- Agenda
- Work Activity

One Copy Per Table (QR Code to electronic copy)

- Session #1 Summary Documents
 - Verbatim Responses
 - Executive Summary
- Informational PowerPoint Presentation
- Guiding Principles and Planning Parameters



Community Engagement Sessions

Feb. 1	Where We've Been, Where We Are and Where We're Headed
Feb. 24	Funding the Plan
March 10	Community Priorities
March 24	Developing Recommendations
April	<i>Open Houses for Additional Feedback</i>
May 24	Presentation to the Board



Funding the Plan

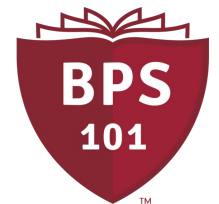
Dr. Lisa Hichens, Superintendent

Bob Lewis, PMA Securities, LLC

Tony Inglese, Chief Financial Officer



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Agenda

1. Session #1 Follow Up
2. Demonstrating Fiscal Responsibility
3. School Bonds 101
4. Funding Options
5. Group Work Activity



Session #1 Follow Up



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Session #1 Takeaways

Today, we'll cover:

- An approach to maintaining and improving our school facilities.
- Funding options with property tax impacts.
- Potential construction timelines.

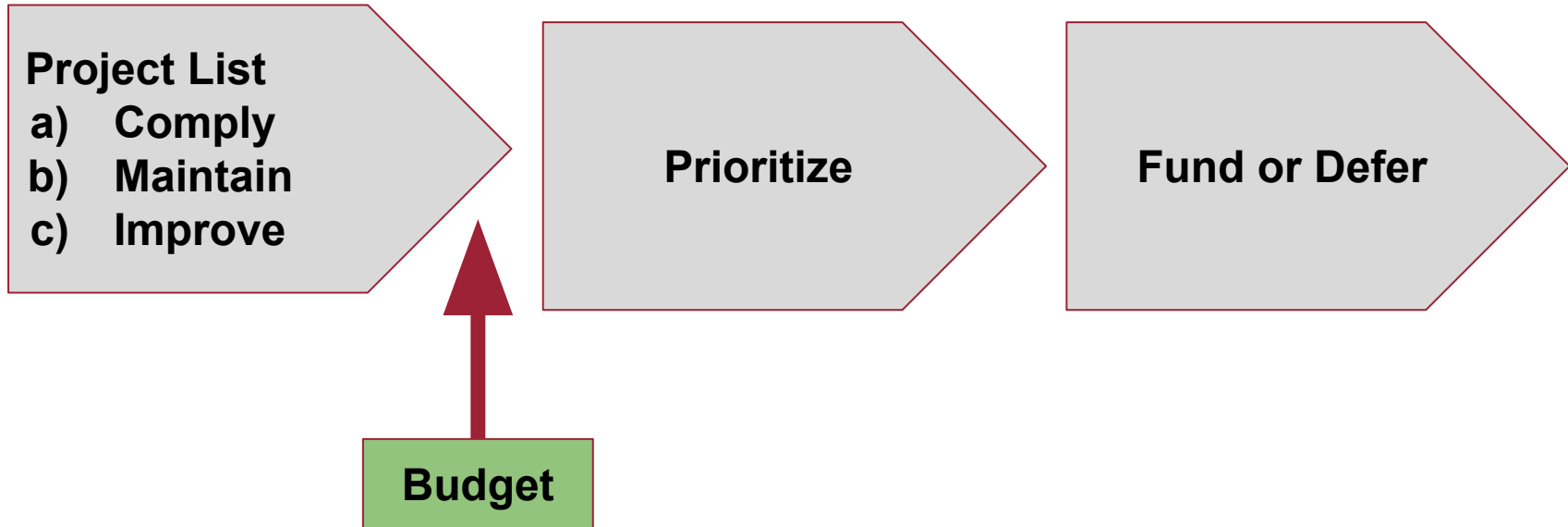
In future sessions, we'll address:

- Projected enrollment changes and how they impact the plan.
- How students will be transitioned during construction.
- Specific information about rebuilding compared to renovating existing facilities.



Maintaining and Improving Facilities

Capital Projects Team Process



Demonstrating Fiscal Responsibility



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The Great Recession and Beyond

To endure, the District:

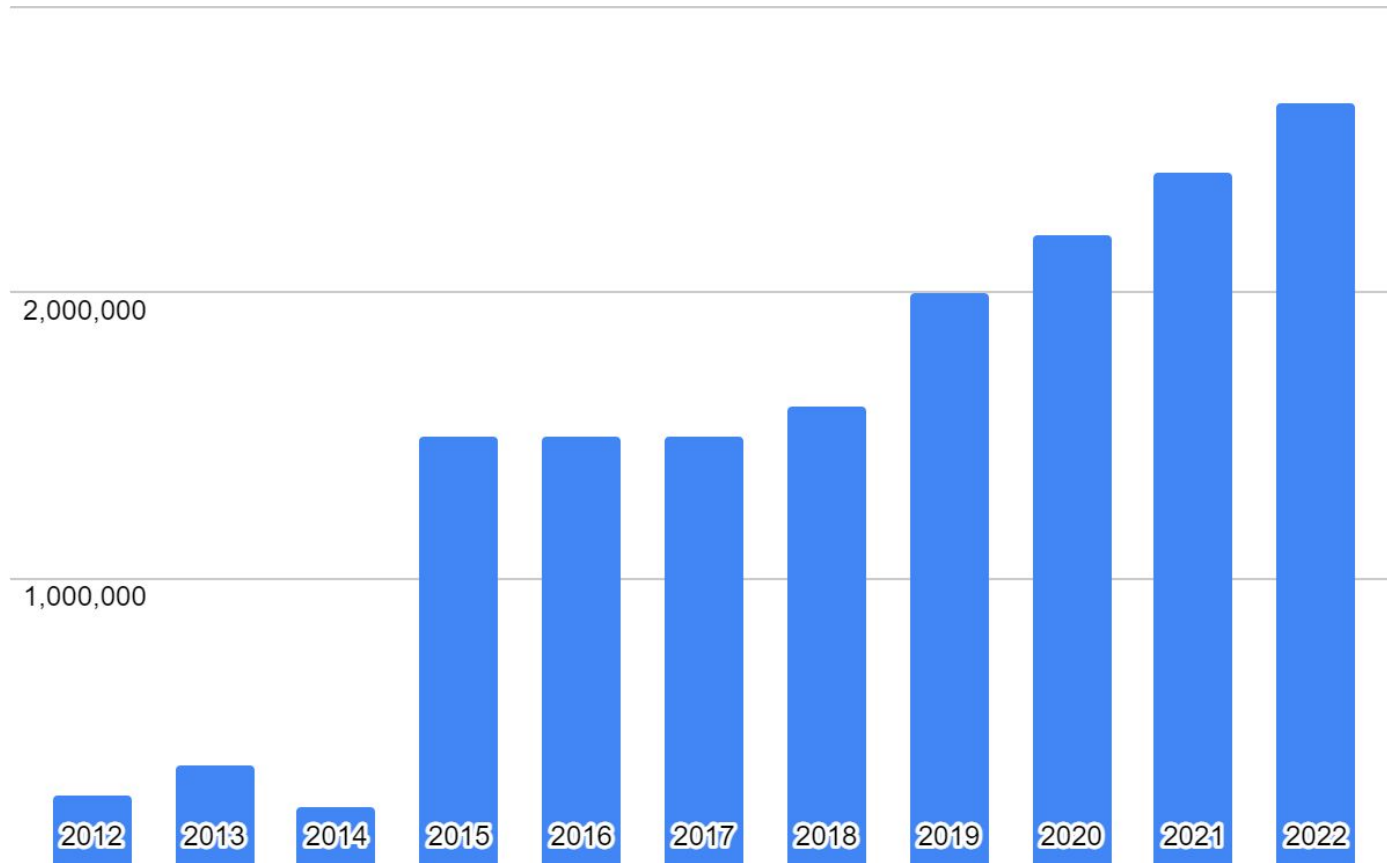
- Reduced staff and froze pay
- Cut program budgets
- Spent more than it received

The outlet mall TIF expired in 2013, boosting our recovery with ~ \$3 million in annual operating funds. That money was used to:

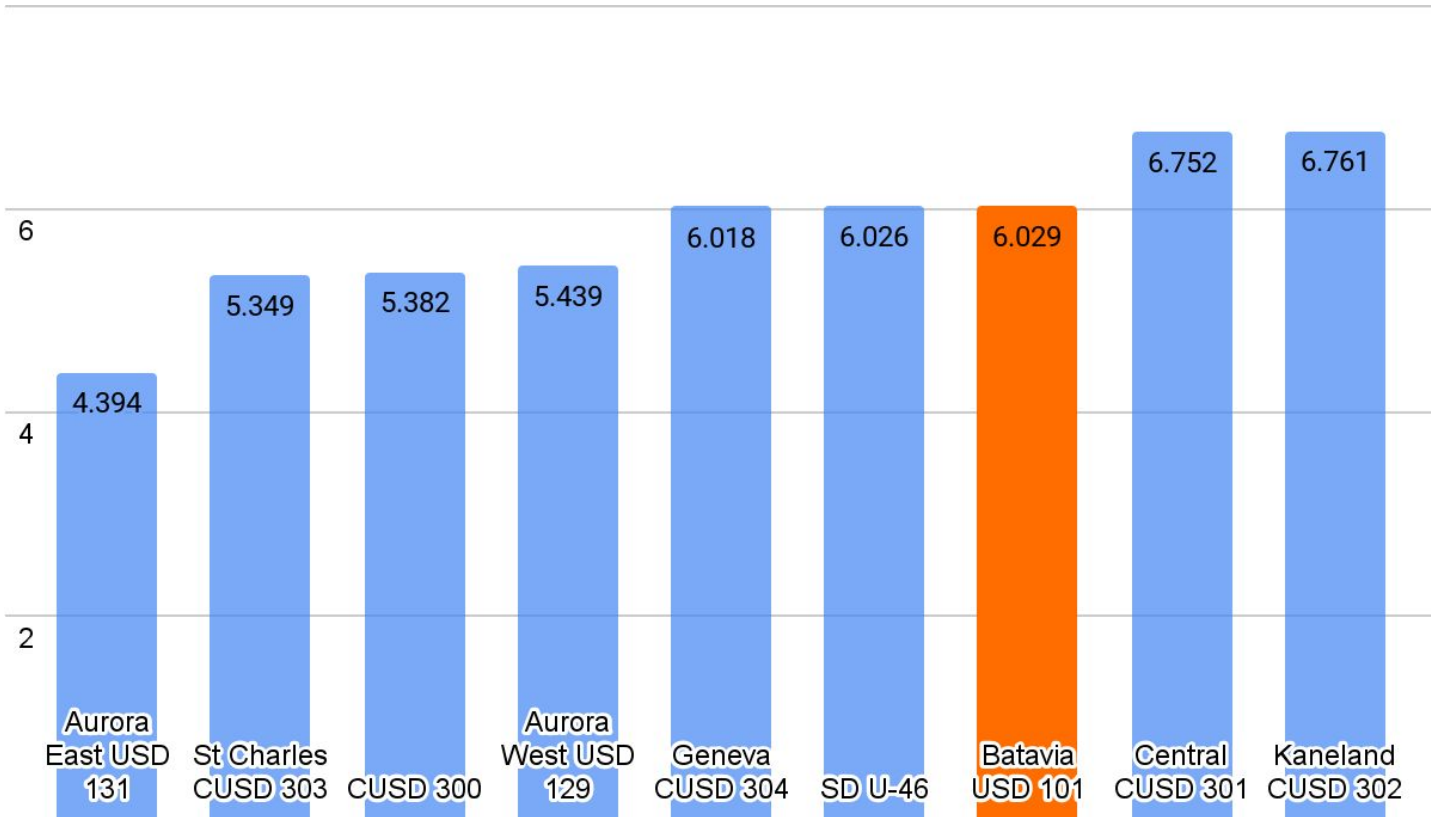
- Reduce class sizes and improve instructional support (~ \$1 million)
- Address the capital projects backlog (~ \$1 million)
- Restore fund balance (~ \$1 million)



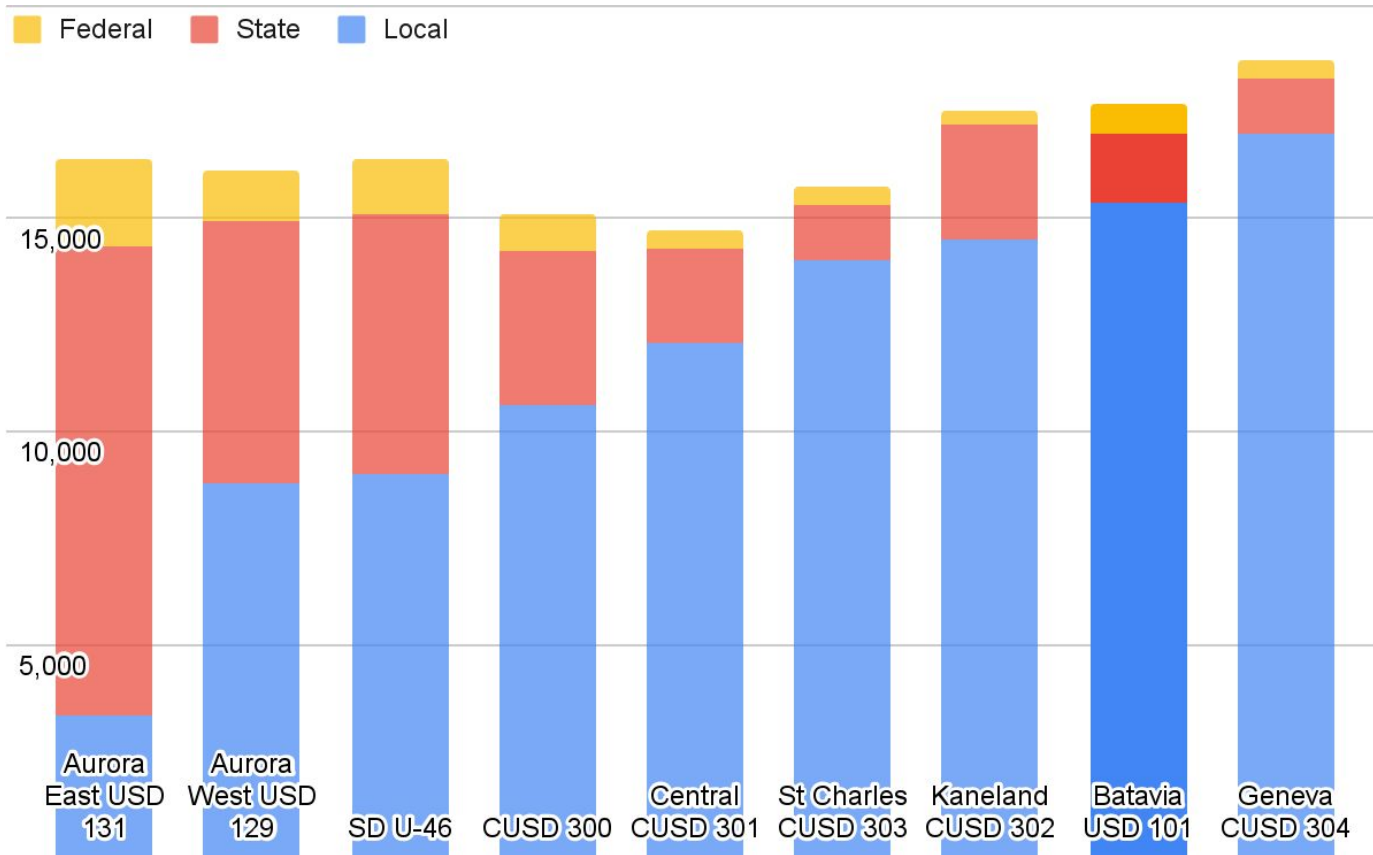
Capital Project Spending (2012-2022)



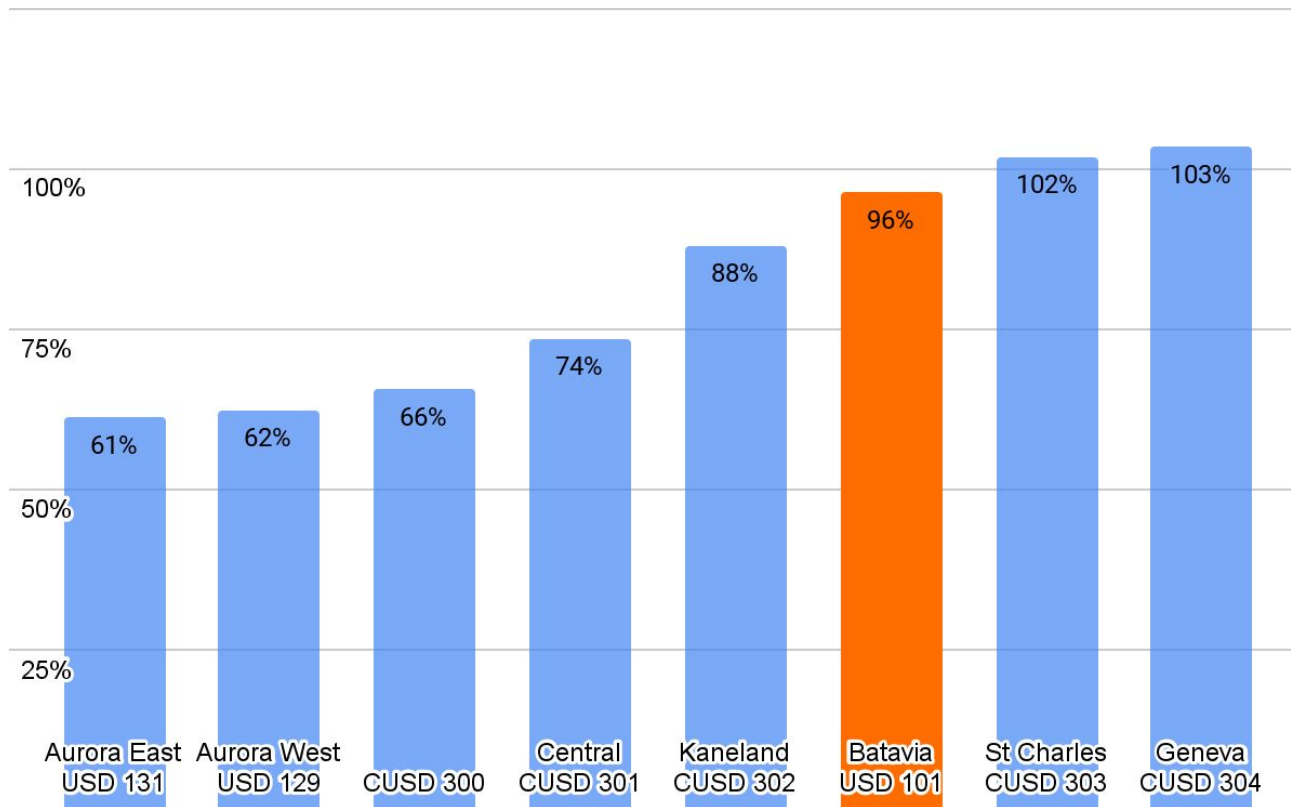
School Tax Rate Comparison (2020)



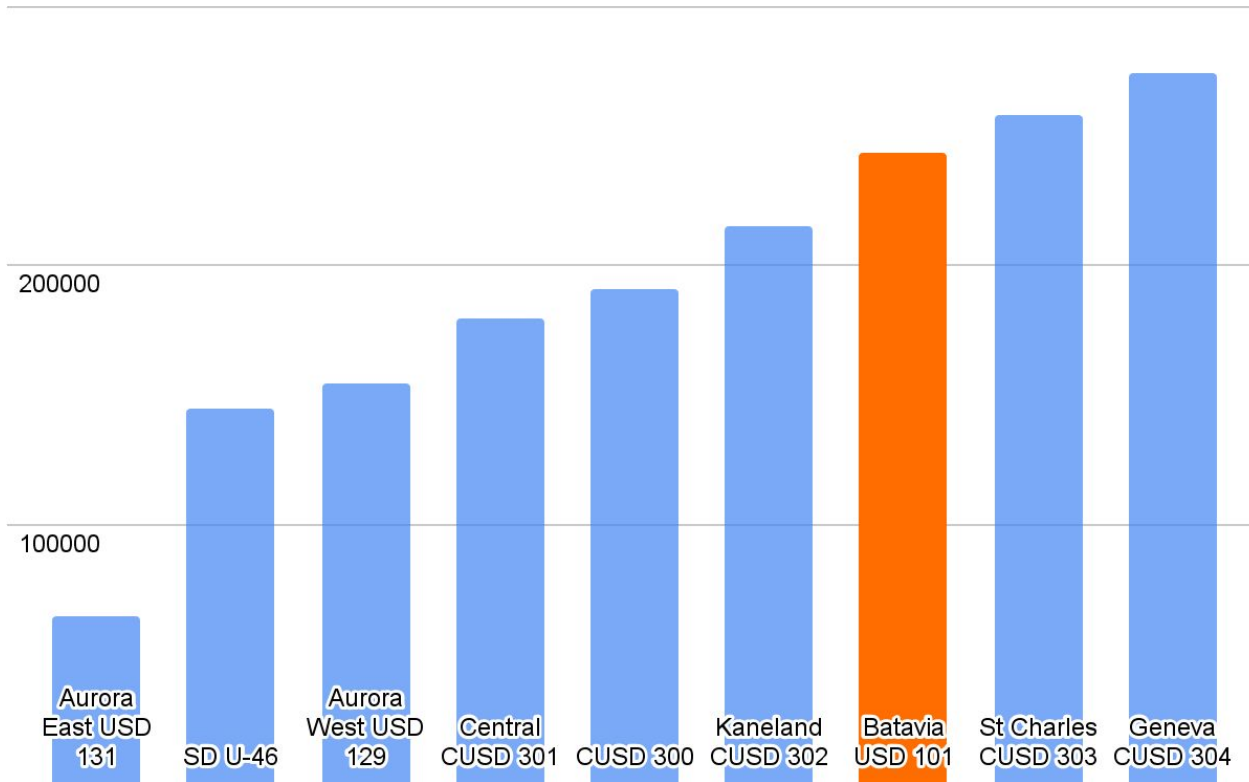
Per Student Revenue by Source (2020)



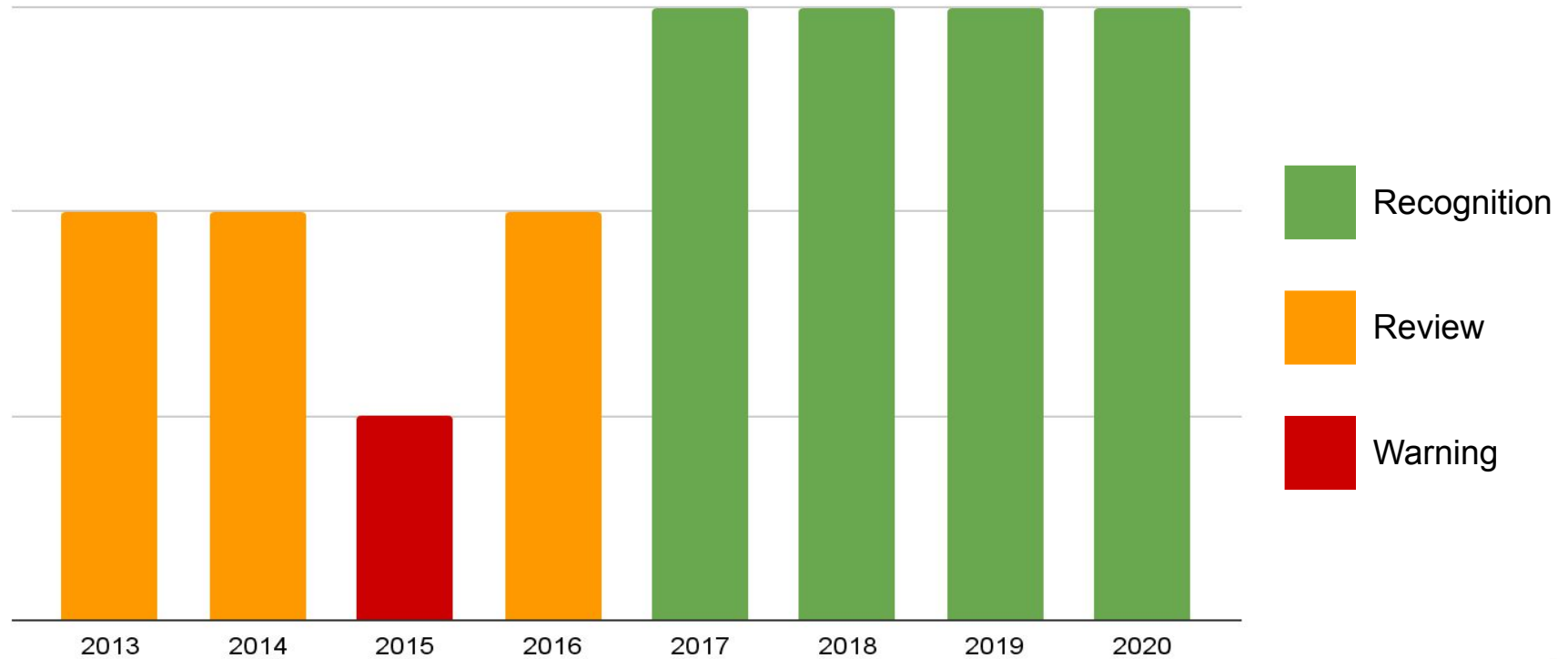
Funding Adequacy Comparison (2020)



Equalized Assessed Value Per Pupil (2020)



Financial Profile Score History (2013-2020)



Historical Financial Summary (2017-2020)

- Fund balance has improved significantly in recent years
- No longer require tax anticipation warrants to manage cash flow



Financial Condition Takeaways

The District's financial condition has improved significantly over the last five years due to:

- Improved fund balances
- Sufficient cash on hand
- Reduced bond debt
- Upgraded credit rating: S&P AA+ (second highest)



Potential Funding Sources

There are four potential sources to fund the master plan:

1. Fund balance
2. Operating funds
 - a. Pay as you go (preferred)
 - b. Financing paid by operating funds (possible)
3. Referendum-approved building bonds
4. State construction grant program (unlikely)



School Bonds 101



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What is a Bond and a Referendum Bond?

- School districts issue municipal bonds to fund capital projects and infrastructure.
- Similar to a home mortgage, a bond must be paid in a fixed amount of time, according to a schedule.
- Municipal bonds are often designated “tax-exempt” which provides schools a lower cost of funds.
- Referendum bonds are payable from a dedicated property tax levy.
- Referendum approved building bond proceeds may *not* be used for supplies, salaries, and transportation.



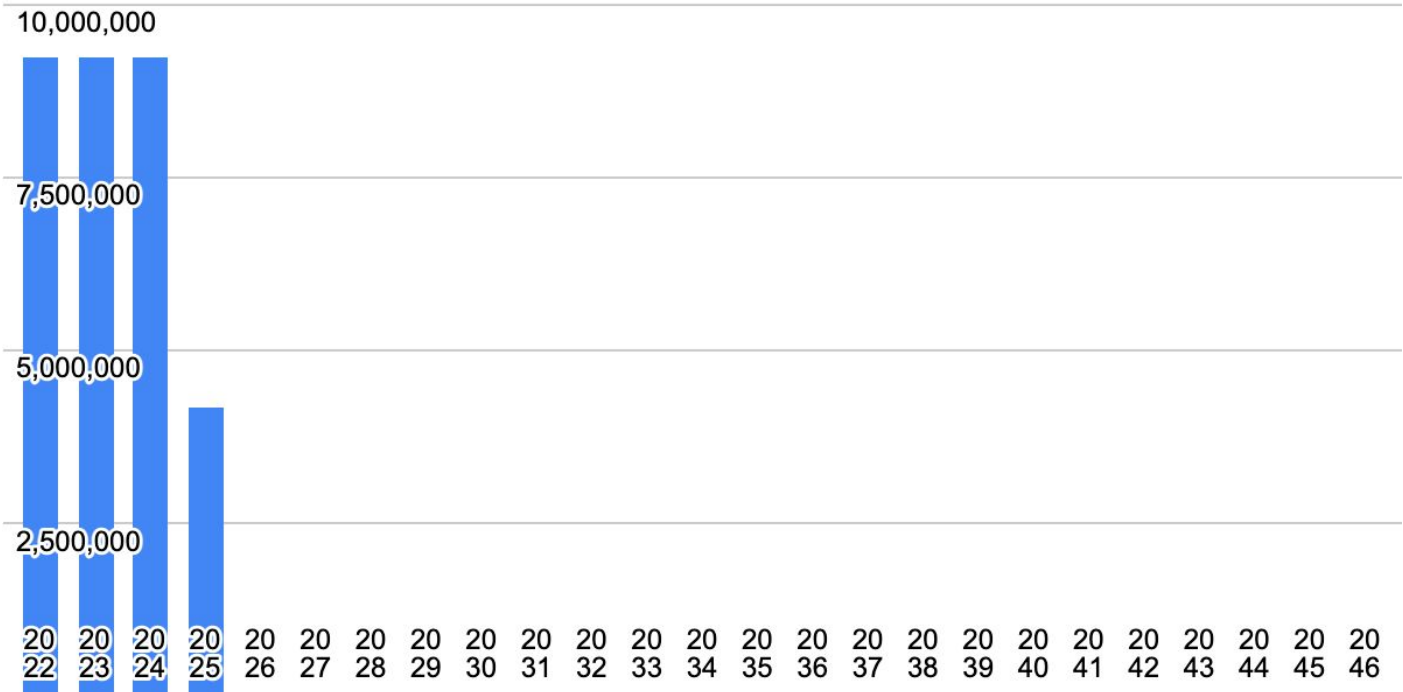
Prior Referendum Bonds

- The current bond and interest payment (old bonds) cost the median home owner about \$750 each year in taxes
- Over the last 12 years, refinancing bonds at lower interest rates has saved taxpayers \$8.5 million



Current Debt Schedule

■ New Bonds ■ Old Bonds



Bond & Interest Levy Restrictions

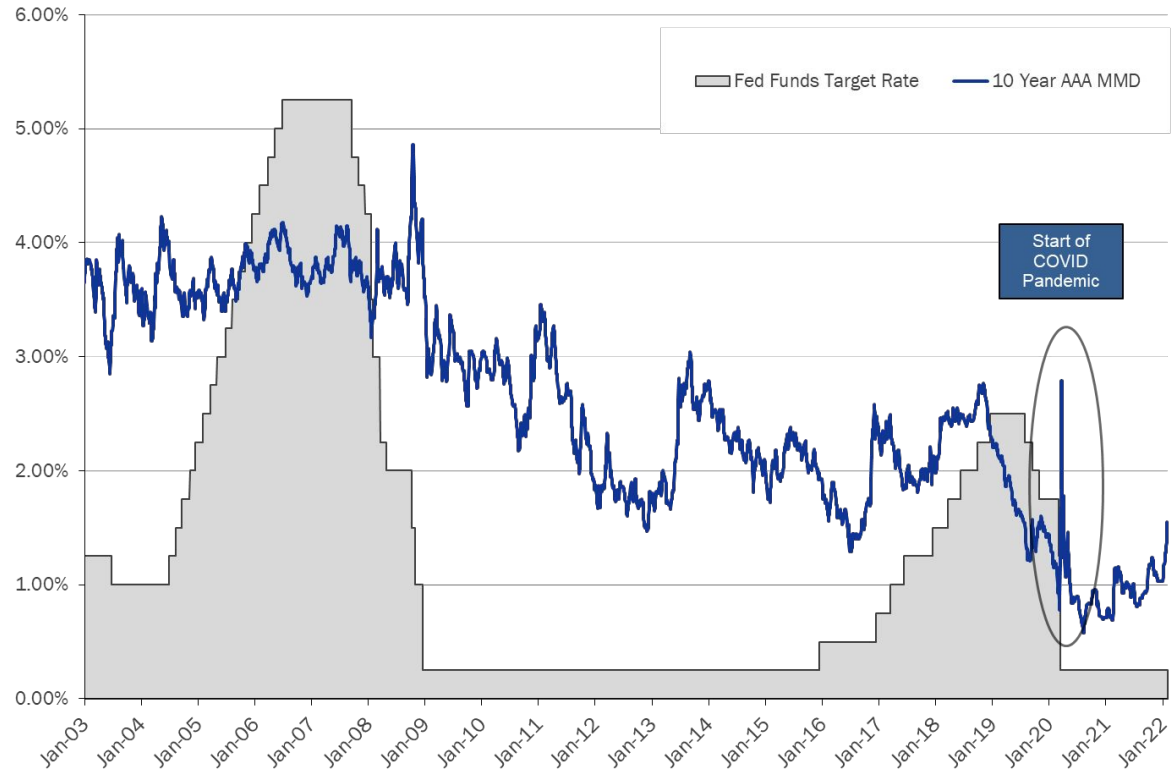
Can taxes collected for the previously approved referendum bonds be used for other purposes?

- The dedicated property tax can be extended only if the prior referendum bonds are outstanding.
- After the prior referendum bonds mature, the District legally cannot reallocate the dedicated property taxes to pay for other expenditures.



Current and Historical Tax Exempt Rates

- This is similar to an interest rate on a home mortgage.

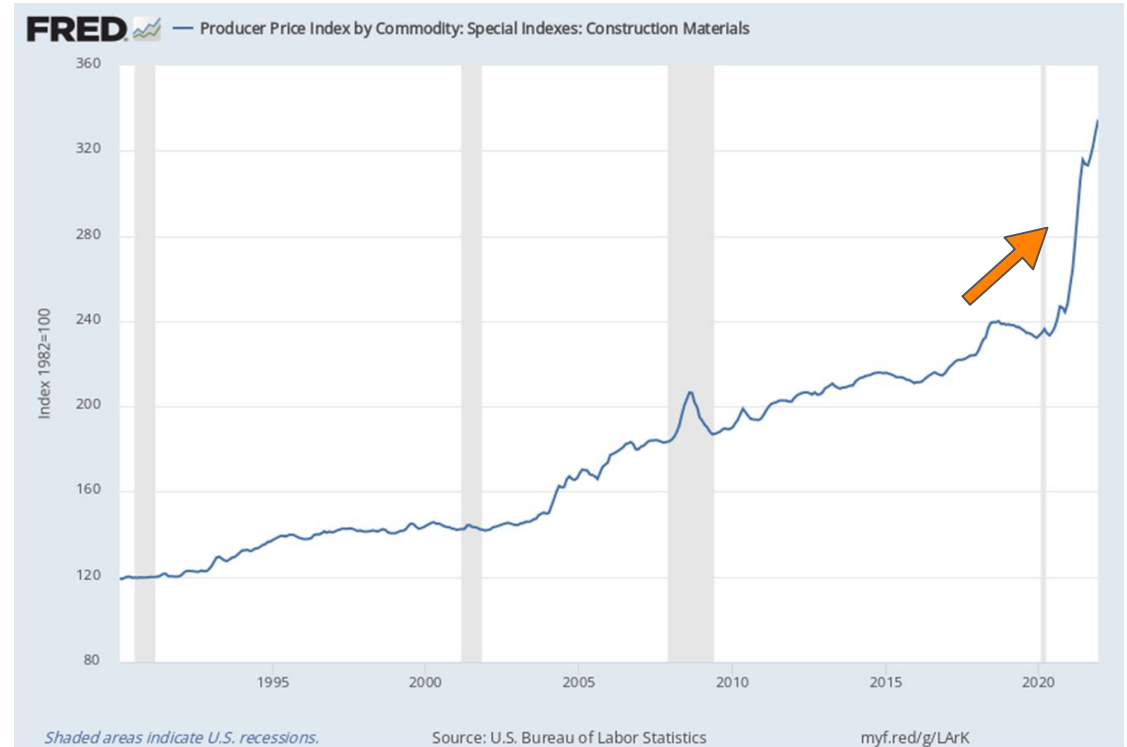


*The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3. As of February 1, 2022.



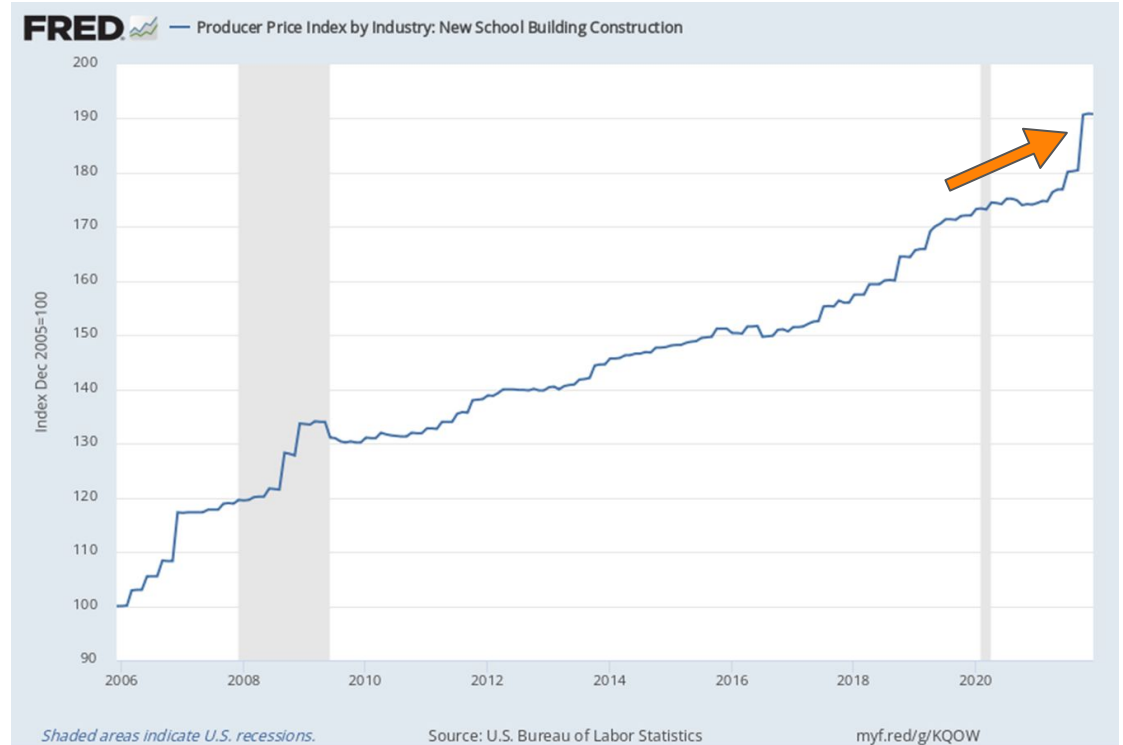
Increasing Construction Costs

- Recent inflation and economic issues (supply and demand) are rapidly driving up construction costs



School Construction Costs Are Rising

- Rising school construction costs are rising rapidly and may jeopardize our ability to afford the scope of our plan



Funding Options



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Key Objectives by Level

Elementary

- Secured entrance vestibules & visibility
- Dedicated pK/K learning suites
- Dedicated project/studio space for STEM, science, etc.
- Playground improvements

Middle

- Improve library access and zoning
- Science lab renovations; add labs for 6th grade
- Improve circulation & student flow
- Improve access to food labs
- Provide more visibility to exploratory programs
- Improve music spaces
- Improve fitness spaces
- Improve serving & cafeteria area
- Interior signage & wayfinding
- Inspiring, engaging spaces
- Improve access to fields & parking

High

- Expand & improve library access and zoning
- Science lab renovations
- Improve visitor access to gyms
- Improve fitness/weight spaces
- Improve circulation & student flow
- Improve access to food labs
- Provide more visibility to exploratory programs
- Inspiring, engaging spaces
- Interior signage & wayfinding



Categories and Examples

Operational	Safety & security	<ul style="list-style-type: none">• Improve site access/safety, signage & wayfinding
	Accessibility	<ul style="list-style-type: none">• Improve physical accessibility to spaces and programs• Restroom and/or locker room improvements
	Warm & dry	<ul style="list-style-type: none">• Roof replacements• Heating, ventilating, air-conditioning (HVAC) improvements• Exterior wall/window/door improvements• Improved indoor environmental quality (thermal comfort, lighting, acoustics, air quality)
Functional	Program & experience	<ul style="list-style-type: none">• Specialized spaces for Special Ed programs• Improve access to power• Flexible furniture, equipment and technology improvements• Student collaboration & support services• Staff support & wellness• Improve storage & organization• Improve community access



Important Notes

- All amounts are **estimated** (indicated by “~”)
- Tax impacts are based on current median home value (\$350,000)
- Construction timeframe for all options is 2025 through ~ 2030



Potential Funding Sources

There are four potential sources to fund the master plan:

1. Fund balance
2. Operating funds
 - a. Pay as you go (preferred)
 - b. Financing paid by operating funds (possible)
3. Referendum-approved building bonds
4. State construction grant program (unlikely)



Key Factors to Consider

When reviewing options, consider:

- A. Sunk costs for construction phasing and student displacement (i.e., transportation, mobile classrooms, etc.)
- B. Construction escalation (inflation) over time
- C. Future bond market rates
- D. Matching project costs with funding inflows
- E. Balancing maintenance (operational) with improvement (functional)



Option A: No Changes

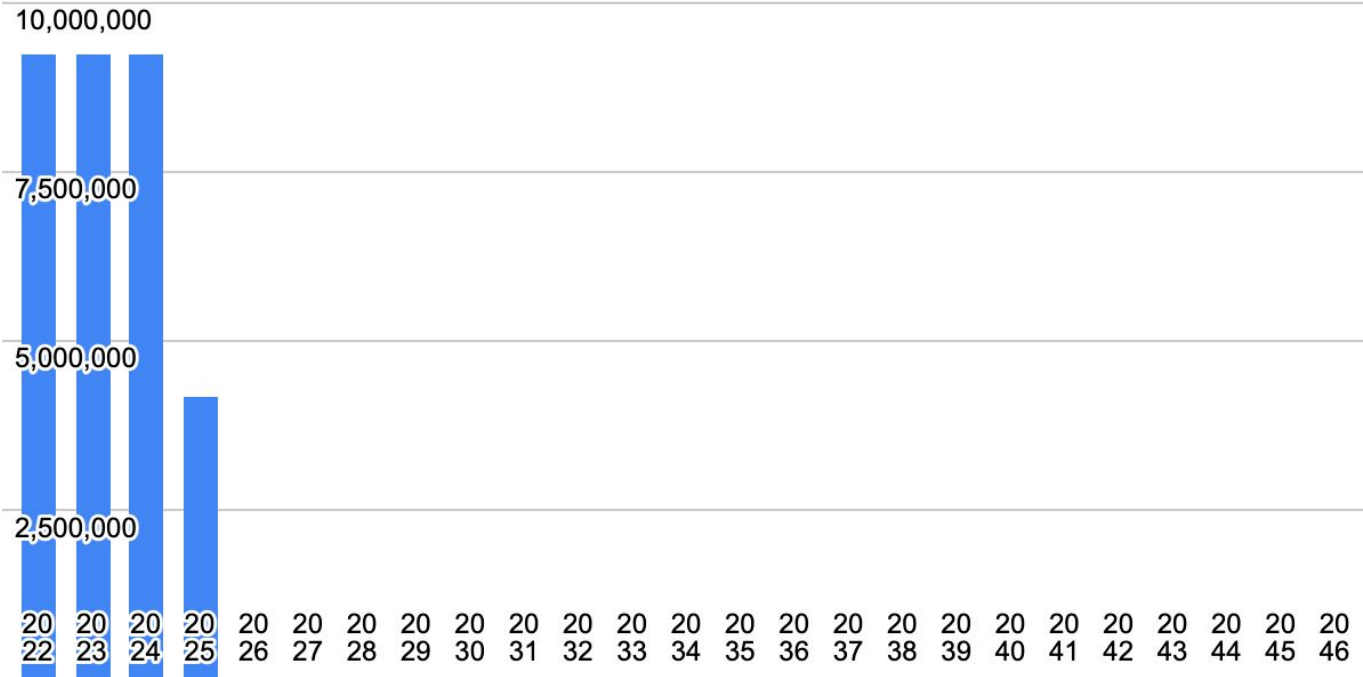
Operational budget + fund balance

Timeline	5 years
Operational	Basic maintenance + most safety and security projects
Functional	None
Referendum	None or failed
Cost	~ \$40 million
Tax impact	~ -\$750

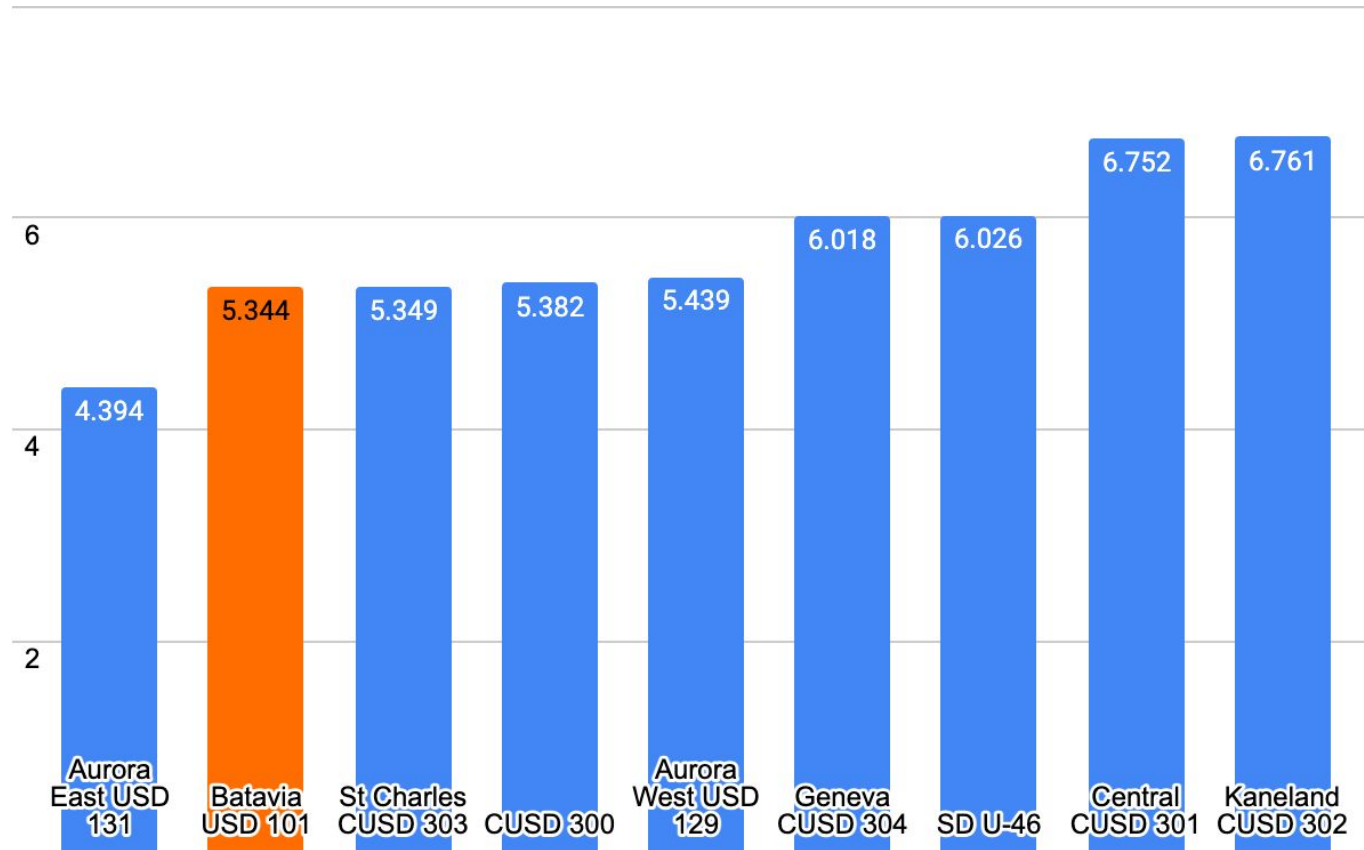


Option A: Debt Schedule

■ New Bonds ■ Old Bonds



Option A: Estimated School Tax Rate



Option B: Maintain Bond and Interest (B&I) Levy

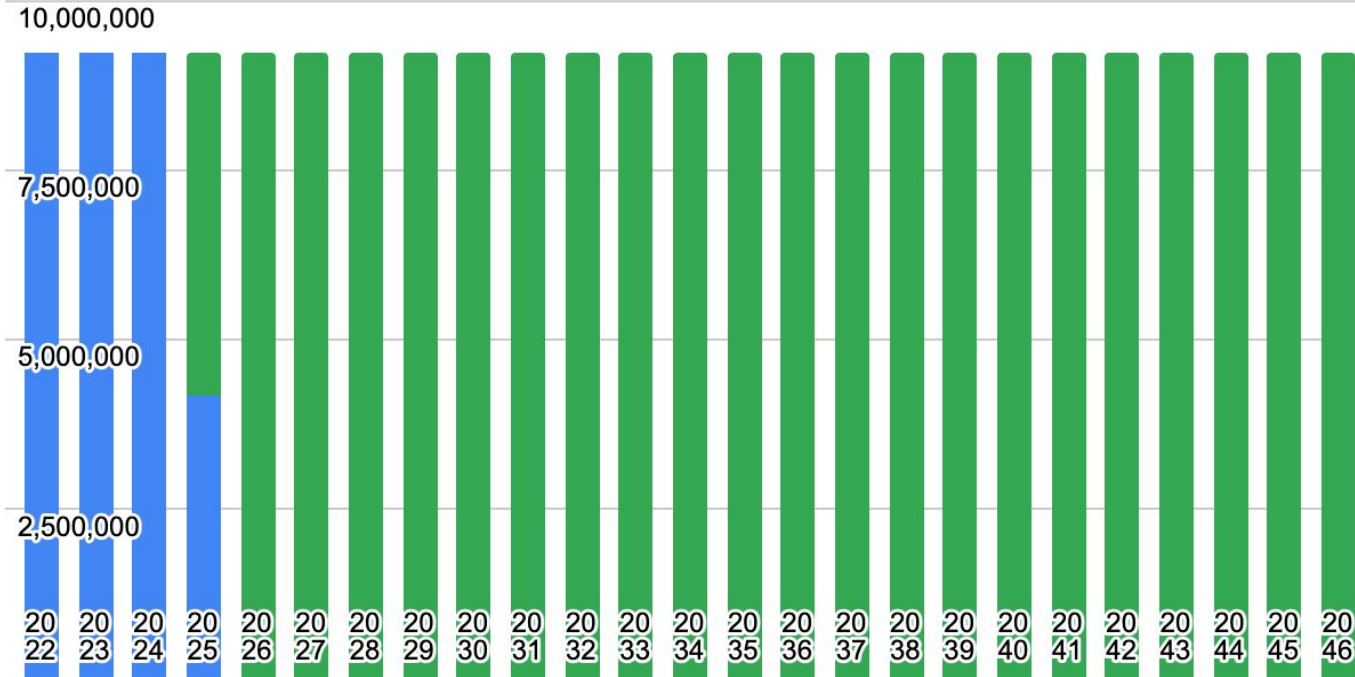
Replaces bond debt + operational budget + fund balance

Timeline	Two phases: funds phase 1 in 2025; defers phase 2 to 2035
Operational	All schools
Functional	Majority of identified projects; defers AGS and JBN
Referendum	Yes
Cost	~ \$180 million
Tax impact	~ \$0

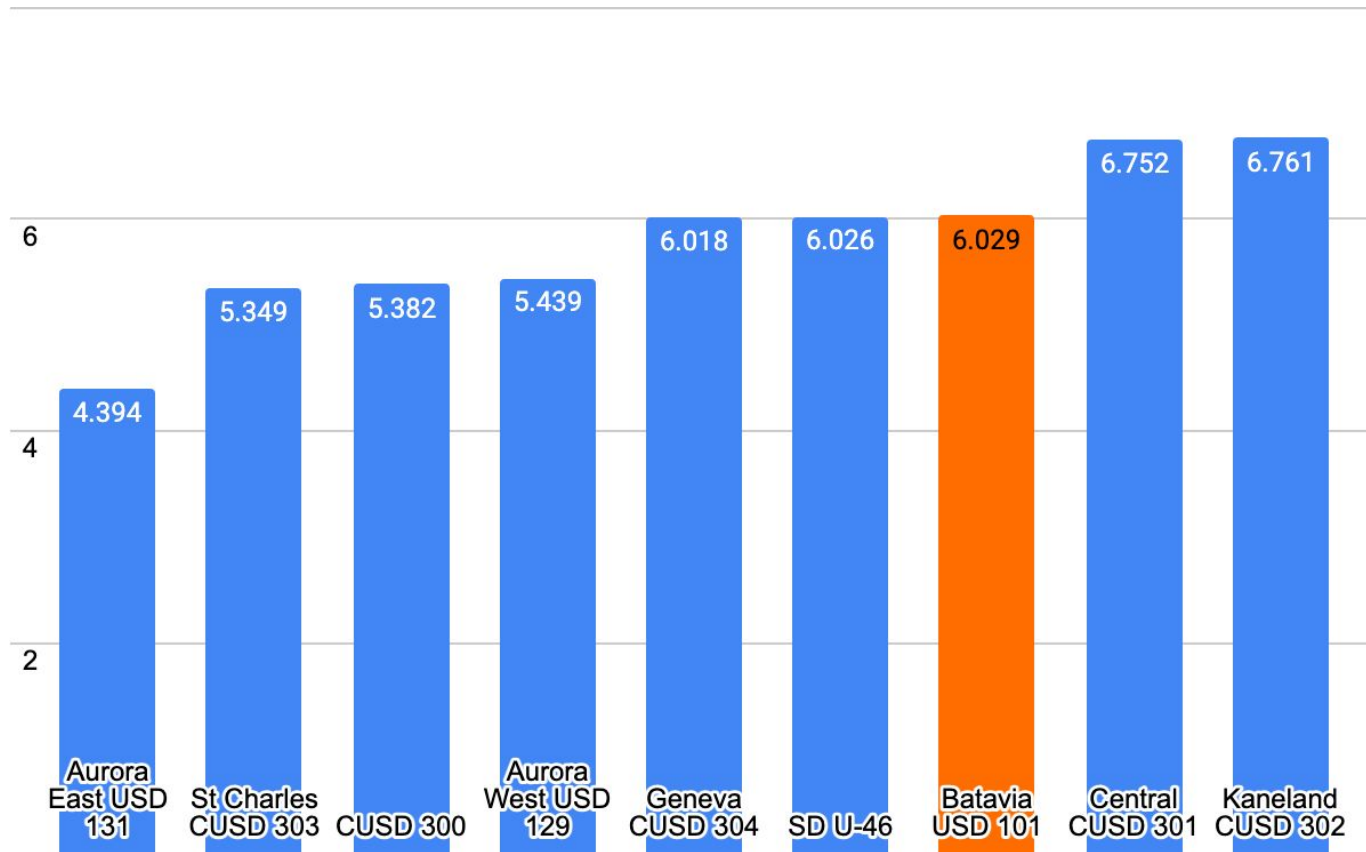


Option B: Debt Schedule

■ New Bonds ■ Old Bonds



Option B: Estimated School Tax Rate



Option C: Increase B&I Levy

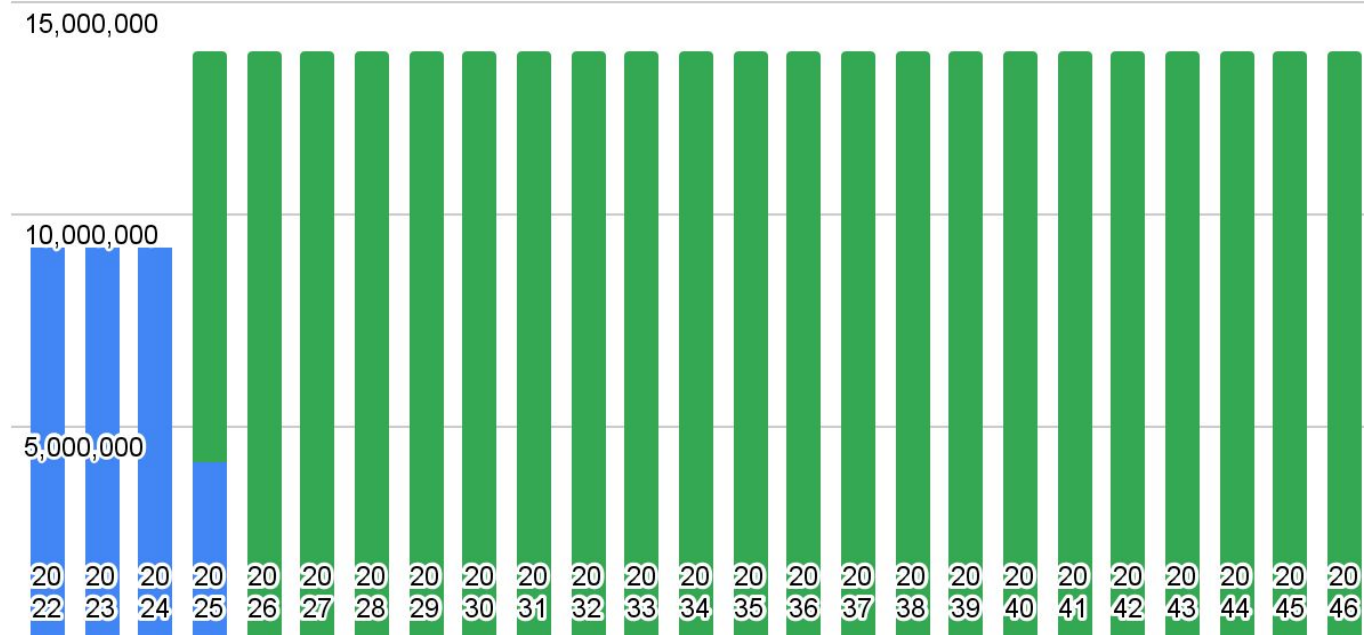
More bond debt + operational budget + fund balance

Timeline	Single phase: begins in 2025
Operational	All schools
Functional	Most of identified projects
Referendum	Yes
Cost	~ \$250 million
Tax impact	~ +\$370

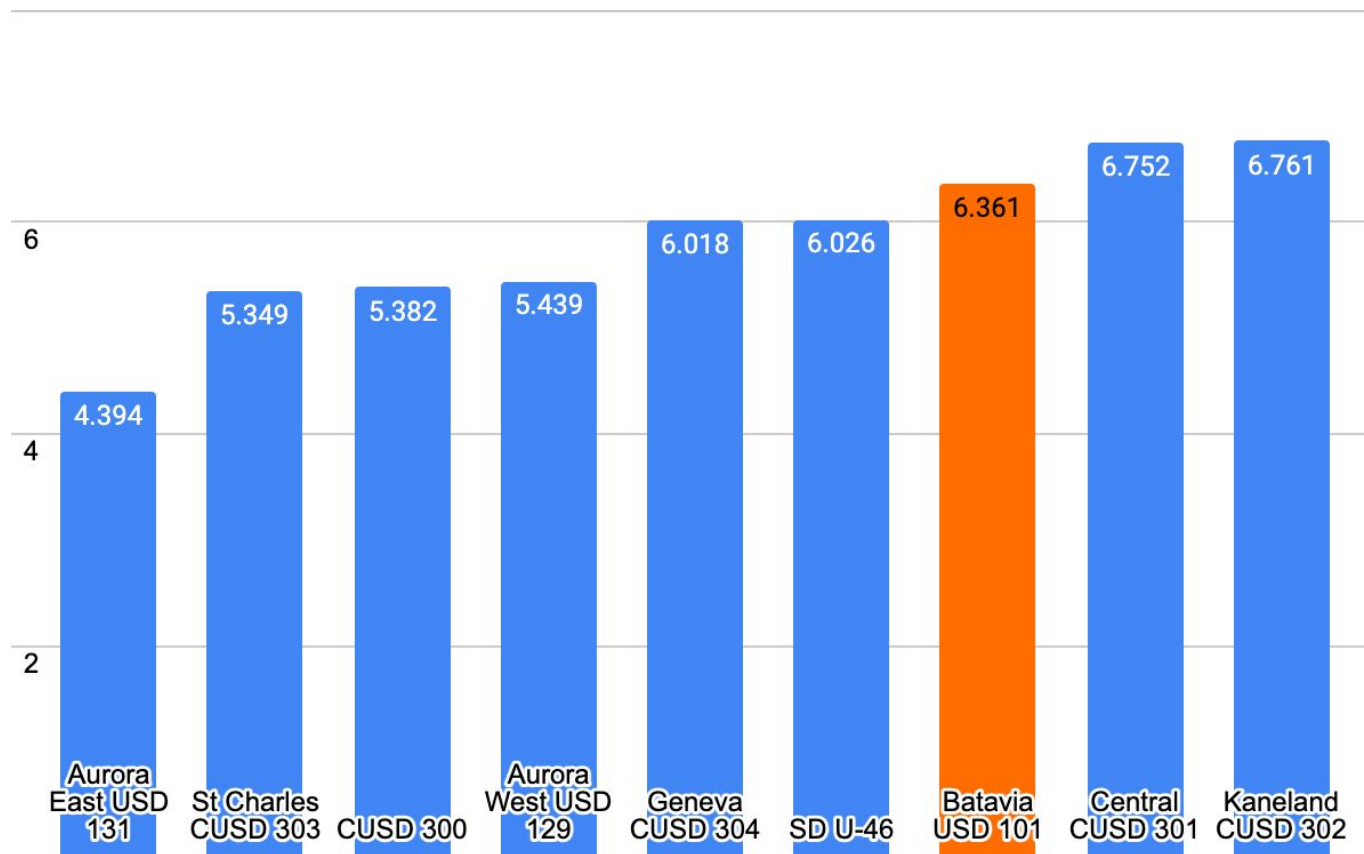


Option C: Debt Schedule

■ New Bonds ■ Old Bonds



Option C: Estimated School Tax Rate



Option Recap

	Option A: No Change	Option B: Maintain B&I Levy	Option C: Increase B&I Levy
Timeline	5 years	Two phases: funds phase 1 only defers phase 2	Single phase
Operational	Basic maintenance + most safety and security projects	All schools	All schools
Functional	None	Majority of projects; defers AGS and JBN	Most of projects
Cost	~ \$40 million	~ \$180 million	~ \$250 million
Tax impact	~ -\$750	~ \$0	~ +\$370



Funding Options Relative to Guiding Principles

	Option A	Option B	Option C
Operational:			
Safe, secure, and comfortable	●	●	●
Meets District standards	●	●	●
Accessible to all	●	●	●
Sustainable in the long-term	●	●	●
Functional:			
Partnerships and community use	●	●	●
Inspire pride and reflect our history	●	●	●
Support differing student paths	●	●	●
Flexible and adaptable to learning	●	●	●
Empower students and innovation	●	●	●
Social and emotional well-being	●	●	●
Collaboration for all stakeholders	●	●	●

Small Group Work Activity



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Select Recorder & Facilitator

Recorder Responsibilities

- Complete the information on the group's green worksheet.

Facilitator Responsibilities

- Facilitate discussion
- Keep group focused and on task
- Report group's information



Small Group Worksheet

- Information on the green worksheet should reflect consensus/ general agreement of group members
- Monitor progress to complete the worksheet in allotted time
- Only the group's green worksheet will be collected



Small Group Work Activities

Task #1: Pros and Cons

Please come to consensus on three to five pros and cons for each option presented tonight.

Task #2: Additional Information

What additional information does your group need to learn to make a final decision on a preferred option for implementing the educational facility master plan?

Task #3: Preferred Option

With the knowledge that we will be revisiting these options at our future sessions, as of tonight, what option does your group prefer? Please select one option.



Small Group Work Activity Reporting

Thank you!

Please join us for Session 3

Community Priorities

March 10, 2022



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