



Little Elm ISD Long-Range Facilities Planning Committee

Meeting #2: Monday, September 13, 2021
Oak Point Elementary School

MEETING NOTES

Welcome – Daniel Gallagher

Mr. Gallagher, superintendent of schools, opened the meeting, welcomed everyone, and gave an overview of the agenda before turning it over to committee chair Sarona Winfrey.

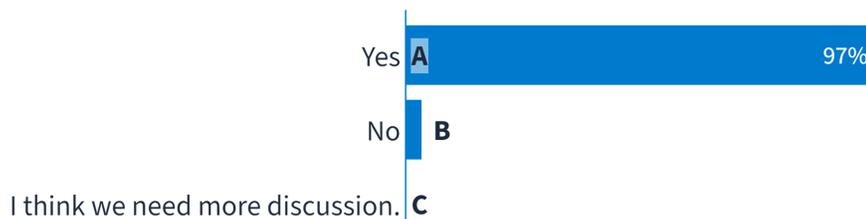
Meeting 1 Recap & Consensus – Sarona Winfrey

Ms. Winfrey reviewed the following highlights from the Meeting #1 presentation and discussions:

- All meeting materials can be accessed at www.littleelmisd.net/lrfpc
- The LRFPC purpose is to prioritize facility needs and take a recommendation to the Board of Trustees
- Little Elm ISD has continued to grow during pandemic, despite declining enrollment in nearby districts
- LEISD's enrollment could increase by nearly 430 students in the next year
- Projections show that more than 9,500 students will be enrolled in LEISD by 2025
- Projections show that more than 10,600 students could be enrolled by 2030

She also re-visited the importance of defining and reaching consensus in this process. Committee members participated in a "Poll Everywhere" activity. The results of the poll were that 96% said they agreed with how consensus was defined in meeting #1: A majority of the group is in agreement with the recommendation, and 2. All members will be able to support the recommendation.

Do you agree with how consensus was defined by a committee member in Meeting #1? 1. A majority of the group is in agreement with the recommendation, and 2. All members will be able to support the recommendation.



Growth Needs & Potential Timeline – Daniel Gallagher

Mr. Gallagher introduced Rick Martin, Executive Director for Construction Services, and the two of them reviewed the student enrollment growth projections and the potential timeline for new schools and a significant addition at Little Elm High School.

Mr. Martin defined maximum capacity as all of the physical classrooms you have in a facility, with every classroom being used as a classroom.

Questions during this portion of the meeting included:

A committee member asked about state mandated capacity. In Texas, kindergarten – 4th grade classrooms are capped at a 22:1 student-to-teacher ratio.

Mr. Gallagher briefed the group about land owned by the district. One of the things LEISD didn't have in the past was land for the middle schools. The only land owned was on French Settlement. The only other land available was in Lakewood Village. The 2017 Bond prop included land acquisitions. The District purchased land to prepare for future facilities. Today, we know where we can build schools, Mr. Gallagher shared.

Actual school locations are based on growth in the area, size of the property, and the site itself. Mr. Gallagher went over the land owned by the District.

- Valencia: 12.3 acres – would be a good site for an elementary school.
- Wildridge: 35 acres
- Hunter's Ridge: 60 acres near the Polo Club in Oak Point
- Lakewood Village: 14.9 acres – the District did a land swap with the Town of Lakewood Village. More appropriate site for a school.
- Additional land near Little Elm High School and the Stadium

Someone asked how many acres is needed to build different schools. This can depend on challenges with the site itself (ie: if it's on a flood plain or has topography challenges). Mr. Gallagher shared an example of a small site in Highland Park that is being used as a multi-story elementary school with an underground parking garage. Little Elm prefers sites larger than that. As a rule of thumb, the following is considered:

- 100+ acres for a high school
- 35-45 acres for a middle school
- 12-13 acres for an elementary school

Someone asked the question about how long will these land purchases cover for the District? The District could be in a position to have enough school sites for the build out of Little Elm ISD, but additional factors could change that in the future.

Mr. Martin reviewed information about growth:

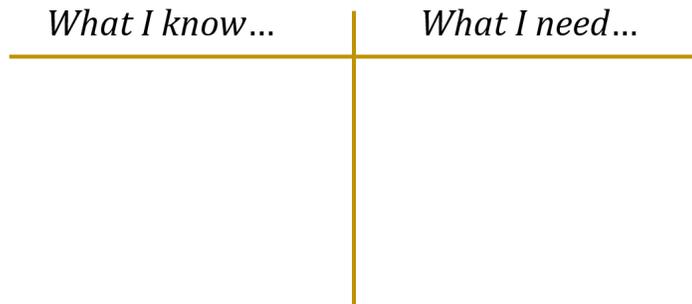
- Oak Point is already over capacity and has four portable buildings, with four classrooms each.
- Lakeview is projected to be over capacity by the 2024-2025 school year and already has one portable. We are close to capacity now.

- Chavez will see relief when Zellars opens Early Learning Center. There are 10 classrooms that are currently being used for PreK. Those classrooms can be used for growth in the future.
- Brent, Hackberry and Prestwick are not projected to exceed capacity in the next 8-10 years.
- Walker looks good for the next five years.
- Strike is projected to exceed capacity by the 2028-2029 school year.
- LEHS is already at capacity and needs an addition to keep up with growth.

Someone asked how is it that Strike has more students projected than Walker? Mr. Gallagher said growth is different in the two areas, and Prestwick had more students.

Notes – Committee Members

Ms. Winfrey asked committee members to take notes creating a T-chart, with the left side of their paper listing “What I know” and the right side “What I need.”



Potential Timeline for New Schools & Additions – Rick Martin

Mr. Martin reviewed the potential timeline, starting with a 5-year plan. Mr. Gallagher wanted to point out important information: If the group considered a five-year plan to address growth, it would include an expansion at LEHS and two new elementary schools.

Mr. Gallagher also discussed a 10-plus year plan that includes four new elementary schools, a new middle school, and expanding the LEHS. Based on the information, and knowing that projections show we will have more than 10,000 students, should we consider a bigger bond that will cover a long-range? The last potential project is estimated to be under construction in 2031-2032, and would open in 2032-2033.

Someone asked the question what is the difference between going out five years versus 10 years? Mr. Gallagher answered that when the voters approve the bond, it gives the district the authority to sell bonds as needed. Mr. Gallagher said adjustments can be made along the way based on needs and bonding capacity.

Mr. Martin talked about timing and how that can impact costs, needs, etc. Costs for the projects to address the five-year growth is approximately \$170-180 million with escalation. The plan to

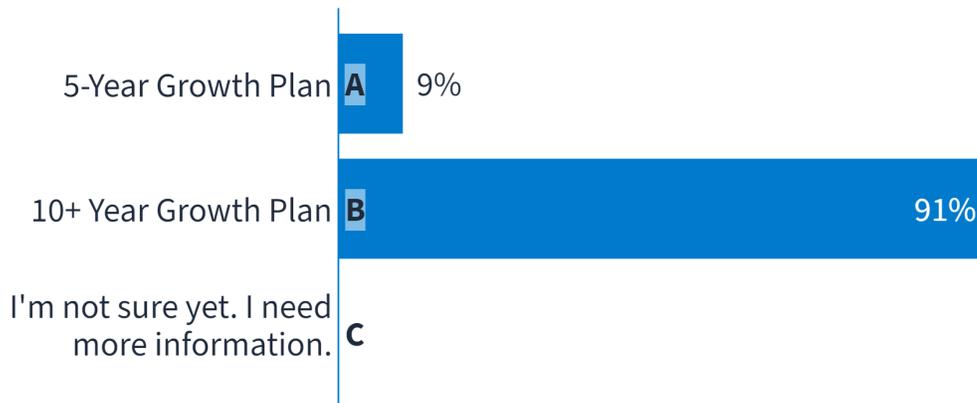
address growth for the next 10-plus years approaches \$400 million. Mr. Gallagher discussed the last bond and how the estimate was very close to the estimated amount on the proposition.

Someone asked what is the short-term plan for the capacity issue at LEHS? Mr. Gallagher said if we don't expand, we will have to add portables.

Someone asked when the competition gym will be completed. Mr. Martin said in the spring. Shared spaces, welding shop needs to be expanded. Looking at all opportunities to expand inside the high school.

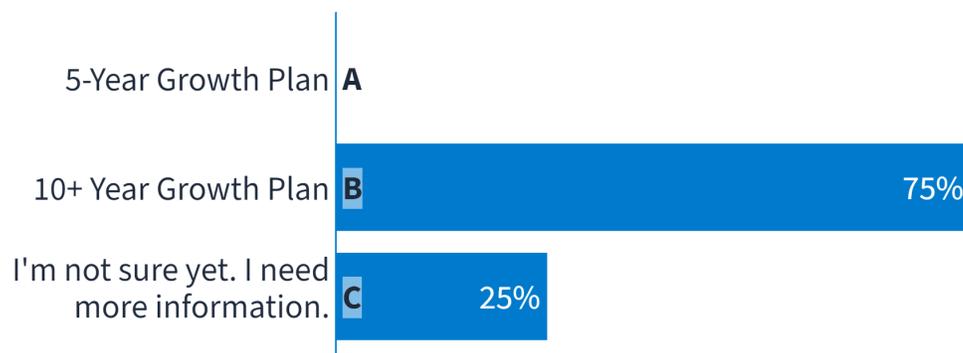
Mr. Martin led the group in poll, asking committee members if they felt the bond election should accommodate the 5-year growth plan, the 10+ year plan or if they needed more information. The majority – 91% responded in favor to the 10+ year plan.

In my opinion, LEISD's next bond election should accommodate...



Mr. Martin led the group in another poll, asking committee members what they thought voters would support. 75% said a 10+ year plan, 25% said they need more information.

In my opinion, the LEISD voters would support a bond election that accommodates...



School Finance & LEISD Financial Overview – Shay Adams

Shay Adams, Assistant Superintendent for Business and Finance for LEISD, presented information about how school finance works in Texas and provided a financial overview for LEISD. Explaining how bond programs can be extended over a number of years, Ms. Adams shared that voters approved a \$144 million bond in 2002, and the last installment of the bond didn't sell until 2016 because the need wasn't there until that time.

Ms. Adams reviewed school finance – how the district receives money – federal funding, state, funding, local tax effort. She explained how LEISD's revenue fits into the state's funding formulas:

- Federal funding – 2%
 - LEISD receives federal impact aid because of the lake, and demographics, but a very small portion of the district's budget comes from the federal government.
- State funding – 26%
- Local tax – 72% comes from property taxes, the rest is given to use from the state through equalization.

Each year, a school district adopts two tax rates:

1. Maintenance and Operations tax rate:
 - a. salaries, day-to-day operations, facility repairs and maintenance, contracted services, bus repairs, school supplies and materials, utilities.
 - b. \$84 million is the District's budget.
2. Interest and Sinking tax rate
 - a. new building construction, existing building renovation, land purchases, program-specific equipment, technology, school buses
 - b. this money can only be used to extinguish debt.

Currently, the LEISD M&O rate is \$0.96 per \$100 of property value. The I&S rate is \$0.47. (State law caps the I&S rate at \$0.50.) The total current rate is \$1.4303.

Someone asked what would happen if we raised the I&S tax rate .03, taking it to \$0.50 for five years and bring it back down? Mr. Gallagher said there's no flexibility and you're stuck at that rate.

She also shared LEISD's tax rate history... how it fluctuates and how it's driven by the legislation and state funding formulas. The debt service rate went up to \$0.50 in 2009-2010, but came back down.

Bonding Capacity – Derek Honea, RBC Capital Markets

Mr. Honea, who works as the district's financial advisor, presented a preliminary bond election analysis and encouraged committee members to go back and review the material if they wanted more information, including:

- Page 5 – LEISD's bond election history:
 - We have \$5 million left from the 2017 bond.
 - 2002 election is a good example of how the district is not obligated to sell the bonds, but only when the board sees fit.
- Page 6 – I&S Tax Rate
 - LEISD has refinanced whenever they can to keep the I&S rate as low as possible
 - They've realized \$50 million in savings in the last 10 years.
- Page 8 – Outstanding Debt
- Bond passage rate across the state: 60%
- Interest rates are at an all-time low, going back to the 1960s.
- Election Timetable:
 - There are two uniform election dates when school districts can hold bond elections in Texas: May and November.
 - The LEISD school board would have to call the election in February to have a May election.
- LEISD has the capacity for \$400 million bond election, keeping the I&S rate at 47 cents, meaning there would be no tax rate increase for a \$400m bond election.
 - The \$0.47 tax rate could be maintained for the next 30 years

Campus Tour – Committee Members

Committee members toured Oak Point Elementary School, and upon their return were prompted to think about how the campus made them feel, and what physical characteristics should be considered for all LEISD schools and students.

Homework & Closing – Sarona Winfrey

Committee members were asked to:

- Make a list of pros and cons for the 5-year growth plan and the 10+ year plan.
 - Consider how additional projects (aging needs, playgrounds, etc.) could impact the benefits and challenges associated with each.
- Bring the following to Meeting #3 and be prepared to discuss:
 - "I know/I need" notes
 - List of pros and cons

The next committee meeting is scheduled for Monday, September 27 at Chavez Elementary School.