

2011 Bond Proposal – Frequently Asked Questions (FAQ)

The Lake Travis Independent School District (LTISD) Board of Trustees has called a bond election for Tuesday, November 8, 2011, asking LTISD voters to authorize the Board to issue and sell bonds in the amount of \$158,455,000 for construction and expansion of school facilities; technology and instructional needs; maintenance of facilities; and acquisition of buses, vehicles, equipment and land parcels.

The Lake Travis ISD Board of Trustees has given much consideration and study—with input from a 27-member citizens' advisory committee—to this bond package. These Frequently Asked Questions (FAQs) are intended to inform you, the voter, about the bond proposal.

1. What is a bond election?

The law provides that a school district must hold an election and get permission from voters to sell bonds and to levy taxes to pay for them. Bonds are sold to provide funding for capital improvements that last for a number of years. Such investments are too large to be included in operating budgets. Just as an individual agrees to repay a new home loan, voters authorize the District to sell and repay bonds for making major capital improvements.

2. How can bond money be used?

Bond money can be used for new schools and facilities, expansion and renovation of existing facilities, furniture, technology, equipment, buses and other support vehicles, new school sites and other necessary land parcels. However, bond money cannot be used to fund employee salaries, benefits, or other operating costs.

3. What are the needs outlined in this bond proposal?

The bond—as proposed by the citizens' advisory committee—is designed to:

Accommodate projected increase in student enrollment by adding and expanding instructional facilities;
Maintain and repair District facilities; and
Provide *instructional resources, including technology.*

The 2011 projected bond program component—as proposed by the advisory committee—include the following:

New Elementary School #6	\$25,000,538
New Lake Travis Middle School	\$53,729,520
Expansion of Lake Travis HS into Current Lake Travis MS Campus	\$20,624,740
Expansion of Hudson Bend MS	\$22,246,711
Upgrades for Existing Facilities	\$20,727,229
District-wide improvements (including overall contingency and closing costs)	\$16,126,229

TOTAL BOND PACKAGE \$158,455,000

4. How did the Board of Trustees decide on this bond proposal?

A 27-member community Bond Advisory Committee comprised of residents from each elementary and secondary school attendance zone participated in a total of seven meetings between March 8 and May 3. Members were selected upon recommendation by the LTISD Board of Trustees, senior staff and campus principals. This group, along with support personnel from the District's administrative staff, engaged in comprehensive presentations and discussions about District needs to accommodate a projected increase in student growth and enrollment, protect and replace District assets, and maintain instructional standards, resulting in the development of recommendations that were presented to the Board of

Trustees on May 5, 2011. The Board of Trustees then analyzed the Bond Advisory Committee's recommendations and unanimously accepted the needs outlined in the Bond Advisory Committee's bond proposal.

5. Why is Lake Travis ISD proposing to sell bonds at this time?

In January, Lake Travis schools recorded a total enrollment of 6,974 students. A demographic report commissioned by the District and released in February 2011 indicates enrollment has been increasing by approximately 300 to 400 students—roughly 6 to 7 percent—annually. At this rate, the District's middle schools will be at capacity in 2012-2013, the high school will be at capacity in 2013-2014 and the elementary schools will be at overall capacity in 2014-2016. It takes two to three years to plan and construct new school facilities. A bond referendum will allow for the expansion of existing facilities and construction of new facilities to be complete in time to address this capacity issue.

6. Given the current economic climate and crisis in State funding, why did the Board decide to call the election at this time?

While the state Legislature attempts to resolve a significant budget shortfall, the Lake Travis ISD Board and Administration believe it must continue to explore all options that will allow additional revenue for the District. The LTISD Board of Trustees decided to begin the process for calling the proposed bond in late 2009 in anticipation of calling a bond election in May or November 2010. While an election was not called at either of those times, the LTISD Administration continued its exploratory and research process for a potential bond in 2011. The citizens' bond advisory committee conducted its work between March and May 2011, and on May 5, a recommendation to the Board of Trustees. Given current and projected growth in student enrollment, the Board of Trustees believes calling a bond election at this time is appropriate.

7. Why is there such a gap between the time the bond was called and Election Day in November?

By law, school trustees may call a bond election for May and November of each year and must do so at least 62 days prior to each Election Day. However, there is no requirement as to how far in advance of 62 days trustees may call for an election. The Board chose to call the election before the close of the school year in order to provide a better opportunity for public input prior to calling the bond election on May 19.

8. Why are 'maintenance and operation' funds not being used to pay for maintenance projects?

A school district's general operating expenditures include payroll, utilities, supplies and other costs associated with the on-going operations of the school district. While districts may be able to address smaller capital items using general operating funds, school districts do not receive enough funding to cover the cost of large construction and/or renovation projects like those proposed in the bond.

9. Do bond funds impact the District's maintenance and operations budget?

Bond funds can have a positive impact on the maintenance and operations (M&O) budget. Since Lake Travis ISD is a Chapter 41 (property wealthy) district, it must recapture a percentage of its property taxes collected for the maintenance and operations budget (49.7% for 2010-11). Any district with wealth per Weighted Average Daily Attendance (WADA) of \$319,000 per student is considered a property wealthy district. However, there is no recapture on property taxes collected for the bond budget. Thus, capital expenditures that are purchased out of the M&O budget cost the taxpayer approximately twice what they would cost if they had been purchased with bond proceeds. For example, if Lake Travis ISD were to purchase a school bus for \$100,000 from of its M&O budget, it must levy \$200,000 to purchase the same school bus. The first \$100,000 would be returned—or recaptured—to the State in "Robin-Hood" payments. The next \$100,000 can be used to purchase the school bus. On the other hand, if Lake Travis ISD is able to purchase the school bus using bond proceeds, then the District will levy \$100,000 for

the purchase of that bus. The State will receive \$0 out of that levy because it does not recapture bond proceeds. This is one of the very few tax breaks that are given to Chapter 41 Districts.

10. How will the bond issue impact the debt service tax rate?

If approved by voters, the estimated tax increase related to the bond would be \$0.0924 for a total tax rate of \$1.4083 per \$100 of assessed property valuation. The 2011-2012 anticipated average market value of a residence in Lake Travis ISD is approximately \$400,000. After the District's 20% Optional Homestead Exemption and the State of Texas' \$15,000 Mandated Exemption, passage of the bond referendum would represent an increase of approximately \$281.88 annually—or \$23.49 monthly—for the average homeowner. Residents who have received an 'Over-65 Exemption' or 'freeze' from the Travis County Appraisal District will incur no tax impact as a result of the approved bond referendum. To obtain an Application for Residence Homestead Exemption from the Travis County Appraisal District [click here](#).

11. What is a 20% Optional Homestead Exemption?

Taxing units—including public school districts, cities, counties and special districts—may offer homeowners an exemption for up to 20% of their home's value. The governing body of each taxing unit decides whether it will offer the exemption and at what percentage. This percentage exemption is added to any other homestead exemption for which the applicant qualifies. Homestead exemptions remove a portion of the home's value from taxation, resulting in lower taxes. For example, if a home is appraised at \$400,000 and the homeowner qualifies for the 20% optional homestead exemption, the homeowner will pay taxes on the home as if it were valued at \$320,000. To receive the 20% optional homestead exemption, you must file an Application for Residential Homestead Exemption with the Travis Central Appraisal District between January 1st and April 30th—up to one year after taxes have been paid. Lake Travis ISD is one of only a few school districts in Texas that offers the 20% optional homestead exemption.

12. What is a 65-and-Over Homestead Exemption?

A person who is age 65 or over and who has successfully filed an Application for a Residential Homestead Exemption is eligible for a homestead tax ceiling. The homestead tax ceiling is a limit on the amount of school taxes paid on a residence. School taxes on that home will not increase as long as the age 65 or over resident owns and occupies that home. The tax ceiling freezes school taxes at the amount paid in the year the resident qualifies for the 65-and-Over Homestead Exemption. Residents who have received an 'Over-65 Exemption' or 'freeze' from the Travis County Appraisal District will incur no tax impact as a result of the approved bond referendum.

Additionally, school taxes on the home may go below but not above the ceiling. If improvements are made on the home (other than normal repairs or routine maintenance) the tax ceiling may go higher because of the new additions. For example, if a garage or game room is added to the house, the tax ceiling will be adjusted to a higher level for the value of the addition.

If a 65 or older homeowner moves to another home they can transfer the percentage of the tax ceiling to a different home in the same or another school district. The ceiling on the new home will be calculated to give the same percentage of taxes paid as the ceiling on the original home. To transfer a school tax ceiling, please contact the appraisal district offices of your previous and current counties of residence to request the necessary certificate for processing.

13. Was a second high school considered?

Considering the projected high school student enrollment growth rate, Lake Travis High School will be out of capacity in 2013 at the high growth rate and 2014 at the moderate and low growth rates. Opening a second high school to relieve this situation at this time would leave the district with two 2500 student high schools, each about half full, and a large construction cost and operating cost burden to manage. Postponing the construction of the second high school is expected to save the district \$1.5 to \$2 million in

operational costs per year. The district has developed an alternative solution that will allow postponing the opening of a second high school until about 2020, when the district's tax base is larger and more able to handle the cost. This solution is to construct a new Lake Travis Middle School and expand Lake Travis High School into the existing Lake Travis Middle School facility. The existing Lake Travis Middle School facility will be increased in capacity to help extend the capacity of Lake Travis High School as much as possible. However, land for the anticipated second high school was purchased as part of the 2005 school bond issue. The site is located near the District's Transportation & Distribution Center off Highway 71.

14. What is the impact of expanding LTHS into the current LTMS facility? Will the expansion of LTHS into the current LTMS facility create a 'Ninth Grade Center?'

Expanding Lake Travis High School into the existing Lake Travis Middle School facility will allow the district to postpone the need for a second high school until about 2020. This expansion of Lake Travis High School into the current Lake Travis Middle School facility will not create a Ninth Grade Center, meaning freshman students will not be confined at the former LTMS facility. It is likely that freshman students will attend most of their core curriculum classes at the former LTMS facility, but they will go to the existing LTHS campus for most of their elective classes and extra-curricular activities.

15. Why does the District need a new elementary school when Serene Hills Elementary is currently under capacity?

Even though Serene Hills Elementary School currently has space to take more students, the real issue is the impact of our growing enrollment on our overall elementary school capacity. The most recent demographic study commissioned by the District and reported in February 2011 projects that the total capacity of all LTISD elementary schools combined will be exceeded in 2015 at the high growth rate and 2016 at the moderate growth rate. It takes approximately three years to design, construct, equip and open a new school facility. Therefore, the LTISD Board of Trustees has called a bond election now to allow Elementary School #6 to open in time to meet this enrollment growth issue.

16. Where will Elementary School #6 be located? How was the location selected?

Elementary School #6 will be located in the West Cypress Hills subdivision just west of the R O Drive/Highway 71 intersection. The developer donated the land to the District. Several factors were reviewed to determine the best site for this school:

- The proximity of the site to the students within the potential attendance zone for this school
- The proximity of the site to emergency responder facilities
- Road and utility access to the site
- The availability of sidewalks to provide safe walking and bike riding routes to the site
- The readiness of the site parcel for construction of the school facility

If the bond referendum is approved by voters, construction of Elementary School #6 should commence on or about April 1, 2013 and be substantially complete on June 1, 2014.

17. Will the District consider redrawing its current school attendance boundaries to address elementary school capacity?

According to the February 2011 demographic report, even if elementary school attendance boundaries are redrawn, current district elementary facilities will reach overall capacity in 2015 at the high growth rate. If the referendum is not approved, it is likely the District would redraw elementary attendance zone boundaries in 2012 based on projected growth trends. If the referendum is approved, the District will likely redraw attendance boundaries when the new campuses open.

18. Where will the new Lake Travis Middle School be located? How was the location selected?

The new Lake Travis Middle School is projected to be constructed on a 32.5 acre tract located on Bee Creek Road approximately one half mile from the Highway 71 West/Bee Creek Road intersection. The land for the new middle school was purchased in the prior bond package. These purchases were purposefully far sighted to allow the District purchase land at a good price. This site is well situated to provide ease of access from Highway 71 West, Highlands Boulevard, Serene Hills Drive and Bee Creek Road and is approximately at the center of the student population within the potential attendance zone for this school. If the bond referendum is approved by voters, construction of the new LTMS is expected to begin on or about January 1, 2013 and be substantially complete on June 1, 2014.

19. Were athletic and other extracurricular program facilities considered?

Numerous athletic and extracurricular program facilities were considered but did not meet the criteria for the current proposed bond program. However, some safety and compliance components at the Lake Travis High School Performing Arts Center, as well as maintenance items such as drainage improvements at the main football field and the replacement of lighting at the baseball field, are included in the bond.

20. How long will the proposed improvements meet the needs of the District?

This is entirely dependent upon the growth of the district. Based on the February 2011 demographic study, the 2011 Bond Advisory Committee proposal is designed to meet the projected needs of the district up to the 2016-2017 school year. Slower growth than projected would result in these improvements meeting the needs of our students for a longer period of time. A faster growth rate would potentially indicate more needs sooner than expected. It is the commitment of the Board of Trustees to adequately and responsibly provide for the current and future needs of our students.

21. When was the last bond election, and how was the money spent?

The last bond election, held on September 10, 2005 for approximately \$127 million, funded the following projects:

- Expansion of Lake Travis High School, Lake Travis Middle School and Hudson Bend Middle School
- Construction of Serene Hills Elementary School
- Elementary School Upgrades and Renovations
- Technology Replacements and Upgrades
- Instructional Materials and Equipment
- Safety and Security Measures at all campuses
- Replacement of Aging Buses and Support Vehicles
- Construction of the New Transportation and Distribution Center
- Renovation of the old Transportation Center to a New Maintenance Center
- Educational Development Center Renovations
- Administration Building Renovations
- Land Acquisitions for Future Facilities

22. How will the District address projected student growth issues if the referendum is rejected by voters?

If the bond referendum is rejected by the voters, LTISD will have to resort to the use of portable classroom buildings to provide teaching space for the coming student enrollment overage. An estimated 50 to 60 portable classroom buildings will be needed by 2015 at an estimated cost of \$5 to \$6 million. Funding for these portables will have to come from the District's Operating and Maintenance revenue. Lake Travis ISD is a Chapter 41 (Robin Hood) school district which means approximately 50% of our Maintenance and Operation—or M&O—tax revenue is recaptured and sent back to the state. The \$5 to \$6 million cost of these portables will require tax revenue of \$10 to \$12 million to overcome the net impact of recapture.

23. Given recent cuts in state funding to LTISD by the Texas Legislature, will the District have sufficient funds to operate the schools contained in this bond package?

LTISD has projected its budget to include the Maintenance and Operations funds needed to open and operate the schools included in this bond package. If the projected growth in student enrollment continues to occur, the District will hire additional teachers whether they teach in new schools or in portable buildings on existing campuses.

24. What's the historical accuracy of our current demographer as it pertains to student enrollment projections?

Since 2006, the District has retained the services of College Station, Texas-based demographer Population and Survey Analysts (PASA). Since that time, the firm has consistently tracked the District's student enrollment along a moderate (medium) growth rate. For the 2011-2012 school year, PASA's projection is within 45 students of its initial projection taken in 2006, a less than one percent margin of error.

25. Why is the expansion of Hudson Bend Middle School so costly when capacity will only be increased by 300 students?

The expansion of Hudson Bend Middle School from 900 to 1,200 students represents a 33 percent increase in classroom capacity alone. In addition, all core facilities need to be increased as well. This includes the library, the cafeteria/kitchen, restrooms, corridors, circulation spaces and other support spaces. Expanding the footprint of the school requires increasing the environmental site controls, such as water quality filtration and storm water detention facilities. Unit costs for expanding an existing facility that must be kept in operation during the construction phase are typically higher than unit costs for a comparable new building. Lastly, furniture, fixtures, and equipment for this school will be upgraded to match the new Lake Travis Middle School as closely as possible.

26. How will the bond debt be paid down?

The bond will be structured similar to a personal home mortgage. Many items like technology, instructional materials and school buses will be amortized over useful life so that the tax rate decreases over time. Capital outlay, i.e., the construction of school buildings, will likely be financed over 25-30 years.

27. How much money does the District have in surplus from the 2006 bond?

As of September 30, 2011, the 2006 bond program had a balance of \$3.7 million of which \$2 million is restricted for specific purposes. For example, the construction of the Transportation & Distribution Center is not yet closed out, and a portion of the \$2 million is appropriated for that purpose. Other items for which portions of the \$2 million are appropriated include furniture, fixtures and small equipment. The remaining \$1.7 million of the \$3.7 million are contingency funds that are not already appropriated.

28. What is the District's current debt? What would the District's debt be if voters approve the bond?

Lake Travis ISD currently has \$167.2 million in outstanding debt. Assuming voters approve the \$158.5 million bond referendum, Lake Travis ISD's debt will increase to \$325.7 million. The only way that LTISD residents can incur additional debt is through additional bond elections. Of course, debt is paid down over time.

29. How do the new construction projects in this bond package compare to similar projects in other districts?

The following projects are contained in LTISD's bond package:

A. Elementary School #6 – Estimated Total Budget Cost (Design, Construction, Roads/Utilities, Furniture and Equipment): \$25,000,538

B. New Lake Travis Middle School – Estimated Total Budget Cost (Design, Construction, Roads/Utilities, Furniture and Equipment): \$53,729,520

Leander ISD has bid and constructed comparable facilities over the past four years as follows:

A. Elementary School #23 – Total Budget Cost (Design, Construction, Roads/Utilities, Furniture and Equipment): \$27,180,035

B. Middle School #8 – Total Construction Cost (Construction, Road/Utilities, Furniture and Equipment; Design not included): \$49,733,518
(approximately \$52,718,000 with design included)

Documents published by Georgetown ISD state that elementary and middle schools in that district have cost \$18 million and \$28 million respectively. These schools are significantly smaller in size and capacity than the planned LTISD schools. In addition, the Georgetown ISD school costs are for construction, furniture and equipment. The LTISD school costs include the same costs as the Georgetown ISD schools plus all costs for utility impact fees/extensions, environmental fees, technology, instructional materials, geotechnical investigations, surveys, code reviews, permits, and accessibility reviews.

30. How does the amount for technology in this bond package compare to the District's last bond package?

The \$25 million in the LTISD bond package for technology includes items that other area school districts have embedded in costs for construction and facilities projects, as well as in Maintenance and other department costs, rather than including them in the "Technology" line item or category. Examples of these items include: access control systems; security camera systems; fiber optic cable to connect a new school to the district's network; and PA/bell/clock systems. For the sake of comparison, if we were to pull out of the "Technology" costs in the LTISD bond package those items that other districts instead embed in construction and facilities and departmental costs, the remaining LTISD "Technology" amount in the bond would be approximately \$6,467,882. The cost estimates for the technology items in the bond were taken directly from inventories, equipment life cycles (age), exact unit pricing from previous projects and negotiated contracts, and estimated amounts developed with consultants/vendors/contractors. Consultants, community members with technology expertise, contractors, and peers from other organizations were all consulted to help develop the technology components of the 2011 bond program. LTISD technology purchasing history shows a history of coming in under budget, especially compared to retail pricing.

31. If voters approve this bond, how much money would be spent on technology per student? How much per classroom?

The technology amount per student in the proposed LTISD bond package is:

K - 4th: \$544/student
5th: \$460/student
6th: \$392/student
7th-8th: \$364/student
9th-12th: \$340/student

The technology amount per classroom in the proposed LTISD bond package is:

Elementary: \$11,961/classroom
Secondary: \$10,188/classroom

32. How much of the technology expenditures in this bond package is spent on classrooms?

The bond includes \$12.6 million of the technology cost in the bond goes directly into classrooms for student and teacher use. The remainder of the approximately \$25 million for technology in the bond is allocated as follows: \$11.3 million for infrastructure technology (i.e., network, phones, security cameras, building access control systems, copper and fiber optic cabling, servers, management software, PA/bell/clock systems); and \$1.4 million for administrative/operational technology (this includes the construction of office space for the technology staff so that they can vacate three LTHS classrooms needed for campus student growth).
