



# PUBLIC INPUT MEETING ON OPTIONS TO ADDRESS E-SPLOST BUDGET ISSUES

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AUGUST 26, 2019 – SEPTEMBER 10, 2019

# BACKGROUND



## Education Special Purpose Local Option Sales Tax

New facilities, classroom additions, major and minor improvements at



**nearly every school**, and purchased new technology and equipment.



E-SPLOST revenue generates about **\$500M** over five years. The estimated cost to address all DCSD Facility needs is over \$2 billion.



Voter Referendum every **5 years** creates a cycle of planning and implementation. Currently in E-SPLOST V (July 2017 – July 2022).

E-SPLOST

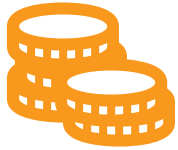
Budget Issues



# E-SPLOST BUDGET ISSUES

The estimated costs to complete the remaining E-SPLOST IV projects are

**\$5 million** over budget.



The estimated costs of E-SPLOST V projects are **\$95 million** over budget.



Industry-wide construction costs have increased **15% - 20%** resulting in an

**\$82 million** increase in E-SPLOST V construction costs.



Although revenue from the penny sales tax is higher than expected, revenue uncertainty from state reimbursements is **\$13 million**.

# \$95 MILLION OVER-BUDGET

## Focus Area

Focus Area	Current	Estimated	Difference	
	Budget	Cost	△	%
Safety and Security Improvements (100)	\$12.9M	\$40.6M	+\$27.8M	+216%
New Facilities and Additions (200)*	\$304.9M	\$334.1M	+\$29.2M	+10%
Facility Condition Improvements (300)	\$96.9M	\$104.1M	+\$7.1M	+7%
Technology Improvements (400)	\$65.0M	\$68.3M	+\$3.3M	+5%
Buses, Vehicles, Other Capital Equip.(500)	\$40.1M	\$40.1M	\$0	0%
Management and Program Contingency (600)	\$41.2M	\$69.1M	+\$27.9M	+68%
<b>Total</b>	<b>\$561.0M</b>	<b>\$656.3M</b>	<b>+\$95.3M</b>	<b>+17%</b>

\*Budget includes project changes based on updated forecast of enrollment. Visit [www.dekalbschoolsga.org/e-splost/e-splost-and-go-bond-2019/](http://www.dekalbschoolsga.org/e-splost/e-splost-and-go-bond-2019/) for information about what is changed.



Shrinking available

**labor pool**

with unemployment  
below 4%.

**15% - 20%**

INCREASE IN CONSTRUCTION  
COSTS INDUSTRY WIDE



The US government imposed

**tariffs**

on imported construction  
materials in 2018 and 2019



Prices for all types of

**construction  
materials**



More stringent

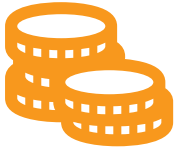
**Fire  
Sprinklers**

requirements

# E-SPLOST IV BUDGET ISSUES



The **Arts School** project includes a **Theater** addition and minor interior changes at the former Avondale MS site. The project is expected to be \$3.9m over budget.



The E-SPLOST IV program is expected to be **\$5 million** over budget at completion, primarily due to the Arts School project.

# STEP **1** OF 3-STEP PROPOSAL



**1**  
**Balance**  
E-SPLOST V  
Budgets to  
\$561 M

Board: Oct-Nov 2019



**2**  
**General Obligation  
Bond**

Board: Nov-Dec 2019  
Vote: March 2020



**3**  
If GO Bond Passes,  
**Adjust**  
E-SPLOST V

Board: May 2020



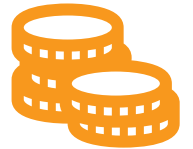
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## STEP 1: E-SPLOST IV



The **ARTS SCHOOL** project will be  
**REMOVED** from the E-SPLOST IV program.\*

The project could be funded in **E-SPLOST V** OR  
potential **GO BOND.**



\*Public hearing will be held on Thursday, September 19, 2019, 7 pm, at AIC

# 1 BALANCE E-SPLOST V BUDGET TO \$561 M

**X**  
**REMOVE**  
 PROJECTS

203 Peachtree MS Addition or (212 Chamblee HS Addition)	future funding	-\$14.1M
<small>If Arts School is added to E-SPLOST V</small>	future funding	-\$21.5M
216 Lakeside HS Addition	future funding	-\$27.0M
316 Fairington ES Renovation	future funding	-\$2.4M
364 Hawthorne ES Renovation	future funding	-\$4.5M
301/302 Turf Installation	future funding	-\$10.8M
381 Parking Additions	future funding	-\$1.6M
331 Lead-in-Water Set-Aside	work completed	-\$0.9M
202 Freedom MS Addition	lower enrollment	-\$8.5M
101-103 Sprinkler Installations	property insurance	-\$3.9M

# 1

## BALANCE E-SPLOST V BUDGET TO \$561 M



121	Druid Hills HS Renovation	no sprinklers	\$0M
122	Hambrick ES Renovation	no sprinklers	\$0M
322	Redan MS Renovation	no sprinklers	\$0M
344	Midvale ES Renovation	no sprinklers	\$0M
201	Cross Keys MS Conversion	smaller addition	+\$1.9M
211	Cedar Grove HS Auditorium	no turf installation	+\$3.1M
213	Clarkston HS Addition	smaller addition	-\$8.4M
214	New Cross Keys HS	smaller facility	+\$17.2M
( 203	Peachtree MS )	smaller addition	-\$2.2M
	<small>If Arts School is added to E-SPLOST V</small>		

# 1 BALANCE E-SPLOST V BUDGET TO \$561 M

  
**INCREASE**  
PROJECT BUDGET

212 Chamblee HS Addition	fully fund	+\$4.9M
or (add Arts School)	fully fund	+\$15.0M
111-113 Fence Installations	fully fund	+\$1.1M
115-116 Security Vestibules	fully fund	+\$1.6M
215 Dunwoody HS Addition	larger addition	+\$9.5M
221 John Lewis ES	fully fund	+\$0.2M
222 New ES for Cross Keys North	fully fund	+\$0.2M
223 New Indian Creek ES	fully fund	+\$10.5M
343 Druid Hills MS Renovation	fully fund	+\$0.6M
402 ERP/Finance/HR System	fully fund	+\$3.3M
602 Program Contingency	increase	+\$14.9M
606 Revenue Reserve	uncertainty	+\$13.0M

# 1

## STEP 1 ALTERNATIVE



### Moving the magnet program

from Chamblee Charter HS to the New Cross Keys HS, eliminating need for the CCHS addition, would **free up \$21.5m.**

The savings could fund a larger

**New Cross Keys HS** (\$13.0m) to accommodate the magnet program, and three projects otherwise removed in step 1: **Fairington ES** renovation (\$2.4m), **Hawthorne ES** renovation (\$4.5m), and **Parking** additions at 10 schools (\$1.6m)



# STEP **2** OF 3-STEP PROPOSAL



1

**Balance**

E-SPLOST V  
Budgets to  
\$561 M

Board: Oct-Nov 2019



2

General Obligation  
**Bond**

Board: Nov-Dec 2019  
Vote: March 2020



3

If GO Bond Passes,  
**Adjust**  
E-SPLOST V

Board: May 2020



DCSD Facility condition and capacity  
available

needs > funding



Enable the District to strategically **rebuild schools** rather  
than replacing major building systems in aging schools.



**Restore Projects** removed from E-SPLOST program in Step 1

General obligation (GO) bonds:



Are financial instruments backed by a 15-year **property tax**.



Require approval by voter **referendum**



Are **separate** from the school operations property tax and millage cap.



# 2

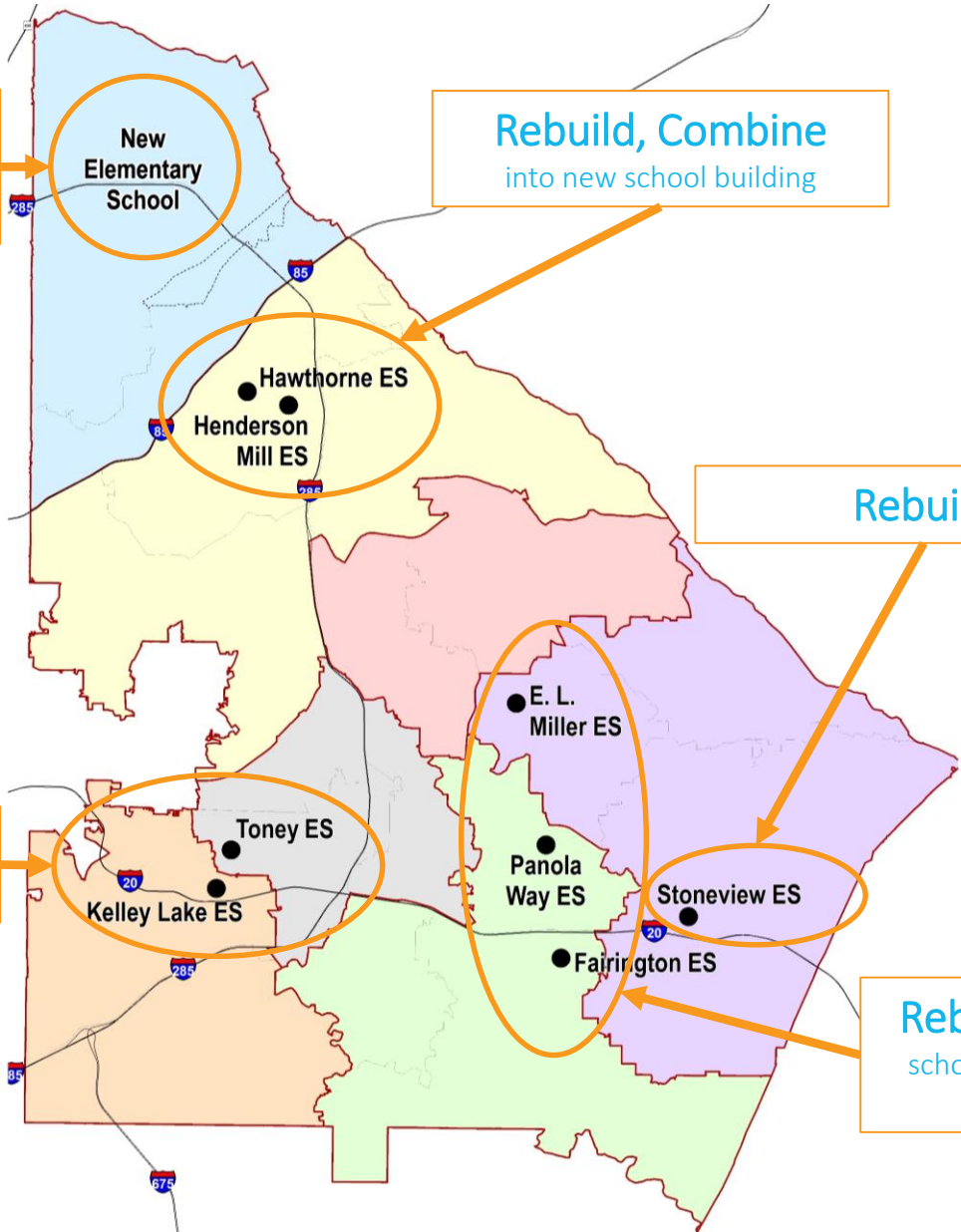
## PROPOSED GO BOND PROJECTS

1. Peachtree MS Addition | \$12M  
Arts School | \$15M  
OR Chamblee HS Addition | \$27M  
(If Arts School is added to E-SPLOST V)
2. Lakeside HS Addition | \$25M
3. 4 or 5 New Elementary Schools | \$136M - \$170M
4. Strategic Land purchase | \$15M - \$20M
5. Program Contingency | \$19M - \$23M

# 2

## 4 - 5 NEW 950-SEAT ELEMENTARY SCHOOLS

**Build New**  
school in the Dunwoody or Chamblee Cluster



**Rebuild, Combine**  
into new school building

**Rebuild**

**Rebuild 1 of these 3**  
schools if a larger go bond is pursued

# 2

## OPTIONS FOR PROPOSED GO BOND

Project	\$222M GO Bond	\$265M GO Bond
1 Arts School (\$15 m) & Peachtree MS Addition (\$12 m) Or Chamblee Charter HS Addition	\$27M	\$27M
2 Lakeside HS Addition	\$25M	\$25M
Rebuild Toney ES (combine with Kelley Lake ES)	\$34M	\$34M
New Elementary School in Chamblee/Dunwoody	\$34M	\$34M
3 Rebuild Stoneview ES	\$34M	\$34M
Rebuild Hawthorne ES (combine with Henderson Mill ES)	\$34M	\$34M
Rebuild E.L Miller, Fairington, or Panola Way ES	-	\$34M
4 Strategic Land Purchase	\$15M	\$20M
5 Contingency	\$19M	\$23M
<b>Total</b>	<b>\$222M</b>	<b>\$265M</b>

# 2

## PROPERTY TAX FROM GO BOND



For a home worth \$250,000  
the additional tax is estimated to be

**\$6.24 - \$7.45**  
(\$222M GO BOND) (\$265M GO BOND)  
per month

# PROPERTY TAX FROM GO BOND

	\$222 M GO Bond <i>(4 new schools)</i>	\$265 M GO Bond <i>(5 new schools)</i>
Term	15-Year	15-Year
Mills <sup>†</sup>	0.75	0.89
Avg. Annual Debt Service	\$17,818,250	\$21,268,486
Total Interest	\$67,691,875	\$80,795,125
True Interest Cost*	2.42%	2.42%
Net Premium	\$23,723,322	\$28,315,744
Home Value	<i>Annual Property Tax Increase for Homeowner<sup>†</sup></i>	
\$150K	\$44.96	\$53.66
\$250K	\$74.93	\$89.44
\$500K	\$149.85	\$178.88

<sup>†</sup> Estimates based on current market

\*True Interest Cost - A method of computing the interest expense to the issuer of go bonds which includes fees, inflation, discounting, etc.

# STEP **3** OF 3-STEP PROPOSAL



1

**Balance**

E-SPLOST V  
Budgets to  
\$561 M

Board: Oct-Nov 2019



2

General Obligation  
**Bond**

Board: Nov-Dec 2019  
Vote: March 2020



3

If GO Bond Passes,  
**Adjust**  
E-SPLOST V

Board: May 2020

# 3

## IF THE GO BOND IS APPROVED...



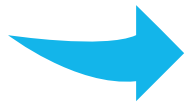
### REMOVE

RENOVATION PROJECTS  
FOR REBUILT SCHOOLS

	Combined with	
<sup>351</sup> Henderson Mill ES	Hawthorne ES	-\$7.0M
<sup>352</sup> Toney ES	rebuilt by go bond	-\$6.8M
<sup>355</sup> Stoneview ES	rebuilt by go bond	-\$4.9M
		<hr/>
	Total	-\$18.7M

# 3

## IF THE GO BOND IS APPROVED...



### RESTORE

PROJECTS TO E-SPLOST V  
PROGRAM

<sup>301, 302, 211, 213, 215</sup> Turf installation	high school practice fields	+\$16.0m
<sup>361</sup> Fairington ES	unless rebuilt by go bond	+\$2.4m
<sup>602</sup> Contingency	funds for unexpected	+\$0.3m
		<hr/> Total +\$18.7m



# Small Group Feedback



# SMALL-GROUP FEEDBACK



Collect input on proposals and alternatives

Series of six (6) questions for discussion

# SMALL-GROUP FEEDBACK



1. Which proposed actions in step 1 do you **support** and why?
2. Which proposed actions in step 1 do you **not support** and why?
3. Which **other projects** in the E-SPLOST 5 program should the District consider removing, reducing, or increasing and why?

# SMALL-GROUP FEEDBACK



4. Which option for the **Arts School** do you prefer and why?
  - A. Funded in **E-SPLOST 5** at the Avondale MS site for \$15M
  - B. Funded in **GO Bond** at the Avondale MS site for \$15M
  - C. Funded in the **next E-SPLOST** at a different site with a larger facility to include a Performing Arts Center for greater than \$70M
  - D. **Cancel** the Arts School Project

# SMALL-GROUP FEEDBACK



5. What are the pros and cons of moving the

**High-Achievers Magnet** program from Chamblee Charter HS to the new Cross Keys HS?

# SMALL-GROUP FEEDBACK



6. Which GO Bond option do you prefer and why?

A. \$265M GO Bond program including 5 new elementary schools.

B. \$222M GO Bond program including only 4 new elementary schools.

C. \$100M GO Bond program only to complete E-SPLOST 4 & 5

D. No GO Bond

# SMALL-GROUP FEEDBACK GROUND RULES

- Facilitators are objective participants.
- DCSD commits to receiving and considering all **appropriate input**.
- Staff must balance multiple perspectives and logistical limitations in making recommendations to the superintendent and board, thus **not all input can be accommodated**.
- **Respect** each other's opinions.
- Please write **questions on note cards**.
- Questions will be addressed on the **website** at [www.dekalbschoolsga.org/e-splst/e-splst-and-go-bond-2019/](http://www.dekalbschoolsga.org/e-splst/e-splst-and-go-bond-2019/)