



May 2016

Two primary goals of the 2014 Bond Committee were to build facilities that would meet near-term enrollment growth needs and have little to zero impact on the tax rate for Katy residents. That Committee effectively achieved both goals by designing a \$748 MM package that could be funded from the current debt service tax rate. The package included six new schools, six major renovations, technology, safety and security upgrades and student activity facilities including an agricultural sciences center and a second stadium.

Although the current construction market in the Houston region has intense competition, limited manpower pools, and abundant construction projects in development, **the District is currently on target to meet the goal of completing all projects in support of our students and staff with available funding. For the 2015 - 2016 school year, the District's debt service tax rate was lowered by one penny and this rate is being maintained as of this date.**

Below are some Frequently Asked Questions (FAQs). As we receive other like inquiries, this list will be updated and can be found on the Bond Progress web page.

2014 Bond FAQs

1) What was the dollar amount for the 2014 bond authorization?

In November 2014, the voters approved a bond authorization package totaling \$748,118,930.

2) Is the District expecting to complete all the projects identified in the 2014 bond authorization?

Yes. The District is currently on target to meet the goal of completing all projects with available funding.

3) How was the dollar amount for the 2014 bond authorization determined?

The District originally identified school and facility needs reflecting approximately \$1.2 billion. The preliminary project estimates were based on a variety of sources including Katy ISD historical data, other school districts, surveys from architects and contractors, consultants and publications. After three months of Bond Committee deliberations, a \$748,118,930 package was recommended by the Committee to meet the immediate and critical capital needs of Katy ISD.

4) Did the 2014 Bond Committee recommend certain dollar amounts for each project?

Yes. The Committee recommended certain amounts of bond funds to be spent on specific projects. However, the primary and expressed aim of the Committee was to meet current and near future

student needs with minimal to zero impact on the tax rate. For the Committee, this meant providing students access to high quality facilities that meet their academic and co-curricular needs using the \$748 MM bond authorization and any other existing funding sources.

**2014 Bond Authorization
Original Allocation by Project**

	<u>Original Allocation</u>
<u>New Facilities</u>	
Maydell Jenks Elementary	\$28,052,250
Catherine Bethke Elementary	27,797,850
Robert & Felice Bryant Elementary	32,857,771
Elementary #41 Design	850,000
Elementary #42 Design	850,000
Elementary #43 Design	850,000
James and Sharon Tays Junior High	41,966,100
Stockdick Junior High	43,375,345
Patricia Paetow High School	151,982,680
Land	18,200,000
Infrastructure	10,000,000
<u>Existing Facilities - Comprehensive Renovations</u>	
Memorial Parkway Elementary Renovation	15,577,932
Cimarron Elementary Renovation	14,099,909
Pattison Elementary Renovation	15,534,008
Golbow Elementary Renovation	15,534,008
Memorial Parkway Junior High Renovation	23,497,233
Mayde Creek High Renovation	51,095,880
<u>Existing Facilities - Facility Expansion</u>	
Miller Career Center Shell Space Buildout	8,036,820
Junior High CTE/Main Office Expansions	12,637,944
South Transportation Phase II	16,035,750
<u>Safety & Security</u>	
Safety & Security Improvements	3,040,053
Security System Retrofit	10,000,000
<u>Existing Facilities - Component Replacement</u>	
	42,133,446
<u>Technology Plan</u>	
	50,000,000
<u>Student Activity Facilities</u>	
Agriculture Science Facility Phase II	22,500,000
Stadium #2	58,000,000
<u>Other</u>	
Portable Buildings	2,750,000
Buses	21,063,951
Design Fees - Elementary, JH, HS	9,800,000
<u>Rounding</u>	<u>1,070</u>
	<u><u>\$748,120,000</u></u>

* Bonds are sold in \$5,000 increments, so the authorization was rounded by \$1,070 as shown in the last line.

5) Is the District required to spend only the dollar amount that the 2014 Bond Committee recommended for each project?

No. The Board of Trustees has the authority to spend the entire bond authorization as deemed appropriate. For example, in the current 2014 bond referendum, the Board approved the additional classroom space for Maydell Jenks Elementary (Elementary #38), to

support needed space for the bilingual program. Many projects also provide for alternates - scopes of work that support curriculum and programs identified during the design which were not captured during the bond planning phase.

The District considers all funding sources in order to provide the best facilities that meet the student and faculty needs. Such funding sources include savings realized from projects within the 2014 bond authorization, available savings from the 2010 bond authorization, available general operating funds, and approved food services funds.

The District is currently on target to meet the goal of completing all projects with the voter-approved authorization of \$748 MM.

6) Why are the project costs different from the project estimates?

Preliminary project estimates were provided to the Bond Committee in the 2013-14 school year. The estimates were based upon only a scope of work with an approximate calculation. However, as design teams worked through the design process and solicited the final project bids, it was anticipated that the final estimates would come in either over or under the original value presented. This is because factors such as the Houston construction market conditions, economic trends, contractor and subcontractor availability, as well as financial impacts from local authorities, counties and municipalities.

Katy ISD's initial estimates accounted for 10% inflation in the first year of the Katy ISD bond program— a typical assumption for such projects. However, the market has actually seen a range of between 12% and 14% inflation, depending upon the type and timing of the project. In specific sub-trades, the percentage has been much larger.

These impacts cannot be projected to complete accuracy during the bond planning stage because detailed design analysis has not yet been completed and the uncertainty of market conditions into the future for projects later in the program.

7) How does the current competition for construction projects compare to that of the 2010 bond projects?

With the active Houston market, there are fewer contractors bidding school work projects. Seven Lakes Junior High (2010 bond) was bid in January 2011 with twenty one (21) bidders; Stockdick Junior High (2014 bond) was bid in July 2015 and only had six (6) bidders. Wolman and Shafer Elementary Schools (2010 bond) were bid in March 2011 with nine (9) bidders; Bryant Elementary (2014 bond) was bid in February 2016 and had only two (2) bidders.

- 8) I would like an example of how a project cost estimate might look different from the actual project cost once it has been bid.

For example, what was Katy ISD’s initial estimate for Memorial Parkway Junior High? What was that project bid for? How have those project costs been supplemented by other funding sources?

Memorial Parkway Junior High
 Initial Estimate: \$23,497,233
 Actual Bid Cost: \$27,900,000

Additional Project Costs

Cost	Purpose	Date Approved by the Board	Funding Sources
\$ 1,497,738	Detention pond, parking lot, turn lanes	10/26/2015	2014 bond infrastructure
\$ 442,597	Food service equipment	10/26/2015	Food service funds
\$ 2,462,432	Additional scope of work providing equity as best to District standards, energy efficiency, and improvements to the athletic area, athletic field and marquee.	10/26/2015	2014 bond authorization
<hr/>			
\$4,402,767			

- 9) **What was Katy ISD’s initial estimate for a 12,000-seat stadium in the 2013-14 school year?**

The initial estimate as presented to the 2014 Bond Committee for a 12,000-seat stadium was \$67,883,609. This estimate was for a multi-activity student facility for football, marching band, soccer, concerts, community events and professional development. It also included a press box, concessions, restrooms, ticketing, 4,667 parking spaces and a two story field house.

- 10) **What bond allocation was ultimately identified by the 2014 Bond Committee for the stadium?**

The 2014 Bond Committee identified an allocation of \$58,000,000 for a 12,000-seat stadium.

- 11) **How did the 2014 Bond Committee arrive at the \$58,000,000 figure for the stadium?**

The Committee agreed that the additional stadium needs such as the build out of the shell space of the second stadium field house, the maintenance building, the parent drop-off driveway loop, and exterior lighting would eventually be a necessity for our growing student population. However, during the 2014 bond deliberations the Committee felt it more important to secure the most pressing project needs while sustaining or lowering the current tax rate without asking for more than a \$748 MM bond authorization. Ultimately, the package that was recommended by the Committee included a future decision to complete these additional components when, and if, funds outside of the bond authorization became available.

Fortunately, the District has been in the position to fulfill the Committee's desire to address all student needs in the Student Activity Facilities: Second Stadium project by adding those additional structural components they supported without impacting the tax rate. These other components were funded through existing funding sources discussed in #15.

12) What did the \$58,000,000 stadium estimate include?

Concrete stadium, with seating for 12,000, a press box, restrooms, concessions and field house, and parking.

13) With respect to the \$58,000,000 bond allocation line in the program for the stadium facility, what is the current cost for the stadium?

\$57,996,398.

14) Where will the second stadium be located?

The second stadium will be located at the corner of Katy Fort Bend Road and Franz Road inside the Student Activity Facilities complex.

15) Beyond the cost of the stadium facility itself, are there other costs associated with the Student Activity Facilities complex which encompasses several facilities including: the Robert R. Shaw STEAM Center, Miller Career & Technology Center, Raines High School, Opportunity Awareness Center, Rhodes Stadium, and the second stadium?

Infrastructure work and support facility work, which includes such items as: roadwork, utilities, drainage, and a maintenance building, which will benefit the entire operation of this multi-facility complex, is being funded through a combination of funding sources including 2010 and 2014 bond infrastructure funds (\$1,690,815 and \$6,944,457 respectively), as well as through 2010 bond authorization savings. The use of the 2010 bond authorization savings, totaling \$2,904,312, was endorsed by the 2014 Bond Review Committee and approved by the Board of Trustees to fund the build out of the shell space of the second stadium field house, a maintenance building, the parent drop-off driveway loop, and to provide supplemental exterior lighting. In addition, \$795,525 in general operating funds were spent to accomplish site clearing (i.e. tree removal) and preparation in advance of construction at the complex.

Other Project Costs for the Student Activity Facilities Complex

Cost	Purpose	Date Approved by the Board	Funding Sources
\$795,525*	Land site clearing/preparation	5/18/15	General Operating Fund
\$6,944,457	Amendment #1-Infrastructure - Drainage, utilities and some roadwork to serve the multi-facility Student Activity Facilities complex.	9/28/2015	2014 bond infrastructure
\$2,904,312	Amendment #4-Alternates - Build out of the shell space of the second stadium field house, the parent drop-off driveway loop, a maintenance building to serve the entire complex, and supplemental exterior lighting.	12/14/2015	2010 bond savings
\$1,690,815	Change Order Infrastructure- - Additional roadwork infrastructure to support vehicular ingress/egress circulation, as well as underground conduit work, for the multi-facility Student Activity Facilities complex.	4/25/2016	2010 bond infrastructure savings
\$12,335,109			

* represents a finalized expenditure

Note: The stadium actual cost of \$53,821,958 and the site development cost of \$4,174,440 are not reflected in the chart above. These two items were approved by the Board on 9/28/15 and 12/7/15, and together equal \$57,996,398 (see #13).

16) Is the stadium project over budget?

No. The stadium project is not over budget. The \$58 MM allocated for the stadium in the 2014 bond referendum will pay for all of the features outlined in the bond (i.e. concrete stadium with seating for 12,000, a press box, restrooms, concessions, field house and parking). The additional safety and security components, such as the parent drop-off driveway loop and exterior lighting, were incorporated into construction following the passage of the bond. The 2014 Bond Committee had recommended that these additional components be completed outside of the bond authorization, should and when funds became available.

17) Would these other projects be necessary for the Student Activity Facilities complex had a stadium not been added to that space?

Yes. The land at Katy Fort Bend Road and Franz Road was purchased nearly six years ago with the expectation that it would be developed for future school and/or District facility projects. In order for that land to accommodate any facility, be it a campus, center or athletic complex, there would be a need for site preparation, road work and utility modifications.

18) Are any additional components of work yet to be presented to the Board?

The Live Action Media Broadcast System (L.A.M.B.S.) video display component is currently planned to be presented as a cost neutral component through anticipated marketing revenue with initial capital funding gained from the General Operating Fund.

19) Have we received any feedback from our design professionals on the second stadium design?

See the attached letter from HKS, the prime design firm for the stadium and a nationally and internationally respected athletic facility design firm. The letter identifies the cost effective, multi-use and flexible nature of, not only the stadium, but of the entire multi-facility complex when complete.



April 27, 2016

Thomas J. Gunnell
Chief Operations Officer
Katy Independent School District
6301 S. Stadium Lane
Katy TX 77494

RE: KISD Student Activity Facility: Second Stadium Development

Mr. Gunnell,

HKS is a recognized leader in the design of multi-use stadium venues across the U.S. and internationally. We have planned numerous projects of this type at all levels – professional, collegiate, and high school. We are the prime architect and leader of the design team for the KISD Student Activity Facility: Second Stadium.

In the context of our own firm experience, the Katy ISD project, in our professional opinion, represents a unique community facility which is extremely cost effective in its spectrum of flexibility and usage options. It is outstanding in comparison to other high school venues in the state of Texas and beyond.

As mentioned above, HKS has significant experience in this facility type and we are excited that this multi-purpose event complex represents such a wonderful opportunity for the KISD Community. We have worked diligently to deliver quality, and value. We have accomplished a great deal in that regard – especially in such a heated construction market as Houston.

The layout and structure of this stadium is very functional and straightforward, yet it will effect a "sense of place" that will please and reward the community for many years to come. It has been designed to optimize performance, safety, resiliency, and operational efficiency. The Katy ISD project is lean and effective.

When the project is complete, we are confident the district and community will be very satisfied with the results. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Vander Voort'.

Mark Vander Voort, AIA, LEED AP
Principal

20) Will Katy ISD need to ask the taxpayers for more funds to subsidize any of the projects that came in above bid?

No. The District has evaluated all available funding sources to ensure that all projects in the original bond are completed. Savings realized from projects within the 2014 bond authorization, available savings remaining from the 2010 bond authorization, available general funds, and approved food services funds have been reviewed and allocated as necessary.

21) How are we filling the gaps resulting from project bids that came in higher than anticipated?

As of April 25, 2016, the District has utilized remaining available funds from the 2010 bond authorization in the amount of \$25,943,880 to fund portions of the following:

- Maydell Jenks Elementary (Elementary #38)
- Catherine Bethke Elementary (Elementary #39)
- James & Sharon Tays Junior High (Junior High #14)
- Stockdick Junior High (Junior High #15)
- Patricia Paetow High School (High School #8)
- Student Activity Facilities: Agricultural Sciences Center Phase II
- Student Activity Facilities: Second Stadium

In addition, the District is utilizing \$11,615,400 of General Operating Fund monies for Technology retrofits and \$816,347 of food service fund monies for kitchen renovations included with the Memorial Parkway Elementary renovation and Memorial Parkway Junior High renovation.

22) How are the 2010 bond savings being used for current 2014 bond projects and other capital projects?

The 2010 bond savings that have already been approved by the Board of Trustees for use to supplement 2014 bond projects due to increased costs reflected in current bids include:

<u>2014 Projects</u>	<u>2010 Bond Savings Allocated (to date)</u>
• Catherine Bethke Elementary	\$ 2,447,130
• Stockdick Junior High	\$ 1,541,140
• Agricultural Sciences Center	\$ 391,193
• Maydell Jenks Elementary (increased construction scope and additional design fees)	\$ 3,690,584
• Patricia Paetow High School (construction cost overages)	\$ 5,679,755
• Field house shell space build-out along with parent drop-off driveway loop, maintenance building, and exterior LED building lighting (alternates)	\$ 2,904,312

Other capital projects not included in the 2010 bond authorization*, but funded by 2010 bond savings:

- Davidson Elementary \$19,347,116
- Randolph Elementary \$19,713,409
- Mayde Creek Water Well \$ 282,018
- South Transportation Drive \$ 301,096
- Katy High School Parking Lot \$ 1,476,346
- Memorial Parkway Elementary Parking Lot \$ 392,045
- Morton Ranch High School Track \$ 614,505
- Morton Ranch High School Ductwork \$ 111,800
- Katy High School Exterior Athletic Improvements \$ 2,527,813

*Construction of these projects allowed the District to push the next bond out by at least one year and addressed additional projects that would have been funded by future bonds.

The remaining balance of unallocated 2010 bond savings to be used on future capital projects totals \$376,370.

23) In 2015, the tax rate on the District’s debt service was lowered by one penny. Will the tax rate be increased in 2016-17 as a result of some bond project bids coming in higher than expected?

No. The District does not anticipate an increase in the tax rate to complete the remaining projects. A continued low interest rate environment has kept the cost of borrowing low, while continued growth in the tax base has allowed the District to maintain the lower debt service tax rate.

Tax Rate 2014-15	Tax Rate 2015-16
\$1.5266	\$1.5166