

South Kitsap School District 2015 Capital Facilities Plan

## VII. DISTRICT FINANCE PLAN

The principal funding mechanism for school facility construction and modernization has traditionally been voter approved bonds. More recently, school districts have been turning to capital levies to support modernizations and elementary school new construction projects. Other funding sources can include state funding assistance and development impact (mitigation) fees.

### **General Obligation Bonds**

Bonds are typically used to fund construction of new schools and other major capital improvement projects. A 60% voter approval is required for passage. Bonds are then retired over time through the collection of property taxes.

The South Kitsap School District had an assessed valuation of \$6,123,112,269 as of August 31, 2014. The limit for all outstanding bonds for SKSD is 5% of assessed value or \$306,155,613. The District had \$5,645,481 of debt as of August 31, 2014, and therefore has a current bonding capacity of \$300,510,132.

### **State Funding Assistance**

The source of State Funding Assistance, formerly State Match Funds, is the Common School Construction Fund. Bonds are sold on behalf of the fund then retired with revenues accruing predominantly from the sale of renewable resources (i.e., timber) from state school lands set aside by the Enabling Act of 1889. If these sources are insufficient to meet the needs of the program, the Legislature can appropriate additional funding, or the State Board of Education can ration project funding on a priority basis.

School districts may qualify for state funding assistance for specific capital projects based on an eligibility system. Eligible projects are prioritized using seven different criteria. Funds are then disbursed to districts on a percentage basis that is based on a formula that compares each district's assessed valuation per pupil relative to the entire state assessed valuation per pupil. This percentage is known as the Funding Assistance Percentage, formerly State Match Ratio.

The base to which this percentage is applied is the cost of construction as determined by the "Construction Cost Allocation" multiplied by the "Eligible Area". The Construction Cost Allocation (CCA) is used by OSPI to help define or limit its level of financial support for school construction. It is a budget driven value that is not intended to fully reflect the actual cost of school construction in Washington State. The Eligible Area portrays either the square footage of new space required to address unhoused students for an enrollment project, or the building square footage approved for upgrade or replacement for a modernization project.

State funding assistance is available to assist districts with construction costs for enrollment and modernization related school construction projects but cannot be used for site acquisition, the purchase of portables or for normal building maintenance. Because the availability of state assistance funds may not always keep pace with the enrollment growth or modernization needs of all of Washington's school districts, assistance funds from the state may not be received by a school district until two or three years after a school project has begun. In such cases, a district may be required to "front fund" meaning it must be prepared to finance the entire project with local funds. The State's share of the project funding is then provided to the district later in the form of a reimbursement. In some cases projects may not receive any state assistance at all. State funding assistance is not guaranteed.

### **New Development Mitigation/Impact Fees**

The authority for local jurisdictions to condition new development on the mitigation of school impacts is provided for under the State Subdivision Act, Chapter 58.17 RCW, the State Environmental Policy Act, Chapter 43.21C RCW, and the Growth Management Act, Chapter 36.70A RCW. These state statutes seek to ensure that adequate public facilities are available to meet the demands of new growth by authorizing permitting jurisdictions to condition development approval on the implementation of mitigation measures that enable local jurisdictions to meet the infrastructure demands of new development.

- **Subdivision Act Mitigation** RCW 58.17.110 requires the permitting jurisdiction to find that proposed plats adequately provide for schools and school grounds. The proposed development must provide land sufficient to ensure that such facilities are provided for potential new students.
- **SEPA Mitigation.** SEPA provides that local jurisdictions may condition the approval of a new development to the mitigation of specific adverse environmental impacts which are identified in SEPA environmental documents. *See* RCW 43.21C.060. Under SEPA, the "built environment" includes public schools. *See* WAC 197-11-444(2) (d) (iii).
- **GMA Mitigation.** Development impact fees have been adopted by Kitsap County and the City of Port Orchard as a means of supplementing traditional funding sources for the construction of public facilities needed to accommodate new development. The City of Bremerton does not impose an impact fee on new development. The District participates in the permit review processes of jurisdictions within its boundaries to ensure that its interests are considered when new developments are proposed that will generate additional students.

### **Six-Year Finance Plans**

The Six-Year Capital Finance Plan (Table 12) portrays how South Kitsap School District intends to fund improvements to school facilities for the years 2015 through 2020.

**Table 12**  
**Capital Finance Plan (2015-2020)**

Sources:

CFP Balance/Impact Funds (Aug 2014)	\$ 1,000,164	
Impact Fee Collections 2015-2020 (est.)	\$ 1,438,680	
Transfer from General Funds	\$ 0	
State Matching Funds (est.)	\$ 0	
Sale of General Obligation Bonds	\$ 0	
Improvements to Existing Facilities	<u>\$ 4,750,000</u>	\$7,188,844

Uses:

CFP Balance/Impact Funds (Aug 2020 est.)	\$ 378,769	
Improvements to Existing Facilities	\$ 4,750,000	
Construction for Enrollment Growth	\$ 0	
Site Acquisition	\$ 1,760,075	
Construction of Support Facilities	\$ 0	
Interim Classroom Space	\$ 300,000	
Program Changes	<u>\$ 0</u>	<u>\$ 7,188,844</u>

Balance:

\$ 0

**VIII. UNFUNDED NEED CALCULATION**

The calculation of the South Kitsap School District unfunded need in support of jurisdictional school impact fee collection is provided on the spreadsheets that follow. This calculation recognizes projected costs anticipated over the life of the six-year plan including acquisition costs for interim housing and debt service payments on a 56 acre school site that was purchased in 2005.

The “Unfunded Need Total” on the last line of the SKSD Impact Fee Calculation document portrays the cost of addressing new home construction related enrollment growth identified within the six-year capital construction plan. This value is greater than the actual school impact fees specified and collected under respective Kitsap County and City of Port Orchard impact fee ordinances.

South Kitsap School District 2015 Capital Facilities Plan

<u>Description</u>	<u>Grade Span</u>	<u>Value</u>	<u>Units</u>	<u>Comments</u>
Student Generation Factor-SFH	Elementary	0.32	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-SFH	Jr. High	0.10	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-SFH	Sr. High	0.10	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-MFH	Elementary	0.18	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-MFH	Jr. High	0.09	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-MFH	Sr. High	0.09	Students/Residence	2007 Kendrick Demographic Study
Facility Acreage	Elementary	14.00	Acres	District Average
Facility Acreage	Jr. High	22.00	Acres	District Average
Facility Acreage	Sr. High	42.00	Acres	Plan for New High School
Cost per Acre	All	\$115,000	Cost/Acre	Market Estimate
Facility Size - New Construction	Elementary	550	Students/School	District Standard
Facility Size - New Construction	Jr. High	900	Students/School	District Standard
Facility Size - New Construction	Sr. High	1800	Students/School	Plan for New High School
Facility Size - Temporary Construction	Elementary	24	Student/Classroom	District LOS
Facility Size - Temporary Construction	Jr. High	26	Student/Classroom	District LOS
Facility Size - Temporary Construction	Sr. High	26	Student/Classroom	District LOS
Permanent Sq. Footage (Total)	Elementary	507894	Square Feet	State Study & Survey
Permanent Sq. Footage (Total)	Jr. High	286193	Square Feet	State Study & Survey
Permanent Sq. Footage (Total)	Sr. High	345474	Square Feet	State Study & Survey
Portable Sq. Footage (Total)	Elementary	45900	Square Feet	Portables Inventory
Portable Sq. Footage (Total)	Jr. High	18900	Square Feet	Portables Inventory
Portable Sq. Footage (Total)	Sr. High	10800	Square Feet	Portables Inventory
Facility Cost - New Construction	Elementary		Cost/School	
Facility Cost - New Construction	Jr. High		Cost/School	
Facility Cost - New Construction	Sr. High		Cost/School	
Facility Cost - Temporary Construction	Elementary	\$300,000	Cost/Portable	Standard Dbl Portable including Site Costs
Facility Cost - Temporary Construction	Jr. High	\$300,000	Cost/Portable	Standard Dbl Portable including Site Costs
Facility Cost - Temporary Construction	Sr. High	\$300,000	Cost/Portable	Standard Dbl Portable including Site Costs
Boeckh Index / Area Cost Allowance	All	\$206.70	Cost/sq. ft.	OSPI - 2015
SPI Footage	Elementary	90.0	Sq. Ft./Student	OSPI - 2015
SPI Footage	Jr. High	121.3	Sq. Ft./Student	OSPI - 2015
SPI Footage	Sr. High	130.0	Sq. Ft./Student	OSPI - 2015
State Match Ratio	All	59.98%	Percent	OSPI - 2015
Average Assessed Value - SFH	All	\$201,260	Cost/Unit	Kitsap County Assessor SFH 2015
Average Assessed Value - MFH	All	\$100,630	Cost/Unit	Kitsap County Assessor SFH 2015 @ 50%
Capital Bond Interest Rate	All	0.00%	Percent	
Years Amortized	All	10	Years	
Property Tax Levy Rate - Capital Construction	All	\$0.00	Cost/\$1000 A.V.	

South Kitsap School District 2015 Capital Facilities Plan

**School Site Acquisition Cost:**

*((Acres X Cost per Acre)/Facility Capacity) X Student Generation Factor*

**CALCULATIONS**

	Facility Acreage	Cost per Acre	Facility Capacity	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	14	\$115,000.00	550	0.32	0.18	\$936.73	\$526.91
Jr. High	22		900	0.10	0.09	\$0.00	\$0.00
Sr. High	42	\$115,000.00	1800	0.10	0.09	<u>\$268.33</u>	<u>\$241.50</u>
						<b>\$1,205.06</b>	<b>\$768.41</b>

**School Construction Cost:**

*((Facility Cost/Facility Capacity) X Student Generation Factor) X Permanent/Total Sq. Ft.)*

	% Perm/ Total Sq. Ft.	Facility Cost	Facility Size	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	92%		550	0.32	0.18	\$0.00	\$0.00
Jr. High	94%		900	0.10	0.09	\$0.00	\$0.00
Sr. High	97%		1800	0.10	0.09		
						<b>\$0.00</b>	<b>\$0.00</b>

**Temporary Facility Cost:**

*((Facility Cost/Facility Capacity) X Student Generation Factor) X (Temporary/Sq. Ft)*

	% Temp/ Total Sq. Ft.	Facility Cost	Facility Size	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	8%	\$300,000.00	48	0.32	0.18	\$165.77	\$93.24
Jr. High	6%		52	0.10	0.09	\$0.00	\$0.00
Sr. High	3%		52	0.10	0.09	\$0.00	\$0.00
						<b>\$165.77</b>	<b>\$93.24</b>

**State Match Credit**

*Area Cost Allowance X SPI Sq. Ft X State Match X Student Generation Factor*

	Boeckh Index	SPI Footage	State Match %	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	\$206.70	90.00		0.32	0.18	\$0.00	\$0.00
Jr. High	\$206.70	121.30		0.10	0.09	\$0.00	\$0.00
Sr. High	\$206.70	130.00		0.10	0.09		
						<b>\$0.00</b>	<b>\$0.00</b>

**Tax Payment Credit**

	SFH	MFH
Average Assessed Value		
Capital Bond Interest Rate	0.00%	0.00%
Net Present Value of Average Dwelling		
Years Amortized	10	10
Property Tax Levy Rate	<u>\$0.00</u>	<u>\$0.00</u>
<b>Present Value of Revenue Stream</b>	<b>\$0.00</b>	<b>\$0.00</b>

**NEED SUMMARY**

	SINGLE FAMILY	MULTI FAMILY
School Site Acquisition Cost	\$1,205.06	\$768.41
Permanent Facility Cost	\$0.00	\$0.00
Temporary Facility Cost	\$165.77	\$93.24
State Match Credit	\$0.00	\$0.00
Tax Payment Credit	<u>\$0.00</u>	<u>\$0.00</u>
<b>UNFUNDED NEED TOTAL</b>	<b>\$1,370.83</b>	<b>\$861.65</b>