



Wednesday • February 8, 2023 • 5:30 PM • Jett Center

Committee members present: 117

Non-voting committee resource members present: 32

## Introduction – Dr. Curtis Null, *Superintendent*

- Recap from Meeting #1: Our purpose is to study the needs of the District and determine if a bond referendum is needed.
- What were “aha” moments for you in the first meeting?
  - \$2.8 billion worth of projects “kicked down the road”
  - breakdown of student enrollment and the recent bond proposals of surrounding districts
  - breakdown of district budget (in particular, 90% to salaries)

## Demographic Trends & Projections – Population and Survey Analysts (PASA)

- PASA uses an extensive amount of effort to gather as much information as possible about what is happening in a community.
- Conroe ISD 2021-22 Enrollment: 67,761 -> now 71,000+
- 8,000 students gained over last 5 years (3rd in Houston metro) – 3,198 last year alone (2nd in Houston metro)
- Kindergarten Enrollment vs. Live Births
- Interest rate raised eight times since last year; FED will continue to increase until inflation is under control.
- 10th-straight month of housing sales decreases (according to HAR)
- PASA analyzes every housing planning project in the District.
- Projecting more than 35,000 single-family units; 53,000 total in new housing construction
  - New master-planned communities (land in Conroe in high demand)
  - Manufactured housing (4,696 new occupancies projected through 2032)
  - “Heat Map” of projected single-family occupancies (areas with most housing planned/underway)
  - Multi-family units (10% of projected new construction)

- Project 73,195 enrollment for Fall of 2023 (+3.71% - increase of 2,621 students)
  - Moderate growth scenario (98,000 enrollment)
  - Low growth (89,000) and high growth (120,000) scenarios
  - Three of last four years has exceeded high growth scenario (Covid year was only one that did not)
- Projected enrollment for elementary, intermediate, junior high, high school
  - Yellow—100% utilization, Orange—110%, Red—120%

## Questions

- Are schools in the process of being built factored into the need for new schools?  
*Yes.*
- What is the projected interest rate PASA uses on housing?  
*They assumed the interest rate would stabilize, which it is starting to, at around 6%.*
- Why do schools show different capacities from year to year?  
*When a school is built, we use a formula based on square footage and classrooms. We are using the actual true capacity as they are currently being utilized based on programs that exist in that school (each school can have different programs); Capacity is a moving target (ie. Changing from ½ day K/Pre-K vs. full-day K/Pre-K programs); Infrastructure can play a role (cafeteria and gym space); Specifications (ie. ORHS had 750 square foot science lab; Texas code now requires 1,450 square feet).*
- Are new charter and private schools included in the study?  
*Yes, and PASA has not learned about any new planned private schools.*
- Are current and future re-zoning considered?  
*They are not, because we only use current District boundaries. At an average of 102% utilization, we don't have places where we have empty spots to move students.*

**CONTINUED...**



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- Do we issue bonds every year?  
*One of the decisions of this committee would be to determine the duration of a bond. It would need to be broken up to use a portion of the bond each year for the duration of the bond.*
- PASA has been doing these surveys over 20 years, but do you bid out the process to other vendors besides PASA?  
*Yes, we do, but we have had great success with PASA.*

### Table discussion on identifying four biggest priority schools

- Each member placed stickers on four posters that correspond to their highest priority.
  - Conroe High School – 105 votes
  - Caney Creek High School – 91
  - Caney Creek Elementary – 90
  - Grand Oaks 7-8, 9th – 75
  - Conroe Junior High – 45
  - Grand Oaks Elementary – 28
  - Oak Ridge K-6 – 20
  - Grand Oaks Intermediate – 8
  - Conroe Intermediate – 7
  - The Woodlands K-6 – 2

### Marketplace & Construction Costs – Kyle Holland, *President & CEO of the Associated General Contractors*

#### Easy Foster, *CISD Director of Planning & Construction*

- Construction Costs, generally speaking, are often over budget depending on when bond was issued and when budgets were created in light of inflation and the current economy.
- CPI (Consumer Price Index) vs. PPI (Producer Price Index)
- Labor Costs – Construction compensation expected to rise 4.5-6.1% for skilled labor in 2023
- Generally, CISD has opened at least one school per year (cost was under \$20 million for elementary school during 2008 bond, \$35-39.4 million during 2019 bond, projected \$55 million “all-in” for January 2023)
- Cannot bid a theoretical job, must pass a bond before projects can be open for bids

- CISD’s goal is to build something that will last for 50 years, and, with modifications, will last another 50 years after that.
- Construction inflation forecast to start at 12%.
- Projected cost of construction for elementary in January 2024 is \$61 million. Projected cost of a high school beginning construction in January 2025 is \$350-391 million.

### Question to the committee to think about

- How long does it take to fund and open a building?

### Financial Capacity – John Robuck, *BOK Financial Advisors*

- How much can the tax rate increase?
- Will have updated tax rate information on April 25
- Refinancing, reissuing bonds and repaying debt early has saved the District \$176 million
- CISD’s total tax rate has decreased by 16.5 cents over last 4 years
- Only 21 districts in Texas with independent bond rating as high or higher than CISD
- Tax rate scenarios presented

**Adjourned at 7:56 p.m.**