

# City of Madison New High School Funding



**Working Together To Build A Better Community**

# Community Meeting Dates

*Monday, November 9, 2009*, 6:00 PM, **City Hall** (Council Chambers) at City Council Meeting

*Friday, November 13, 2009*, 7:00 AM, **Ivey's Restaurant** at Mayor's Monthly Community Meeting

*Saturday, November 14, 2009*, 9:00 AM, **Zompa Auditorium** at Bob Jones High School

*Thursday, November 19, 2009*, 7:00 PM, **Zompa Auditorium** at Bob Jones High School

*Monday, November 23, 2009*, 6:00 PM, **City Hall** (Council Chambers) at City Council Meeting

# New High School Cost Formula

|  |                      |
|--|----------------------|
| <b># of Students</b>                         | <b>2000</b>          |
| <b>Square Footage per Student*</b>           | <b>175</b>           |
| <b>Building Size</b>                         | <b>350,000 sq ft</b> |
| <b>Average building cost per square foot</b> | <b>\$150</b>         |
| <b>Total Cost of Building</b>                | <b>\$52,500,000</b>  |
| <b>Add 20% for fields, furnishings, etc</b>  | <b>\$10,500,000</b>  |
| <b>Total Cost of Project</b>                 | <b>\$63,000,000</b>  |

\*Source-Volkert & Associates



BURGREEN RD

CAMBRIDGE

BEND

WINDS

COUNTY LINE RD

New High School Site

HUNINGTON

WHITWORTH FARMS

MILL RD

CHASE

HARDIMAN RD

CEDAR S  
STA

# Timeline

- ✓ October 2009 – Architects and Construction Management Firm hired
- ✓ November/December 2009 – Program Development
- ✓ April/June 2010 – Site Work
- ✓ July 2010 – Bids Awarded
- ✓ August 2010 - May 2012 – Construction
- ✓ Fall 2012 – School Opens with 9<sup>th</sup> and 10<sup>th</sup> Grades

# Four Steps to Success

1. Is the second high school a need or a want?
2. Does the Madison City School Board have the ability to fund the school themselves?
3. Are there any other avenues to acquire funding?
4. How will this impact my family?

**#1. Is the 2<sup>nd</sup> high school  
a need or a want?**



P.O. Box 292300  
219 Brooks Hall  
Samford University  
Birmingham, AL 35229  
Phone (205) 726-2482 Fax (205) 726-2900

- Commissioned by the Huntsville/Madison County Chamber of Commerce and Committee of 100 to report on the spending and performance of the Madison County, Huntsville City and Madison City school districts. The report was provided June, 2006.

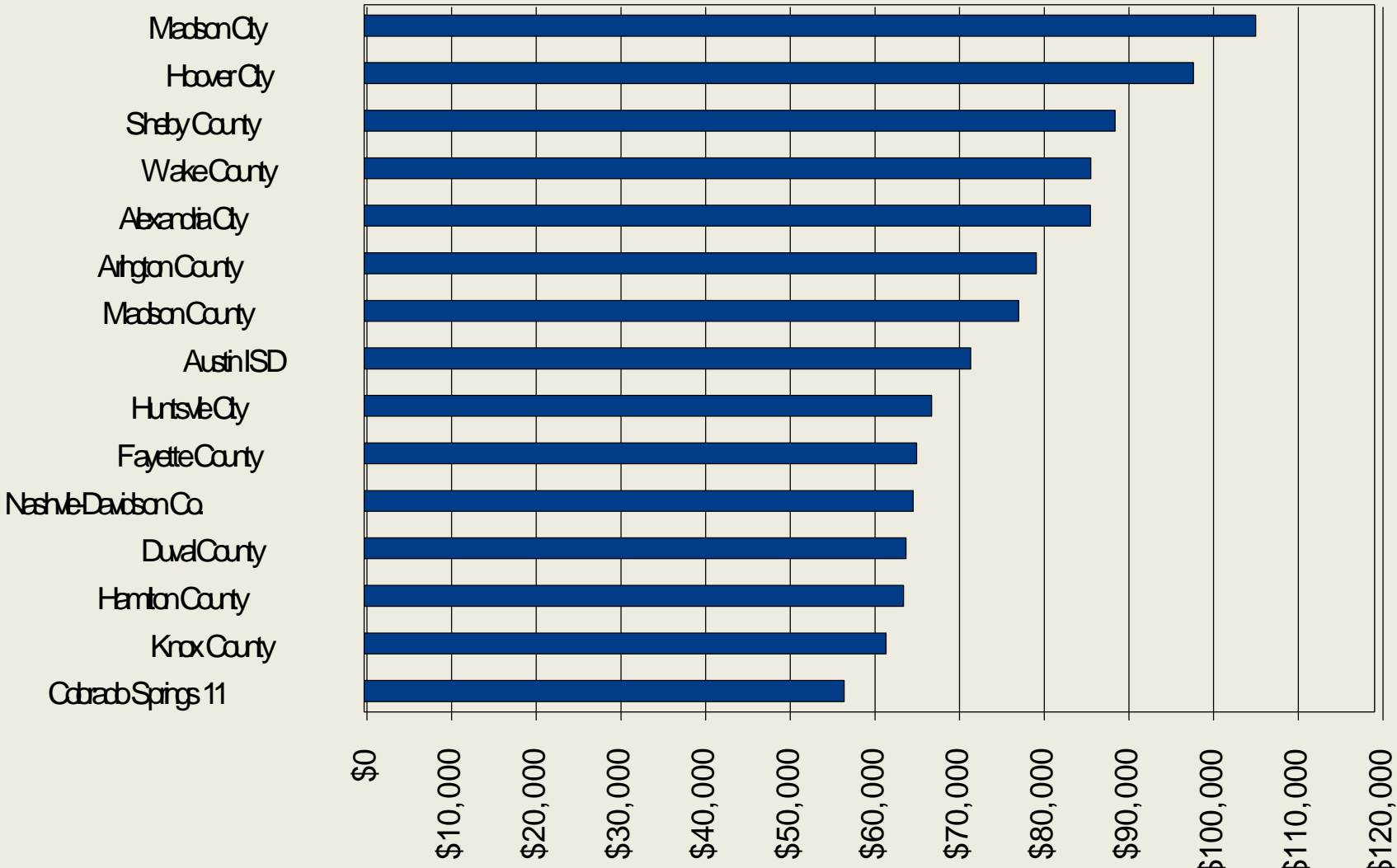


# School Systems in the Comparison

- Huntsville City
- Madison City
- Madison County
- Hoover City, Alabama
- Shelby County, Alabama
- Colorado Springs, Colorado
- Duval County, Florida
- Fayette County, Kentucky
- Wake County, North Carolina
- Hamilton County, Tennessee
- Knox County, Tennessee
- Nashville-Davidson County, Tennessee
- Austin, Texas
- Alexandria City, Virginia
- Arlington County, Virginia

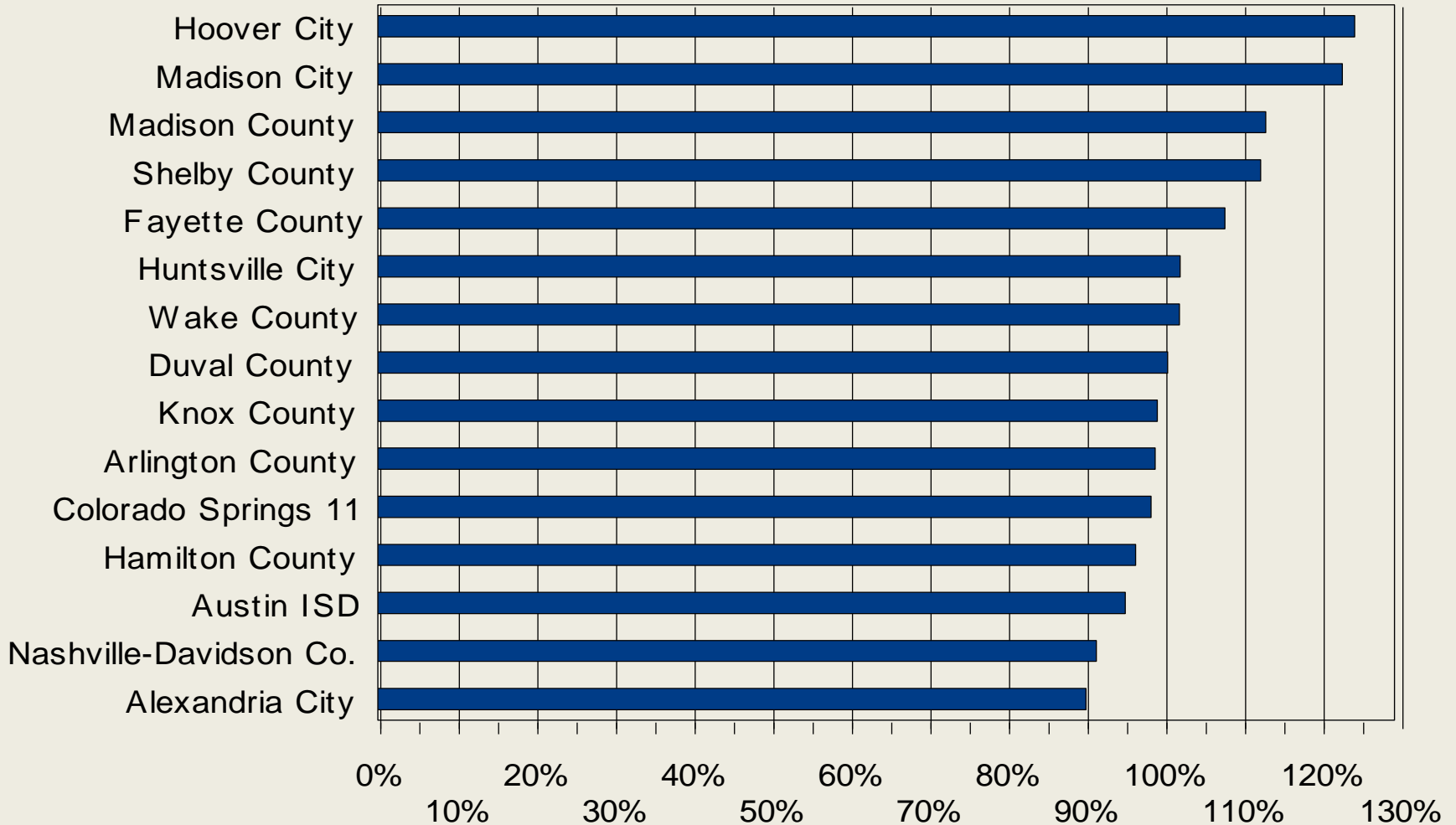
# Median Household Income

(Source: Standard & Poors, School Matters)



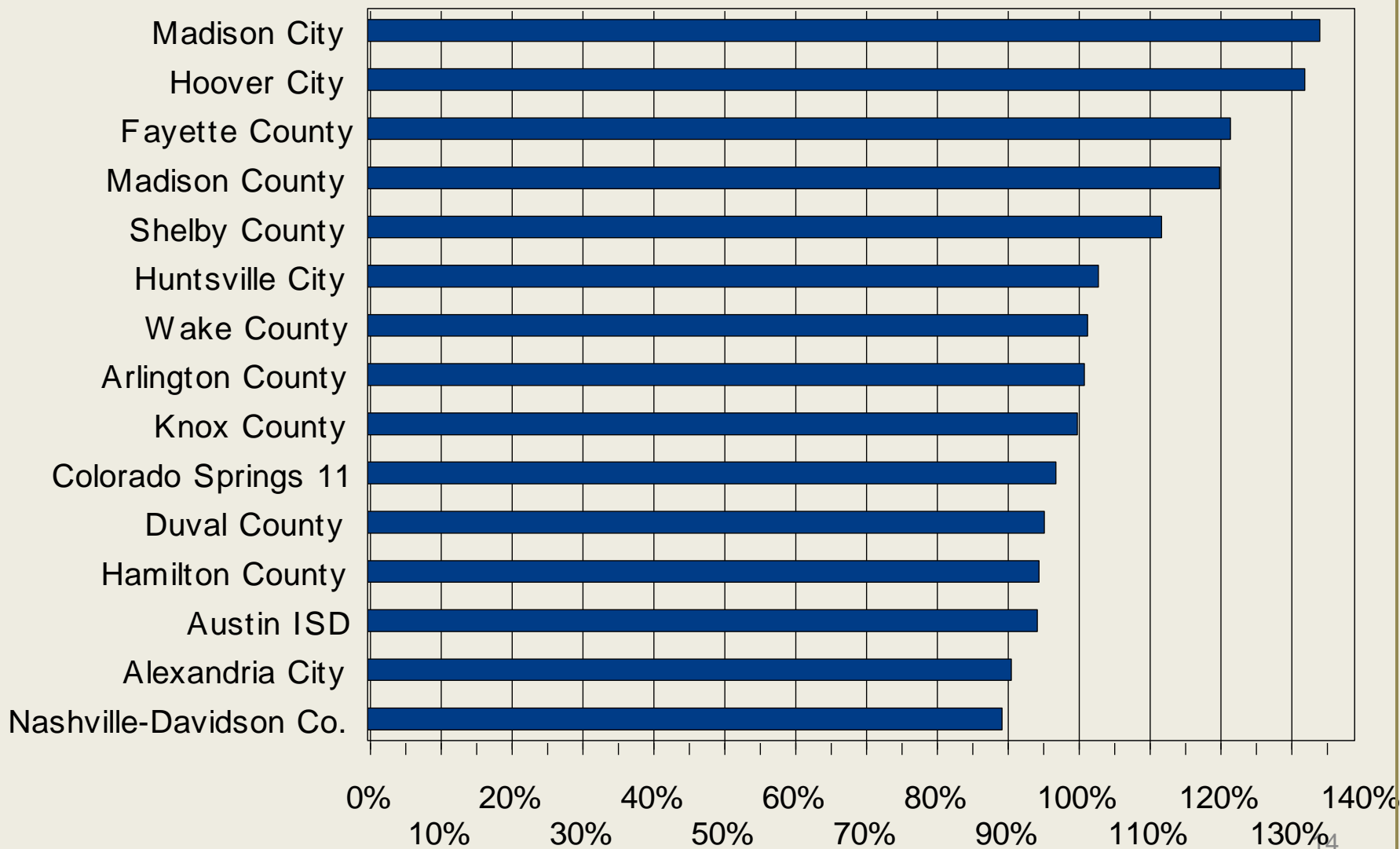
# School System Success as a % of Statewide Success on Reading Assessments, 2004

(Sources: Standard & Poors, State and System Web Sites)



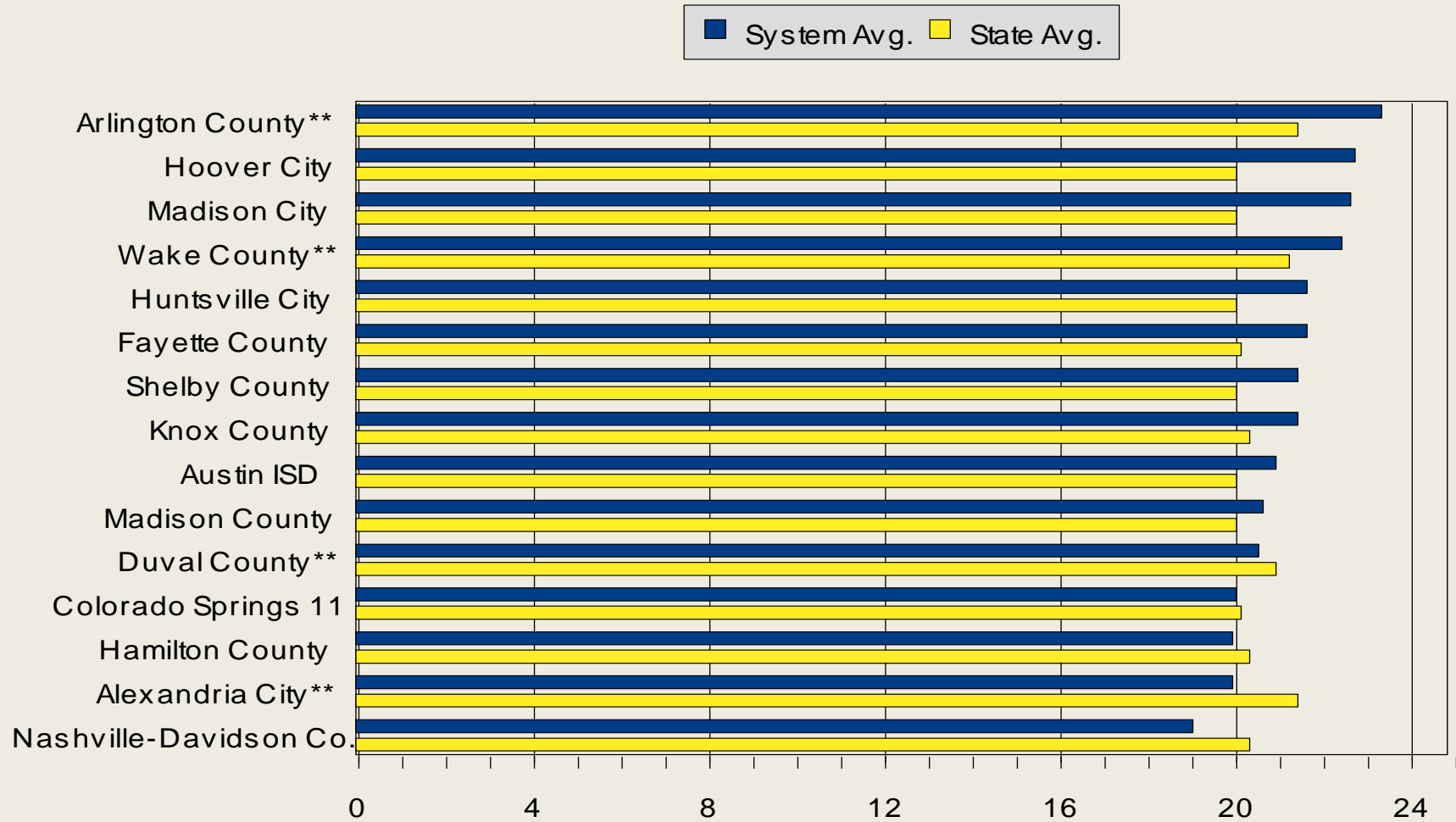
# School System Success as a % of Statewide Success on Math Assessments, 2004

(Sources: Standard & Poors, State and System Web Sites)



# System vs. State ACT Results, 2004

(Sources: Standard & Pooers; ACT, State, and System Web Sites)



\*\*Systems and states with asterisks were converted from SAT using a standard concordance table.

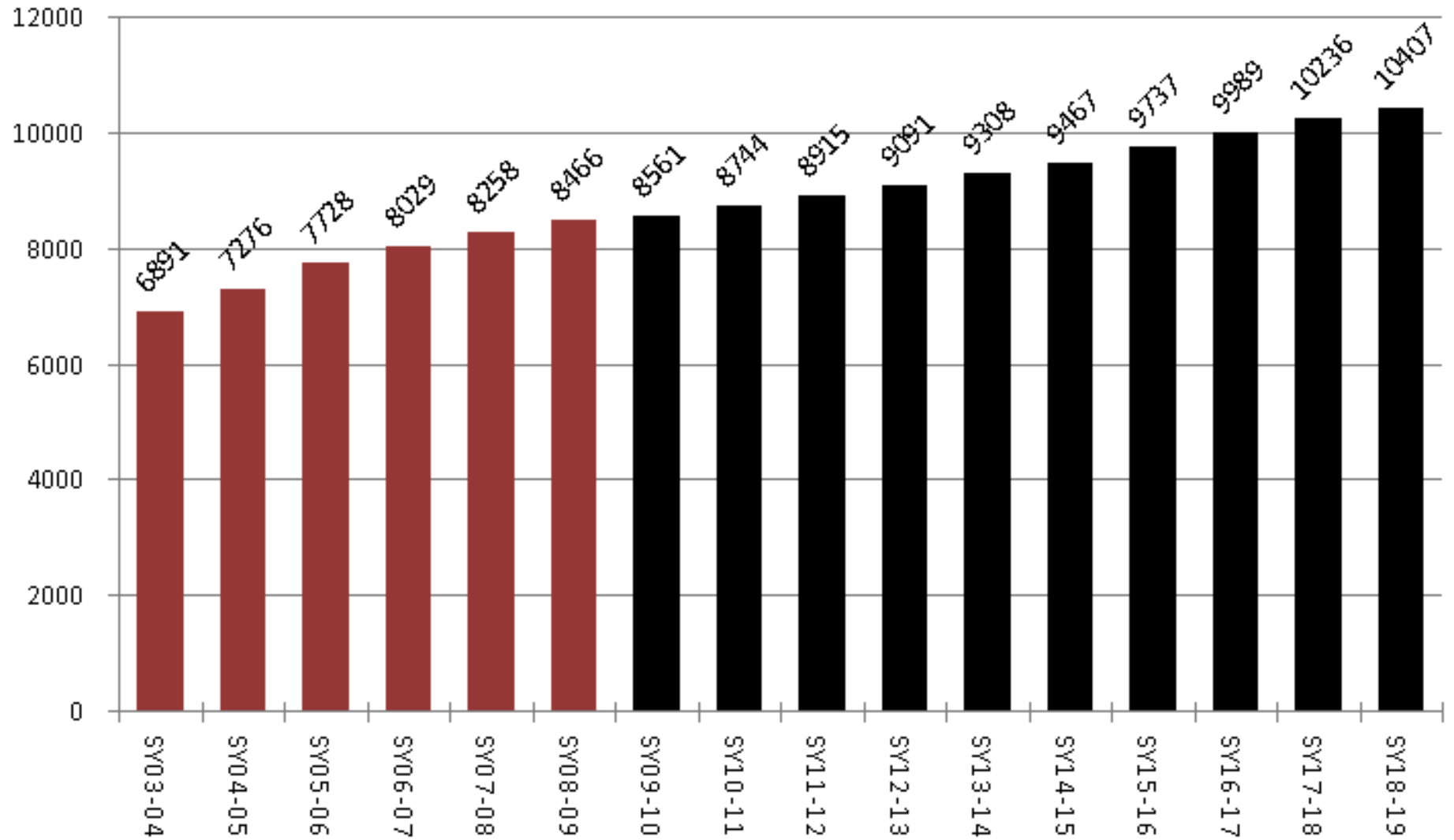
# Enrollment Projections

- City Population – ~ 43,000
  - ~43,000 residents = 8616 school children
  - 20% of the population is school-aged children
  - Average increase in student population 286 per year, past eight years
  - Build out of City estimated at 60,000
    - $60,000 * 20\% = 12,000$  students

# Madison City Schools Enrollment

| Grade/<br>Year  | FY 01       | FY 02       | FY 03       | FY 04       | FY 05       | FY 06       | FY 07       | FY 08       | FY 09       | FY 2010     |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| K               | 393         | 438         | 440         | 468         | 493         | 538         | 510         | 524         | 590         | 558         |
| 1st             | 485         | 474         | 505         | 504         | 517         | 537         | 618         | 567         | 563         | 614         |
| 2nd             | 442         | 475         | 501         | 532         | 537         | 557         | 574         | 638         | 572         | 591         |
| 3rd             | 463         | 482         | 513         | 514         | 573         | 558         | 585         | 591         | 657         | 595         |
| 4th             | 511         | 478         | 515         | 528         | 537         | 597         | 569         | 587         | 608         | 667         |
| 5th             | 480         | 519         | 495         | 535         | 562         | 595         | 632         | 586         | 611         | 634         |
| 6th             | 495         | 510         | 544         | 514         | 549         | 615         | 635         | 655         | 613         | 624         |
| 7th             | 476         | 524         | 537         | 597         | 584         | 619         | 654         | 656         | 706         | 676         |
| 8th             | 438         | 503         | 543         | 551         | 611         | 631         | 657         | 700         | 672         | 728         |
| 9th             | 478         | 523         | 599         | 621         | 626         | 743         | 671         | 681         | 734         | 726         |
| 10th            | 498         | 478         | 498         | 570         | 610         | 613         | 693         | 714         | 731         | 777         |
| 11th            | 436         | 490         | 457         | 498         | 572         | 569         | 640         | 682         | 668         | 725         |
| 12th            | 380         | 434         | 479         | 443         | 467         | 544         | 607         | 658         | 707         | 699         |
| <b>Total</b>    | <b>5975</b> | <b>6328</b> | <b>6626</b> | <b>6875</b> | <b>7238</b> | <b>7716</b> | <b>8045</b> | <b>8239</b> | <b>8432</b> | <b>8616</b> |
| <i>Increase</i> |             | 353         | 298         | 249         | 363         | 478         | 329         | 194         | 193         | 184         |

# K-12 Historical & Projected\*



\*GMG, (Gude Management Group, LLC)



# Bob Jones High School Projections

| <b>Senior Year</b> | <b>Grade This Year</b> | <b>Projected Enrollment*</b> |
|--------------------|------------------------|------------------------------|
| 2010 - 2011        | 11th Grade             | 2,213                        |
| 2011 - 2012        | 10th Grade             | 2,361                        |
| 2012 - 2013        | 9th Grade              | 2,384                        |
| 2013 - 2014        | 8th Grade              | 2,450                        |
| 2014 - 2015        | 7th Grade              | 2,488                        |
| 2015 - 2016        | 6th Grade              | 2,658                        |
| 2016 - 2017        | 5th Grade              | 2,720                        |
| 2018 - 2019        | 4th Grade              | 2,721                        |

\*GMG, (Gude Management Group, LLC)



**GUDEMANAGEMENTGROUP, LLC**

“I have never seen such compelling evidence for a second high school.”

Dr. Steve Salmon

**#2. Does Madison City  
School Board Have the  
Ability to Fund the  
School Themselves**



# Blue Ribbon Committee

Commissioned to study the  
financial health and ability of the  
Madison City School District.

# Blue Ribbon Committee Members

Ranae Barlett, Esq.

Dr. Neil Lamb

Dr. Jim Hatcher

Mr. Bill Holtzclaw

Mr. Steve Monger

Mr. Frank Pitts

Mr. Danny Windham

Mr. Mickey Crutcher

Mr. Brett Posey

Mr. Larry T. Miles

Brigadier General, Daniel Montgomery, Retired

Lieutenant General, George Raymond Stotser, Retired

# Blue Ribbon Committee Findings

## ➤ Financial Review

- “Recommendation: The committee recommends a new revenue source in the form of property taxes to fund the construction and operation of a new high school. The committee also believes that a second high school is necessary to maintain the excellence of the system as a whole. The system’s stewardship of taxpayers’ money is excellent as compared with its peers, and the committee believes reducing spending in the school system enough to fund a second high school would damage the instructional programs of the entire system beyond acceptable levels.”

# Blue Ribbon Committee Findings

## ➤ **Bang for the Buck**

“The Madison School System utilizes its’ funds to the maximum extent, given the results achieved vs. dollars spent. In our view, the Madison City School system comes pretty close to spinning gold out of straw.”





**#3. Are There Any  
Other Avenues to  
Acquire Funding**

# Refinancing of Current Bonds

- Economic Climate Afforded Refinancing Opportunity
- Refinanced Exist Bonds @5.13% with no change in payment
- Realized a \$22.5M Net Gain
- 30% of Needed Revenue Secured

# **New High School Funding Committee Members**

Mr. David Smith

Mrs. Lillie Causey

Dr. Terri Johnson

Dr. Dee Fowler

Mrs. Bebe Oetjen

Mr. Teresa Brammer

Mr. Taron Thorpe

Mr. Andy Green

Mr. Cameron Grounds

Mr. Hill Womble

Mayor Paul Finley

Mr. Bill Hotlzclaw

Mr. David Raby

# **New High School Funding Committee Goals**

- Investigate and collect all information associated with the Madison City Schools goal of funding a second high school
- Discuss and determine all paths forward
- Present Findings
- Catalog all information collected on a public website

# **New High School Funding Committee Findings**

- Possible Avenues of Funding for Balance Needed
  - Qualified School Construction Bonds
  - Property Tax
  - Sales Tax
  - Do Nothing

# Qualified School Construction Bonds

- \$118M Allocated to State for '09 & '10
- Interest Free Loan with 16 Year Payback
- Purpose to Fund School Construction, Rehabilitation, Repair, and Land Acquisition
- School Systems Had to Apply
- Local Allocations Based on Need

# Qualified School Construction Bonds

## \$36,000,000

|                          | 16 Year QSCB<br>0% Interest | 30 Year Traditional<br>5% Interest |
|--------------------------|-----------------------------|------------------------------------|
| Annual Payment           | \$2,250,000                 | \$2,343,600                        |
| Total Principal/Interest | \$36,000,000                | \$70,308,000                       |

Translates to a \$34,308,000 savings vs  
traditional bond issuance

**Can We Capitalize  
on This  
Opportunity?**



**#4 . What Is the  
Impact of My  
Family**

# **Revenue Options to Retire \$36M Debt**

- Sales Tax Increase
- Property Tax Increase

# Local Tax Rates - 2007 Data

| <b>District</b> | <b>Enrollment</b> | <b>Total Property Tax Rate</b> | <b>Property Tax for Schools</b> | <b>Sales Tax Rate</b> |
|-----------------|-------------------|--------------------------------|---------------------------------|-----------------------|
| Mt. Brook       | 4,330             | 99 Mills                       | 52.9                            | 9 Cents               |
| Vestavia Hills  | 5,932             | 72 Mills                       | 52.1                            | 9 Cents               |
| Hoover          | 12,397            | 72.6 Mills                     | 46.1                            | 9 Cents               |
| Homewood        | 3,393             | 75 Mills                       | 37.5                            | 9 Cents               |
| Decatur         | 8,811             | 45.3 Mills                     | 22                              | 9 Cents               |
| Huntsville      | 22,839            | 57.5 Mills                     | 27.5                            | 8 Cents               |
| <b>Madison</b>  | <b>8,045</b>      | <b>57.5 Mills</b>              | <b>27</b>                       | <b>8 Cents</b>        |
| Auburn          | 5,668             | 54 Mills                       | 24                              | 8 Cents               |

# City of Madison Millage Rate

|                           | Limestone County | Madison County |
|---------------------------|------------------|----------------|
| <b>STATE</b>              | <b>6.5</b>       | <b>6.5</b>     |
|                           |                  |                |
| <b>COUNTY</b>             |                  |                |
| <b>General</b>            | <b>7</b>         | <b>7</b>       |
| <b>Public Building</b>    | <b>3.5</b>       | <b>4</b>       |
| <b>Hospital</b>           | <b>3</b>         | <b>-</b>       |
| <b>Total County</b>       | <b>13.5</b>      | <b>11</b>      |
|                           |                  |                |
| <b>SCHOOL</b>             |                  |                |
| <b>County -Wide</b>       | <b>5.5</b>       | <b>5.5</b>     |
| <b>City Tax</b>           | <b>11</b>        | <b>11</b>      |
| <b>District</b>           | <b>10.5</b>      | <b>10.5</b>    |
| <b>Total School</b>       | <b>27</b>        | <b>27</b>      |
|                           |                  |                |
| <b>CITY</b>               | <b>13</b>        | <b>13</b>      |
| <b>Total Millage Rate</b> | <b>60</b>        | <b>57.5</b>    |

# Sales Tax

➤ ½ cent increase of sales tax means...

| Purchase | Additional Sales Tax Paid |
|----------|---------------------------|
| \$10     | 5 cents                   |
| \$50     | 25 cents                  |
| \$100    | 50 cents                  |

## Proposed Sales Tax Projections (1/2 Cent)

Service Principal Debt of \$36,000,000 (no interest)

Sales Tax Increase Effective January 1, 2010

| Fiscal Year  | Debt Service        | ½ Cent Generates*    |
|--------------|---------------------|----------------------|
| 2010         | \$ 2,250,000        | \$ 2,430,000         |
| 2011         | \$ 2,250,000        | \$ 2,5029,00         |
| 2012         | \$ 2,250,000        | \$ 2,577,987         |
| 2013         | \$ 2,250,000        | \$ 2,655,326         |
| 2014         | \$ 2,250,000        | \$ 2,734,986         |
| 2015         | \$ 2,250,000        | \$ 2,817,036         |
| 2016         | \$ 2,250,000        | \$ 2,901,547         |
| 2017         | \$ 2,250,000        | \$ 2,988,593         |
| 2018         | \$ 2,250,000        | \$ 3,078,251         |
| 2019         | \$ 2,250,000        | \$ 3,170,598         |
| 2020         | \$ 2,250,000        | \$ 3,265,716         |
| 2021         | \$ 2,250,000        | \$ 3,363,688         |
| 2022         | \$ 2,250,000        | \$ 3,464,598         |
| 2023         | \$ 2,250,000        | \$ 3,568,536         |
| 2024         | \$ 2,250,000        | \$ 3,675,593         |
| 2025         | \$ 2,250,000        | \$ 3,785,860         |
| <b>TOTAL</b> | <b>\$36,000,000</b> | <b>\$ 46,478,315</b> |

\* Reflects 3% increase each year

# Property Taxes

- 27mills of property tax for schools (Current)

| Fair Market Value of Home | Property Taxes |
|---------------------------|----------------|
| \$100,000                 | \$270          |
| \$300,000                 | \$810          |

- 35mills of property tax for schools (Proposed)

| Fair Market Value of Home | Property Taxes                 |
|---------------------------|--------------------------------|
| \$100,000                 | \$350 (\$80 annual increase)   |
| \$300,000                 | \$1050 (\$240 annual increase) |

# Path Forward

## Sales Tax Increase

- A ½ cent sales tax will meet the payback requirement if collection began on January 1, 2010
- Vote to increase sales tax ½ cent will occur at November 23<sup>rd</sup> City Council Meeting
- If passed, sales tax increase would be rescinded (**sunset clause**) when either of these events occurred
  - Debt is retired after the 16 year term
  - A property tax is passed and collection started
- If passed, City will work with Legislature to draft a bill to place a property tax increase on a 2010 ballot for public vote.



Questions  
&  
Comments

# City of Madison New High School Funding



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