

BURLINGTON-EDISON SCHOOL DISTRICT

A REPORT ON LOCATING SCHOOL SITES IN THE B-ESD

Presented by

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BACKGROUND

Two separate decisions, made in 2007 by the Burlington School District Board of Directors and the Skagit County Board of County Commissioners, opened a “Pandora’s Box” (a complex situation fraught with problems and pitfalls), which will have some considerable future impact on the School District and the Burlington Community.

The first decision- On July 30, 2007, the B-ESD, by Board action, purchased 29 acres of land for a future school site. The property, located on the northeast quadrant at the junction of Pulver and Peterson Roads, is contiguous with the City of Burlington, but is located in unincorporated Skagit County and is designated as Agricultural Natural Resource Land, Ag-NLR.

The second decision - Although the School District, as well as the City of Burlington, had formally requested to the County, in 2004, that the property be converted into the City’s Urban Growth Area, that request was denied by action of the Board of Skagit County Commissioners on September 10, 2007.

This Report will provide explanations as to why additional school sites are necessary and where they should or should not be located. The Report will also reference the severe fiscal embroilment now faced by the Burlington-Edison School District and Community as a result of land purchases made from non-voter approved bond issues, along with failure of voted bond issues in 2006, 2007 and 2009.

Finally, the Report will suggest options for resolving the issues created directly or indirectly in this quest to identify appropriate school sites within the Burlington-Edison School District.

THE NEED FOR SCHOOL SITES

Looking at the availability of existing schools in the Burlington-Edison School District, it could be said, “There are not enough and some are in the wrong places to serve students close to their homes.”

Burlington-Edison is a “growth” district, behind now in its capability to house the current student population in quality, permanent facilities, along with expectations for increasing enrollment in future years. Here are some facts related to the growth issue:

- The Washington State Office of Financial Management provides population projections for all the state’s counties. The actual and projected populations for Skagit county are:
1990 – 79,500
2000 – 102,979
2010 – 123,807
2020 – 150,449

A full share of new County residents will find homes in the B-ESD.

- A study by demographer, Keith Bigelow, in 2002, projected a B-ESD enrollment of roughly 3000 students in 1993 growing to 4000 students in 2012. During the same time period, the elementary (K-8) enrollment would expand by 50%, from 2000 to 3000 students. These figures may be modified somewhat due to the current economic recession, which has temporarily flattened enrollment growth. However, data on births occurring in Skagit County shows that kindergarten classes should be increasing in future years. In 2003, 1,356 babies were born to Skagit County residents, increasing to 1,560 births in 2007, the potential kindergarten class of 2012.
- The Bigelow Study also defined the area within the School District where actual student growth was occurring. Using 1990 and 2000 census tract data comparisons, it was shown that during the 90’s decade, the largest increase in numbers of children and individuals of childbearing age took place in densely populated west Burlington. As described by Bigelow, “The west side of the city, census tract 9518, shows the most significant growth, at 52% from 1990 to 2000. The majority of the population growth has been in those categories under forty years of age. There were 500 more people in the age group 20 to 39 in 2000 than in 1990. This is a 62% increase in the number of

people in the childbearing ages. The numbers reported in the younger age groups, school age children, are even more striking, averaging nearly 100% increase in population in the last decade. It is evident that there will be an increasing number of students attending B-ESD schools from this area.”

- The five elementary (K-8) schools in the B-ESD are currently beyond their designed capacity to accommodate the combined enrollment of approximately 2,700 students. By utilizing 21 portable classrooms, two at Edison, four at Allen, seven at West View and eight at Bay View, students, staff members and instructional programs are housed in what should be considered temporary facilities.
- The Burlington-Edison High School enrolled 1,100 students in 2008-09, with 50 more students attending the North Alternative School on the same campus. Currently, there are 12 portable classrooms used to furnish room for the student population. Projected enrollment growth at the high school will place more pressure on the existing space available and will have to result in expansion of the existing facility and/or constructing an auxiliary high school facility on a separate site, or by adding more portables.

SCHOOL SITE SELECTION

Former and present board members and administrators remember that additional school sites, to accommodate enrollment growth, have been pursued for at least the past 15 years. Although no new sites appropriate for additional schools have been acquired during that time period, some additions and improvements have been made: Bay View school was constructed in 1992; a larger Edison was rebuilt in 1995; Lucille Umbarger was rebuilt, with additional space, in 2002; and Allen was remodeled, with additions in 2004. Even with the addition of space provided by a new K-8 school, additions to two other K-8 buildings and the provision of more portables, the need for another new K-8 school was deemed necessary to replace portables and accommodate future enrollment growth.

As stated in the Bigelow study aforementioned, “One of the initial considerations when planning for future growth is the acquisition of suitable land to locate future school buildings. Land to be used for future school construction needs to be located at or near the area of future student population growth.” As explained previously in this report, an existing

concentration of students and growth in student population will be in the west Burlington area. In this area, located, generally, west of Burlington Boulevard, south of west Fairhaven, north of Hwy 20 and east of Pulver Road, there is no local community school, except West View, which is filled to capacity, utilizing seven portables on a crowded site. In the 2008-09 school year students from the west Burlington area were transported to other District schools – 139 to Bay View, 59 to West View, 42 to Lucille Umbarger, 76 to Allen and 14 to Edison. There is a need to have a new K-8 school built on a site located as close as possible to the densely populated west Burlington area.

In search for a viable site to serve west Burlington students, a number of potential properties have been proposed, including:

- A site found to be in the air-traffic pattern at the Skagit Airport.
- A site next to I-5, close to commercial developments – expensive property, with problems locating school next to a freeway.
- The former Thrifty site in downtown Burlington – small site located next to one of the busiest intersections in Burlington.
- The former frozen food plant site in Burlington – small, expensive site located in industrial area.
- Two sites quite close to the existing Bay View School – location would not help serve west Burlington residents. Why two schools in the same area?
- A sloping site on the north face of Bay View UGA, on property suitable for residential development, which is not for sale.
- The Peacock Lane property owned by B-ESD – has been turned down numerous times when considered for a school site. Not large enough for a full-sized K-8 school. No sewer service. Students would have to cross Hwy 20. Protest by residents may have led to bond election defeat in 2006.
- A school site located Bay View Ridge in the future “Bouslog” development.

Approval to move ahead with this large residential housing development required the inclusion of a school site to serve the children to be generated with the new homes to be built. When a school is constructed here, it would be occupied by the students residing on Bay View Hill and would not be available to serve the west Burlington population or students.

To summarize, the major population growth within the Burlington Edison School District has occurred in the City of Burlington and in the Urban Growth Area related to the City. With modest priced homes and many apartments occupied by younger families, the west Burlington area has the

highest rate of growth of school aged children within the School District boundaries. There is a need to build a new K-8 school close to the this large population of students in west Burlington, now being transported daily to the five existing K-8 schools, some distance from where they live. The problem has been, and still is today, that there is no viable or suitable school site available, within the City of Burlington or its UGA, that could be utilized as a community schools site, let alone one that would serve particularly the west Burlington children.

WHY THE PULVER/PETERSON (FOX/ECKBERG) SITE?

Failing to find an acceptable site close to west Burlington and its large school age population, the B-ESD officials began negotiations with property owners, Fox and Eckberg, for purchase of a combined 29 acres located north of Peterson Road and east of Pulver Road. The site had some distinct advantages over other sites previously proposed to fulfill the need for a K-8 school building:

- It was contiguous with the Burlington City boundaries, with residential properties on the south and east sides and was buffered on the west side by Pulver Road. It was large enough to provide separation from farm land on the north side.
- In addition to a new school, the site development could include provisions for badly needed park and recreation fields for the adjacent community.
- It was located in close proximity to the densely populated west Burlington area, with the majority of students living within the one mile radius where they would walk to school, instead of having to be transported.
- All major utilities were readily available for hook-up, along with good access to other urban services.
- Well-maintained, serviceable and non-congested roads, leading in all four directions were in place.
- Considering all construction preparation factors, development of this property was considered to be very cost-effective.

PROPOSALS TO CHANGE ZONING

Recognizing that the Peterson/Pulver property was located outside the Burlington City and Urban Growth Area and was zoned Ag NRL, the School District, represented by Civil Engineering and Land-Use Planning Firm, Ravnik and Associates in September, 2004, presented a proposal to amend the Skagit County 2005 Comprehensive Plan Update to allow the Fox/Eckberg property to be included in the City's urban growth Area. The Ravnik proposal also included rationale for the school site to be located close to the population being served, referred to why other properties were not chosen as acceptable school sites and explained that the current flood plain standards could be reached by elevating the schools foundation by a reasonable one and one-half to two feet.

At about the same time, in 2004, the City Council of the City of Burlington sent to Skagit County authorities: "A Resolution of the City Of Burlington in support of Expanding the Urban Growth Area to include four adjacent parcels that are(parcel numbers) owned by Lyle and Irene Fox and Wally and Suoma Eckberg for the purpose of providing a new school site for the Burlington-Edison School District and located adjacent to City Limits with access to urban services."

EVENTS AND ACTIVITIES LEADING UP TO THE 2007 DECISIONS

During the next several years, 2005, 2006 and early 2007, some activities pertinent to the school site acquisition were transpiring.

The County was finalizing the updating of its Comprehensive Plan, with all the numerous amendments, including those related to Fox/Eckburg property.

The B-ESD placed two taxing bond issues before its electorate, one for \$74 million in 2006 and the other for \$59.7 million in 2007. Both tax issues contained money to construct new K-8 schools, and to purchase school sites. Each of the bond elections failed to achieve the 60% plurality in votes necessary for passage.

The School District and property owners were negotiating on the sale and purchase of the Peterson/Pulver 29 acres. The school board and superintendent spent considerable time over about two years considering factors related to actually purchasing the property:

- They identified the property in question as the “ideal” site to end their years of searching for a place to construct a much needed new school.
- They may have overestimated continuing support, encouragement and advice, relative to acquiring the site, from individuals representing the City of Burlington, the B-ESD Facility Advisory Committee, Skagit County Government and patrons of the School District.
- They perceived that the Skagit County Planning Department and Commissioners, would, as had been requested, ultimately agree to convert the property in question from Ag-NLR designation to Urban Growth Area status. (Obviously, there had been a considerable breakdown in communication between the County officials and the B-ESD Board of Directors on this issue.)

The options for purchasing the property, already extended several times, were running out. Although, during negotiations on the property purchase had contained a contingency agreement that the property would be converted the UGA status, that contingency vanished somehow during the negotiations. The Board was aware, when it made the decision to purchase that the contingency clause no longer existed.

In the sales/purchasing process an appraisal of the property is required. The Appraiser in this case mistakenly concluded, “Although the subject is zoned Agricultural Natural Resource, it is within the City of Burlington’s Urban Growth Area.” It is not known how much affect that statement had on the decision made by the Board to purchase the property.

A well known Bond underwriting firm and a respectable legal counsel prepared a Resolution for the B-ESD Board of Directors, allowing for the issuance and sale of limited general obligation bonds in the amount of \$2,000,000 for the purpose of providing funds required to acquire land for use by the district. It appears unusual to have no mention of concern, by the Underwriter and Bond Counsel, for the ability of the School District to have assured revenue sources to pay off the bonds.

On July, 30, 2007, the Burlington-Edison Board of Directors, with the intention of doing the right thing for the good of the school district, its patrons and students, voted to purchase the 29-acre site and also passed a resolution to pay for the purchase from \$2 million of non-voted bonds.

NON-INTENDED CONSEQUENCES (THE PERFECT STORM)

- On September 10, 2007, almost one and one-half months after purchase of the property by the District, the Board of Skagit County Commissioners, followed recommendations of the County Planning Department to deny the request to have the Urban Growth Area expanded to include the Fox/Eckberg property. A memorandum from the County Planning staff to the Planning Commission members on December 5, 2006, stated: “The City has indicated its support for the properties sought by the B-ESD for a school site at the Pulver and Peterson Roadscomprising approximately 14 (should have been 29?) acres of designated Ag-NRL. The BESD submitted demographic information with those two proposals clearly establishing the need for additional school sites within the District. However, the Department does not believe the B-ESD provided adequate documentation that no other viable school sites are available outside the AG-NRL designation and the 100 year flood plain; this would likely be an appeals issue. In fact the Department worked with the BESD to locate a potential new school site within the Bay View Ridge UGA. The Department believes removal of these two properties from the AG-NRL designation for use as a school should only be considered as part of a comprehensive proposal from the city; on its long-term growth plans. As noted above, such a proposal has not yet been submitted. The Department recommends denial at this time.”
- A school district can issue non-voted bonds up to a maximum amount of .375% of the total assessed value of land within the school district. With the total assessed value now above \$3 billion, mainly due to large growth of commercial properties, the B-ESD has considerable capacity to sell non-voted bonds. Three non-voted bond issues have been issued by the B-ESD, \$1,500,000 in 2000 to purchase school busses, \$3,175,000 in 2004 to purchase nine acres north of Burlington High School to accommodate future expansion of the high school facilities, and \$2,000,000 to purchase the 29 acres for a future elementary school site. The problem with non-voted bonds is that there is no revenue stream generated, as there would be with voter tax approved bonds. With an Energy Upgrade Loan, theoretically to be paid from a decrease in energy costs, added to the three non-voted bond issues, the District ended up, in 2009, with a total capital debt of \$8,951,225, including \$6,331,677 of principal and \$2,619,547 of interest.

- The last chance to pay off the capital debt came by way of a bond issue, taken to voters in the District on March 10, 2009. Again, the electorate failed to provide a 60% plurality and the measure did not pass.
- Forest fund revenues can be used to help build the District's debt service fund. The forest revenues once amounting to over \$200,000 per year, diminished in recent years, averaging \$70,000 from 2003 to 2008 and down now to just a trickle, as logging activities have subsided.
- With a shortfall in tax revenue at the State level, due to a failing economy, apportionment of funds to local school districts have dropped and likely will continue in a downfall for several years. There will be no excesses of general fund dollars to help pay off the capital debt.
- Since the purchase of Ag-NRL designated property by B-ESD in 2007, the Skagitonians to Preserve Farmland and other related organizations have become quite resolute and steadfast in their opposition to conversion of any farmland to residential, commercial or any other purposes, including school sites.

THE DANGERS OF INSOLVENCY

The Burlington-Edison School District has accumulated a debt from non-voted general obligation bonds of almost nine million dollars, with no revenue stream to fund payments. The required debt payment for bonds is unforgiving. The Debt Service Fund trumps the General Fund. With the Debt Service Fund reserve being completely depleted by mid 2010, and with no tax support being generated, annual payments would have to come from the District General Fund.

Payments for the 2000 bond for bus purchases would average about \$180,000 per year and would be paid off in 2115 (this debt can be paid with transportation depreciation funds and will not be included in the following calculations). The 2004 bond for high school property would average about \$285,000 per year and would be completed in 2024. The 2007 bond for purchase of the 29 acre school site would average \$170,000 per year and would be completed in 2026.

If there is no relief from voted tax revenue, in June of 2010, the District will be forced to divert \$46,428 from the General Fund toward the debt obligation. By December 2010 the District will need to transfer \$519,708 from the General Fund toward the debt payments. Annual payment transfers from the General Fund will jump to an average of about \$640,000 over the next 17 years (reducing somewhat as the interest diminishes toward end of necessary payments.) To put this in perspective, the District ended the fiscal year 2007 with only \$1,881,101 in the General Fund balance. In the past, the state forest funds were sufficient to satisfy all of the non-voted debt obligations, but all forest fund reserves will be expended on the June, 2010 payment.

Without making adjustments in expenditures from the General Fund, to compensate for money transferred to the Debt Service fund a District could end a budget year in a deficit fiscal position. If a District cannot balance its budget without relying on the following year's receivables, the Office of Superintendent of Public Instruction (OSPI) requires "binding considerations" in the budget approval process. Generally, the local Educational Service District is assigned to work with the District in defining agreements to become solvent again through significant reductions in expenditures. With debt payments coming off the top of the General Fund, the Burlington-Edison School District could, in a just a few years, find itself with:

- Staffing ratios reduced to minimally required Basic Education Act levels, with subsequent increases in class loads.
- Elimination of non-basic education offerings and staff positions.
- Elimination or reduction in extracurricular programs.
- Elimination of professional development activities.
- Elimination of curriculum adoptions and textbook purchases.
- Other reductions, such as elective programs, that may have to be included among the binding considerations.

This surely won't happen, but if a District is unable to return to fiscal solvency over time, the ESD "Regional Committee on School District Organization" intervenes and dissolves the District.

OPTIONS FOR RESOLUTION TO FISCAL AND SCHOOL SITE SELECTION ISSUES

Here are some solutions to the issues suggested by some of the 40+ individuals interviewed in this review. Some combination of these options may be feasible:

- As soon as feasible have an informed community ready to pass either a bond issue or a capital projects levy to clear the debt left over from the passage of non-voter bonds. The tax issues should be limited to about \$5.3 million, just enough to clear the debt. Taxpayers should be informed that this vote would not be necessary if the much larger amounts had not been voted down in 2006, 2007 and 2009. The voters should also be conversant in regard to the small number of school sites (6) required for a district with a K-8, 9-12 grade level configurations, as compared to a district of comparable size, with middle school sites necessary (at least 8). The voters should also be aware that commercial property owners now pay 60% and residential property owners pay just 40% of the tax bills.
- The District can avoid insolvency by paying the accumulated debt bills over the years until 2026 from the General Fund. However, this process would drain about \$640,000 per year from the lifeblood of the District, the student educational programs.
- The existing debt payments on non-voted bonds could be refinanced to extend the payment schedule and reduce the annual payments. This adjustment would cost more in the long run and would not save enough on reduction of regular payments to justify the refinancing.
- Liquidate District owned property, with the money received going to reduce or eliminate the debt. Due to the recession, now is a poor time to be selling property. The total amount funds available from sale of properties could help to make several annual payments on the bonds, but would not come close to eliminating the total debt. The most valuable property is the nine acre piece north of the high school, but that is badly needed for future expansion of the high school facilities and elimination of portable classrooms.

- Sell the 29-acre site, recently purchased in 2007, and use the proceeds to pay off the capital debt. The District is paying \$63,000 per acre for this property, but, until it is converted to The Urban Growth Area, it is valued as farmland at \$7,000 to \$10,000 per acre. This “ideal” site should be retained in ownership of the District, until all efforts to use it as a school building site are exhausted.
- Resolve the overcrowding in the B-ESD by sending students to the Anacortes School District, where they have plenty of space due to enrollment decline. This is not mentioned seriously as an option, but it was a serious recommendation.

SUGGESTED STEPS IN RESOLVING THE EXISTING DILEMMA

1. Skagit County government must give serious consideration to its responsibility to comply with RCW 36.70A.150 – Identification of Lands Useful for Public Purposes.

“Each county and city that is required or chooses to prepare a comprehensive land use plan under RCW 36.70A.040 shall identify lands useful for public purposes such as utility corridors, transportation corridors, landfills, sewage treatment facilities, storm water management facilities, recreation, schools, and other public uses. The county shall work with the state and the cities within its borders to identify areas of shared need for public facilities. The jurisdictions within the county shall prepare a prioritized list of lands necessary for the identified public uses including an estimated date by which the acquisition will be needed.

The respective capital acquisition budgets for each jurisdiction shall reflect the jointly agreed upon priorities and time schedule.”

2. The City of Burlington authorities must continue support to convert the 29-acre potential school site into the Urban Growth Area.
3. The Skagitonians to Preserve Farmland and other preservation advocate groups should not make their “line drawn in the sand” position apply to conversion of the 29-acre property purchased by the School District in 2007.

4. The Burlington community should rally to vote for a bond issue or a capital facilities levy to erase the debt incurred in purchasing properties with non-voter bond sales.
5. The new superintendent and administrative team, who were not involved in the decision to acquire the 29 acres, should be free to continue leading the District administratively, without having the educational programs being gutted, due to a debt payment of \$640,000 annually.

End Report – John Fotheringham – 9/17/09