



## Potential Bond Options

*May 7, 2024*

# The Question

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- During the April 23 BOE meeting, questions were raised about the strategy behind the mill rates. For example, if the district asked for more than \$490 M, increasing the mill rate, would the district be in a better position to pass a no mill rate increase bond in the future?
- The board asked staff to provide some options for discussion.



# Reminder: How Bonds Work

- The District asks the taxpayers for permission to take on debt, the taxpayers pay the debt payment through their taxes.
- The bond mill is set each year to pay the payments.
- As the district pays off and restructures debt, the debt payments “step down” in such a way that new debt can be issued (with the approval of taxpayers) and new debt payment fills in the “step down” creating an opportunity to pass new debt without an increase in the mill rate.
- For DCSD, the last opportunity for that is in 2024. If a \$490 M bond passes in 2024, the mill rate will remain flat at 5.2 mills.
- However, any future bond will result in an increase in the mill rate because our rate has ratched down so much over the years.



# 25 Years of History: Bond Approvals and Impact

Taxpayer Approved Debt and Mills Collected for Debt Payments

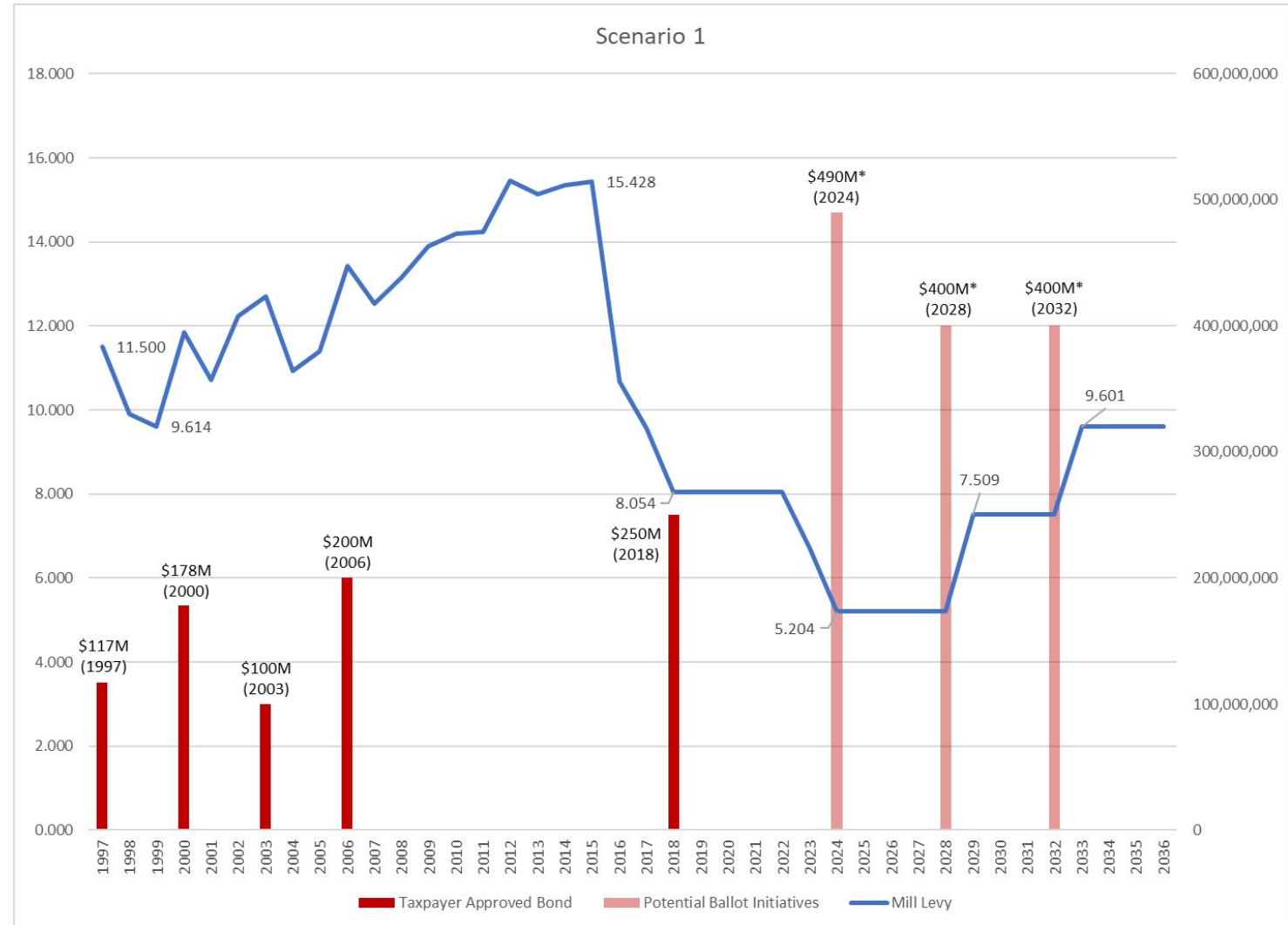


# Scenario #1: \$490M in 2024 (no mill rate change)

**COST:** No tax increase

**BENEFIT:** 2023 bond less one elementary and one middle school expansion; improvements in Highlands Ranch

**IMPACT:** 2.3 mill increase for subsequent bonds

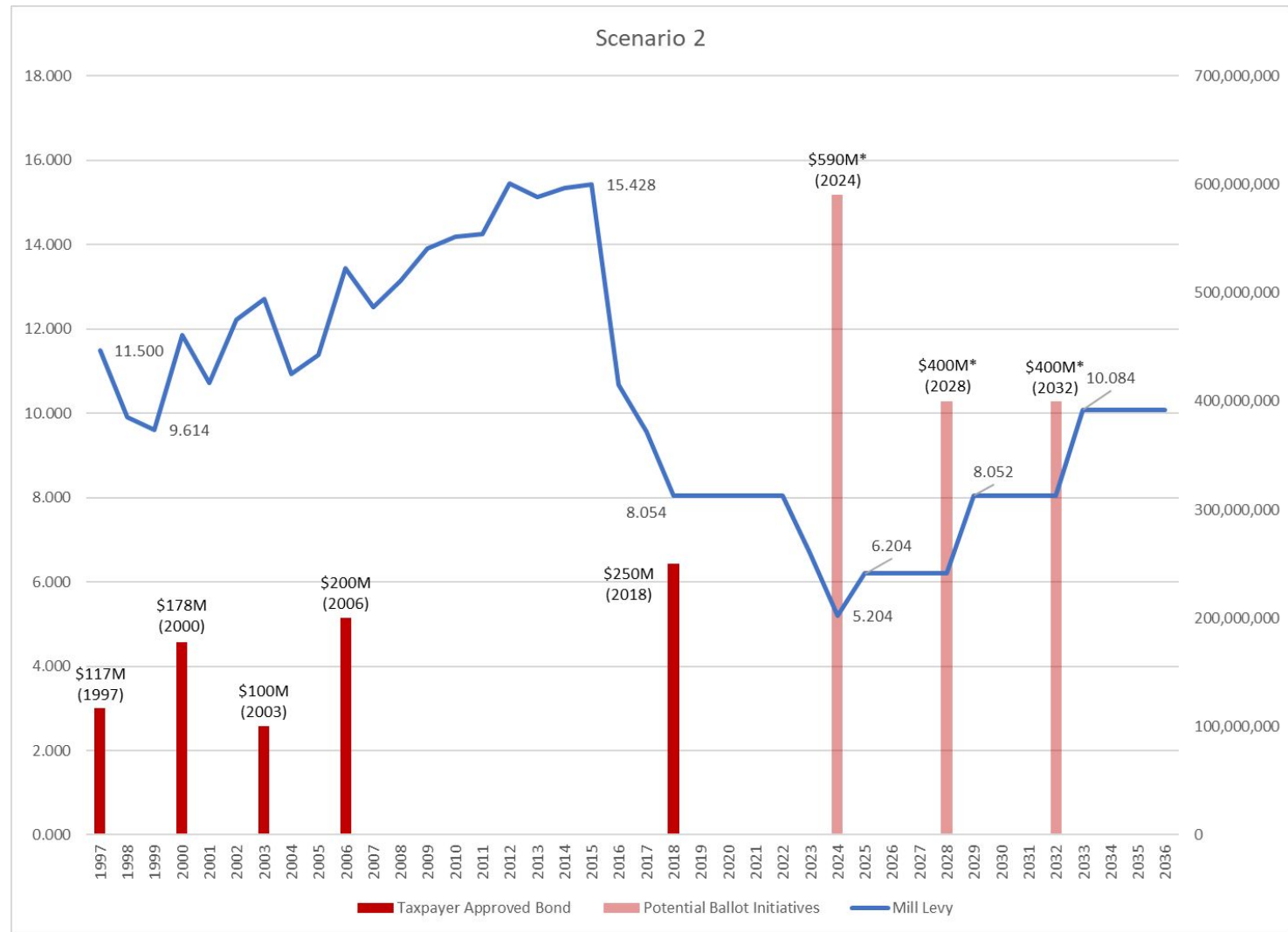


# Scenario #2: \$590M in 2024 (rate increase: 1 mill)

**COST:** 1 mill increase or \$63 per year on a \$1M home

**BENEFIT:** Scenario #1 plus one additional year of capital maintenance (through 2026) and one additional elementary school

**IMPACT:** 1.8 mill increase for subsequent bonds.

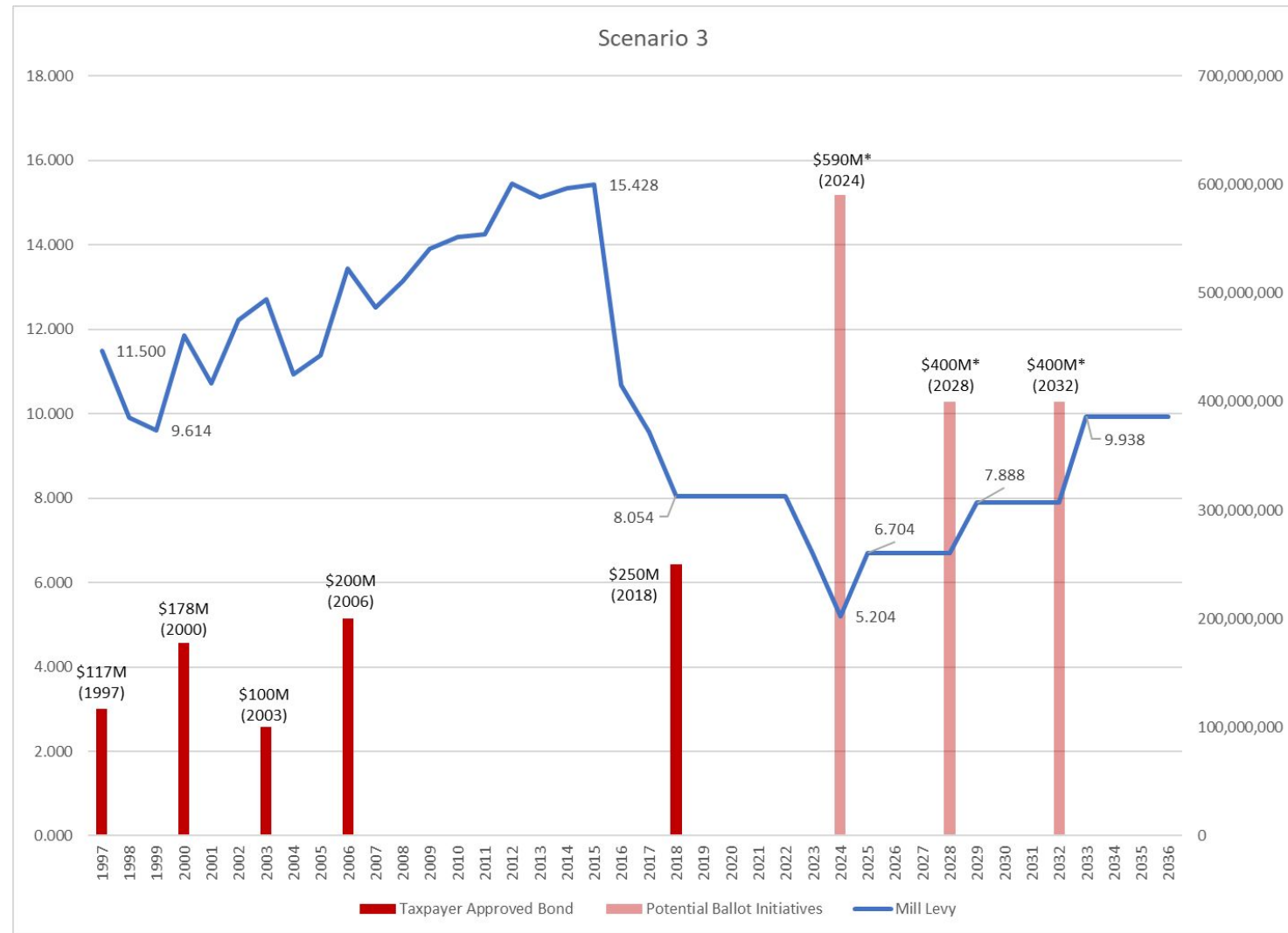


# Scenario #3: \$590M in 2024 (rate increase: 1.5 mill)

**COST:** 1.5 mill increase or \$95 per year on a \$1M home

**BENEFIT:** Scenario #1 plus one additional year of capital maintenance (through 2026) and one additional elementary school

**IMPACT:** 1 mill increase for the next bond (0 mill increase if 2028 bond is \$200 M)

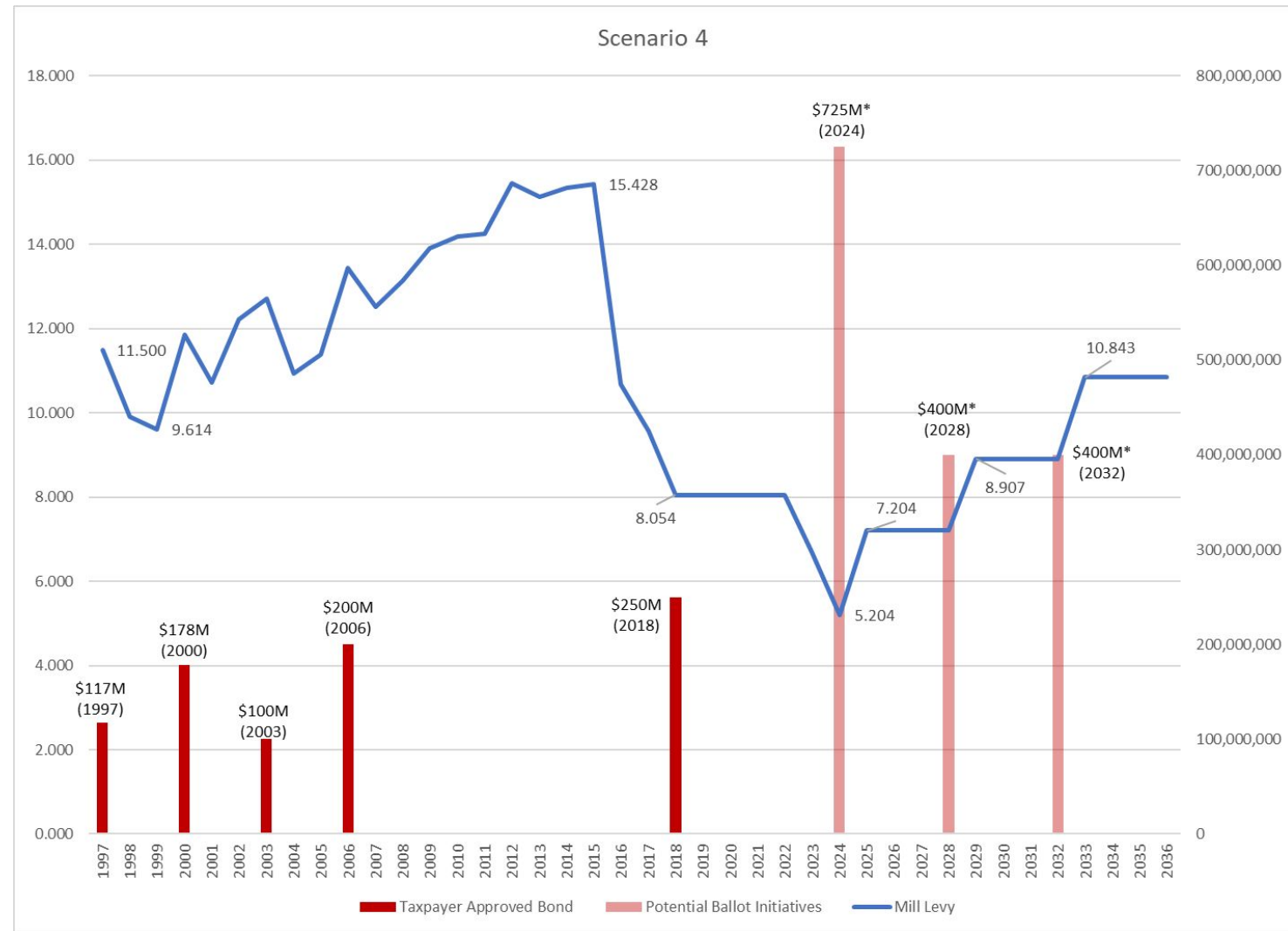


# Scenario #4: \$725M in 2024 (rate increase: 2 mills)

**COST:** 2 mill increase or \$126 per year on a \$1M home

**BENEFIT:** Scenario #1 plus three additional years of capital maintenance (through 2026), one additional elementary school, and school improvements

**IMPACT:** 1.5 mill increase for subsequent bonds (0 mill increase if bonds are \$200-\$300 M)

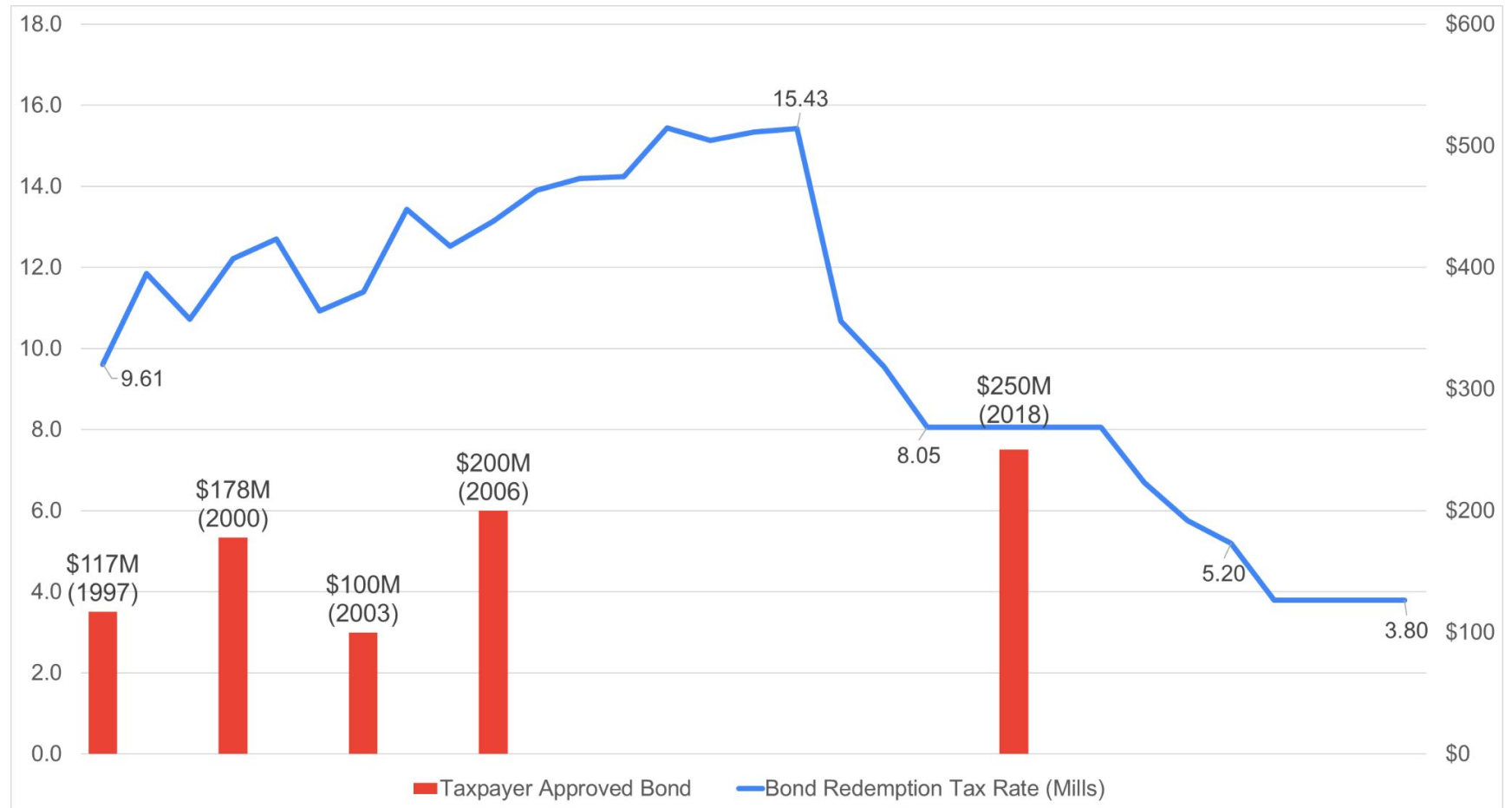




# Scenario #5: No Bond in 2024

**COST:** Mill decrease of 1.5 mills to 3.8 mills, resulting in a \$95 decrease per \$1M in home value.

**IMPACT:** Any future bonds would represent a significant tax increase.



# Next Steps

- Discuss scenarios
- Discuss additional polling



# Questions

