

New City School District Comprehensive Feasibility Study for the City of Orem

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DEC Consulting Services LLC

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Is a New School District Feasible? Yes

Based on the data collected and analyzed, the review of previous studies, and research regarding the formation of a new school district, we believe that if a new school district is formed in Orem, it will be possible to maintain the status quo without a significant changes to taxes.

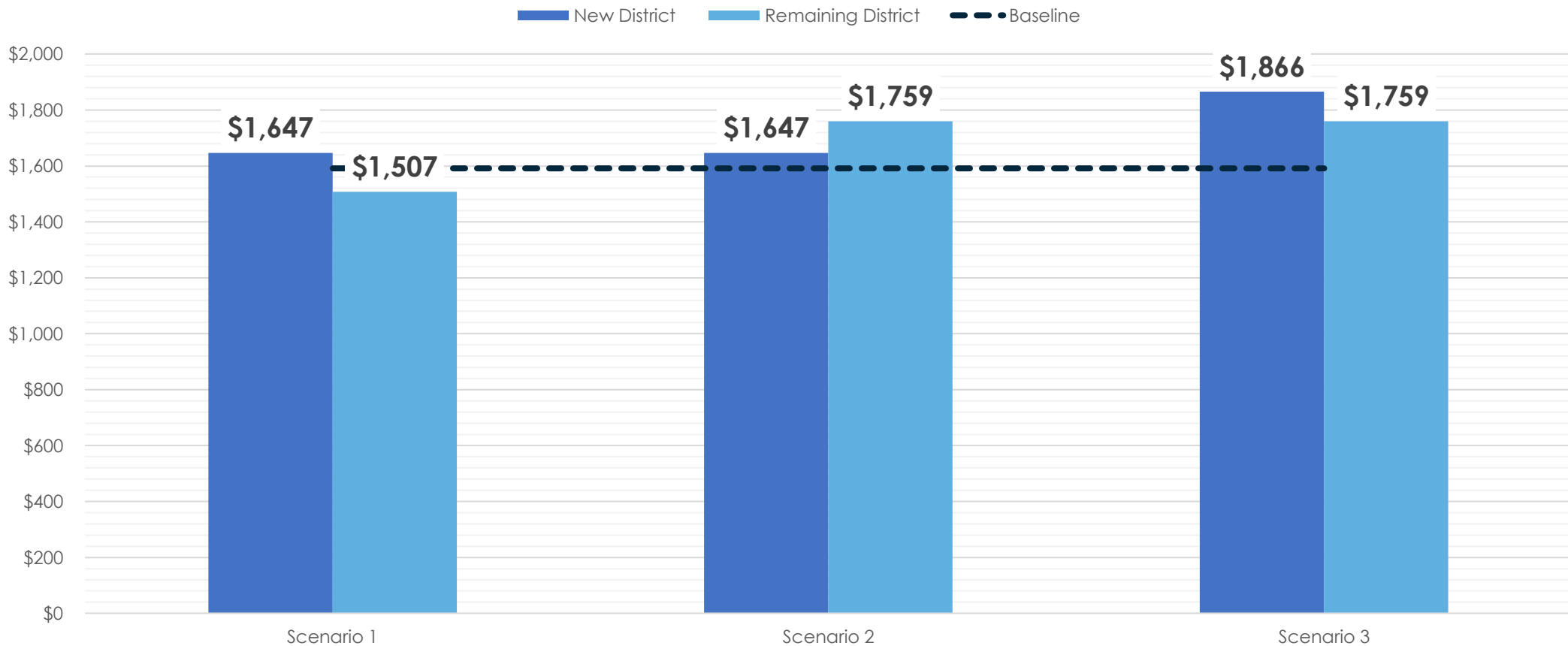
Taxable Property Value Comparison

District	Value	Enrollment	Per Pupil
Fiscal Year 2020			
Nebo	\$11.7B	35,335	\$332,089
Remaining District	\$27.2B	66,183	\$411,226
Alpine	\$34.2B	80,953	\$422,711
New District	\$6.7B	14,770	\$450,776
Jordan	\$25.7B	56,102	\$458,703
Provo	\$7.5B	13,317	\$562,367
Ogden	\$6.5B	10,617	\$615,535
Murray	\$4.6B	5,991	\$762,475
Canyons	\$25.7B	33,488	\$766,887

District	Value	Enrollment	Per Pupil
Fiscal Year 2021			
Remaining District	\$27.6B	69,117	\$400,018
Alpine	\$34.7B	83,999	\$413,460
New District	\$7.1B	14,882	\$475,890
Fiscal Year 2022			
Remaining District	\$37.9B	70,250	\$539,010
Alpine	\$47.1B	84,974	\$554,161
New District	\$9.2B	14,724	\$626,447

Comparison of The Three Scenarios

Estimated Household Property Tax*



*The estimated property tax is based on the forecasted taxes paid by a house valued at \$450,000

Four Scenarios to Consider

2023-32 Forecasted Property Taxes					
	Baseline*	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<i>New District</i>					
Average Total Property Tax	\$62.8M	\$70.9M	\$65.5M	\$65.5M	\$74.1M
Average Annual Property Tax per Household*	\$1,591	\$1,794	\$1,647	\$1,647	\$1,866
	Baseline	Scenario 1	Scenario 2	Scenario 3	Scenario 4
<i>Remaining District</i>					
Average Total Property Tax	\$258.0M	\$290.9M	\$258.1M	\$299.1M	\$299.1M
Average Annual Property Tax per Household*	\$1,591	\$1,794	\$1,507	\$1,759	\$1,759

*Average annual per household is based on a house valued at \$450,000

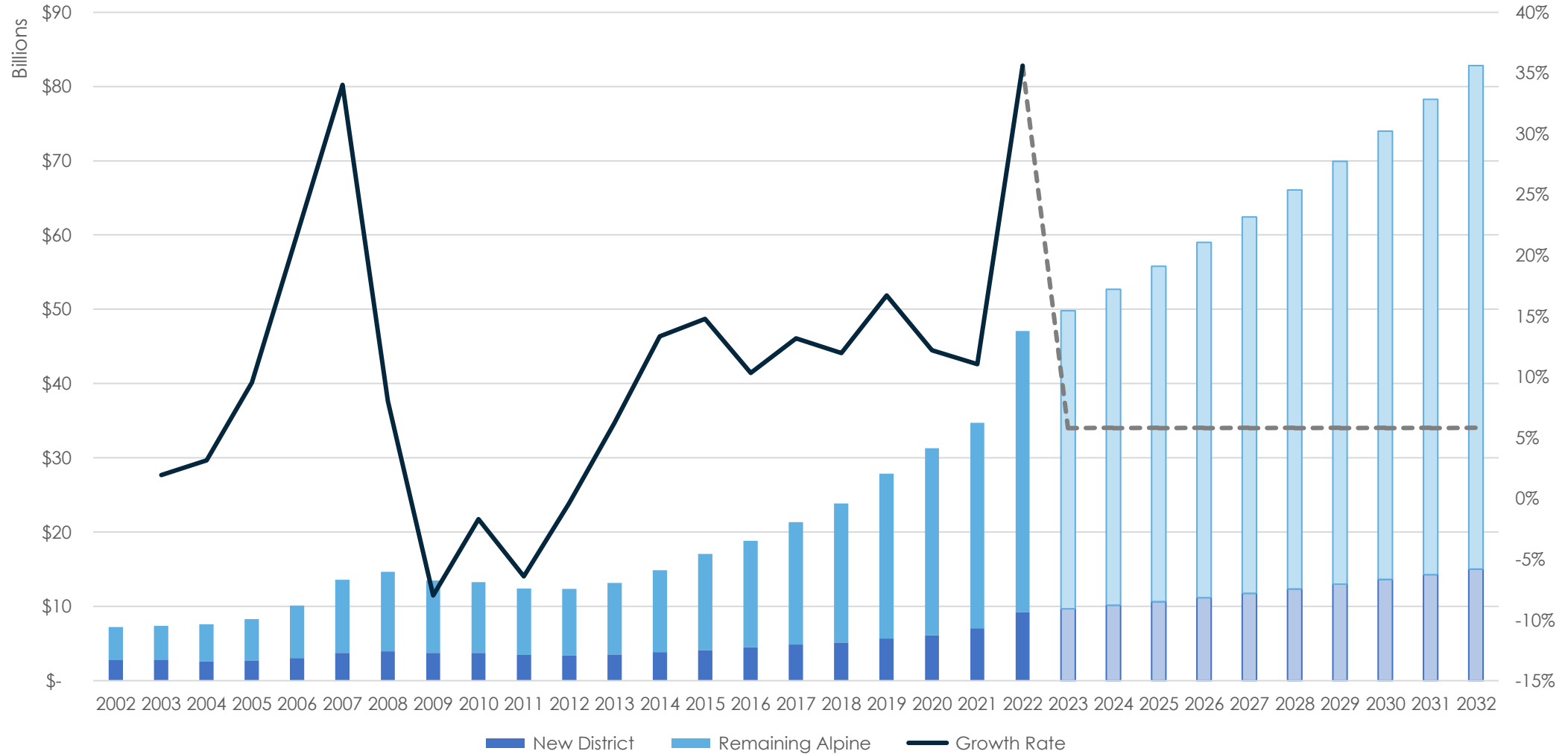
Scenario Summary

- Baseline: No district split and no new bonds
- Scenario 1: No split and a new bond of \$595M is issued; Orem shares in \$116M of the bond debt with no guarantee of reinvestment in Orem schools and all taxpayers see a 12.8% increase in taxes
- Scenario 2: Orem leaves, no new bonds: Tax increase of 4.2% in Orem; effectively no change in Remaining ASD taxes
- Scenario 3: Orem leaves, ASD bonds for \$595M: Tax increase of 4.2% in Orem; tax increase in ASD of 15.9%
- Scenario 4: Orem leaves & bonds for \$125M (receives 100%), ASD bonds for \$595M: Tax increase in Orem of 17.9% (compared to baseline); tax increase in ASD of 15.9%
- Orem would be advantaged to leave, keep \$125M, and pay 15.9% higher taxes and retain 100% of bond proceeds

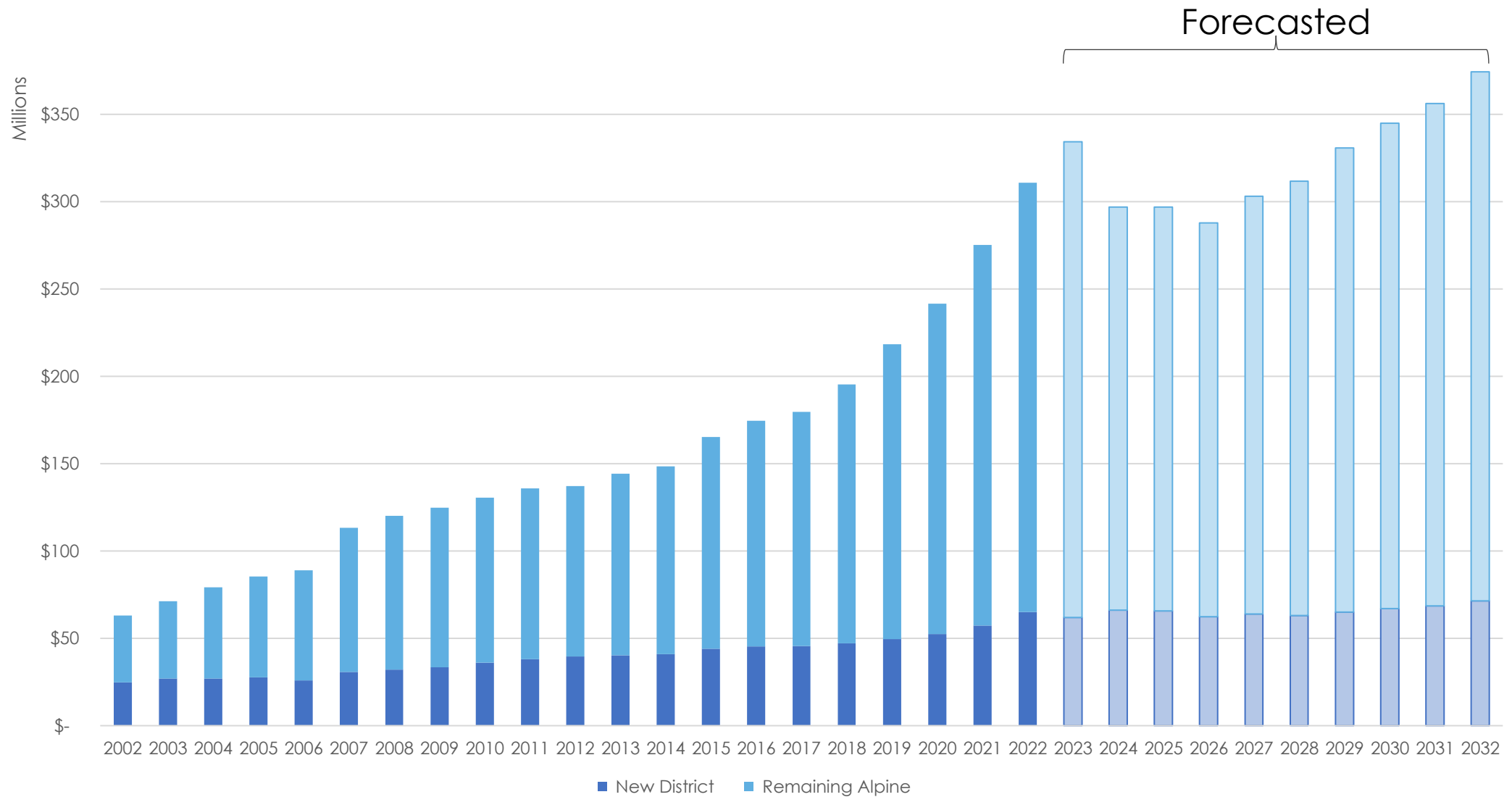
Historic Bond Overview

- From 2002 to 2021, approximately \$120 million of Orem taxes subsidized the building of schools outside of Orem (\$6.3 million annually). This finding comports with the 2004 Pioneer school district study.
- If the \$595 million bond passes, Orem taxpayers would be responsible for the payment of approximately \$116 million (19.44%) over 20 years, with no guarantee as to the amount of reinvestment that would be made into Orem schools.
- Historically, 13.3% of the bond allocations were directed to Orem from 2002 to 2021 and during this same period, Orem has paid approximately 28% of the bonds.

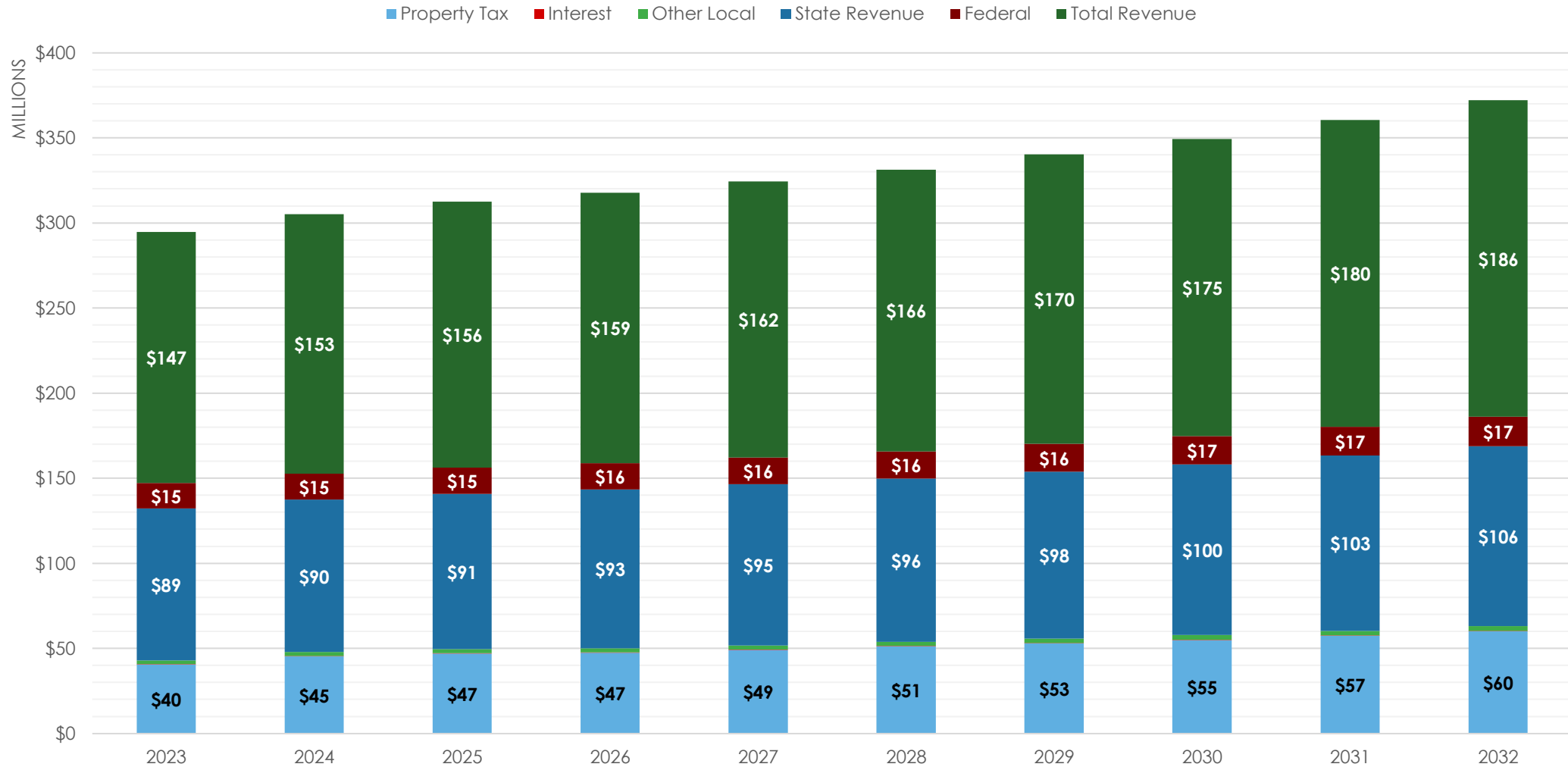
Alpine School District Property Value Trend



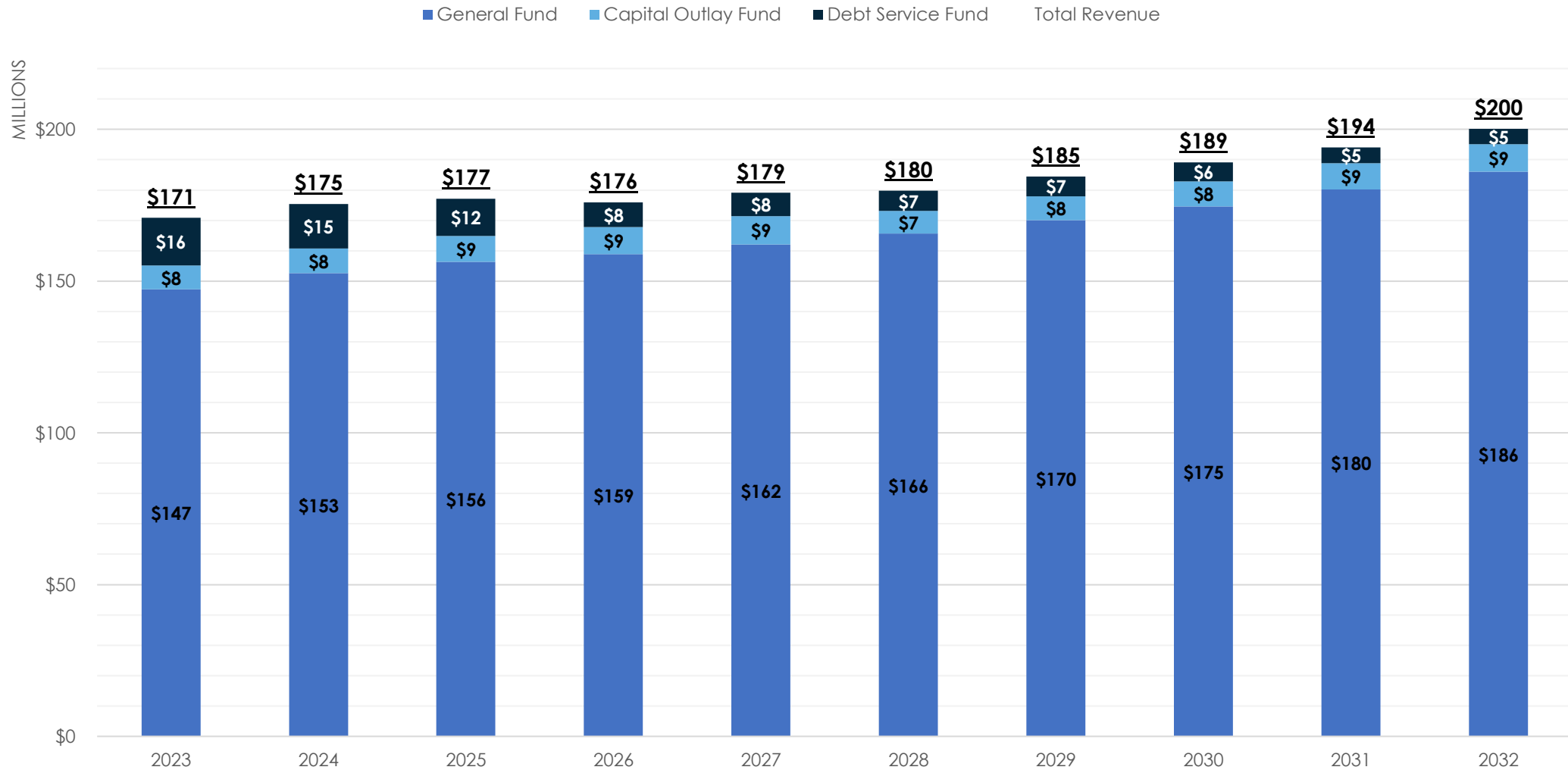
ASD Property Taxes Paid/Collected



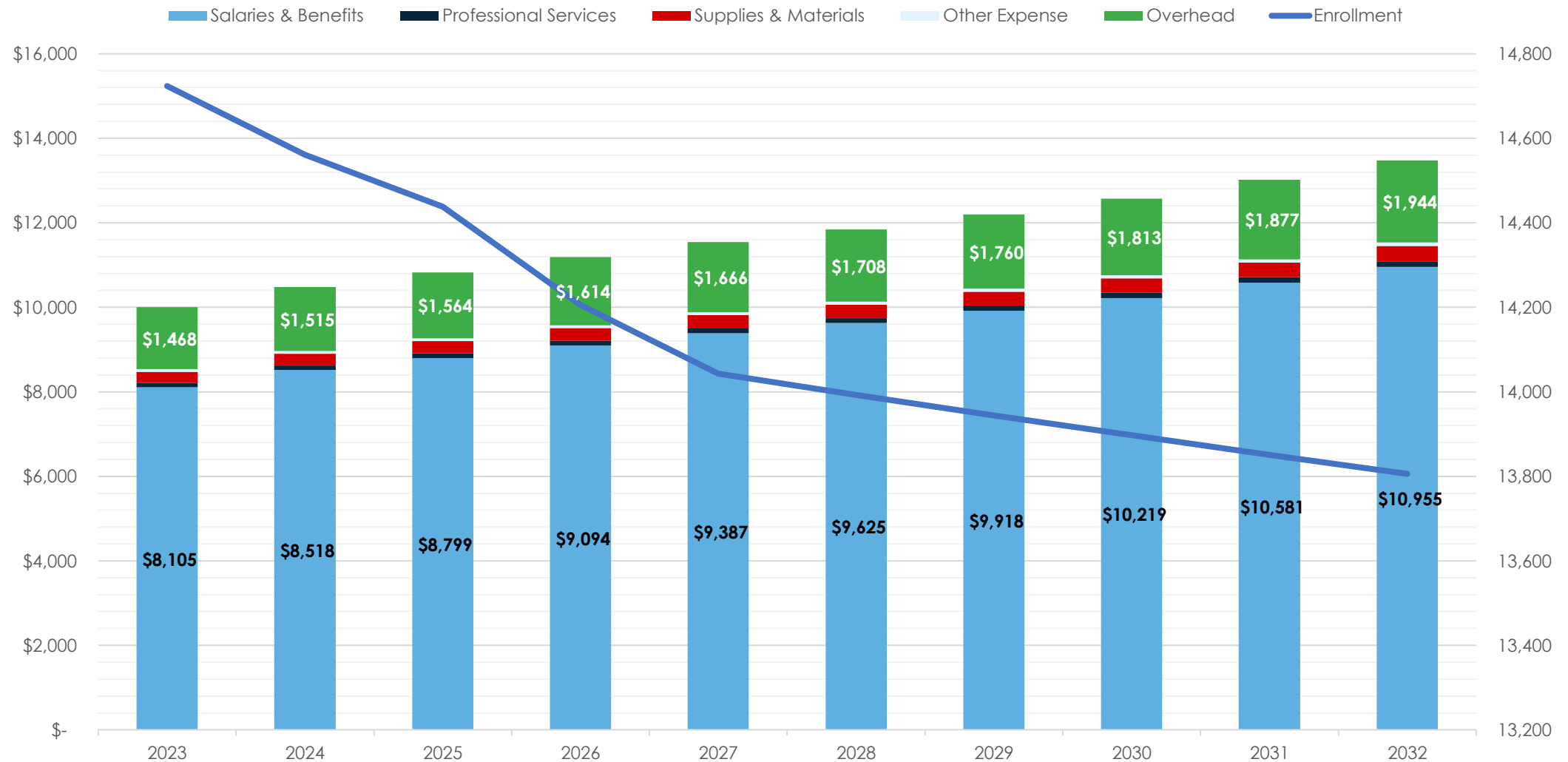
New District Forecasted Revenues – General Fund



New District Forecasted Revenues: General Fund, Capital Fund, Debt Service Fund



New District Forecasted Per Student Expenditures: General Fund



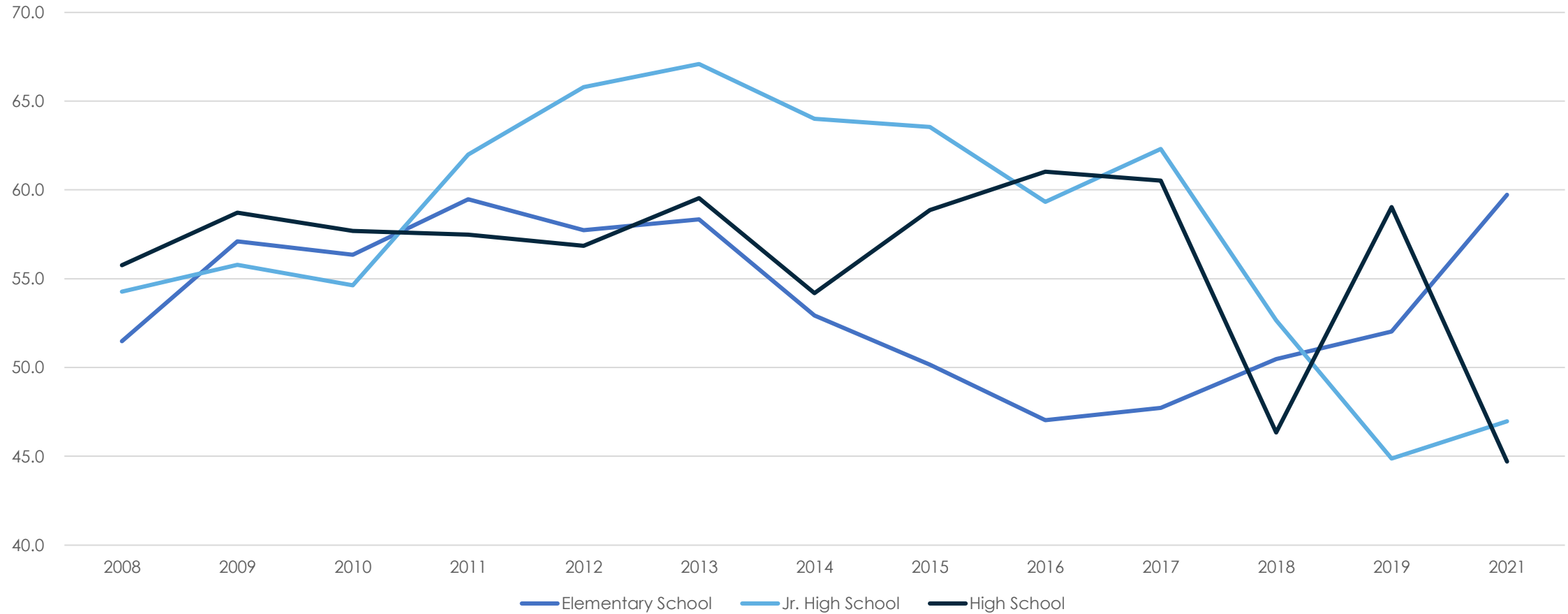
Test Score Analysis

Orem high school test scores are in a free-fall, indicating severe systemic issues. Since 2017, the scores for Orem high schools have **dropped 11.2%** (47.8% to 36.6%). ASD's average **dropped 2.3%** (53.4% to 51.1%), while the Utah state average **increased 7.3%** (40.8% to 48.1%).

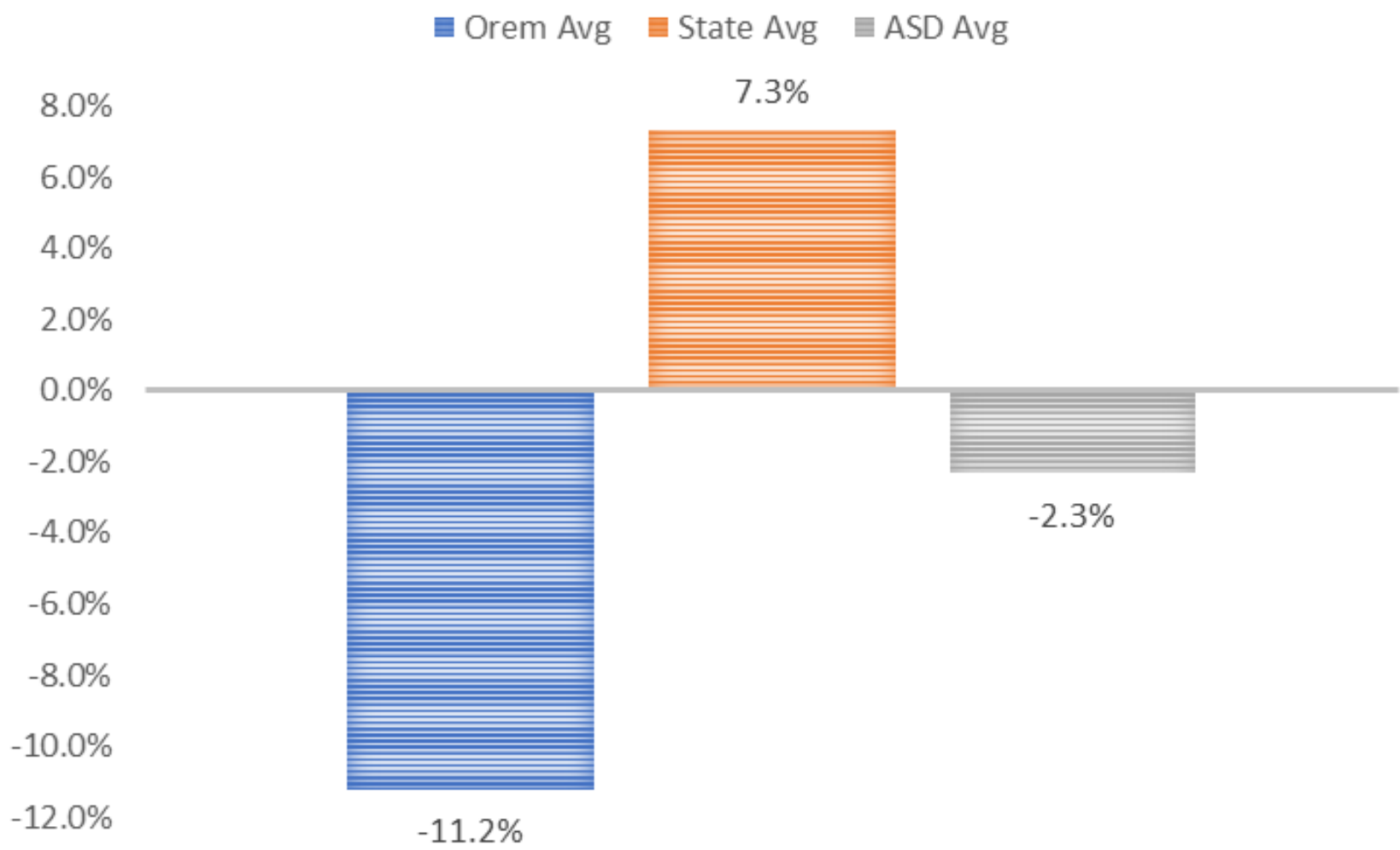
Orem junior/middle school test score decline since 2017 is also critical, **dropping 8.6%** (49.0% to 40.5%). ASD's middle school scores **dropped 6.8%** (53.2% to 46.4%), while the Utah state average **decreased 3.7%** (44.9% to 41.2%).

Orem elementary school scores since 2017 have **slightly increased 1.2%** (45.9% to 47.1%). ASD's elementary school average **dropped 1.9%** (53.9% to 52.0%), while the Utah state elementary average **dropped 4.5%** (48.1% to 43.5%).

Test Score Decline

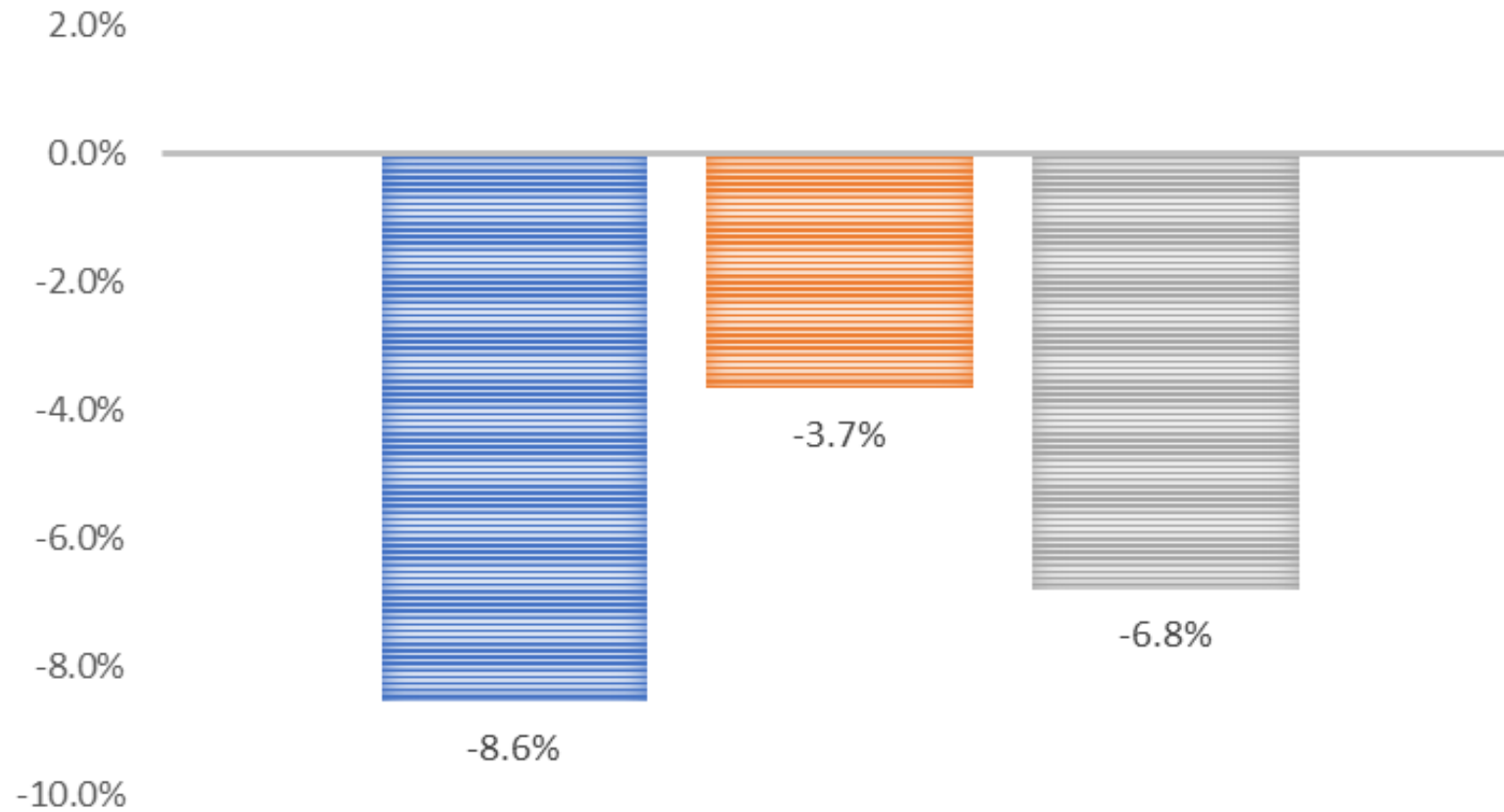


HIGH SCHOOL TEST SCORES 2017-2021 (COMPOSITE ENGLISH/MATH/SCIENCE)

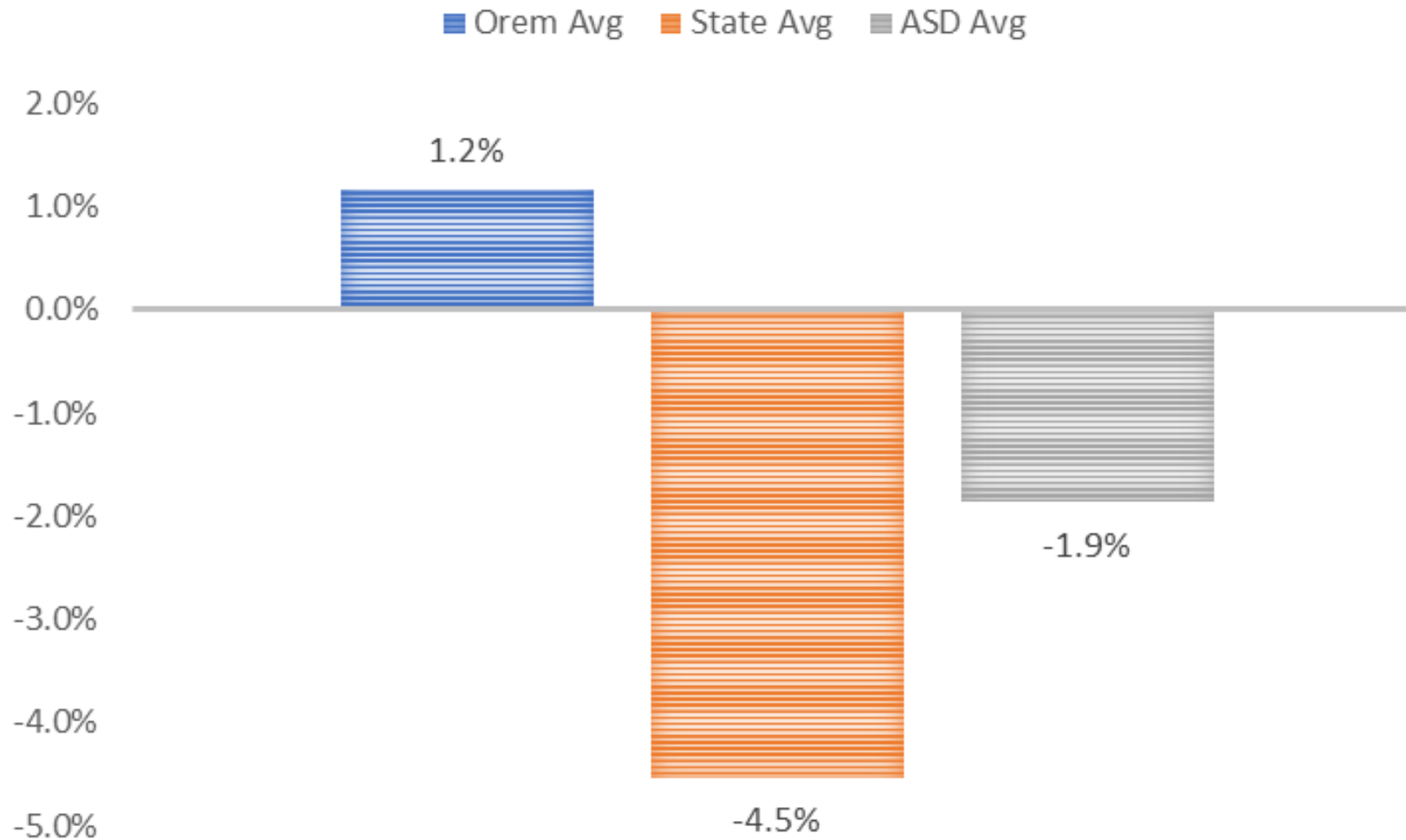


MIDDLE/JUNIOR TEST SCORES 2017-2021 (COMPOSITE ENGLISH/MATH/SCIENCE)

■ Orem Avg ■ State Avg ■ ASD Avg



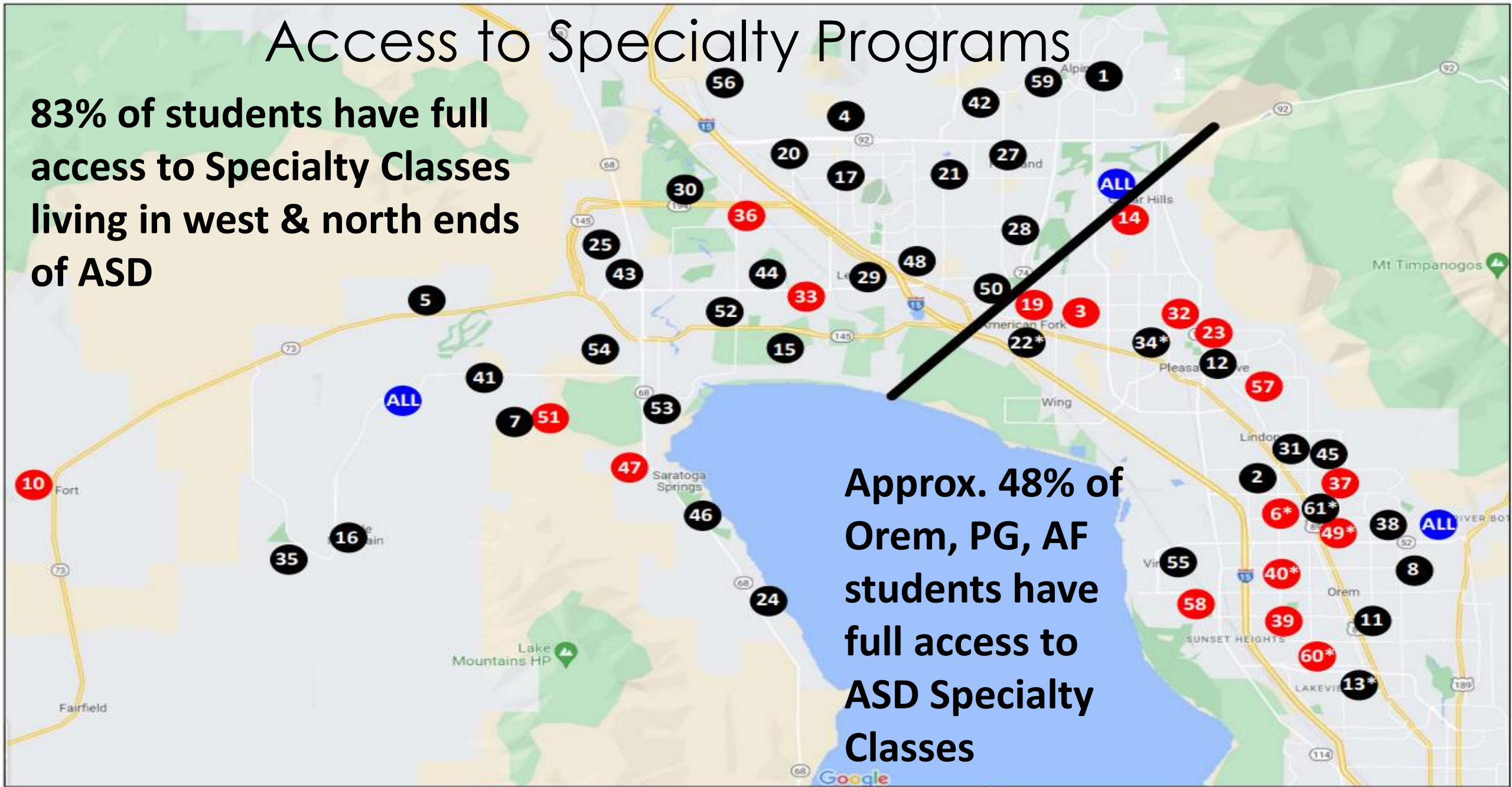
ELEMENTARY TEST SCORES 2017-2021 (COMPOSITE ENGLISH/MATH/SCIENCE)



Access to Specialty Programs

83% of students have full access to Specialty Classes living in west & north ends of ASD

Approx. 48% of Orem, PG, AF students have full access to ASD Specialty Classes

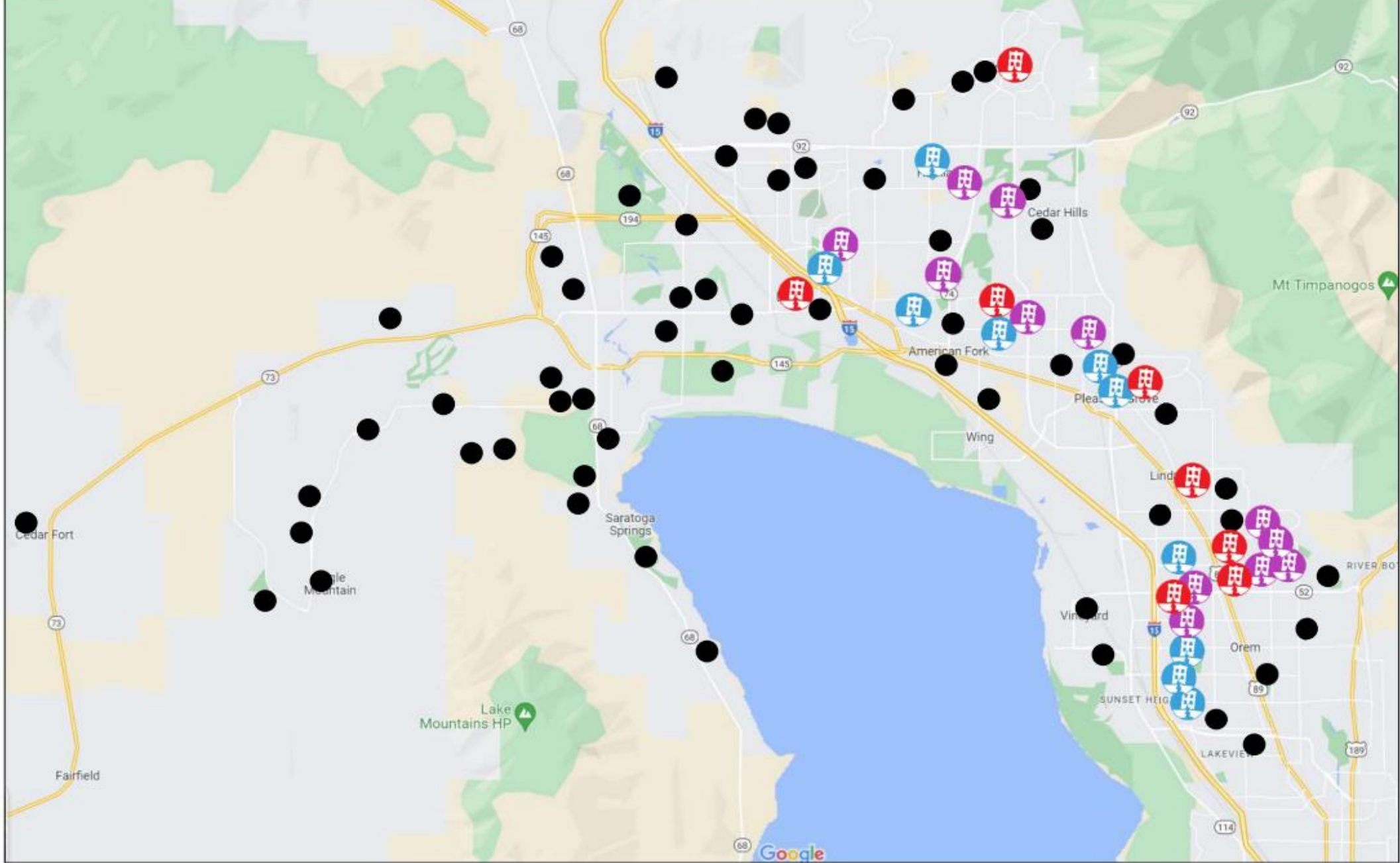


- School with 3 or more specialty programs
- School with just 1 or 2 specialty program(s)
- ALL (Advanced Learning Lab) School

Title I Schools marked with *

FEMA and Building Safety

- . In August 2006 ASD retained Reaveley Engineers & Associates to conduct a Seismic Vulnerability Assessment for ASD. This study found 10 schools in Orem had moderate to severe seismic issues.
- . Neither the 2006, nor the 2017 Orem School District Feasibility Studies mentioned the Orem schools that needed upgrades/retrofits/replacement. (See Timeline p. 35,37)
- . In Feb 2022, State of Utah, FEMA & other entities surveyed every school in Utah, and provided a K-12 Unreinforced Masonry Inventory. ASD has not resolved pressing FEMA issues. In Orem, 12 schools are identified with seismic problems (35% of ASD's 30 unsafe schools). 4 Orem schools identified in the 2006 Assessment as unsafe remain un-remediated (Orem Jr. High, Sharon, Windsor, and Geneva [Inventory status is "pending review"]).



● ASD School not listed on seismic study (elementary, jr, high)

🏠 ASD school with Identified URM (unreinforced masonry)

🏠 ASD school with Suspected URM (unreinforced masonry)

🏠 ASD school with RVS Score <2 (rapid visual screening)

Local Representation

- A new district will have 7 elected school board members who live in Orem and will represent local communities.
- All tax revenue will stay in Orem.
- Canyons School District.
- Local representation regarding decisions within the following areas should be considered:
 - District structure and budget
 - Teacher compensation and benefits
 - Class size and student to teacher ratio
 - Capital investment (new buildings, remodels, FEMA safety, etc.)
 - Quality of education (test scores, specialty programs, etc.)