

ASHLEY PUBLIC SCHOOL DISTRICT

FEBRUARY 7, 2023 BOND ELECTION

FREQUENTLY ASKED QUESTIONS



Why are we having a bond referendum vote now and how did we get here?

- The initial thought was adding another building off the small gym. We were going to use ESSER money for this. We used Consolidated Construction to do a ten-year capital maintenance plan. By getting a rough estimate we concluded that the price would be too much. However, we felt from the capital maintenance plan that other projects needed to be done. We don't know pricing so we hired an architect to help. Their team looked through the building and gave ideas to update our school.
- Ashley Public School high school facility was built 63 years ago, in 1959. The elementary was added 44 years ago, in 1978. Except for the roof, no major building renovations have occurred.
- Several original building systems are still in use, HVAC equipment, doors, windows, flooring, ceilings, electrical, are some examples.
- Since our building was constructed in phases in 1959 and 1978, times have changed significantly. The way the school is now, there are both safety and security concerns.
- The school feels we are a hub in the community and would like to make changes so the community can use the building more. By switching the cardio/weight rooms and the library we feel we can free up space and create a community fitness center that would be more accessible.
- We currently have a cardio room, weight room, two ITV rooms, two computer labs, counselor, and preschool. By relocating some of the rooms, we can free up more space for classes.
- Everyone feels now would be a good time to try to get the 2% interest loan while it is still available.
- Board members are unanimous in their belief that the current plan is a significant improvement over what we have now. This project will accommodate the needs of the district now as well as decades to come.

Why haven't these Capital Maintenance improvements been made before now?

- The school district performs routine maintenance annually to repair and replace equipment. We also annually do interior/exterior finishes to maintain the facilities. For this year and the previous five years, we have averaged about \$51,781 in the repairs and maintenance budget. Since the building is so old, there is always more to do.
- The proposed improvements have significant costs associated with them and are more than the district can fund out of the annual budget. A few of these improvements have been looked at before but were put on hold because of cost.
- The School District prioritizes our maintenance needs and has been able to do many things in recent years, including; air conditioning, new carpet, painting inside and out, replace old tiles, updating the gym, roofing repairs, and HVAC units, to name a few.

Why do we have to build all of this now? Can we wait to do some of the work?

- The Ashley School is still a well-maintained facility. As was previously stated, we do make repairs every year. Both past and previous boards have always made the decisions to renovate every

year. The problem is the building is getting old and remodeling/renovations need to be done. The board feels the time is right to make improvements to extend the life of the facility. We believe that these improvements will impact student learning, teachers teaching, and the community usage of the school.

- The cost of labor and materials will only go up, making the total cost for these repairs and changes dramatically increase.

The referendum is for 90% of the total project cost, so what are the other funding sources?

- Ashley School District taxpayers are being asked to approve a referendum for \$4.85 million. The school will also write grants where we can, for example the lighting portion of the project would likely qualify for an energy grant. We will also use some ESSER money and maybe even a small amount out of the general fund.

What if the Referendum doesn't pass?

- The referendum requires approval of 60% of the total votes cast for the measure to pass.
- If the referendum doesn't pass, the school board will have to make decisions on how to perform the repairs/maintenance needed. The school feels we want to give patrons the chance to vote and show support for the school district, students, staff, and facilities. The school board wants the patrons to be part of this decision.
- Regardless of the outcome of the vote, the elementary roof will have to be done within the next few years. The school will also look at making the necessary changes regarding moving rooms around for safety and security reasons.
- The total price of the capital maintenance plan costs about \$8.4 million over the next ten years. The board feels some of these are higher priorities than others. If the referendum doesn't pass, we will have to make very difficult decisions. We can raise the building fund to ten mills a year, right now we only ask for 1.57 mills. Asking for ten mills will generate about \$100,000 per year.

How much could the district save with the 2% state construction loan?

- Right now, the tax impact data is based on a bond rate of 4.25%. If the referendum passes the school will apply for the 2% State Loan Program. If we are approved at 2% that would mean we would pay an estimated \$1 million in interest over the twenty-year loan. With the 4.25% that is on the tax impact data sheet now, we would pay an estimate of \$2.5 million in interest over the twenty-year loan. The 2% loan would save the school district an estimated \$1.5 million.

What if the interest rates are higher than planned?

- With the list of projects that we could get done generated by EngTech, we will have to have a couple of those projects be alternative. The alternative projects will be the lowest priority projects.

What are the risks of doing nothing?

- It will cost the district more money to make required repairs in an emergency situation.
- North Dakota does allow School Districts to issue an emergency building fund bond under certain circumstances, without voter approval, which could be paid out of the general fund. OR as stated earlier we could increase the building fund mills. The board doesn't

feel it is responsible to wait for something to go wrong before we act. No one wants to see students not have a good learning environment or damage to the building.

- The referendum doesn't address all the needs, just the ones that we feel are most important.
- Construction costs will continue to rise, making the projects more expensive in the future.
- If nothing is done, our students would lose out on benefits of a safer and more secure learning environment.
- Other risks if nothing is done; we will see more roof leaks. Electrical issues will be on the rise. HVAC units in most rooms are 60 years old, they are bound to start failing. We aren't as handicap accessible as we should be. Students and staff are more likely to face security threats. Students will feel the impact if the district must use just

general and building fund monies.

Will our school be here in ten years?

- By passing this referendum our school will be here for decades to come. The school will continue to be one of the hubs of the community.

Would the school be available for community use?

- Yes, we want our School to be a hub of the community. By having the weight/cardio room where the library is people could have a membership. It probably won't be open during school hours, but all other times it would be open for community use.

Would we be better off building a new school?

- No, the Ashley School is still over all in good shape for its age. Building a new school would probably cost five to six times the amount of the referendum.

VOTING

Who is eligible to vote?

To vote in the election, you must be:

- A citizen of the United States;
- Eighteen years or older;
- A resident of North Dakota who has resided in the school district at least 30 days immediately preceding the election;
- Produce a valid form of identification at the polling location.

Can I vote in person before the election on February 7, 2023?

- Early voting in person is not allowed BUT an absentee ballot can be requested for early voting.

How do I get an absentee ballot?

- An Application for Absentee Ballot can be obtained from the Business Manager's Office at 703 West Main Street, Ashley, ND or by calling the Business Manager's office at (701)288-3456. Requests will be processed the same day and mailed, please allow for adequate mail delivery time.
- The absentee ballot will be provided upon return of the completed application to the Business Manager's office.
- Absentee ballots must be either:
 - Delivered to the office of the Business Manager at 703 West Main Street, Ashley, ND, no later than the close of business (4:00 p.m.) on Monday, February 6, 2023.
 - Mailed and postmarked, no later than 11:59 p.m. Monday, February 6, 2023, to the office of the Business Manager at 703 West Main Street, Ashley, ND 58413.

When and where will voting take place?

- When: February 7, 2023 – 9:00 a.m. to 7:00 p.m. CST
- Where: Ashley School – 703 West Main Street, Ashley, ND 58413

Where can I find out more information?

- School Website: www.ashley.k12.nd.us
- Jason Schmidt, Superintendent: (701)288-3456
- Lyle Fey, School, Board President: (701)226-0578
- Jordan Jenner, Board Member: (701)210-0393
- Ross Litsey, Board Member: (701) 261-0489
- Amy Schlepp, Board Member: (701) 260-3358
- Kyle Thiery, Board Member: (701) 731-0155

TIMELINE

What is the timeline for the Project?

Public Meeting #1, 7:30 p.m.	January 4, 2023
Public Meeting #2, 7:30 p.m.	February 1, 2023
Special Election	February 7, 2023
Prepare Plans/Specifications for bidding	February - April 2023
Competitive Bidding	April - May 2023
Construction	June 2023 - June 2024

BIDDING

Will the projects be publicly bid?

- Yes - All the proposed work will be legally advertised and competitively bid.

What costs are included in the referendum budget?

- All project costs are factored into the referendum amount which include construction costs, Architect/Engineer fees, Legal/Finance fees, project contingency.
- A contingency has been factored into the estimated costs. The contingency is in place to address a variety of items to avoid exceeding the referendum amount, such as:
 - Minor differences in estimated costs vs the actual bid amounts.
 - Unforeseen/unknown conditions that arise during construction.
 - Minor changes to work after bids are received.

Construction and materials costs are very high now. What happens if the vote passes and some of these costs drop or additional funding is acquired by the school district?

- If construction costs come in lower than estimated, we could choose to borrow less money.
- If approved, the \$4.85 million is the maximum amount allotted for debt, therefore, if the construction bids received are more than the estimated costs, we will look at reducing the project scope and/or make design changes and rebid the project.

COST / TAX IMPACTS

Here is how the ballot will appear when you vote.

QUESTION #1

Shall Ashley Public School District No. 9 of McIntosh, Logan and Dickey Counties, North Dakota, issue its general obligation bonds in an amount not to exceed \$4,850,000 maturing within a maximum of 20 years, resulting in an estimated additional millage of 38.84 mills, equal to \$38.84 on each \$1,000 of taxable valuation for the first taxable year, for the purpose of providing funds, together with any other funds available, to construct interior renovations and capital maintenance needs in the existing facility, to make improvements to school property, and to otherwise improve, remodel and renovate school property.

Here is what the ballot means:

- 20-year loan, maximum.
 - Fixed term & fixed payment.
- Increase of 38.84 mills to make the loan payment
 - A mill is equal to 1/10th of a percent, or \$1 of tax per \$1,000 in taxable value.
- Equal to \$38.84 on each \$1,000 of taxable valuation.
 - See next question for explanation on taxable valuation.
- The funds can only be used to renovate, remodel and improve school buildings; and to otherwise improve and renovate school property.

How much will this cost me?

- Every property owner's situation is different. To calculate the impact on your property, consult your 2022 McIntosh, Logan, or Dickey County Real Estate Tax Statement.
- Visit ndpropertytax.com or contact the McIntosh, Logan, or Dickey county auditor if you need a copy of your tax statement or have questions about your tax statement.
- The bond referendum is asking for an increase of 38.84 mills. If the referendum passes, your property taxes will be increased by \$38.84 per \$1,000 of taxable valuation per year. Taxable valuation is different than True and Full Value and is also different than the market value of your property refer to your tax statement to find your taxable valuation.
- A general table with average tax impact values can be found on the Fact Sheet for quick reference.
- A tax impact calculator can be found at: www.ashley.k12.nd.us
- Below is an example of how to figure out your specific tax impact:
 - The formula is: "Taxable Value" x Mills Increase / 1000
 - Taxable Value is found on your tax statement
 - Mills Increase is 38.84 as noted on the ballot
 - $\$5,382 \times 38.84 / 1000 = \209.04 per year or $\$17.42$ per month

2021 McIntosh County Real Estate Tax Statement

<u>Parcel Number</u>	<u>Jurisdiction</u>		
<u>Statement Name</u>	<u>Legal Description</u>		
Legislative tax relief			
(3-year comparison):	2019	2020	2021
Legislative tax relief	487.21	731.30	730.87
Tax distribution (3-year comparison):			
True and full value	78,984	119,600	119,600
Taxable value	3,554	5,382	5,382
Less: Homestead credit	0	0	0
Disabled Veterans credit	0	0	0
Net taxable value	3,554	5,382	5,382

How many years to pay off the bonds?

- The loan is for 20 years, the maximum allowed by the North Dakota Century Code.
- The School District is financing the costs over 20 years to keep the tax impact minimal.
- The loan can be paid off early without penalty.

What if the interest rates on the bonds are higher than planned?

- The school is working with financial planners that specialize in school financing.
- Current interest rates for 20-year bonds are between 4.75% and 5.00%
- A 4.75% interest rate was assumed in the estimated annual payment.
- The District can apply for the State Construction Loan which would cap the interest rate at 2%.

Why does it cost so much?

- The estimated cost used to budget are based on recent, similar projects in which construction bids were taken. Adjustments for annual inflation increases and location adjustments were also considered.
- Construction costs tend to rise 3%-4% per year, so waiting to do something in the future will likely be more expensive.

QUESTIONS?

BUILDING PROJECT WEBSITE:

