

The misleading \$67,000,000 referendum pricetag...

A FRESH PERSPECTIVE

Don't forget to **VOTE** on Tues., Nov. 5!

The Kiel Area School District has done a very poor job of maintaining and upgrading its buildings over recent years. The inability or unwillingness of prior administrations to set money aside for this purpose is a root cause. **Most everyone agrees that something must be done now, especially with the Middle School.**

About 7 years ago you were asked to approve a referendum to supply the District with \$840,000 per year for 10 years (\$8,400,000) for the purpose of addressing building issues and other needs.

Ultimately the \$840,000 funds were allocated with \$250,000 going to technology updates and reserves, about \$165,000 allocated to program spending, including teacher training, incentives, curriculum development and other programming, \$38,000 for the Turf and Track replacement reserve, leaving less than \$400,000 for facility and equipment repair or replacement. This expires in 3 more years.

Lacking appropriate expertise on staff to evaluate the technical issues in our buildings, the district contracted with Bray Architects to become our Architect of Record. Their first task was to evaluate our buildings and prioritize a list with costs of the most immediate improvements needed.

\$51,100,000 was the GRAND TOTAL they identified that we could return all 3 existing schools to "good" status for, which is less than the \$67,000,000 proposed to replace (fix) just one school!

\$78,262,000 would be the cost to finance repairing all 3 schools, assuming a 4.25% interest rate for a 21-year term.

Rather than focusing on which projects to undertake first and identify how to ask for those funds, the district administration and board decided to form a focus group to consider building options without any parameters. They eventually reached the conclusion that building a new middle school was really an exciting idea.

The needs at the other two schools were ignored and there no plans have been made to address all those issues.

So now we are asked to approve a \$67,000,000 new middle school. Debt service for that debt, plus \$750,000 of bond and legal fees, paid over 21 years at an estimated interest rate of 4.25% **will require total payments of \$104,122,987.** The normal equal annual payments of this debt would amount to \$4,958,200 per year for an additional \$436 per \$100,000 of value for the 21 years.

Some of the normal principal payments for the first years of this debt are being deferred to later years while we are still paying off the Football Turf and PAC debt. **This results in more than \$38,251,197 of principal and interest still outstanding for the last 7 years of the bonds.** Therefore, there is no relief from this debt service until after the last payments are made in 2046. Today's kindergarten class will graduate in time to help pay off the last of this debt. The remaining debt service for the football turf and the PAC amounts to \$12,765,000 and won't be paid off until 2039.

The average rental unit, if valued at \$150,000, will see an increased tax bill on the rental unit of \$650 per year, which will likely pass through to the renter as a rent increase.

There are no real plans for the old middle school building other than a hope that a developer will show up. The most likely redevelopment would be multi-family housing with a footprint that consumes the entire site.

Also, most developers are looking for city help with funding a project like this. If not sold, demolition costs are estimated at \$3,000,000 and are not included in the \$67,000,000 referendum amount.

There are no plans on how to deal with the repairs needed in our other two buildings. "We'll figure it out" is the standard answer given. The current maintenance budget in the district's operating budget is \$150,000 to cover filters, belts, technician service calls. So the money isn't in the current operating budgets unless they are willing to make cuts in other areas.

Does our School Board and Administration really think we are that naive to believe they won't be back asking for money to deal with the other two buildings long before this new debt is anywhere near being paid off in 2046?

What isn't being addressed is over \$35,400,000 of identified repairs to the grade school and high school. That's another \$54,216,700 of debt service when these buildings are finally addressed. This amounts to \$2,581,700 of additional annual payments using 4.25% interest and another 21-year spread. At current total equalized values, that's another \$227.32 per \$100,000 of valuation.

If we first build a new \$67,000,000 school and then fix up the other two, we'll be facing a \$158,339,687 million dollar total tax increase. Does our School Board really think our small community can absorb a huge additional tax burden like that?

In the business world, when you find yourself in this deep of a hole you should follow the "First Rule of Holes" ...

STOP DIGGING!

To build a new 144,000 square foot, \$67,000,000 middle school when your other buildings are in poor condition and need \$35,400,000 of repairs and you have no plans on how to deal with their repair is irresponsible to the taxpayers and the students.

It's time for the taxpayers to REJECT this referendum proposal and send it back to the School Board and the Administration and demand they come up with a comprehensive plan to deal with all our buildings. Any future request for funding must be reasonable and sustainable by all of our citizens. The individual project funding request must be specific and vetted, with tight budget parameters and defined measurable results.

We have many citizens of this community that cannot absorb this huge amount of proposed tax increase. Let's attack the problems in our buildings in logical increments with solid plans and tight project budgets on what we need to accomplish.

**STOP DIGGING THIS HOLE!
VOTE COMMON SENSE!**

ONE LAST THOUGHT:

If the taxpayers of the KASD had been advised about the 10's and 10's of millions of dollars necessary for repairs, would they have voted for a new football field and auditorium years ago? Had we applied that money to the repair needs of the Middle School, today we would only be asking for \$4.5 million to finish fixing that school.

ESTIMATED TAX IMPACT ON CITIZEN'S POCKETBOOKS

Much like a home, when the cost to repair exceeds the budget, borrowing funds for a larger scale renovation might seem like a solution. But just like any family's budget, there are limits. Before taking out a second mortgage on your home, you must take a comprehensive look at your construction dreams in relation to other needs. Regardless of how bad someone wants something, budget crushing debt is not sustainable over decades.

Your Equalized Property Value	Your Yearly Tax Increase	Your 21 Year TOTAL
\$100,000	\$436	\$9,156
\$150,000	\$654	\$13,734
\$200,000	\$872	\$18,312
\$250,000	\$1,090	\$22,890
\$350,000	\$1,526	\$32,046
\$500,000	\$2,180	\$45,780
\$750,000	\$3,270	\$68,670
\$1,000,000	\$4,360	\$91,560

*Based on 4.25% interest rate payments the projected total tax is \$436.65 per \$100,000 of property value. Actual rates are variable and could be much higher. Schedule illustrates average increases to Real Estate Tax/ Rents related to debt service of \$67,000,000 borrowing plus \$750,000 of added bond and legal service fees, computed using the current equalized valuation of property in the school district.

KNOW THE FACTS

Much of what the public is being told about the \$67,000,000 referendum is in stark contrast to the findings published in the Architect's Report. There are significant discrepancies to be found in the public survey, the school tours and videos, the District's advocacy literature, Dr. Ebert's answers to questions, and "reports" in the local paper.

About the PROPOSED NEW SCHOOL:

- ▶ The District refuses to release a breakdown of the \$67,000,000 so nobody knows how much would be used for:
 - The actual building
 - The Architect's Fees
 - The Contractor's Fees
 - The contingency to use on whatever
 - 3 new tournament quality indoor basketball courts
- ▶ A larger middle school building might have larger operational & maintenance costs.
- ▶ Plans call for \$4.5 million for a new Superintendent's office space for him and his small administrative staff, which is 18x the value of the average home in Kiel.
- ▶ Plans call for 3 new and 5 total indoor basketball courts in the combined buildings, all of which must be heated, cooled, illuminated, maintained and regularly re-roofed.
- ▶ Cost effective buildings have just 4 corners, but the proposed new school has 38!

About the ARCHITECT'S REPORT:

- ▶ All three schools are rated the same "FAIR" condition
- ▶ The High School needs MORE repair work than the other 2 schools combined
- ▶ The Middle School is rated the BEST of all 3 regarding handicapped accessibility
- ▶ The Middle School is sturdy and has good quality walls, windows, and foundation
- ▶ The elevator is rated in "good" shape

DID YOU KNOW?

With proper maintenance, sturdy buildings can easily last hundreds of years.

...really costs around \$104,000,000 with interest!