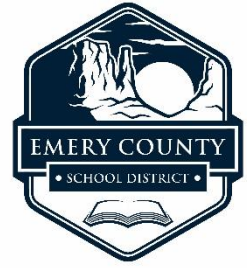


## Emery County School District—2020 Bond Election Frequently Asked Questions



### **What is a bond election?**

A school bond election gives individuals an opportunity to vote on paying for the construction and renovation of school facilities. It is a request to give the elected Board of Education members the authority to sell bonds when facilities are needed.

### **Does the School Board have the authority to ask the public to support the issuance of bonds for school construction?**

Yes. State law provides school boards bonding authority. Utah Code 53G-4-603.

### **Why do school boards run bond elections?**

Bond elections are widely regarded as the only and best way to generate enough funding to address capital needs such as schools. Saving in advance from property tax levies takes funds from taxpayers before it is needed.

### **What is a bond? How long does it take to pay off a bond?**

A bond is a low interest loan that school districts use to pay for new school construction, renovations and property. In Utah, a school bond can only be used for acquiring, improving, or extending any facility a school district owns. It is similar to a home loan or mortgage. Just like homeowners, Emery County School District borrows money and makes monthly payments. Bonding requires the approval of taxpayers through an election. Bonding is the least costly option for taxpayers to build school buildings. Tax payments for a bond typically are reduced over time as bond debt is paid off. Payout is limited to 21 years.

### **Why does Emery County School District need a bond?**

The District is unable to finance the high cost of new school construction and significant upgrades from regular, annual revenues. Each of our 10 schools was primarily built between about 1960 and 1980. It is expected that all of our schools will need replacement or significant upgrade over the next 20-30 year period. In order to responsibly pay for school replacements or upgrades, the District will need to perform these projects in phases and bonding is essential to this process.

### **What will the bond be used for?**

It is expected that the bond will be used to fund three projects:

- Emery High School rebuild (Appx. \$55,000,000, complete Summer 2023).
- Ferron Elementary School rebuild (Appx. \$20,000,000, complete August 2022).
- A classroom addition at Book Cliff Elementary (\$500,000, complete Summer 2023).

### **Will all of Emery High School be rebuilt?**

The plan is to keep the Spartan Center and Auditorium and build the new school around these existing structures. This will result in significantly lower projects costs from not building a new primary gymnasium or auditorium. The Spartan Center and Auditorium will be upgraded as needed, but not necessarily at the same time as the new school construction.

### **Can the district simply save up enough money so bonding is not needed?**

Districts have a limit as to how much they can retain in fund balances (savings) over time. It is extremely rare, especially in today's construction climate, where prices are climbing, that a district could save enough money to pay for a new school, let alone more than one. Additionally, there is the question of whether taxpayers should pay taxes in advance to have districts bank the money, or if the money is intended to be spent on students in the year it is received.

### **What is the tax impact of the proposed bond?**

The estimated tax impact to the average home in Emery County is \$130/year or \$10.83/month. The average home value is determined by Emery County based on assessed tax values, and is currently \$120,000. The tax impact to a business with a property tax value of \$120,000 is estimated at \$237/year or \$19.75/month.

### **75 million seems like a lot. Why do these projects cost so much?**

Construction costs have been growing for many years and there is no doubt that new schools are expensive. The estimates for the proposed projects are based on accurate current and projected costs through the life of the construction period. The district's philosophy in designing these projects is to provide a well-designed, well-built school campus that will adequately meet our student needs now and in the future, without adding unnecessary extras. It is expected that these new buildings will last between 50-70 years. Simply stated, this is the cost of new schools in 2020, and voters should be assured that the District will make every effort to ensure our projects get the maximum bang for our buck.

### **Is the school district allowed to discuss bonds or the bond election on district websites or using district resources?**

Bonds are part of district operations. Districts and school boards can discuss bonds from an operational standpoint, including the process of running bond elections. Districts are permitted to share information about bonds, both within the district and with the general public. Districts may not use district resources to campaign for the passage of a bond resolution.

### **How does the School Board / District manage opposition to a bond?**

The Board realizes that there will be those who support and the bond and those who may oppose. The Board is committed and obligated to rely on truthful, accurate information in all areas of decision-making, including decisions and communications about bonding. Where members of the public have drawn conclusions that are inaccurate, the Board will strive to communicate the facts.

### **I am on a fixed income and am concerned about increased taxes as part of this bond. What are my options?**

State law provides some tax relief for individuals/families who qualify. See Utah Publication 36

## **How do bonds work?**

The sale of bonds begins with an election to authorize a specific amount—the maximum the district is allowed to sell without another election. The school district sells the bonds when funds are needed for capital projects, usually once or twice a year. Bids are taken from interested buyers, usually large institutional investors, and are sold at the lowest interest rate offered. The rate is based on the district's bond rating: the higher the bond rating, the lower the interest rate to sell the bonds. Principal and interest on the bonds are repaid over an extended period of time with funds from the Debt Service tax rate.

## **What will happen if the bond does not pass this year?**

The school district will work to address concerns and will propose another bond in a future election.

## **If the bond election is passed, does the school district immediately incur the debt?**

The bonds do not cost the district anything until they are sold. Even though the voters approve the bond issue, there are not costs incurred until the bonds are sold.

## **Can funding from the bond be used to pay for day-to-day operations, such as salaries, supplies, programs, etc?**

No. By law, capital funds, such as money from a bond, cannot be transferred to the general fund or used to pay for day-to-day costs of running a school district. Bond funds may only be used for "capital" projects, such as buying land, building facilities, making major capital improvements, and paying for costs tied to construction. Additional capital expenses that are legitimate are materials & equipment needed to furnish new buildings.

## **What happens if I don't vote?**

Only returned ballots are counted, either a "for" or "against" response. If you do not turn in your ballot, it will not affect the outcome of the vote.

## **What will our new schools be like?**

Our new schools will be designed as 21<sup>st</sup>-century schools. This means that schools are designed to accommodate certain core competencies such as collaboration, digital literacy, critical thinking, and problem-solving.

## **Are there any assurances that the construction of the new schools will be completed as scheduled?**

Within a construction contract, liquidated damages are charged to the contractor if they fail to meet a deadline. Typically, this is between \$500 and \$1000 per day after the construction deadline. Because there can be unforeseen circumstances that may arise during construction, the District will regularly monitor the projects and add additional time for the completion date to help ensure the school is opened on time.

## **Do you have information on how to vote?**

This year all ballots will be mailed to voters. Mailed ballots must be return postmarked by Monday, Nov. 2, 2020. Voters may also drop their ballot off at the Emery County Courthouse, 75 E. Main Street in Castle Dale, up until 8 p.m. on Nov. 3, 2020. The last day to register to vote prior to the election is Oct. 23, 2020. A person may also register in person at the County Courthouse on the day of the election and vote using a provisional ballot. Registered voters will begin to see mail-in ballots in their mail Oct. 13.