

## **Frequently Asked Questions Regarding April 6<sup>th</sup>'s Referendum**

### **Question:**

**What will be on the Tuesday, April 6, 2010 Fairfield Community School District's referendum?**

### **Response:**

The two questions will be placed before the voters on the April 6<sup>th</sup> referendum, summarized below:

- 1) Asking for approval for the construction and renovation at the present Fairfield High School, located at 605 East Broadway and to upgrade heating, ventilation, and air-conditioning (geothermal) at the other student attendance centers.
- 2) Asking for permission to exceed the code limit of \$2.70 and levy up to \$4.05 per \$1000 of assessed valuation for bonded debt.

The exact questions as they will appear on the ballot are listed below:

Shall the Board of Directors of the Fairfield Community School District in the County of Jefferson, State of Iowa, be authorized to contract indebtedness and issue General Obligation Bonds in an amount not to exceed \$29,955,000 to provide funds to build additions to, remodel, improve, renovate, furnish and equip the high school building and site; and to partially fund Heating, Ventilation, and Air Conditioning system improvements and upgrades to the elementary and middle school buildings, including installation of geothermal heating and cooling systems?

Shall the Board of Directors of the Fairfield Community School District in the County of Jefferson, State of Iowa, be authorized to levy annually a tax exceeding Two Dollars and Seventy Cents (\$2.70) per Thousand Dollars (\$1,000), but not exceeding Four Dollars and Five Cents (\$4.05) per Thousand Dollars (\$1,000) of the assessed value of the taxable property within said school corporation to pay the principal of and interest on bonded indebtedness of said school corporation, approval of this proposition shall not limit the source of payment of the bonds and interest, but shall only operate to restrict the amount of bonds which may be issued?

**Question:****Why are the questions asked so long and complicated?****Response:**

The form of the questions is specifically stated in the Iowa Code and was developed by the bond attorney working with the Board of Directors. The wording is what is needed to meet the requirements of the Iowa law. The questions are worded to cover the renovation of portions of the present Fairfield High School facility as well as new construction on the same site and also the geothermal heating and cooling of the other student attendance centers.

**Question:****I have heard that once permission to exceed the code limit of \$2.70 and levy up to \$4.05 is given by the voters that it is permanent? Is this true?****Response:**

Yes, by voting yes to the second question, the voters give permission to exceed the code limit of \$2.70 and the levy up to \$4.05. This permission will last forever but any future bond sales will have to go before the voters. No general obligation bonds can be sold without obtaining 60% of voter approval. The Board of Directors will always have to return to the voters in order to sell general obligation bonds.

**Question:****Land owners in Jefferson County are eligible to vote in the election, correct?****Response:**

No, only residents of the Fairfield Community School District will be eligible to vote in the April 6<sup>th</sup> referendum on two questions. If you are unsure whether or not you are a resident of the Fairfield Community School District, you can look at your last tax bill or contact the Jefferson County Commissioner of Elections. Just owning land is not sufficient in order to vote in the election. You must reside in the school district, people are allowed to vote where they reside under Iowa law. Jefferson County is the primary county of the Fairfield Community School District but portions of the district are also in Henry, Van Buren, Wapello, and Washington Counties.

**Question:**

**Is it a simple majority that passes a question?**

**Response:**

No, both questions require a 'super majority' which is 60% of the votes cast.

**Question:**

**The first question on the ballot states that the General Obligation Bonds would cover the cost of the work at the Fairfield High School and partially fund heating, ventilation, and air conditioning (HVAC) at other elementary schools and the middle schools. Why is the HVAC only partially funded?**

**Response:**

HVAC is funded by two funding sources – both the general obligation bonds and sales tax revenue bonds. Sales tax revenue bonds are borrowing against future revenues from Secure an Advanced Vision for Education (SAVE) funds.

**Question: Why can't Secure an Advanced Vision for Education (SAVE) funds be used to totally fund both projects?**

**Response:**

SAVE funds are not adequate to fund these projects as well as SAVE funds are used for repair and maintenance of the present facilities.

**Question:**

**What happens if question one passes but the second question does not pass?**

**Response:**

The district would have authority to issue the bonds but would be unable to start either project because the district would not have the money to fund the projects as presented in question one. The District must be able to complete the projects as stated in the first ballot question.

**Question:**

**What happens if the first question fails and only the second question passes?**

**Response:**

The Board of Directors would have the permission of the voters to levy more than \$2.70, up to \$4.05 but would not have permission to issue any general obligation bonds. The permission to levy up to \$4.05 would remain but without voter approval to issue general obligation bonds, bonds could not be issued and thus the tax not levied.

**Question:**

**How can I find out how this issue will impact my taxes?**

**Response:**

For residential property, you can take the assessed value times (X) 46.9094% (the rollback percentage as of 1/1/2009) minus (-) the homestead credit of \$3,930.00 divided by 1000 times the \$4.05 tax rate.

For commercial property, there is no rollback and no homestead credit.

For agriculture property, the rollback is 66.2715% but there is no homestead credit. The homestead itself is figured as residential property.

An easy way to find the impact to your taxes is to visit the district's website at <http://www.fairfieldsfuture.org>. A tax impact calculator is provided that only requires you to know the assessed value of your residential property, commercial property, or agriculture property per acre. This can be found on your last tax bill.

An alternative method to estimate the increase for a commercial business would be that for each \$1000 of Assessed Valuation of the business, the increase in the property tax would be \$4.05 or \$.34 per month.

An alternative method to estimate the increase in tax per acre on agriculture land is to take \$2.62 per year times the Assessed Valuation per \$1,000 of value per acre. Per month figures would be \$.22 per \$1000 of Assessed Valuation per acre.

**Question:**

**Does the Board of Directors have to levy at the \$4.05 rate?**

**Response:**

No, the Board of Directors can 'buy down' the bonds by using SAVE funds if they are available. SAVE funds could increase in the future as the economy improves. Current projects are based on a very conservative forecast. In addition, over time property value may increase allowing a faster payoff of the bonds or less than the full \$4.05 being levied.

**Question:**

**How long is the repayment period on the bonds?**

**Response:**

Bonds in Iowa must be repaid over a period of not more than twenty (20) years.

**Question:**

**Why is the District looking to issuing general obligation bonds instead of doing the project(s) with just SAVE funds?**

**Response:**

The total cost of the high school construction/renovation is \$26,341,000. The cost of the HVAC project in the other student attendance centers as follows:

Fairfield Middle School	\$ 5,532,300
Lincoln Elementary	\$ 1,170,100
Washington Elementary	\$ 1,905,100
Pence Elementary	\$ 2,852,600
Libertyville Elementary	\$ <u>995,300</u>
<b>Total Geothermal Cost</b>	<b>\$12,455,400</b>

This makes a total cost of the two projects as \$38,796,400.

The high school project development costs of \$1,744,600 will be paid out of existing SAVE funds that the district has on hand. This amount would not have to be bonded through general obligation bonds, saving the taxpayers both interest and principal. Therefore, we are asking for permission to sell \$29,995,000 of General Obligation Bonds. The balance of the project will be funded through SAVE funds.

**Question:**

**What happens if Lincoln Elementary is closed and not used for a student attendance center in the future?**

**Response:**

Lincoln Elementary would not have to be updated to geothermal HVAC and thus that portion of the project would be reduced from \$12,455,400 to \$11,285,300. At the same time, if the Lincoln Elementary building was going to be used in the future for the alternative program, home school program, or a regional career academy, the Board may still wish to update it's HVAC system.

**Question:**

**What is the timeframe for the projects?**

**Response:**

Based on a successful vote on April 6, 2010, the proposed project timeline would be:

FHS Renovation/Remodel

December 2010	Specifications and drawings would be developed
March 2011	Construction bids reviewed and possibly awarded
Summer 2011	Construction work would start
School Year 2012-13	Students and staff would occupy the new construction for this school year.

The Board of Directors will work with Piper-Jaffray to determine optimal timing on the issuance of bonds.

Geothermal/HVAC Projects

The HVAC upgrades would most likely be phased over a two-three year period, focusing on 1-2 buildings per year. This would provide minimal disruption, provided the work is completed during the summer and most efficient use of SAVE funds.

Summer 2010	Possible test wells, dependent upon SAVE funding
Summer 2011	Start the installation in the elementary buildings yet to be determined.

This work would be finished for the best cost efficiency and as SAVE funds allow with most of the work taking place during subsequent summers.

**Question:**

**Why is the district wanting to add air-conditioning to the student attendance centers and why geothermal? Isn't geothermal more expensive than heat pumps or variable air handling systems?**

**Response:**

As we try to increase learning, the environment plays an important role. Most of our students now come from homes where they have air-conditioning. As schools look to have remediation for students behind or offer enrichment classes during the summer, air-conditioning becomes more important. At the present time, many of our special needs students have air filtering and/or air-conditioning requirements specified in their individual education plans in order for them to attend school. Many other students have allergies and have difficulties in our non-air-conditioned buildings. No Child Left Behind has the goal of all students meeting all academic standards by 2014. Improving the learning environment is one way to help ensure that our students have the best opportunity to achieve their full potential.

Geothermal is seen as a way to drastically reduce the energy costs associated with our student attendance centers. Although the initial cost of geothermal is 3.7% higher than heat pumps-cooling towers and .47% (47/100%) more than the variable air handling system, the lower operating cost would pay for this difference very quickly. Utilities are paid out of the general fund, the same fund that pays for classroom instruction. Savings on energy can be redirected to the classrooms for instruction instead of sending heat and energy up chimneys.

**Question:**

**Where and when may we vote on April 6<sup>th</sup>?**

**Response:**

The polls will open at 7:00 a.m. and close at 8:00 p.m. Polling locations will be the Courthouse in Fairfield, the Libertyville community Center in Libertyville, the Lockridge School Gym in Lockridge, and the Pleasant Plain Community Building in Pleasant Plain. These voting sites are accessible to elderly voters and voters with disabilities. Hand-counted paper ballots will be used for this election.

**Question:**

**Why are these two projects coming up now when the district is considering closing a building?**

Response:

Many public schools in the state and nation are having short-term financial concerns with the present recession. The district is trying to be proactive in this area by doing a five-year budget projection. Based on current enrollment trends and state funding shortages, a serious short fall will be experienced during this time period.

The available space at Fairfield Middle School due to declining enrollment provides the opportunity to restructure our attendance center to operate and increase efficiency. This was brought to the attention of the Board of Directors for consideration.

At the same time, the district has the responsibility to provide safe and accessible facilities not only for the present student but also for future students. The proposed renovation/construction project at Fairfield High School will meet these present and future needs.