

# ADAMS-FRIENDSHIP AREA SCHOOL DISTRICT

## Referendum Information

### **Question 1 – Should the district borrow 2.1 million dollars of Qualified Zone Academy Bonds (QZAB), at 0% interest for existing building repairs?**

**GOAL:** Use the money to maintain the quality of the district's schools with regard to roofs, masonry, etc. Keep the district school buildings in good shape for the future. Future costs for repairs will only be more expensive.

- ❑ QZAB money is available to high poverty districts and is part of a Federal program. The money is borrowed interest-free (0%) and can be used for renovation, repairs, and energy efficiency projects.
- ❑ This referendum would allow the district to issue the bonds necessary to make the payments over 10 years, at no interest (0%). The savings on interest, based on being able to borrow the money at 2.1% is over \$325,000.
- ❑ The money would be used for the following building repairs in the district:
  - See list
- **COST:** We are working with R.W. Baird financial advisors on a plan so that the payment for these bonds would not go into effect until 2016-17 school year after our current debt, for the new High School, will be paid in full. During the first five (5) years the district will pay no interest. Beginning in 2016-17 the district will begin to pay-off the bonds at an amount that is less than our current commitment for debt service per year which should result in a reduced tax levy.
- ❑ **REASON for APPROVING:**
  - Important to maintain facilities. If not replaced/repared, roofs will only get worse, masonry will deteriorate, etc.
  - Opportunity to borrow money at no interest cost (0% interest). If not approved money is returned to the state/federal government.
  - Debt will be structured so that payback won't occur until previous referendum debt is paid off in 2016. As such, taxpayers should not notice an increase in their taxes because of this cost.
  - This money will not be available at this level in the future.

### **Question 2 – Should we authorize/fund the demolition of the Old Adams Grade School?**

- ❑ **GOAL:** Demolish the old Adams Grade School which has significantly deteriorated, i.e. ceilings collapsed, water damage, etc. and has become a health and safety hazard.
- ❑ The cost are broken downs as follows:
  - \$85,000 for demolition
  - \$18,900 for removing asbestos
- ❑ There is no potential use for the building based on district needs. In addition, Central WI Community Action looked at the building several years ago as to the potential of converting the building to apartments and determined that due to its structure, it was not suitable for use.
- ❑ There are no specific plans for the property at this time although there is interest in either having the land remain as a "green space" in the neighborhood for use as a playground, community gardens, etc. There is also interest in putting affordable housing on the property.
- **COST:** If approved, the district would have approval to add \$103,900 to the 2011-12 budget for the demolition. The money could only be used for the demolition of the old Adams Grade School. Our estimate of the one-time cost for this project is **\$7.48 per \$100,000 of assessed** value. This means that if your property is assessed at \$100,000, your one-time payment for the **demolition of the old Adams Grade School is \$7.48.** The **tax rate** is projected to **drop** for 2011-12 **approximately 5%.**

❑ **REASONS for APPROVING:**

- The old Adams Grade School is a health and safety risk in its current condition.
- There is no future or possible use for the building in its current condition.
- If torn down, other uses for the property can be considered.
- Cost is minimal and it is projected that there will be a reduction in the overall property tax levy of approximately 5%. As such, even if approved, there should be a reduction in the property tax rate.

**Question 3 – Should we approve \$175,000 for each of the next five years in order to purchase 2 new buses per year?**

- ❑ **GOAL:** Receive approval for adding \$175,000 to the district budget, above the current revenue limit, for the purpose of being able to purchase 2 new buses for each of the next five years so as to maintain a reliable fleet of buses. A new bus costs approximately \$87,500.
- ❑ This year, 2011-12, the district revenue limit was reduced by \$1,228,929. Last year, 2010-11, the district revenue limit was reduced by \$240,935. This means that over the last 2 years the district has had approximately 1.5 million less to spend
- ❑ Since the 2005-06 school year, the revenue limit increase received by the district has not been enough to “keep up” with cost increases. This is why the district closed schools, reduced staff, and cut other costs.
- ❑ The district has done a number of things to save money due to the revenue limit loss. They include:
  - Salary Freeze for all employees for 2011-12
  - Increased contribution for health insurance.
  - Changed health insurance carrier to save over \$250,000. (Bidding out insurance carrier again this year to see if we can save more money)
  - Closed 2 schools, Castle Rock Elementary and Pineland Elementary.
  - Reduced the number of administrators
  - Reduced the number of teachers, support staff, and bus drivers.
  - Reduced employee travel for conferences.
  - Sought all grant funds that were available to the district.
  - Improved energy efficiency.
  - Pay one-half of cost for retirement pension contribution.
- ❑ The Adams-Friendship Area School District is 550 square miles and our buses travel over 500,000 miles per year.
- ❑ We keep our buses in operation for longer than the recommended time and can do this because of a good preventative maintenance program. We generally keep them in operation for 13 or more years and over 190,000 miles instead of the 10 year recommendation by the manufacturer.
- ❑ As buses get older and have more miles on them, they become less reliable, more likely to have breakdowns and cost more for repairs.
- ❑ We used to buy 3 new buses per year but as our revenue limit was reduced, we only were buying 2 per year and due to further loss of revenue are currently only buying one new bus each year.
- **COST:** If approved, beginning in 2012-13, the purchasing of 2 new buses each year would cost approximately \$12.59 a year per \$100,000 of assessed property value or about \$12.59 per year if your property is assessed at \$100,000. As noted, *the property tax levy* is projected to *drop approximately 5%* in 2011-12.

□ **REASONS for APPROVING:**

- District is over 550 square miles, among the largest in the state, and buses put on over 500,000 miles per year. As such, it is important to have safe and reliable transportation for our students.
- If not approved, the two options are to purchase fewer new buses or make further cuts to programs in order to have the money for new buses.
- The revenue limit increase provided by the State of Wisconsin is not enough to keep up with increasing costs. The district revenue limit was reduced by 1.2 million dollars this year.
- Approving this question would provide some relief for the districts budget problems besides making even more cuts and reductions.

**OTHER INFORMATION**

- The special election is necessary because the financing for the bonds must be completed by December 31, 2011.
- The district will lose the money if the referendum is not approved. It is projected that there will not be an opportunity in the future for the district to receive this amount of QZAB money.
- Many districts seek this money and the district was fortunate to receive this large of an allocation. Only Kenosha, Green Bay, and Madison received more money than Adams-Friendship. This amount of money will not be available in the future.
- The district cannot make the yearly payment, \$210,000 per year for 10 years, under the current revenue limit system. The district revenue limit decreased 1.25 million dollars this year.
- The district has lost over 5 million dollars in state aid since 2002.

□ **Tax Rate Comparison - (2010-11)**

- **Adams-Friendship - \$9.57**
- Mauston - \$12.68
- Necedah - \$10.67
- Nekoosa - \$10.19
- Westfield - \$8.99
- WI Dells - \$7.70