

# **Santa Fe Independent School District 2016 Bond Election**

## **What are bonds? How long does it take to pay them off?**

Bonds for school projects are very similar to a mortgage on a home. To finance construction projects, the district sells bonds to investors who will be paid principal and interest. Payout is limited by law to 40 years.

## **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 them as municipal 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 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 Trustees the authority to sell bonds when facilities are needed.

## **What is the difference between a bond authorization and bond sales?**

A bond authorization specifies the amount of bonds the district is authorized by the voters to sell. Bond sales may occur over a period of time with the date and amount of each sale determined by the Board on an as-needed basis.

## **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.

## **If the bonds are approved, is the district obligated to spend the money?**

No. Voter approval is an authorization for the district to issue bonds. They will be sold in the future only when funds are needed.

## **Will my district be able to sell its bonds at a favorable rate?**

The district's bonds should receive a high rating due primarily to the guarantee by the Texas Permanent School fund. Whether the market will be favorable for the district's bonds depends on both the district's bond rating and the current interest rates.

## **What is the difference between the M&O and the Debt Service tax rates?**

Maintenance & Operations (M&O) taxes are used for day-to-day operations; to pay for salaries, supplies, utilities, insurance, fuel, etc. Revenue from the Debt Service tax rate can be used only to retire bonds sold for specific purposes: construction, renovations, buses, portable buildings, land, technology, and the cost of issuing bonds. SFISD M&O rate is 1.04 and Debt Service tax rate is .3623

### **What does the Santa Fe ISD 2016 School Bond pay for?**

\$29.1 Million for the New Elementary, \$2.4 Million for Priority Roof Repairs, and \$2 Million for Priority Parking Lot Repairs. Additional projects have also been identified that will be initiated with any savings from the priorities listed. This list includes district wide HVAC repairs along with technology upgrades, and bus purchases.

### **What is the estimated cost for these projects?**

\$34,565,000

### **What is the projected tax increase?**

There is no projected tax increase with the 2016 School Bond. SFISD's tax rate will remain the same at \$1.4023 (maintenance and operations and debt service).

### **Are there blueprints, and how was the cost of the bond determined?**

Cost of the renovations/new buildings was based on needs assessment which was conducted by the district in concert with architects, engineers, and financial advisors. A citizens' Long Range Planning Committee was established in March 2016 to review and assess Santa Fe ISD facility needs. The committee reached consensus on the priority of the projects included in the referendum and made a recommendation to the SFISD School Board. The Board endorsed the recommendation and called the bond election. A design for the new elementary school has not been finalized, therefore blueprints are not available.

### **Wouldn't this money be better spent on our students' education?**

Bond money is legally prohibited to be used for and does NOT pay for the general maintenance and operations of a school – it does NOT pay employee salaries, run buses, provide food services or maintenance and custodial services.

If the bond does not pass, the only source of funds available to the District are from maintenance and operation funds (funds that do pay our teachers, staff, fund our programs, and keep the district operating).

### **Can the district assume extra debt?**

In the State of Texas, school districts are limited to a total debt tax rate of \$0.50. SFISD's present debt tax rate is only .3623. So yes, the District can assume extra debt.

### **How long does the district have to repay the bonds?**

The district uses 25 years for repayment of bonds for construction of facilities even though the life of buildings is considered to be much longer. The district never finances bonds for a longer period than the life expectancy of the capital improvement (e.g., 20 years for carpet and roofs).

### **When was the last time the district passed a bond election, and what did the funds purchase?**

The last bond election was passed in November 2008. The bond monies from three propositions provided for district-wide additions and renovations, district-wide technology upgrades, new agricultural center, new buses and transportation improvements, and a science wing addition and new auditorium at Santa Fe High School.

**When was the last school building constructed in the district?**

2000, Santa Fe High School

**Was the option to remodel existing buildings considered and how was the decision made?**

Yes, the district currently has one facility (FBI) that is being utilized by the maintenance and operations department that was considered for a potential elementary. Based on the age, size and current compliance concerns, this facility was determined to be cost prohibitive and not adequate to meet future needs.

**What is the enrollment at the current elementary schools?**

Roy J. Wollam – 1195 students with a student capacity of 1280

Dan J. Kubacak – 1085 with a student capacity of 1200

The need for additional classrooms is based on current enrollment, however, the district has experienced a slow steady growth pattern for the past 10 years, with most recent increases at the elementary levels.

**Where would a new elementary school be located?**

Currently SFISD owns the acreage required to build a new elementary school. SFISD is also exploring options to purchase additional acreage for future school sites. The cost of a potential land purchase has been included in the estimated cost for the new elementary school. The location will be determined and identified upon approval of the bond.

**What grades will the new elementary house?**

The school design will be suitable for Pre-K through 5<sup>th</sup> grade students. However, the grade level arrangement and attendance zones will be determined at a later date, dependent on enrollment growth and changes at that time.

**How can there be No Tax Rate increase as a result of this \$35,565,000 bond referendum?**

Record low interest rates for refinancing current debt and financing 2016 bond referendum, extended years of repayment, along with a healthy debt service fund balance which allows the district to stabilize the tax rate from increasing beyond the current rate of .3623.

**Will the district ask for more money to complete projects if needed?**

No, these funds will be used for the items identified and there will be no additional requests brought to the voters to complete these projects.

## **How will the bond proposal on the ballot read?**

### **Proposition**

THE ISSUANCE OF \$34,565,000 SCHOOL BUILDING BONDS FOR THE CONSTRUCTION, ACQUISITION AND EQUIPMENT OF SCHOOL BUILDINGS IN THE DISTRICT (INCLUDING THE REHABILITATION, RENOVATION AND IMPROVEMENT THEREOF), THE PURCHASE OF THE NECESSARY SITES FOR SCHOOL BUILDINGS AND THE PURCHASE OF NEW SCHOOL BUSES, AND THE LEVYING OF THE TAX IN PAYMENT THEREOF.

## **How will the district fund the extra staff needed for a new school?**

Staff salaries are funded out of the district's general operating fund. Fiscal management is a priority of SFISD and the district has approved and maintained a balanced budget for many years. With current enrollment, staff would be re-allocated to equalize the population at each school, with the majority of the staff of a new school being current employees of the district. Additional positions needed (ie principal, secretary) would be budgeted by the district in the general operating budget for each year. If student enrollment requires additional staff, state funding provides a per student allotment (based on enrollment and attendance) that would support additional staff.

## **Will the tax rate increase in a few years as a result of this bond?**

No – The debt service portion of the tax rate will be reduced as principle and interest is paid and applied each year.

## **Does the district owe any money on the previous bond?**

Yes, bonds are financed for 25 years. The remaining principle from the 2008 bond is approximately \$47,000,000.

## **What should I do if I have questions?**

Continue to check the district website and contact the Cowan Education Support Center to speak with a district representative regarding facts regarding the bond proposal.