

Blaine School District
Capital Projects Bond Frequently Asked Questions
(Board Approval of Formal Resolution Pending; November 28, 2011)
February 14, 2012 Election Date

Q: Why is the Blaine School District going to place a Capital Projects Bond before the voters in February of 2012?

A: In April of 2011, voters in the Blaine School District were presented with a Capital Projects Bond initiative totaling \$32M. Proceeds from issuance or sale of the bonds would have funded the following projects:

- Expansion of and upgrades to Blaine High School
- Upgrades to special education space at Blaine Middle School
- The acquisition of property for a future school in the Birch Bay area
- Upgrades to five classrooms at Blaine Elementary School
- The enclosure of the covered play area at Blaine Primary School.

In March of 2008, the Blaine School District Board of Directors placed before voters a \$40M initiative, which included, in addition to the items presented for consideration in April of 2011, upgrades to both the School District Stadium and the Pipeline Athletic Complex, as well as upgrades to the existing Transportation Site.

Both the 2008 initiative and the 2011 initiative failed to gain the 60% voter approval level needed for passage.

In consideration of the unprecedented economic challenges being experienced in our collective communities, the Board has decided at this time to bring forward an initiative that represents just 10% of the total value of the initiative presented in April of 2011, addressing the facility needs that are most urgent and most directly related to daily instruction for our students. To that end, it has been determined that the additional facility needs and concerns will have to wait, possibly being brought back to voters for consideration when existing Bond debt is exhausted in 2016.

Q: What exactly is a Capital Projects Bond and how does it differ from a Maintenance and Operations Levy?

A: A Capital Projects Bond represents a long term commitment from voters to support the improvement or new construction of district facilities. Once Bonds are approved and subsequently offered for sale to investors, repayment involves a period of up to 20 years. The longer repayment period assures that the tax burden is shared by future property owners in the school district. The proposed February 2012 initiative projects repayment of the new bonds in 2016, which represents a relatively brief, 4 year timeline for full pay-off of this debt.

A Maintenance and Operations Levy is a property tax on real estate that helps finance educational programs and operations of the public schools. Levy revenue accounts for up to 25% of overall operating revenue in the Blaine School District. The levy specifies an amount to be collected each

year. The Blaine School District must return to the voters in the February of 2012 to request renewal of the existing four-year levy.

Q: How will the February 14, 2012 Capital Projects Bond impact my property taxes?

A: With passage of the Capital Projects Bond in February of 2012, tax payers will see a resulting increase in property tax. The actual amount of increase will be dependent upon the assessed valuation of property at the time the bonds are issued and scheduled for repayment. The projected increase, that amount paid in addition to the taxes collected on current bonds, is estimated to be an average of \$.05 per \$1000 of assessed property valuation in 2013, 2014 and 2015, with the debt on the remaining (prior issue) bonds dropping from \$.98 per \$1000 to \$.16 per \$1000 in 2016, and the last year of repayment of the new issue bonds increasing by \$.73 per \$1000, for a net decline in this last year of overall repayment (2016) from \$1.02 per \$1000 to \$.89 per \$1000. If approved in 2012, the new bonds, once issued, are scheduled to be fully repaid in 2016, along with existing Bond debt.

Q: How large will the Capital Projects Bond be and what specifically will it pay to have completed?

A: The proposed \$3M Bond initiative would pay for:

- Remodel of the existing science building on the High School Campus
- Relocation of Middle School Life Skills Program to Middle School Campus, with remodel of applicable classroom space
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- Retro-fitting of High School lighting as per new federal requirements
- Upgrading of heating units and supporting controls on the Middle School and Elementary school Campuses
- Expanding security camera system to the Elementary and Primary School Campuses

Q: Why is the Bond rate in Blaine typically lower than that of other districts in Whatcom County?

A: The BP Cherry Point Refinery represents a very substantial portion (historically up to 24%) of the tax base in the Blaine School District, and therefore pays a significant share of the Capital Projects Bond obligation, as well as the maintenance and operations levy total. The resulting impact to home owners is significantly less than what many of our neighboring districts would have to levy to raise a similar amount of tax revenue.

Q: What is the projected tax rate for the \$3M Bond?

A: Based upon the current assessed valuation of property in the Blaine School District, it is estimated that the \$3M Capital Projects Bond increase existing bond indebtedness from a projected \$.96 per \$1000 to \$1.02 per \$1000 in 2013, from a projected \$.97 per \$1000 to \$1.02 per \$1000 in 2014, from a projected \$.98 per \$1000 to \$1.02 per \$1000 in 2015, and from a projected \$.16 per \$1000 to \$.89 per \$1000 in 2016, with all existing Bond indebtedness and new issue debt being paid off in full in the 2016 calendar year.

Q. What are the election requirements?

A: Washington State law has two requirements for school Bond elections:

(1) Capital Projects Bond measures require a supermajority vote; that means that at least 60% of the votes must be “YES” in order for the measure to pass.

(2) At least 40% of the voters who voted in the last general election must cast a ballot for the February 14, 2012 Capital Projects Bond to be validated.

Q: Where do I vote?

A: A ballot for the Blaine School District February 14, 2012 Capital Projects Bond election will be mailed to the homes of registered voters on or around January 26, 2012.

Q: Does an increase in property values mean schools get more money?

A: No. Once the Bond amount has been approved by the voters, the district cannot collect a total Bond amount higher than that which has been authorized, regardless of changes in property values.

Q: Can we use capital projects bond money to meet levy-funded needs?

A: No. Capital Projects Bond money and Maintenance and Operations Levy money are collected for two completely different purposes. Bond money must be used to build or replace school buildings and major equipment. Maintenance and Operations Levy funds help pay for the annual cost of running our schools. The school district cannot use Bond funds for normal, day to day operations expenses.

Q: Am I tax exempt?

A: An exemption may be available for qualifying seniors and low-income homeowners. You are encouraged to contact the County Auditor’s Office for information specific to property tax exemptions.

Capital Projects Bond questions, comments and suggestions may be sent via email to: bond@blainesd.org or by U.S. Mail to: Superintendent, Blaine School District, 765 H. Street, Blaine, WA 98230.

10/31/2011