

**Blaine School District
Capital Projects Bond
Frequently Asked Questions
April 26, 2011 Election Date**

Q: Why is the Blaine School District going to place a capital projects bond before the voters in April of 2011?

A: In March of 2008, the Blaine School District Board of Directors placed before voters a \$40M initiative. In addition to the items now being presented for consideration, the initial proposal included upgrades to both the School District Stadium and the Pipeline Athletic Complex, as well as upgrades to the existing transportation site. In consideration of the unprecedented economic challenges being experienced in our collective communities, the Board has decided at this time to bring forward the needs that are most urgent and most directly related to the daily instruction of students. To that end, it has been determined that the additional facility needs will have to wait, possibly being brought to the voters for consideration when the existing bond date is exhausted in 2016.

Facility planning and construction timelines can be both complex and lengthy. In addition, construction and financing costs are very favorable at this time. The Board of Directors, on the recommendation of the Facility Review Committee, believes that it is fiscally prudent to move forward with the capital projects bond proposal at this time.

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 April 2011 initiative projects repayment of the new bonds in 2023, which represents a 12 year timeline.

A maintenance and operations levy is a property tax on real estate that helps finance educational programs and operations of the public schools. The levy specifies an amount to be collected each year. The Blaine School District must return to the voters in the Spring of 2012 to request renewal of the existing four year levy.

Q: How will the April 2011 capital projects bond impact my property taxes?

A: With passage of the capital projects bond in April of 2011, tax payers will see an 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 \$.35 per \$1000 of assessed property valuation. The total

tax rate for bond repayment will be \$1.30 per \$1000 of assessed property valuation (updated 12-13-10). If approved in 2011, the new bonds, once issued, are scheduled to be fully repaid in 2023.

Q: How large will the capital projects bond be and what specifically will it pay to have completed?

A: The April 2011 Capital Projects Bond will total \$32,000,000. Proceeds from issuance or sale of the bonds will fund 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.

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 (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 \$32.0M bond?

A: Based upon the current assessed valuation of property in the Blaine School District, it is estimated that the \$32.0M capital projects bond will be an additional \$.35 per \$1000 of assessed property value, and that the resulting total rate of \$1.30 per \$1000 will hold for a 12 year pay off period.

Q: Neighboring districts are able to propose smaller bond initiatives and complete a more extensive number of projects. Is this because we are paying higher construction costs in Blaine?

A: The cost of construction is not higher in Blaine. Many of our neighboring school districts qualify for additional construction funds from the State of Washington, and as such are able to address a more extensive list of program needs when a bond initiative has been approved by voters. There are many factors that influence the “State Match” formula. The Blaine School District, as a result of a more extensive industry related tax base, has not historically been eligible for significant State funds in this category.

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 April 26, 2011 Capital Projects Bond to be validated.

Q: Where do I vote?

A: A ballot for the Blaine School District April 26, 2011 Capital Projects Bond election will be mailed to the homes of registered voters on or around April 8, 2011.

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 can not use bond funds for normal 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.

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