

# **Corbett School District No. 39**

## **Public Hearing**

### **\$9.415 million General Obligation Bond Measure No. 26-158**

**(May 20, 2014 Primary Election)**

**Date:** April 16, 2014  
**Time:** 6:00 p.m.  
**Place:** Corbett School District  
Multi Purpose Room  
35800 E. Historic Columbia River Highway  
Corbett, Oregon

#### **General Obligation Bond Issue Measure**

The Oregon Constitution and statutes give municipal corporations broad authority to incur debt to finance government operations. One of the most popular forms of debt is Unlimited Tax General Obligation Bonds. When issued, the municipality pledges to make payments on the bonds from unrestricted resources including property taxes. If the bonds have been approved by the voters the district is authorized to levy an annual property tax amount sufficient to pay the principal and interest on the bonds. Uses of bond proceeds are restricted by both Measure 5 (1990) and Measure 50 (1997). Under Measure 5, if the use does not meet the constitutional requirements the property tax levy could lose its exclusion from Measure 5's limitations. Measure 50 further restricted the uses. However, Ballot Measure 68, adopted by voters at the May 18, 2010 Primary Election, redefines the uses of General Obligation bonds incurred after January 1, 2011. New section 11L, Article XI defines "capital costs" as "costs of land and of other assets having a useful life of more than one year, including costs associated with acquisition, construction, improvement, remodeling, furnishing, equipping, maintenance or repair." It also states that capital costs do not include "costs of routine maintenance and repair." This definition is substantially broader than the definition of what general obligation bonds could be used for Measure 50.

#### **Double Majority Standard**

Another provision of Measure 50 is the "double majority" standard for approving property tax measures. Certain measures, as specified in the Constitution, are approved only if: a) at least 50 percent of registered voters eligible to vote in the election cast a ballot, or b) the election is a general election in an even-numbered year. And of course a majority of those voting have to vote in the affirmative. The double majority standard applies to permanent tax rate measures, local option levies, bond measures and charter amendments which "permits the ad valorem property tax levy for local government pension and disability plan obligations to be increased". At the November 4, 2008 General Election voters approved Ballot Measure 56

which substantially altered the double majority standard. Under new section 11K, Article 11 the double majority does not apply to any election held in May or November.

**This Measure would not be subject to the double majority standard since the election (May 20, 2014) is an election in May.**

### **Measure 5 Compression**

Property taxes levied to pay principal and interest on general obligation bonds are not subject to limitation under Measure 5, assuming the bond proceeds were used in accordance with the measure's Ballot Title and the Constitutional restrictions of Measure 5 and 50.

### **District Background:**

Corbett School District boundaries encompass approximately 96 square miles. The district serves the unincorporated areas of East County.

The original Corbett School building was built in the 1920's. The District expanded over the years due to mergers and consolidations of other area school districts, including the Bonneville School District in July 1996. The district operates on a four-day week. Education programs are conducted in one elementary school, one middle school and one high school. Also a part of the Corbett School district is one magnet school focusing on the Corbett Arts Program with Spanish (CAPS) which was opened in September 2012 (formerly the historic Springdale School after more than 20 years sitting vacant). This school has an enrollment of 136. The District currently has one approved K-12 charter school within the district.

District voters approved a \$6.85 million bond measure in 1994 for construction of a new elementary school, safety repairs and remodeling of existing facilities. This bond measure has been refunded and was paid in full with the December 2013 payment. The district went to the voters in November 2013 requesting a \$15 million bond measure for upgrades to the facilities as well as seismic renovations. Of the voters that cast ballots in November, 62% voted against creating a new bond levy.

### **Measure Overview:**

The current measure is asking the voters for \$9.415 million bond to make seismic, fire protection and energy upgrades to the gym built in 1954, the Gym and Multipurpose Cafeteria built in 1970 and the high school built in 1977. This bond measure will also allow the district to address the Americans with Disabilities Act (ADA) and Title IX issues across the district, renovating or replacing buildings as needed to address traffic and parking issues associated with new construction.

The Measure Explanatory Statement filed with Multnomah County on March 18, 2014 stated the following:

Specifically, the bond is expected to:

- Make seismic, fire protection, and energy upgrades to the Multipurpose Cafeteria (1970), Old (1954) Gym, (1970's) Gym and High School (1977) to improve safety and security.
- Replace the seismically challenged Middle School with an energy-efficient building to increase safety and save money on operating costs.
- Address ADA and Title IX issues across campus.
- Renovate or replace buildings as needed to address traffic and parking issue associated with new construction.
- Furnish, equip and make site improvements for all projects; pay for demolition and cost of issuance.
- Use some bond proceeds to leverage any additional state funding for seismic and energy efficiency projects.

It also states: "A citizen bond oversight committee would be appointed by the School Board to ensure that bond proceeds are spent properly and only on projects described in the ballot title and this explanatory statement."

**Tax Impact**

Corbett School District has contracted with Piper Jaffray & CO as financial advisor and bond underwriter to assist it in the sale of the general obligation bonds. They have estimated the interest rates, annual debt service payments, assessed values and tax rates. The interest rate on the bonds was estimated to be 100 basis points (1.00%) higher than current interest rates, or a true interest cost of 4.64%. The bonds would mature in not more than 21 years. They estimate the bond measure to cost the voters \$1.7100 per thousand of assessed value. With the expiration of the previous bond, a taxpayer in the Corbett School district should expect to see no increase in their property tax rate above the rate paid in in 2013-14. This is an estimate.

Below is the General Information Chart from the 2013-14 TSCC Annual Report which shows a bonded debt rate of \$1.7071 (and \$0.8535 for a few property owners who pay only on the 1994 Bonneville bonds).

<b>Corbett SD 39</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Assessed Value in Millions	\$317.9	\$343.5	\$350.7	\$350.8
Real Market Value (M-5) in Millions	\$434.0	\$433.0	\$428.5	\$407.4
Property Tax Rate Extended:				
Operations	\$4.5941	\$4.5941	\$4.5941	\$4.5941
Debt Service:				
Corbett School District 1994	\$2.5454	\$2.2517	\$2.2043	\$1.7071
Corbett 1994 For Bonneville	\$1.2727	\$1.1258	\$1.1021	\$0.8535
Total Property Tax Rate	\$8.4122	\$7.9716	\$7.9005	\$7.0547
Measure 5 Loss	\$-19,438	\$-37,608	\$-54,754	\$-81,568
Number of Employees (FTE's)	51.6	46.7	62.4	69.2
Average Daily Enrollment – ADMr*	905.9	1,055.7	1,218.2	1,273.0
Weighted Enrollment Extended-ADMw*	1,051.4	1,249.5	1,415.2	1,476.6
* Latest May estimates from ODE web site				



A property with an assessed value of \$200,000 would pay \$342.00 if this measure passes. However; in 2013-14 the amount imposed to the same property owner for the bonded debt was \$341.42. So in that respect, the property taxes are expected to remain flat in the 2014-15 fiscal year.

The debt service payments in the preliminary financial plan have been structured so that the tax rate will remain stable through the life of the bonds, assuming a 3% annual increase in Assessed Value. The District plans to sell the full amount of the bonds in a negotiated sale.

Costs incurred in the preliminary process (public input, design, etc.) before the bonds are issued will be paid for by the debt proceeds.

Property taxes to repay the general obligation bonds will be categorized as “excluded from Limitation” for purposes of Measure 5

### **Demographics**

The following chart provides some of the District’s demographic information. However, the student and staff statistics shown in the following chart do not include the Corbett Charter School which currently has 486 students and 19 faculty and staff FTE. Some staff in the chart also support the Charter School under a fee-for-services arrangement. However, a recently the board voted not to renew the Corbett Charter School (CCS) lease. So as of the 2014-15 school year, the charter school will no longer be located at the Corbett School campus.

<b>Population (Staff Estimate)</b>	<b>4,500</b>
Students	
Kindergarten	56
Elementary	332
Middle School	285
High School	172
<b>Total Students</b>	<b>845</b>
Staff in FTE (FY13-14 Budget)	
Administration and Support Staff	25
Instructional Aides	7
Licensed Teachers	44
<b>Total Staff</b>	<b>76</b>

The Corbett School District attracts about 200 out-of-district students each year. The number of transfer-out students has fallen to zero recently.

### **Academics**

The District’s kindergarten is a half-day program, with a fee-for-service full-day option.



The CAPS program (K-8) provides all the regular academic disciplines, infused with arts, music, and Spanish instruction. The program is in its second year. The future inclusion of theatre arts is a high priority for the program.

The District's web site mentions several notable achievements.

- The only *Middle School to Watch* ever recognized in Oregon
- Place-based education featuring in depth Gorge studies in grades K-5 for Corbett School District
- Top academically ranked schools, Corbett School and CCS, in the state and nation featured in *Newsweek*, *US News and World Reports*, and the *Washington Post* as a top 10 School in the Nation
- 90% college and university acceptance
- Average class size: 25-30
- Nationally recognized Advanced Placement program called "AP for ALL" in Corbett School
- The lowest per pupil spending in the region for CSD

### **Facilities**

Except for one building, all of District's facilities are located on one campus on the Historic Old Columbia River Highway about seven miles east of Troutdale. The District's elementary, middle, and high schools are on this main campus and the CAPS program operates out of the Springdale School, two miles west of the main campus.

<b>Building</b>	<b>Built in</b>	<b>Upgraded</b>
Grade School	1995	
Middle School	1923	
High School	1977	
Multi Purpose Building	1979	1995
Gymnasium	1954	1960 & 1970
Bus Barn	Unknown	
Springdale School	1930-32	2012

### **Planning and Citizen Involvement**

Prior to the November 2013 election, the District engaged The Rommel Architectural Partnership to evaluate the condition of each of its buildings (except the newly rehabilitated Springdale School). Superintendent Trani invited 60 citizens to participate in a Facilities Steering Committee. Thirty-seven people attended the inaugural meeting. The committee was charged with:

- Reviewing the Rommel Architectural Partnership report, instructional objectives, enrollment projections, and building capacities.
- Reviewing project costs, possible bond amounts, and prioritizing projects.

- Visioning the educational and community use for the future school.
- Planning public outreach.
- Recommending a school construction bond to the School Board.

The Committee met 8 times. A professional facilitator led the committee. Three public meetings were held, with about 125 people participating in one or more meetings (5% of the District's voter population).

At its September 3<sup>rd</sup> meeting, the School Board voted 6-2 to put the measure on the November ballot. As noted earlier 62% of the voters were against a new bond measure.

Following the failure of the \$15 million levy in November, the School Board reconsidered the size of the levy. On March 17<sup>th</sup> the board elected to place this \$9.4 million measure on the ballot. The board vote was unanimous.

### **Funds**

Oregon's Local Budget Law requires that revenue legally dedicated for specific purposes be budgeted in a separate fund to ensure that revenue is only spent for the purposes authorized. As such, Corbett School District will be required to create two new funds: one for the bond proceeds and the expenditure of those proceeds, and the other to make principal and interest payments on the debt, with resources coming from beginning fund balance, if any, investment earnings and primarily a property tax levy required to balance the fund. These resources cannot be used for any other purpose.

### **Monitoring**

Part of TSCC's annual budget review process is to ensure the taxes imposed will cover General Obligation Debt, both principal and interest for the fiscal year as well as maintain reserves sufficient to cover debt payments due prior to tax revenue being received by the district. Close scrutiny is undertaken to ensure imposed taxes are not more than necessary to meet the current obligation.

Questions:

1. When we met last fall you explained in depth the repairs that were planned if the \$15 million dollar bond measure passed. Would you explain what you had to do decrease the measure by over \$5 million? What projects had to be eliminated and what has been scaled back in order to fit the \$9.4 million measure?
2. During the hearing we held in November it was brought out that one of the districts buildings was possibly eligible for listing in the National Register of Historic Places. Prior to demolition or any renovation that may negatively affect this status this would need to be negotiated between Corbett School District and the State Historic Preservation Office. What steps have been taken to alleviate this concern? Please explain any revisions that were made in order to stay within the parameters of the statute addressing publically-owned property that is either listed, or eligible for listing.
3. What media does the district use to communicate with the residents; public meetings, newspapers, Facebook, district website? We were surprised that the last week in March there was nothing mention of the upcoming bond election on the district's website. Is the website used to convey messages about the district needs to the community?
4. The previous measure was defeated by 62% of those citizens who cast a ballot. What has been done since the last election to inform voters and gain their trust that a bond measure to improve the school facilities is needed?