

**Blaine School District**  
**April 2018 Technology and Capital Levy**  
**Q & A**

**Q: What is a Capital Levy?**

A Capital Levy is a property tax, approved by voters that can last only six years. Taxes collected must be used for school capital or technology needs. The funds go directly to project costs or principle on loans for project costs. No funds are spent on interest costs. Election approval requires 50% or greater yes votes.

**Q: Why a Capital Levy?**

There are no other sources of funds to address these projects. Very few capital projects for schools generate much state funding assistance. General funds are limited and dedicated for student learning and support services. This means most capital needs rely on Bonds or Capital Levies.

**Q: Why now?**

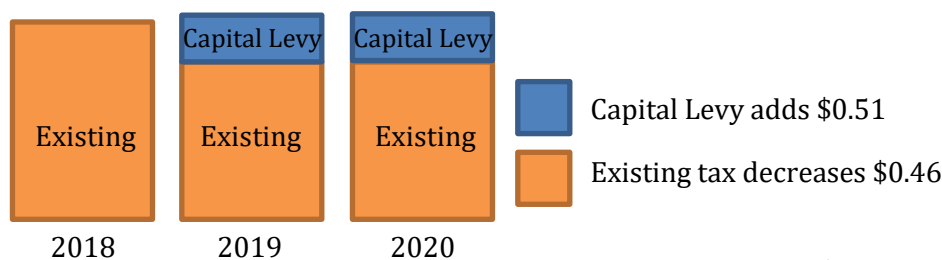
There is a cost in waiting until later:

- Construction costs have escalated in recent years affecting school projects across the region. Some anticipate increases up to 10% annually over the next few years.
- Deferring needed maintenance projects escalates costs and can mean full scale replacements later.

The timing of the proposed Capital Levy coincides with a reduction of existing local school taxes (M&O and Bonds) creating an opportunity to keep tax rates level.

**Q: How will taxes be affected?**

Below is a projection of Blaine School District tax rates under current laws expressed as a rate per thousand dollars of property value:



2018 School District Tax Rates per \$1000 Assessed Value	
\$5.861	Nooksack Valley
\$4.677	Meridian
\$4.552	Bellingham
\$4.325	Ferndale
\$4.256	Mount Baker
\$3.829	Lynden
<b>\$2.803</b>	<b>Blaine</b>

The net effect will be an increase of approximately \$0.05 per thousand. Actual taxes paid by individual taxpayers depend on the County's assessed value of their property compared to all other property within the district. A home assessed at \$200,000 would pay an extra \$10 per year for this levy.

**Q. Why are Capital Levy funds needed to address ongoing facility maintenance needs?**

Over an extensive period of time, revenue generated by the four-year Operational Levy has been channeled to a growing list of day-to-day program needs, including

increased staffing levels and related programs that are not supported by State funding. Consequently, higher-level costs associated with facility upgrades such as roofs, flooring, building interior and exterior upgrades, and parking lot resurfacing, have to be addressed through other sources of revenue, such as a Capital Levy. The majority of these projects represent the impact of normal wear and tear, an issue that is much accelerated, especially on the interior of the building, when facilities are being used by literally hundreds of students each day, as well as the community after school hours. The public has made a very significant level of initial investment in these facilities and it is the responsibility of District staff to maintain these facilities for both current and future generations of learners.

**Q. What are the implications for this measure not passing?**

With the passage of the Capital Levy, the Blaine School District will be in a position to maintain the most consistent level of day-to-day program opportunity and support for students at all levels. Without the Capital Levy, the projects and related resources that are being proposed for acquisition and/or completion, over the next six years, will either default to the General Fund, or be put on hold until a future funding source can be identified. At this time, there is more overall demand on the General Fund of the District than can be accommodated. Over the next two calendar years, the Blaine School District will experience, as mandated by the State Legislature, a significant reduction in our ability to collect General Operation Levy funding. We are projecting, based upon applicable revenue formulas, that this reduction in General Operational Levy funding will be in the range of \$1.8M annually, some of which will be offset by increased State revenue to schools. It remains uncertain at this time whether the Blaine School District will remain either net neutral or net positive in this transition. There is not a scenario, at this time, that will allow for either technology acquisition or the completion of projects of the magnitude being proposed, to be accommodated by existing revenue streams, unless we initiate reciprocal program (existing expenditure) reductions.

**Q. Did we not already approve funding for the District Stadium?**

In 2015, the voters of the Blaine School District approved the sale of Bonds for a multitude of purposes and projects, one of which was the replacement of the District Stadium, while concurrently providing for new restrooms and a new concession stand. The overall Blaine High School bids were significantly higher than projected, which was similar to the experience of other Districts in our Region in this timeframe. As a result, the funding level approved by voters was not sufficient to cover all projects. The Board made the decision to move forward with the construction of the core educational facility at Blaine High School as planned, and to concurrently delay the construction on the District Stadium site until additional funding could be secured.

**Q. With passage of this measure in April of 2018, the District will consider securing non-voted debt, to be repaid by the proceeds of the Capital Levy Initiative. Why is this considered necessary?**

The Blaine High School Facility is scheduled for completion in late Spring of 2019. It is the desire of the Board to be working towards the completion of the Stadium Project in a parallel timeframe, and not later than the summer of 2019. As the Capital

Levy Initiative will not begin to generate revenue until the 2019 calendar year, and would not likely generate enough revenue for Stadium completion until well into the 2020 calendar year, delayed project completion and elevated costs (inflation) would be the result. Non-voted debt will help us to address the issue of Stadium Project completion on a schedule that better approximates the original intentions. The non-voted debt obligation principle would be repaid with Capital Levy Initiative proceeds, while the interest on the debt would be paid through the General Fund.

**Q. Why is the Board considering property acquisition in the Birch Bay area?**

The need for property acquisition in the Birch Bay area has been considered for more than a decade. Over that period of time, while the student enrollment levels in the Blaine School District have remained relatively constant overall, the growth that has occurred has taken place in the area of the District that is in closest proximity to Birch Bay. In late 2014, the Board of Directors committed, when funding could be identified, to the purchase of property in this area for utilization as a future school site. As net District growth occurs, and the need for a new school becomes more imminent, it is the Board's desire to have the applicable property acquired and preliminary planning complete, so that the voters can make an informed and timely decision on a Bond measure that would provide the revenue necessary to build an elementary school. It is critical now that the property be identified and purchased in the near future, as the complexity of school siting requirements will indeed limit the scope of available and applicable inventory.

**Q. Why is there such a significant portion of the Capital Levy Measure committed to the improvement of existing P.E. (Instructional Programs) and Athletic Fields?**

The school district supports several important outdoor fields that represent a limited community resource. Grassy areas shared by all schools have eroded over time, especially athletic fields, and use must be restricted for safety and preservation.

Reduced/limited use for P.E. classes, athletics, community recreation, youth sports, and recess prompt attention for Capital Levy funds.

**Projects include:**

- Installation of artificial turf within the boundaries of the track, providing for access to both daily instructional and year-round athletic use, as well as expanded community use
- Restoration of fields at Pipeline
- Pipeline dugouts, storage barn replacement, and irrigation equipment
- Future restroom **planning and design work**
- Relocation of transformer in Blaine Elementary playfield resulting in increased play space for students

**Q. This Capital Levy also includes funding for technology upgrades and replacement. Why is this step necessary?**

Not unique to the Blaine School District, needs and expectations specific to technology access for staff and students are continually escalating. Not only is it

necessary to have staff technology on a cycle of replacement at least once every five years, we are also seeing limited, overall progress in assuring that each student in the system has the opportunity to have a technology device, at minimum a lower cost “tablet”, in hand for learning support. Many school districts have in place a technology levy that serves to ensure ongoing purchase and replacement of technology equipment. The Blaine School District does not. A Capital Levy can be utilized to provide for this need, and as such we are targeting expenditure of \$1.5M over the six-year period, for this purpose.

**Q. Why has the District chosen to extend the cost estimates at a rate of 10% annually, relative to the projected completion dates of the projects?**

The preliminary estimates for the construction work referenced were set in the 2017 calendar year. Our experience with construction bids in 2016 surfaced an escalation of 14% over post Value Engineering estimates (third party project efficiency modifications) of just 3 months earlier. Bid escalation beyond projected levels was also the experience of other school districts in the county and region during this same time frame. The Board wants to assure that we are able to complete the projects committed to within the six-year window, and as such has applied a 10% annual inflator to those items specific to some level of construction.

**Q. What if the costs for these projects are not as high as the revenue generated?**

Expenditure of these funds is limited to the categories referenced in the Capital Levy proposal. A fund balance at conclusion of the projects, would provide the Board with the latitude to move forward with addressing other projects in this time frame, but not without an open and transparent discussion with the public with respect to needs and priorities. Facility upgrade and replacement in a school district is a continuous process and we would welcome the flexibility to address an additional set of smaller projects in the future, without having to go back to voters with another initiative.