

Question: The overall cost of the OABCIG Facilities Project at \$16.4 million is a large number. Why did the Performance Auditorium get included in this project and how did they determine the size of the overall project?

A Joint Facilities Committee that includes community members, staff members and board members from both school districts began meeting to work on a Joint Facilities Master Plan in the late fall of 2015. The committee has continued to meet over the past two year. Last fall the two school districts hired an architectural firm, HAILA ASP, Ltd., to work with the committee and the board members to develop more detailed information and cost estimates for the plan.

In addition the Odebolt-Arthur Board of Directors hired Estes Construction - ICAT to complete a facility evaluation of the building in Odebolt which hadn't been done for a number of years. With HAILA and Estes Construction the two districts had architects, engineers and general contractors reviewing and evaluating the two buildings to better identify the facility needs of the two districts. That information was extremely helpful to the committee members and the board members in putting together their list of priorities.

There is no question that \$16.4 million is a big number. When the architects came back with the initial cost estimates for everything that had been added to the list by committee members, board members and staff members the total cost was just over \$31 million.

Two things happened at that point, the committee members and board members agreed that the overall cost of the project needed to be significantly reduced and it wouldn't be prudent to develop a bond issue for the maximum levy of \$4.05 per thousand which would have kept more items in the project but the overall cost would still be too high. They agreed to a \$2.70 maximum levy per thousand as allowed by statute and that levy would raise \$16.4 million in revenue.

The second thing the committee members and board members did was evaluate each item of the project that had been identified to determine what to include and what not to include. The performance auditorium was kept on the list of things to do by the majority of committee members and board members from both districts. In the initial cost estimates the performance auditorium was priced at \$7 million. When the architects went to work to help reduce the projected costs of the overall project the estimated price of the performance auditorium dropped to \$3.86 million which brought the cost of that part of the project in line with what we had seen other districts spend on similar auditoriums.

Another part of the process to consider is the impact of the cost of the project on the property tax levy and the individual property tax payer. The school districts are working with Piper Jaffray as the fiscal agent to assist in determining the financial capacity of the two school districts and the estimated property tax impact of the project on the school district's property tax levy and the impact on the property owners in the school districts. The following is a summary of that impact with some scenarios to help break it down.

The proposed project calls for the issuance of \$16.4 million in General Obligation Bonds: Piper Jaffray has determined that this would result in a \$2.00 net increase in the overall property tax levy to fund the project due to the new district's operational efficiencies that will reduce the overall levy beginning with the 2018-2019 budget. The net increase to the levy could actually be lower than that but that possibility is based on assumptions that we could not guarantee at this time.

The estimated cost for the building improvement for the Odebolt building total \$5,915,000 and the estimated cost for the building improvements for the high school building in Ida Grove total \$6,510,000. The estimated cost for the performance auditorium is \$3,860,000.

- If an individual owned property that had an assessed value of \$100,000 the annual additional property tax would be \$104.18 or \$8.68 per month for the entire cost of the project.

What does each component cost the taxpayer?

- The cost of the High School renovations are 40% of the project or an estimated cost of \$41.67 annually or \$3.48 per month based on \$100,000 assessed value.
- The cost of the Elementary/Middle School renovations are 36% of the project or an estimated cost of \$37.50 annually or \$3.13 per month based on \$100,000 assessed value.
- The cost of the Performance Auditorium is 24% of the project or an estimated cost of \$25.00 annually or \$2.08 per month based on \$100,000 assessed value.

The Summary Tax Impact spreadsheet that Piper Jaffray developed for the project will be forwarded along with this document for your review. It is possible to calculate other values and impacts using this spreadsheet for residential, commercial and ag land. This spreadsheet will also be available on the school district website in a few days.

Good questions, let me know if you have additional questions or need more information.