



May 2, 2017 Bond Program FREQUENTLY ASKED QUESTIONS

HISTORY AND FEATURES

1. What school issue is on the May 2, 2017 ballot?

On May 2, 2017, voters in Pennfield Schools will be asked to consider a bond proposal to implement improvements to all district buildings. This program focuses on upgrades to address health, safety, security, energy savings, and technology issues at our schools, as well as address program needs. The total bond request is for \$8.6 million.

2. What are the major features of this bond program?

Safety and Security Upgrades: The safety and security of our students are top priorities for our school district. Safety and security would be enhanced at each of our schools by updating the building alarm systems at Dunlap, North Penn, and Purdy, updating the fire alarm at the Middle School, and creating secure entrances at Dunlap and the High School.

Energy Efficiency Upgrades: Reducing energy use is crucial to reducing our operating costs. Energy efficient lighting improvements would occur in the classrooms at Dunlap, North Penn and the Middle School. Upgrading heating, ventilation and air conditioning controls are planned for Dunlap, North Penn, Purdy and the Middle School.

Technology Upgrades: Technology upgrades throughout our facilities would support 21st Century interactive teaching, academic goals, and collaborative learning, to ensure our students learn critical skills that are demanded by colleges and employers today.

Building and Site Upgrades: Due to our aging facilities and sites, as well as changes in educational programming, improvements are necessary to our learning environments, including classroom and media center upgrades at various schools. Building components, such as HVAC, electrical, roofing and other systems beyond their useful life would be improved or replaced.

3. How was this plan developed?

- The process started in October 2014 when the District engaged community members, parents/guardians, staff and students in an all-day planning retreat to review District data, demographics, academic performance, and finances.

- The District's Strategic Plan was developed which focuses on the following areas: Student Achievement, Communication/Community Engagement, Learning Environment/Facilities, and Professional Development.
- In October 2015 the District organized a Steering Committee to develop a plan to improve safety in our buildings and enhance our learning environments in order to promote the academic and athletic success of the Pennfield Schools and community.
- TMP Architecture and Schweitzer Construction were hired to assist the District in the development of a future bond program and to work with a Steering Committee to create that recommendation for the Board.
- Community forums were held and a community survey was completed to solicit feedback on a potential bond program.
- On March 21, 2016, the Steering Committee's final Recommendation was presented to the Board of Education. The Board unanimously approved moving forward with an August 2, 2016 ballot proposal.
- On August 2, 2016, the bond proposal was defeated at the polls by 16 votes.
- Following the defeat, District administration surveyed the community regarding the reasons behind the defeat, as well as to understand the community's interest in moving forward with a future proposal. It became apparent that many district residents that supported the millage proposal simply did not vote.
- At the same time, the District began paperwork to refinance the old 2007 debt due to more favorable conditions. As a result of this refunding, the proposed 2017 bond millage increase is .15 mills less than it was in August, yet the needs identified are identical to August.
- After thoroughly analyzing the survey results and millage situation, it was recommended to put another bond proposal back on the ballot in 2017.
- On February 6, 2017, the Board unanimously supported a May 2, 2017 ballot proposal for an \$8.6 million bond program to address the various needs identified. The funds generated by this proposal are similar to what would have been generated had the 2016 Proposal passed, but the actual cost to the taxpayers will be less.

4. What are the proposed features of Bond 2017?

Dunlap Elementary School

- Create safe & secure entry
- Improve energy efficiency and classroom comfort through HVAC control improvements
- Upgrade classroom lighting
- Re-configure and update classrooms
- Upgrade building alarm system
- Renovate gymnasium
- Parking lot improvements
- Upgrade technology to support interactive teaching and learning

North Penn Elementary School

- Improve energy efficiency and classroom comfort through HVAC Control improvements
- Improve traffic flow and drop-off points

- Upgrade building alarm system
- Upgrade classroom lighting
- Renovate the media center
- Upgrade technology to support interactive teaching and learning

Purdy Elementary School

- Improve energy efficiency and classroom comfort through HVAC Control improvements
- Improve traffic flow and drop-off points
- Upgrade building alarm system
- Renovate the media center
- Upgrade technology to support interactive teaching and learning

Pennfield Middle School

- Improve energy efficiency and classroom comfort through HVAC Control improvements
- Upgrade classroom lighting
- Renovate the media center
- Partial roof replacement
- Upgrade fire alarm system
- Replace floor finishes in the classrooms
- Parking lot improvements
- Upgrade technology to support interactive teaching and learning

Pennfield High School

- Create safe & secure entry
- Upgrade technology to support interactive teaching and learning

Athletic Complex Upgrades

- New bleachers, press box, concessions stand, and entry
- Add two lanes to the track
- Parking lot upgrades

Preschool

- Renovate the former First Wesleyan North Church, purchased by the District, to accommodate a preschool program
- Upgrade technology to support interactive teaching and learning

5. What are the features of the technology upgrades?

Technology upgrades would include updating the district technology infrastructure and also providing new instructional technology equipment to support collaborative and interactive teaching and learning at each school.

6. Given that the useful life of many digital devices is short, how is the cost of technology a bondable expense?

Michigan law requires that shorter-life equipment, such as technology, be paid off within its useful life. Under the proposed bond, the bond payments are structured so that the bonds are paid off in the early years in an amount equal to or in excess of the cost of the shorter useful-life items.

7. Why are these improvements necessary?

The buildings' needs list was put together based on aging infrastructure as well as the need to improve learning environments as stated by the following district's strategic goal:

"The beautification of district facilities is essential to create a positive public perception of a quality school district within the Pennfield Community in an effort to enhance pride and attract prospective students and families."

It also takes into consideration the need to create energy efficiency and classroom comfort through upgraded HVAC systems and controls.

The program needs were determined by the Steering Committee as follows:

- Develop a pre-school program by utilizing the recently purchased church.
- Restructure existing classrooms to convert them into same size learning studios at Dunlap.
- Upgrade athletic facilities to provide a safer environment and a better experience for students and visitors.
- Convert our media centers into collaboration centers.
- Renovate entries at Dunlap and High School to improve the safety and security of our buildings.
- Modify paved vehicle areas at Purdy, North Penn and main campus to improve traffic flow and drop-off points.

8. What is the timeline for implementation of these projects?

The implementation plan is to start design sessions shortly after May 2, 2017 if the bond proposal is approved. Design sessions will engage school personnel, students, community members, the construction manager, and other stakeholders. Once design and construction documents have been completed, competitive bidding to procure contractors will take place. Construction will occur during 2018 and 2019.

9. Why do you want so many windows in the preschool, doesn't that just require more heating, resulting in higher energy costs?

The rendering of the preschool is for conceptual purposes only to depict what the building could look like. The elements that may look like windows may end up being insulated metal panels or consist of other building components. If the bond program is approved, the District, Design Team and the Construction Management firm will evaluate different building components and select materials based upon cost, aesthetics, life cycle cost benefit, and other considerations.

10. How are neighboring districts addressing the aging condition of their school buildings?

Neighboring districts have experienced the same issue of aging buildings. New facilities, as well as major upgrades and expansions, have taken place and are currently being implemented in surrounding districts. Both Marshall and Lakeview passed bonds to support facility upgrades.

11. Why is the design of the 2017 Bond projects not complete?

The detailed design of a building program is costly and will not be completed for practical/financial reasons unless the bond proposal is approved by the community. These details will take the architects several months of work with input from staff, community members, and other professionals. Conceptual plans for the projects have been developed in order to estimate construction costs. If the bond is approved by voters, the detailed design of the projects would begin following the election date.

12. District-wide, what percentage of our students are school of choice students?

Pennfield Schools has over 40% school of choice students. Each student brings in over \$7,000 in revenue from the State. This has supported many Pennfield School programs and has helped the District financially. If Pennfield did not accept school of choice students, it might not be able to continue as a school district.

13. Is Schweitzer going to be the contractor? Will local contractors get the work?

Schweitzer has been hired as a constructions manager. If the bond is approved, Schweitzer would manage the project in support of the District. The Board of Education prefers hiring local contractors when possible. Schweitzer is a local company with ties to local contractors. As is required by most publicly funded projects, the trade work will be competitively bid and local firms will have the opportunity to submit bids.

FINANCIAL AND ELECTION INFORMATION

14. What is the breakdown of total estimated costs for the bond program?

	Estimate of Costs
Dunlap Elementary School	\$2,092,634
North Penn Elementary School	\$630,591
Purdy Elementary School	\$564,430
Middle School	\$1,898,381
High School	\$143,456
Athletic Complex and Parking Lot Upgrades	\$2,410,464
Convert Church to New Preschool Facility	\$737,040
Plus Bond Issuance Costs/Minus interest earned	<u>\$ 123,004</u>
Total Bond Program Cost	\$8,600,000

15. Where do schools get their funding?

Most of the revenue for school operations comes from the State of Michigan (over 80%) in the form of State School Aid, which is funded through the State property tax, sales tax and other sources. A smaller amount comes from local sources and the Federal Government.

16. What is the per pupil allowance provided by State? Can the per student funding pay for the projects included in this bond program?

The per pupil allowance provided by the State is \$7,391. This is the District's largest amount of revenue. We also receive funding from local taxes and Federal funds. Unfortunately, the per student allowance cannot afford to pay for larger capital investments, in addition to the other educational expenses that are currently being paid by this general fund. Support from taxpayer-approved bond issues are required to allow the District to provide major facility improvements to the students and community.

17. Does Pennfield Schools provide a preschool program and what is the funding source for this program?

Yes, the District currently offers a Great Start Readiness Program (GSRP) at North Penn Elementary School. The funding for this program is provided by State of Michigan through the Calhoun ISD. Families must apply for this program and qualify through the established criteria. We presently have two classrooms at North serving approximately 30 students. Moving this program to a central location would benefit both with instruction and also open up classroom space.

The District also provides a before and after school program at Purdy elementary. Parents pay for this service which covers the staffing and material costs. The District has been approached by Head Start to add a classroom but at this time we don't have the space.

18. Why is it important to attract and retain students in the district?

Public schools in Michigan receive State School Aid money on a per-pupil basis. That means that attracting and retaining students is critical and has a direct impact on the District's operating budget. The District believes that the quality of our programs and facilities plays a role in both of these areas.

If approved by the voters, the bond program would upgrade facilities and classrooms to support 21st century teaching and learning, improve operational efficiencies, improve safety and security for current and prospective students, and protect and maintain the community's past investment in our school building. Parents have choices regarding where their children will receive an education. It is the intent of the District and the Board of Education to maintain quality programs and facilities in order to attract and retain students.

19. Is the District currently involved in any upgrades to facilities and sites and how are those being funded?

The school district is currently funding the following projects through the general fund:

- Security Camera upgrade
- Choir and Band Uniform replacement
- Nightlockdoor security for all doors

20. What facility upgrades has the school spent general funds on in the past?

- Middle Schoolsiding, windows and entry ways
- New buses
- Repairs to building structure (North and Dunlap)
- Classroom cabinets at North and Purdy
- Baseball/Softball Turf updates
- Middle School grounds improvements
- LED lighting pilot to improve classroom/learning environment
- Masonry tuck pointing
- New bleachers at ball fields and new dugouts
- Dunlap bathroom upgrades
- Parking lot lighting upgrade to LED lighting at Purdy, Middle School, and Dunlap
- Upgrade of entrance lighting at Middle School and Dunlap to LED lighting
- Upgrade of all outdoor bus garage lighting to LED lighting
- Upgrade of Middle School and Dunlap gyms from HID to LED lighting
- LED lighting and painting upgrades at Middle School lunchroom
- Replacement of steam heating system condensate return piping in Dunlap tunnel system and re-tubing of Burnham steam heating boiler
- Conversion of Dunlap outdoor restrooms to indoor restrooms, and update to current code for elementary school
- Demo and removal of Purdy portable classroom, replacement with manufactured metal sided portable garage
- Asbestos abatement of piping in Dunlap and North Penn tunnel systems

21. Why doesn't Pennfield Schools use the general fund to pay for all of this?

Quite simply, the general fund cannot afford to pay for all of these large capital investments. Unfortunately, State funding has decreased significantly over past years, while operating expenses have increased. It is the Board of Education's goal to preserve our general fund dollars for instructional programs and not to address building needs with it, if at all possible. Bond 2017 would address our building and technology needs, thus allowing the general fund dollars to remain focused in the classroom.

22. If approved, what is the impact of the bond proposal to our current debt millage rate?

If approved, Bond 2017 would increase the current millage rate by .60 mills. The following chart illustrates the approximate impact of this bond program for taxpayers. The average taxable value of a home in Pennfield is \$52,500, equating to an approximate increase of \$31.50 annually, or \$2.63 per month.

Estimated Impact of .60 mill Increase				
Home Market Value	\$80,000	\$105,000	\$140,000	\$200,000
Home Taxable Value	\$40,000	\$52,500	\$70,000	\$100,000
Approx. Annual Increase	\$24.00	\$31.50	\$42.00	\$60.00
Approx. Monthly Increase	\$2.00	\$2.63	\$3.50	\$5.00

Average taxable value of home in Pennfield ↗

23. Can I deduct these property taxes on my income tax return?

Property taxes may be deductible as itemized deductions on your federal income tax return if you itemize. You may also be eligible for the Michigan Homestead Property Tax Credit on your Michigan income tax return. Please consult with your tax preparer.

24. What exactly is the Michigan Homestead Property Tax Credit?

The Michigan homestead property tax credit is a method through which some taxpayers can receive a tax credit for an amount of their property tax that exceeds a certain percentage of their household income. This program establishes categories under which homeowners or renters are eligible for a homestead property tax credit.

Please consult with your tax preparer to determine if you are eligible for this important and valuable tax credit.

25. Explain what bond money can cover and what it cannot.

Bond proceeds can be used for the following items:

- Construction and remodeling of facilities
- Purchase of technology equipment and infrastructure
- Purchase of equipment and furniture
- Site improvements
- Purchase of buses

Bond proceeds cannot be used for the following items:

- Staff salaries and wages
- General operating expenses, repairs and maintenance
- Classroom supplies and textbooks
- Administrative costs

26. How do bonds work?

A bond is a certificate that is evidence of a loan. A person or group will buy a bond, which is lending money to the organization (like the District). The organization agrees to pay back the loan with interest.

27. Existing bonds were recently refunded. What did these bonds fund and at what rate did Pennfield refund the bonds?

The Board of Education recently announced the successful refunding of the School District's outstanding 2007 Bonds which will reduce the interest expense approximately \$888,185 for taxpayers. The School District's 2017 Refunding Bonds were sold at a true interest rate of 2.60% with a final maturity of 2028 (a repayment term of approximately 11 years). As a result of this refunding the amount requested through this Bond is similar to the August proposal yet the millage increase is less.

28. Will money from the bond proposal be used to pay employees' salaries and benefits?

NO. School districts are not allowed to use bond funds for operating expenses such as teacher, administrator, or employee salaries, maintenance, or operating costs. Bond revenue must be kept separate from operating funds and must be audited by an independent auditing firm.

29. What are the key dates leading up to the May 2nd vote?

Final day to register to vote is Monday, April 3, 2017

Final day to vote absentee is Monday, May 1, 2017

Election Day is Tuesday, May 2, 2017.

30. Where do I vote?

Grace Community - 9037 Pennfield Rd, Battle Creek, MI 49014

Calvary Baptist - 1625 Capital Ave NE, Battle Creek, MI 49017

First Presbyterian - 7979 St Marys Lake Rd, Battle Creek, MI 49017

Assyria Twp - Precinct 1 - Township Hall 8094 Tasker Rd, 49021

Bedford Twp - Precinct 1 - Lions Club Bldg 22116 M-37 & Precinct 4 - Fire Station at 5902 Morgan Rd

ConvisTwp - Precinct 1 - Township Hall 19500 15 Mile Rd 49014

Johnstown Twp - Precinct 1 - Township Hall 13641 S M-37 Hwy 49050

City of Battle Creek - Precinct 15 - 552 E Emmett St Missionary Church

If you're unsure of your precinct's voting location, please go to the following link:
<https://vote.michigan.gov/mvic/>

31. Where and when do I register to vote?

To vote in the May 2, 2017 school election, you must be a U.S. citizen; at least 18 years of age by Election Day; a resident of Michigan and Pennfield Schools and registered to vote. Please contact your Clerk to register or visit any Secretary of State office. The official "last day to register" for the May 2, 2017, election is Monday, April 3, 2017. Printable voter registration forms are available on the state website, www.michigan.gov/vote.

32. What is the procedure for absentee voting?

Applications for Absentee Ballots are available:

- On-line at www.michigan.gov/vote
- In your school building offices
- At your City Clerk's office

Note: Once election ballots are available in the clerk's office, you can walk into your clerk's office, receive an absentee application, fill it out, and immediately be given your ballot to cast your vote.

33. If I have questions not covered in this material, where can I get additional information?

You are welcome to call or email:

Tim Everett, Superintendent
pennfieldschools@pennfield.net
Phone: 269-961-9781

District Website at: <http://www.pennfield.k12.mi.us/>

34. How will the bond proposal appear on the ballot?**BOND PROPOSAL**

Shall Pennfield Schools, Calhoun and Barry Counties, Michigan, borrow the sum of not to exceed Eight Million Six Hundred Thousand Dollars (\$8,600,000) and issue its general obligation unlimited tax bonds therefor, for the purpose of:

remodeling, erecting an addition to, installing security measures for, furnishing and refurnishing and equipping and re-equipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; erecting, remodeling, furnishing and equipping support buildings and athletic facilities; and developing and improving parking areas, driveways, and sites?

The following is for informational purposes only:

The estimated millage that will be levied for the proposed bonds in 2017, under current law, is 0.60 mill (\$0.60 on each \$1,000 of taxable valuation). The maximum number of years the bonds may be outstanding, exclusive of any refunding, is thirty (30) years. The estimated simple average annual millage anticipated to be required to retire this bond debt is 2.35 mills (\$2.35 on each \$1,000 of taxable valuation).

The school district expects to borrow from the State School Bond Qualification and Loan Program to pay debt service on these bonds. The estimated total principal amount of that borrowing is \$2,117,768 and the estimated total interest to be paid thereon is \$5,726,639. The estimated duration of the millage levy associated with that borrowing is twenty-three (23) years and the estimated computed millage rate for such levy is 11.20 mills. The estimated computed millage rate may change based on changes in certain circumstances.

The total amount of qualified bonds currently outstanding is \$23,545,000. The total amount of qualified loans currently outstanding is approximately \$8,610,128.

(Pursuant to State law, expenditure of bond proceeds must be audited, and the proceeds cannot be used for repair or maintenance costs, teacher, administrator or employee salaries, or other operating expenses.)