



## **2019 BUILDING, INFRASTRUCTURE & EQUITY BOND**

### *Question & Answers*

*(The questions below were received by staff and community members from [2019BondInfo@wlcsd.org](mailto:2019BondInfo@wlcsd.org).)*

**1. What is included in the 2019 BUILDING, INFRASTRUCTURE & EQUITY Bond?**

The 2019 BUILDING, INFRASTRUCTURE & EQUITY Bond includes these projects:

- Renovate Walled Lake Western High School.
- Rebuild Dublin Elementary.
- Construct an Early Childhood Center.
- Upgrade the infrastructure, building systems, and technology at all 23 of the Walled Lake School's buildings – 19 schools and 4 ancillary facilities.
- Attend to building renovations including roofs, windows, boilers, parking lots, paving and more at all 23 Walled Lake Schools and District buildings.
- Improve safety.
- Purchase buses.
- [Please see the list of building specific projects for each school and facility.](#)

**2. When is the last time Walled Lake Schools had a Bond election?**

In November of 2013, some five-and-a-half years ago, the Walled Lake Schools had a \$67.5 million bond for Safety Security and Technology. The Walled Lake Schools' community generously supported the 2014 renewal of the 18-mill non-homestead, and 3.9 mills hold harmless millage for the School District and in 2012 renewal of the Building and Site Sinking Fund.

**3. How much will the May 7 2019 BUILDING, INFRASTRUCTURE & EQUITY Bond cost?**

It is estimated that the 2019 Building, Infrastructure & Equity Bond will cost \$316 million. However, there will not be a tax increase because of the fiscally responsible refunding of previous bonds that are being paid off over the next few years. (See questions 10-15 for finance specifics.)

**4. How can the Walled Lake Schools' community afford this?**

- Four of the five current bonds will soon be paid off, and the Walled Lake School's debt will be reduced by 50% and payments by 73%.
- Previous bonds, that were initially going to be paid off in 30 years, are being paid off much sooner.
- Walled Lake Schools' community is stable and growing, thus has increased in taxable value.
- Residents are currently paying 4.53 mills. On a house valued at approximately \$200,000 with a taxable value of \$100,000; that is \$453 per year.
- With this proposal, residents will pay 4.13 mills. On a house valued at approximately \$200,000 with a taxable value of \$100,000; that is \$413 per year.

## 5. Why is the May 7 2019 BUILDING, INFRASTRUCTURE & EQUITY Bond needed?

- **Age of the District's buildings**: Dublin Elementary was built in 1928; Commerce, Wixom, Walled Lake Elementary, and WL Central High School were built between 1948 and 1953; and Mary Helen Guest, Keith and Oakley Park Elementary Schools, and Smart Middle School and WL Western High School were built between 1955 and 1969. As a community, we have repaired these schools, added needed space, and taken care of them the best we could with the Sinking Fund and previous bonds. It is simply time to replace Dublin Elementary, renovate WL Western High School, and significantly provide infrastructure upgrades to all of the WLCSD schools.
- **Usage of the District's buildings**: Our children, staff, and community use these buildings for K-12 school and a myriad of programs 12-14 hours per day almost every day of the year and the wear in our buildings' infrastructure need to be addressed to maintain these assets.
- **Educational programming**: Walled Lake Schools is on the forefront, offering exceptional academic, athletic, performing arts and an array of other programs, and, in accord with the community, parent and staff feedback, the WLCSD community desires equity and educational excellence in our District programs. This bond will provide our children with collaborative spaces conducive to today's learning needs.
- **Early Childhood opportunity**: According to the Plante Moran research on our community demographics, 56 percent of the preschool children in the District are not attending WLCSD preschool programs. By building an Early Childhood wing on the proposed new Dublin Elementary at the north end of the District and constructing an Early Childhood facility on the south end of the District, we believe we can offer excellent preschool education that is integrated and extends directly into our K-12 program for our community. Further, by placing our existing preschool program in these new spaces, the District plans to offer an "Early Five" kindergarten option in our elementary schools.
- **Timing with District finances**: The financial opportunity exists, with four of the five existing bonds being paid off shortly, to comprehensively upgrade our facilities over the next five to eight years. Walled Lake Schools has been fiscally responsible, seizing each opportunity to refund/refinance bonds and paying them off much before the 30-year due dates.

Extensive work and research has been done with Plante Moran and other consultants to plan for this bond. Community feedback has been gathered at forums this past fall, as well as parent and community surveys the past several years. When needs were assessed, there were more than \$500 million in projects that were noted. We have only included "essential" items in this Bond. It is not a "wish" list; instead, it is truly a list of vital systems that will ensure Walled Lake Schools is able to continue its mission to be the best school district in America.

## 6. When is the election?

The election is Tuesday, May 7, 2019. The polls are open from 7 a.m. to 8 p.m. at [each of the 25 precincts in the community.](#)

## 7. Why can't the District do these things without the bond?

As a result of a declining general operating budget, Walled Lake Schools cannot make these upgrades with the current budget. The District continues to make reductions annually.

## 8. Can the District spend this money on projects other than the ones described in the bond application?

No. The 2019 Building, Infrastructure & Equity Bond can only be used for the projects and plans outlined in the bond application that was presented to the Michigan Department of Treasury. The 2019 bond funds **cannot be used** for General Operating Budget expenses, salaries or benefits of any current employees, or anything other than what is listed in the bond application that was submitted to the State of Michigan.

**9. Where can I get more information on the 2019 BUILDING, INFRASTRUCTURE & EQUITY Bond?**

1. [Attend a Bond presentation at your school.](#)
2. [Review the ballot language for the 2019 bond election.](#)
3. [Consult the information on the District website.](#)
4. [Watch the informational video on WLTV or on the District website.](#)
5. Send your questions about the bond to [2019BondInfo@wlcsd.org](mailto:2019BondInfo@wlcsd.org)
6. Read the *Learning* newsletter that outlines the 2019 Bond information.

**FINANCIAL INFORMATION - 2019 BUILDING, INFRASTRUCTURE & EQUITY**

**10. What are the WLCSD residents paying now to pay off all the district's debt obligations and what will they be paying after this bond takes effect?**

Currently, Walled Lake Schools' residents are paying 4.53 mills. On a house valued at \$200,000 with a taxable value of \$100,000 that is \$453 per year. If voters approve the bond, Walled Lake Schools' residents will pay \$413 on the same home valued at \$200,000.

**11. What are bonds and how will a new bond of this size and length decrease taxes?**

Bonds are the way that a school district borrows money to do large projects, similar to how a family borrows money to purchase a home. The school district then collects property taxes from the community in order to pay the loan payments on the bond. The collection occurs through a property tax millage known as a debt millage rate.

- The debt millage rate is impacted by two things – the total that we owe (bond payments due the next school year) and the collective taxable value of all properties in the community.
- Each year we need to collect enough through taxes to cover that year's loan payments. Therefore, the total loan payments for the year tell us how much money we need to collect in taxes. The loan payment is then essentially spread to all of the properties in the district. This includes everyone who owns property in the district, whether it be a homeowner or a business owner.
- When either of the two things (the amount owed or the taxable value in the community) changes, the debt millage rate also changes.
- Both of these items have changed in Walled Lake Schools. The total debt payments coming up due have declined, and we have a larger collective tax base.
- The debt payments have declined because we have refunded several prior debt issues. This is the same as refinancing a mortgage. When you refinance a mortgage, your interest rate goes down, and so your payments go down. As a result of refunding, our payments are less, and some issues will soon be paid off entirely.
- We have a larger collective tax base because building has occurred within our nine communities and property values have stabilized and even increased.
- Together the two changes mean that our debt millage will decline and provides an opportunity to take on additional debt and still provide a tax decrease to our community.

**12. Is the District still taxing residents to pay off any other school-related bonds?**

Yes. Four of the five current bonds will be paid off soon, and the Walled Lake School's debt will be reduced by 50 percent and payments by 73 percent. Walled Lake Schools has been financially diligent and vigilant, in that we have refunded/refinanced previous bonds and restructured bonds when the market allowed us to receive advantageous interest savings. Previous bonds that were initially going to be paid off in 30 years, much like a 30-year mortgage, are being paid off much quicker. The property in the 55-square miles, encompassing the nine communities of Walled Lake Schools, has a stable, growing, and has increased in taxable value. Thus, the debt is being spread over more homes and businesses, so the debt is less per home/business.

**13. How much debt is left to pay off, for how long, and for what?**

There is \$111,970,000; over the next five years, 4 of our 5 outstanding bonds will be paid off.

**14. In the event the 2019 BUILDING, INFRASTRUCTURE & EQUITY Bond is approved, when will the funds be collected and when will these important projects be done?**

The bonds would be sold in an open market process in series over a period of years by the District's bond underwriter, and the funds would be collected after the sale of the bonds. The bond projects would be prioritized, planned, and they would begin in 12-18 months. Since this is a comprehensive bond, the projects would be grouped in phases. We predict there would be 4-5 phases of this bond and this work would be done over five to eight years.

**15. How is this bond different than the Sinking Fund?**

A sinking fund is an annual property tax levy that is intended to work as a "pay as you go" funding mechanism to allow for the purchase of real estate for sites for, and the construction or repair of, school buildings. Sinking fund proceeds are not a loan, and there is no interest to pay. Walled Lake Schools uses our sinking fund proceeds to repair school buildings on an annual basis.

A Bond fund can be used to complete all the authorized purchases of a sinking fund plus it can be used for the purchase of technology, buses, furniture and equipment that cannot be purchased with sinking funds. A Bond issue allocates all funding at the beginning of the program to complete the specified work in a short amount of time (typically 3-5 years), and the Bonds get repaid over a longer period of time (typically 20 to 25 or 30 years).

The 2019 BUILDING, INFRASTRUCTURE & EQUITY will allow the District to do the significant projects listed above as well as major improvements at every school and purchase systems, technology and buses that CANNOT be purchased with the Sinking Fund.

**Most importantly, NEITHER Sinking Fund monies or Bond monies can be spent on salaries or benefits.**

**16. Will some of these projects actually provide savings for the District over time?**

Yes. Several of the 2019 BUILDING, INFRASTRUCTURE & EQUITY projects will provide a savings.

- The heating, ventilation and cooling, HVAC, system upgrades that will take place in most of the other buildings will provide significant savings.
- The added and upgraded video surveillance systems will assist the District in identifying perpetrators who vandalize school property.
- Emergency backup generators will allow the District to continue instruction when there is a power outage.
- Significant service and repair costs will be saved with the new technology systems, the multi-function copiers, and most of the other new systems.
- New energy management systems will conserve energy and significantly reduce energy and utility costs across the District.
- In total the overall operating costs for all the projects included in the 2019 Bond are expected to reduce our current maintenance and operating costs for the systems in their current condition.

**17. Can you please estimate some of the individual costs of the 2019 Bond projects?**

**Buildings:**

- Dublin Elementary with Early Childhood wing
- Early Childhood Center
- Western High School

**Estimated Cost:**

\$28 million  
\$12 million  
\$93 million

**Infrastructure:**

- Heating, ventilation and cooling systems, water and sewer systems, windows, paving, Roofs, exterior upgrades, restrooms, electrical upgrades, playgrounds, flooring, LED lighting

**Equity:**

- Additions at particular schools, classroom and media center furniture, and casework in classrooms

**Technology:**

- Security upgrades, district-wide technology upgrades, and copiers

**Transportation Needs:**

- Replacement Buses (estimated to replace 60 over 6 years) \$5.1 million

***NOTE: (The District submitted, a 147-page application to the Department of Treasury in Lansing outlining the upgrades that include infrastructure, equity, and technology work for each of the District schools and buildings. The total of all these upgrades, including the buildings and transportation needs, equal \$316 million.)***

**18. What has Walled Lake Schools done to reduce operating expenses and be fiscally responsible?**

Walled Lake Schools has made significant reductions over the past several years. We have negotiated staff contracts that have included reductions for most of the past 10 years. Here are some of the steps the District has taken to be fiscally responsible:

- Closed two elementary schools and the Community Education Center. The District sold the Twin Beach and Maple School property to single home developers thus netting additional children attending the District. The District is in the process of selling the CEC property.
- Privatized both transportation and custodial services.
- Negotiated more than \$17.9 million in employee concessions in the past eight years.
- Participate in mutually beneficial partnerships including the Macomb Oakland Fuel Consortium to buy fuel for buses and several others.
- Most of our schools annually receive donations, contributions, services, and products.

**19. Why is the District including buses when the District privatized busing with Dean Transportation?**

The District will continue to own all buses and the transportation facility to give us greater control and flexibility. We will continue to purchase the fuel from a regional consortium to keep our fuel costs as low as possible. Dean Transportation is providing the operation of the transportation department which includes the hiring of all transportation employees and the day-to-day operations.

Historically, districts have maintained a 10-year replacement scheduled, but due to funding, we have stretched that out to 12 years and beyond in some cases. As buses get older, they get less reliable and cost more money to maintain. While all of our buses are inspected annually by the State Police and are safe to operate, the older a bus gets the greater the chances of a major or costly repair and the greater the risk of having fewer buses available.

We transport about 11,000 students every day. We have an obligation to make sure we transport them on buses that are in good condition and have the most up to date safety features. Keeping buses until they are no longer serviceable is not a good approach to providing the safest transportation possible.

**20. How will buses be purchased if the bond does not pass?**

Although the District has no intention of giving up ownership of its fleet, should the bond not be successful the District would most likely need to use General Fund dollars to purchase buses, which would decrease the monies we have to spend on classroom needs. The purchase or lease of buses with Sinking Fund dollars is prohibited.

**Other general inquiries:**

**21. How will the high school athletic programs benefit from this 2019 Bond?**

Athletic Team rooms at all three high school are part of the bond. However, specifics on these facilities have not been established. If/when the Bond passes, the staff and parent input will be sought when the time comes to complete design development for these projects. There are many other [athletic facility upgrades that are listed in this presentation](#).

**22. Can parents whose children are attending WLCSD as “Schools of Choice” vote in this election?** Unfortunately, parents whose children are attending WLCSD as schools of choice reside outside of the District and are not able to participate in the election. To clarify, your taxes go to the school district you live in.

**23. Can parents who live in the District and are in the U.S. with a Green Card or VISA vote in this election?** In Michigan, a person must be a U.S. citizen in order to vote in any election in the state. Citizenship is required by the Michigan Constitution and MCL 168:492:  
*Each individual who has the following qualifications of an elector is entitled to register as an elector in the township or city in which he or she resides. The individual must be a citizen of the United States; not less than 17-1/2 years of age; a resident of this state; and a resident of the township or city.*

There are some local jurisdictions in other states that may allow non-citizens to vote in other elections, but it is not true in Michigan.

**24. Why didn't the District go for a larger bond where we could do even more?**

When needs were assessed, there were more than \$500 million in projects that were noted. We have only included “essential” items in this Bond. It is not a “wish” list; instead, it is truly a list of vital systems that will ensure Walled Lake Schools is able to continue its mission to be the best school district in America. Lastly, Walled Lake Schools is appreciative of the consistent community support and passage of WLCSD previous bonds, millage renewals, and Sinking Fund elections. We have a history of being prudent and fiscally responsible; thus we want to always be mindful and grateful of the public trust.

**25. The bond presentation compares the millage rate of other districts; isn't it true that the taxable value in each district is different?** Yes, it is true the taxable value in each community is different. We are fortunate to have a large tax base over which to spread debt payments. At the same time, having a large community means many more students and school buildings to take care of. Walled Lake Schools has 19 school buildings and 13,676 students. Novi currently has 11 school buildings and 6,719 students. That means that we have more than twice as many students to transport and provide facilities for.

**26. Why is Walled Lake Schools proposing to build an Early Childhood Center, when in the last six years they have closed two elementary schools and recently closed the Community Education Center?** We have learned that 56 percent of preschool children in WLCSD attend preschool programs other than Walled Lake Schools. Although we offer excellent preschool programs in several of our elementary schools, there is an opportunity to serve many more of our children/families and have these students transition seamlessly into WLCSD elementary.

**27. Why have the election in May?** WLCSD has a small window of opportunity to have this election and offer a tax decrease.