

# School District Contemplates Dealing With Debt

The Vernonia School Board is considering ways to deal with the \$5 million in debt left from the construction of the new school campus.

The Board heard a report at their March 10, 2016 meeting from Brendan Watkins of PiperJaffray, an asset management firm, that discussed the current outstanding debt and historical levy rates, and presented an option for refinancing the current debt to reduce the cost to taxpayers, as well as several options to secure new money through a new levy.

The presentation was for informational purposes only and the Board made no decision about options that were presented for reducing the construction debt.

Voters in the Vernonia School District approved Measure 5-197 in 2009, a bond levy that would raise \$13 million in funds for capital construction of the new school with an annual levy of up to \$1.90/thousand of assessed property value. That 25 year tax levy started in 2010 and is scheduled to mature in 2035.

The new school was originally projected to cost \$37 million, but ended up costing \$42 million. According to Superintendent Aaron Miller all but \$7.3 million has been provided by foundations, the FEMA buyout of the old school facilities, donations, fundraising efforts, grants and legislative actions.

"After almost nine years of concerted efforts those funding sources have dried up," said Miller in a written report provided to the School Board in their packet for the March 10 meeting.

According to Miller's report, the final \$5 million to complete the new school building was secured through loans obtained by the District. Over \$5.1 million of that debt remains to be paid, with annual payments of over \$508,000. Those \$500,000 payments are scheduled until 2021, with total service on those loans continuing until 2029.

Miller told the Board that the District will likely use most of its ending fund balance (over \$250,000) to pay this year's principal and interest payment on the current loan.

With fundraising and legislative options to repay the debt service having been exhausted, Miller told the Board that continuing annual payments would have to come from the District's general fund and operations budget and would constitute over 8% of the District's \$6.2 million annual budget.

Miller presented the Board with several scenarios of cuts that would need to be made to the annual budget to make up for the debt service payments that need to be made each year. Miller's options to balance the budget included:

- Cutting 19 days of school at a savings of \$26,650/day

- Cutting 6 teacher positions at an average of \$86,550 per position, including salary and benefits.

- Cutting 11.6 instructional assistants at an average savings of \$44,700 per position.

Miller also suggested that cutting athletic programs and athletic transportation would save \$116,246 per year.

The presentation by Watkins from PiperJaffray explored the potential to refinance the current bond through Advanced Refunding and take advantage of lower interest rates. Watkins told the Board that an approximate average of \$1.67 per thousand of assessed value would be the realized actual rate being levied on taxpayers between now and 2035 due to increased assessed property values, an amount that is \$.023 per thousand less than the community approved for itself in 2009. This refinancing would save taxpayers approximately \$690,000 but would provide no actual savings to the School District or have any direct impact on the District's debt service.

Watkins also discussed the possibility of the School District going out for a second bond measure to raise new money to retire the existing debt. He offered three potential scenarios: a 20 year levy that would raise \$3.5 million and mature in 2037; a 25 year levy that would raise \$6.1 million and mature in 2042; and a 30 year option that would

raise \$8.3 million and mature in 2047.

According to Watkins these scenarios would all be structured at a rate of \$1.90 per thousand of assessed value, and when rolled together with the refinancing of the current bond, would provide the same \$1.90 already approved by voters in 2009, without increasing tax rates, but would just extend the length of the bond.

Miller told the Board that if the District did decide to go out for a bond levy, they would be eligible to apply for matching funds of up to \$4 million provided by the state. Those state matching funds are not guaranteed and cannot be used to retire debt, but could be used to complete other unfinished projects like a football field and track at the new school campus or needed maintenance at Mist School.

Miller told the Board that in order to take advantage of the state matching fund the District would need to pass a bond in May 2016, November 2016 or May 2017. He said passing a new bond would allow the District to not only potentially take advantage of state matching funds, but pay off the District's debt, and potentially finish the campus without impacting the general fund and operating budget.

"In the end the community will still be in for less than half of the actual price of the building," said Miller.

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# Keep It Local Columbia County

The Columbia County Economic Team (CCET) has contracted for the services of Natasha Parvey to spearhead the Keep It Local Columbia County (KILCC) efforts.

## JOB OPPORTUNITY

The City of Vernonia currently has a seasonal position available for grounds keeping duties. Duties include mowing & general upkeep of all City parks as well as all other City owned property. This position is full time/temporary, no benefits, hourly wage will be \$10 per hour. Position will begin April 15, 2016 and end October 1, 2016. If you'd like to apply, visit [Vernonia-or.gov](http://Vernonia-or.gov) for an application or you can pick one up at 1001 Bridge St, Vernonia, OR 97064. All applications must be received no later than 3pm on March 25, 2016.

Parvey, who is also the Executive Director of the South Columbia County Chamber of Commerce, will be directing KILCC tasks including development of on-line resources, buy-local marketing and messaging, and increasing the capacity of KILCC. The contract runs through June 2016.

KILCC secured a \$15,000 USDA matching grant through the Columbia Pacific Economic Development District and Congresswomen Suzanne Bonamici. KILCC is in the process of securing the matching funds.

"We are very grateful for the level of support that Keep It Local is receiving," says Parvey. "We are getting help from a number of community volunteers and local organizations like Columbia River PUD, Clatskanie PUD, the Columbia County Economic Team and others."

Parvey will be working with the existing Chambers of Commerce in

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