

Vernonia School Bond Explained: A Conversation with Former School Board Chair Jim Krahn

The Vernonia School District has placed a \$6.8 million bond measure on the November 8, 2016 election ballot, asking taxpayers to finish paying for construction and complete the new school campus, which opened in 2012.

Following the December 2007 flood the total cost to move the District to higher ground was \$42 million, with \$13 million coming from a bond overwhelmingly passed by voters in 2009 and \$12 million coming from FEMA. The remainder of the funding came from state and federal grants, individual donations, and private foundations. The final \$5 million to complete construction was borrowed by the District.

Currently payments on the balance of that borrowed \$5 million (now \$4.1 million) will come from the District's general fund and will impact classroom programming.

With the passage of this proposed bond the District will be able to refinance the construction debt for the new campus. They are also guaranteed a \$2.7 million matching OSCIM grant from the state which will allow the District to complete the campus and make needed repairs to the Mist School. If this bond is approved Vernonia voters will have a \$47 million school campus for the overall price of \$19.8 million in locally bonded debt.

The following is a conversation with Jim Krahn, the School Board Chair during the construction of the new school campus, who addressed some commonly asked questions and concerns about the original bond, the new campus construction project, and the new bond voters are being asked to approve.

What does the new bond cover?

It will pay off the \$4.1 million we were short in the fund raising effort for the construction of the new school, complete athletic fields (football and track), upgrades and repairs at Mist school, and construction of new classrooms including a metal/welding shop and a dedicated art room. There will be additional small things that need to be finished in the new school.

Why did the project end up \$5 million in debt?

More than being over budget, it's about the process of how the building was built and the timeline the District was forced to work within. It is important to remember that the previous bond was passed at a \$1.90 per \$1,000 of assessed value. This generated approximately \$13 million dollars which was only 1/3 of the cost of the building, land and site preparation and not anywhere near the \$40 million which was the estimated cost of the new school. This left a difference of \$27 million, which was going to be raised via fund raising from private, government and foundation sources while the school was being built. This is not the normal path used to build a school. Normally the bond is set for the entire amount of the building and the building process begins after the bond is passed. This was not the situation we were in. We had to begin the project immediately because of the timeline we were on because of FEMA.

The reality was, that as the fundraising progressed, we had to make adjustments in how much we spent. The fund raising effort ended up \$4.1 million short. That lack of money coming from fundraising had more to do with us being short than actually being over budget. It was a balancing act between the cost of building the campus, the fundraising that was ongoing, and paying the bills that were coming in. The process was very complicated and it was often very difficult to find that balance.

One other thing I think the community should understand is that we originally hired a project management firm that came highly recommended by influential people who were guiding us through the process in the beginning. We relied on experts to assist us in finding the most qualified people to manage our project. We hired the firm that was recommended to us and were very impressed with them. The gentleman assigned to us was their top individual. But after about a month he left that firm for another job. We were already committed to that firm and they assigned us a new project manager, a young man who was very intelligent and meticulous, but didn't have the experience that we would have liked. The firm gave us some extra assistance and our Board thought it was necessary to have our Superintendent at the time, Dr. Ken Cox, be more involved in the project management.

What has the District done since 2009 to get donations to help with payments?

This was an exhausting process. The School Board hired a fund raising organization to manage and coordinate the fundraising process. Members of the School Board, administration and government representatives, including State Senator Betsy Johnson and County Commissioner Tony Hyde, spent countless hours meeting with foundations, individuals, civic organizations and state and federal agencies and representatives. I personally spent a minimum of at least a portion of 3 days per week for four years working on fundraising to assist in paying for the new school. Others spent equal to, and even more time, during the effort. This was an extensive process.

Why are we not getting any more donations?

No one was going to donate money unless the community was going to put skin in the game. The passage of the bond was the first step. Once the bond was passed, donations and construction began. As construction continued we gave many tours to individuals and groups to view the construction process moving forward; this was extremely beneficial in the fundraising process. We also gave many presentations with information concerning the construction process. When the construction ended it was very difficult to get someone to

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