



PROP B - KEARNEY SCHOOLS Zero-Tax-Rate-Increase Bond



HOMETOWN VALUES WORLD-CLASS EDUCATION

Vote April 5, 2022

PROP B – KEARNEY SCHOOLS ZERO-TAX-INCREASE BOND

FREQUENTLY ASKED QUESTIONS

What is Prop B?

Kearney School District is asking voters to go to the polls on April 5 to vote on Proposition B, a proposed \$44 million zero-tax-rate-increase bond issue. Broadly speaking, if approved, the bond issue will fund additional pre-K through grade 5 classrooms; provide new spaces for 21st Century teaching and learning; and address facility upgrades and deferred maintenance across our school system. Passage of the bond issue will not increase the district's debt service tax rate, which is used solely to fund construction and major repair and improvement projects in the district. A four-sevenths super-majority (57.14%) is required for approval of the bond issue.

What will the zero-tax-rate-increase bond issue pay for?

Funds from the zero-tax-rate-increase bond issue will support the following priorities determined by KSD's families, staff and other community members:

- Construction of a new neighborhood elementary school in the southwest portion of the city, near the proposed interchange on the west side of I-35.
- Promote equity across the district by adding technology, collaboration and meeting spaces, upgrading the HVAC systems, and making upgrades to the security systems (including adding cameras) at all four elementary schools.

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- New Kearney Elementary School library added to the first floor of the building to meet Americans with Disabilities Act (ADA) requirements.
- Additional restrooms and complete deferred maintenance, including a new HVAC system, at Kearney Middle School.
- Upgrades to the Kearney High School performing arts center, including lighting, sound system, seating, theatrical equipment, etc.
- Expansion of the Early Childhood program, serving students birth through Pre-Kindergarten.
- Deferred maintenance throughout the district.

How did KSD select the projects that will be completed if Prop B is approved?

Beginning in March 2021, KSD leaders worked with parents, students and staff to develop a district-wide facilities plan to ensure that our schools are well maintained and meet the educational needs of its students. The school board hired DLR Group, an architectural firm, to conduct a comprehensive evaluation of district buildings and assist KSD in developing the new plan. DLR and district leaders worked with parents/guardians, staff and other community members as part of the Long Range Facilities Planning process. Over the course of nine meetings, this team identified the highest priority projects for our schools.

I've seen drawings of changes to some schools. Are additions and improvements already designed?

No, the architects have developed concepts to show how things might look. The actual design does not occur until after a bond issue is passed. The goal now is to make sure appropriate budgets are established. If the bond issue is approved in April, the schools will work with the architects to create designs that meet their needs.

What is a zero-tax-rate-increase bond issue?

A zero-tax-rate-increase bond issue works much like a home equity loan, where a homeowner who pays down his or her debt can spend up to his or her credit limit again for new projects without paying more in his or her monthly loan payment.

How can we complete these projects without raising taxes?

Bonds are low-interest loans the district pays back using funds from its debt service levy. Funds from the debt service levy cannot be used to pay for salaries, classroom supplies or other routine, budgeted items that support teaching and learning in the classroom. KSD can borrow up to \$44 million in bond funds without raising the debt service levy used to repay the financing. This is the same situation that occurred when KSD voters approved a zero-tax-rate-increase bond issue in 2017 to improve Kearney Middle School, Kearney Junior High School and Kearney High School. KSD committed to keeping its debt service levy at \$1.19 when voters approved these bond issues, and the district has kept this promise. With the new bond issue on the April 5 election ballot, KSD will be able to complete the projects in a new facilities plan using the existing levy rate.

What is market value versus assessed value for my property? How much will Prop B cost me in taxes?

Market value is the appraised value of your property as of Jan. 1. The assessed value is calculated by multiplying the property market value, based on classification, by the correct assessment ratio. Those classifications include agricultural property at 12 percent, residential at 19 percent and commercial at 32 percent. For example, a home with an appraised value of \$300,000 would have an assessed value of \$57,000. In this scenario, the current debt service levy of \$1.19 per \$100 of assessed valuation would equal \$678 per year for that portion of the property owner's taxes. (SOURCE: Clay County Assessor's Office)

Can we use the money that would pay off bonds for things like salaries or day-to-day expenses?

No. State law only allows debt service revenue to be used for the repayment of principal and interest on general obligation bonds. KSD is not seeking an operating fund levy increase at this time because it is not necessary. If Prop B is approved and the fifth elementary school is built, the Board of Education may decide at that time to ask residents to consider approval of an operating fund levy increase in order to add staff, among other needs. This potential operating fund levy increase would be minimized as additional families move into KSD.

Why do we need extra classroom space?

Conservative projections based on planned housing developments within Kearney indicate the district may need additional capacity for a 37 percent enrollment increase over the next 10 years.

When will work be done? Isn't the construction market difficult right now?

As in the past, KSD's master facilities plan has been structured around a three-year construction cycle. Our Board of Education (school board) and administration are already collaborating with the expert architects at DLR Group and construction managers at Newkirk Novak to ensure that the planned projects are completed in a timely manner and within budget if Prop B is approved.

Why do we need a fifth elementary school?

We anticipate significant enrollment increases over the next several years based on the new housing developments planned within our attendance boundaries. KSD families have made it clear that they value having smaller class sizes for their children, particularly in elementary school. If approved, Prop B will provide the facility space needed to ensure that we can continue to provide that kind of educational experience.

Where will the new elementary school be built if Prop B is approved?

A site has not yet been finalized for the proposed fifth neighborhood elementary school. It will most likely be located south of 92 Highway and west I-35, in the vicinity of the new interstate interchange at East 19th Street. Plans will be solidified if and when Prop B is approved on April 5.

How many students will be served by the new neighborhood elementary school?

We anticipate that the fifth neighborhood elementary school will be designed to accommodate three or four sections at every grade level. Based on our current elementary class sizes that will

mean approximately 425 to 550 students. These plans will be finalized if and when Prop B is approved on April 5.

How will the district decide who will attend the new neighborhood elementary school?

If Prop B is approved and when work commences on the fifth neighborhood elementary school, KSD will engage in a redistricting process. This will involve collaborative conversations with parents/guardians, staff and community members. The result will be new attendance boundaries designed to best serve the families who will attend each of the neighborhood elementary schools.

Why do we need an additional elementary school since LENS opened?

It is true that the LENS program has provided an opportunity to relieve some space concerns at our four neighborhood elementary schools. Still, LENS only serves students in grades 3-5 and has very limited space. In addition, LENS provides a type of instruction built around project-based learning. Many families prefer to have their children in a neighborhood elementary school where teaching and learning is excellent though more traditional.

Why is the KHS performing arts center included as one of the proposed Prop B projects?

The performing arts center at Kearney High School is about 30 years old and has never had any major upgrades. The seats, lighting, sound system and other facets of the space are out of date and – in many cases – simply in disrepair. Kearney families take pride in providing excellent educational and extracurricular opportunities for our children. If Prop B is approved on April 5, it will help ensure that we can provide a high-quality facility for our students with a passion for performing arts and a place where family members can truly enjoy all that talent. This is really an extension of the work that started with the bond approved in 2017 when the KHS performing arts center was at the top of the list of projects that did not make the cut during that round of improvements.

What changes are being made for middle school students?

Kearney Middle School has already benefited from the investment made in 2017 to construct flexible, innovative and collaborative learning spaces on the second floor. If Prop B is approved, we will be ensuring that there are an adequate number of restrooms to serve the sixth-grade students. The long-range facilities plan also includes the replacement of the HVAC system at KMS, plus security upgrades.

How will the district address projected enrollment increases at the middle school, junior high school and high school?

If Prop B is approved by KSD residents, it will provide the space we will need for the anticipated enrollment increases for students in pre-K through grade 5. According to our financial advisors, our bond capacity for capital improvements will likely grow by about \$5 million per year due to new real estate developments and assessed valuation increases. In addition, it is our practice to pay down our existing debt by about \$1 million annually. That means that roughly \$24 million in bonding capacity would be available within about four years.

Why is the district already planning to expand the Early Education Center just a few years after it opened?

KSD converted the old grocery store into the Kearney Early Education Center (EEC) and district Administrative Offices in 2018. The plan at that time was to eventually use the entire building for the EEC in order to accommodate increased enrollment. That time has arrived. We are experiencing ongoing demand for seats in our Acorn Patch and Forest Friends programs, as well as Puppy Pound. The Forest Friends class was relocated recently to Kearney Elementary School in order to provide more space for Acorn Patch at the EEC.

Where will the KSD central office be located if the EEC is expanded and how will the district pay for that move?

KSD purchased the Mosaic building in 2021 for a fraction of its appraised value with a low-interest line of credit from a bank in Kearney. After considering several options, it was determined that this building would best serve as new offices for the district administration and other support staff. There are several reasons why the Mosaic building is not appropriate for a school, not least of which is that there is not enough room for buses to turn around. The plan is to use the existing line of credit to remodel the building and relocate the central office staff to that site. No Prop B bond funds would be used for this remodel or move.

What's included under "facilities maintenance" in the list of proposed Prop B bond projects?

Facilities maintenance projects aren't necessarily as exciting as some of the other proposed projects, but are nonetheless very important for the teaching and learning that occur in our schools every day. Our facilities team keeps a rigorous schedule of repairs and upgrades that ensure we are properly protecting and maintaining public property. If the Prop B - Kearney Schools Zero-Tax-Rate-Increase bond is approved on April 5, these facilities maintenance projects will include:

- Replacing the elevator at Kearney Elementary
- HVAC upgrades at Southview Elementary
- HVAC upgrades at Kearney Junior High School