

'We want to do things the right way'

By RACHEL COLEMAN

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Since the Liberal City Commission voted unanimously Oct. 8 to allow a half-cent sales tax special election, the idea of a school bond issue for USD No. 480 has gained momentum. The city-school district combo is unusual, but the collaborative effort appears to be the only chance to win voter approval of a \$147 million project to expand Liberal's overcrowded schools.

With the election several months away, both governing bodies are busy trying to work out all the kinks in the interlocal agreement that will spell out the plan's details.



"As we speak, the talks between the city and the school district are ongoing," said City of Liberal Finance Director Chris Ford late last week. "They're still working back and forth to ensure the final agreement is something both boards can approve."

Ford noted the "they" he referred to included many agents:

- DLR Group, the architecture/engineering firm working with USD 480
- JE Dunn and Associates, the construction management firm providing consultation services to USD 480.
- Piper Jaffrey, the investment bank that handles bonds for USD 480.
- Ranson Financial Consultants, retained by the City of Liberal.
- Gilmore & Bell, the bond counseling firm that works with the City of Liberal.
- City Manager Mark Hall and Ford.
- USD 480 Superintendent of Schools Paul Larkin and finance director Jerry Clay.
- Attorneys retained by both the city and the school district.
- Staff members and department heads from both entities.

At this point, DLR and JE Dunn are working in good faith; if the bond doesn't pass, both companies will absorb the cost of the time they've devoted to the measure. If the bond does pass, each will be paid for the work performed thus far.

"We're being retained in a consulting capacity, but unless the bond issue passes, there will be no cost to the district," said Steve Golubski, architect and company vice president. J.E. Dunn's services to help develop a project scope and price estimate come at no risk to USD 480.

“J.E. Dunn is a little bit at risk,” Golubski said late last year, “but ... we’re experienced with that.”

The same is true for DLR, which worked in 2009 to help the district pass a bond issue which failed. Because the district signed a contract with DLR, however, the firm has three tries to collaborate with USD 480 for a bond issue and construction project.

At its Monday meeting, the USD 480 board of education unanimously approved the bond issue as presented by the community Vision Team. Although another resolution to approve an interlocal agreement with the city had been slated for a vote, the school board removed it at the last minute.

Said Larkin, “Our attorneys are working on that together. The document is not done. I think the plan is for the city to take that to their Jan 28 commission meeting.”

While he made it clear that he “does not speak for the city commissioners,” Ford offered insights into the process. The delay does not reflect reluctance on the city’s part, he said, just a desire to do things right.

“We’ll definitely get there,” he said. “This past weekend, we worked straight through, sending successive emails and having a couple of small meetings.”

Ford described the approach as “doing our best to make the agreement the best it can be. If we can craft it so that the legal, financial, staff and management aspects are all addressed, and everyone is happy at the same time, that’s doing things the right way.”

Though rumors have circulated that the city might exercise its right to levy an entire one-cent sales tax, Ford said that suggestion is completely unfounded.

“I haven’t heard anyone say anything about that at the city,” he said. It’s possible that people have misunderstood the limits that apply to the city. In all, the City of Liberal is permitted to levy three cents sales tax. The Focus on the Future, voter-approved measure, collects one cent. The school’s project, if approved, would use another half cent. That would leave a potential one and half cents to be accessed by the city in the future. No such plans have been discussed, Ford said.

For now, the half-cent proposal is complicated enough. Its appearance on the ballot is the result of a months-long process started in August, when school board members approached the city commission.

The biggest question on everyone’s minds at that point was “how can we control bond-issue costs to the property owners in Seward County who are wary of tax increases?”

One sure-thing option was the 49 percent minimum level of funding currently available from the state of Kansas.

“We anticipate that might end up being 51 percent or higher,” said Dustin Avery of the investment bank Piper Jaffrey at a recent school board meeting. “But for the sake of being conservative, we’ve calculated it at the same level the district qualified for in the current year.”

That funding is locked in for districts who submit plans before the next legislative session begins. However, it’s possible that such matching funds will eventually disappear as the state continues to tighten its belt. The bottom line? Acting now is the only sure way to take advantage of state money for the district.

Yet picking up the tab for the other half of the bond would have raised local property taxes too high for voters’ tastes, members of the community Vision Team discovered at a series of town hall-style meetings.

The solution? A half-cent sales tax to defray about a quarter of the balance, over a 25-year time period.

Since Kansas state law does not allow school districts to issue sales tax increases, the only way to access such funding would be through the city or the county. After researching the process, school board members agreed to ask the city for help

Initially, city commissioners were skeptical. At that first meeting, mayor Dave Harrison told the board members that “the problem is not about what would make a great school system in the city, it’s about how to pay for it. It’s almost like you’re asking us, how much money can we have?”

In a subsequent meeting in September, city manager Mark Hall weighed in, saying,

“There are all kinds of considerations when you deal with financing these projects. It raises questions, hard questions like ‘What does the future hold?’ and ‘How will this affect the city as we go forward?’ That’s a lot of weight on the commissioners. It’s a heavy decision.”

At the same time, “the city and the commissioners all feel that schools are very important to the future of Liberal,” Hall said. “This is a unique situation.”

By October, the school board and Larkin’s optimism that collaboration could work seemed to be taking hold. In its regular meeting Oct. 8, the city commission voted to allow a half-cent sales tax to appear on the ballot. Three months later, in January, commissioner Joe Denoyer thanked the school board for its persistence.

“When you first came, you were met with some resistance,” he said. “The Vision Team, the community meetings, the phone surveys and then you took those results and then you tweaked your plan to meet what the community wants. I want to thank all those involved for listening to the community in doing what we need. And I honestly believe that we need to upgrade our schools.”

With school board approval of the plan, and an interlocal agreement for half-cent sales tax

funding in the works, it appears it will be up to voters to decide whether the project becomes reality.

As DLR consultant Nicole Lopez noted in the last series of community meetings, the vote will involve two questions: do voters approve of a bond issue to improve schools as described in the plan developed by the community; and do voters approve of issuing a half-cent sales tax to offset the cost to property owners.

“Both have to pass for the bond to move forward,” she said.

The first question is cleared for the ballot; the second is still waiting on the interlocal agreement.

The big question, of course, won't be answered until spring, when voters answer at the ballot box.