

Helm, Sutherland-Abbott continue crusade against bond despite overwhelming public vote of approval

By RACHEL COLEMAN

• Leader & Times

Voters said “yes” to the school bond issue and the half-cent city sales tax two weeks ago. Now it appears the cost of the \$127 million project will be a bit easier to swallow, according to information presented to the USD 480 school board at its regular meeting Monday.



Because interest rates have dropped since January, “there will be \$13 million less in interest costs associated with the project,” said consultant Dustin Avey, representing the finance firm Piper Jaffray.

What does that mean for the district?

“That results in a lower mill levy,” Avey said. “Going forward, our focus is on delivering that 7.9

mill levy,” rather than the 9.9 estimate presented to the public earlier in the project.

Lower interest rates are just the second piece of good news to lower the local portion of the price tag. Early estimates calculated a 49 percent contribution from the state of Kansas to pay for nearly half the project’s total. Just before the election, new figures released from Topeka raised that amount to 54 percent.

The adoption of a half-cent sales tax, to be collected by the City of Liberal and earmarked for the school improvement project, will further trim the cost of the bond issue picked up by property owners. Like the other parts of the finance package, sales tax monies may fluctuate, and it’s hoped they will increase to further offset the mill levy.

Avey outlined the details of how the sales tax money will be applied to project costs. According to the interlocal agreement signed April 6 between the city and the school district, the sales tax will be effective beginning July 1.

“\$2.25 million is earmarked for city infrastructure projects related to the bond issue,” Avey said, and it’s estimated that this amount will be collected over a period of 12 to 15 months.

“After that, the money will flow to the school district,” he said.

As with other elements of the finance package, Avey said, Piper Jaffray adopted a conservative approach when estimating how much sales tax will be collected.

Avey praised the community for working out the details, and for approving the plan with such a high margin at the ballot box.

“The city and school board took a lot of time to be open, to listen and work this out,” Avey noted. “This is only the third project of this kind in the state of Kansas, and we commend all parties for making this work.”

In the third part of his presentation, Avey outlined the options and a tentative schedule for the sale of bonds and management of the money from those sales. Because the school board meets only twice a month, the resolution presented at last night's meeting included a parameters section that allows flexibility for getting the best prices and signing agreements.

School board president Delvin Kinser and finance director Jerry Clay were authorized to sign agreements that may arise between official meetings.

Avey also noted that while the bond sales have the potential to move in massive amounts, Piper Jaffray hopes to involve local banks interested in participating in the process.

"If they have an interest, we'll accommodate them," he said. "This is an opportunity for them to invest as well."

Avey estimated that money from bond sales may arrive in the district as early as June 17.

"Then you can start paying bills," he said.

In all the financial calculations about potential refinancing in the future, should interest rates drop further, Avey cautioned the board to keep priorities clear.

"The number one priority is the mill levy," he said. "We're focused on keeping that low, as was promised."

In two resolutions presented to the board for approval, the vote split 4-2, with Kinser, Nick Hatcher, Chris Jewell and Matt Friederich voting to approve the financial arrangements, and Tammy Sutherland Abbott and Steve Helm voting "no." Board member Crystal Clemens, who submitted her resignation due to family relocation, was absent from the meeting.

Still 'no' votes

Tuesday, 22 April 2014 10:06
