

Proposition S FAQ

The Francis Howell School District Board of Education has voted unanimously to place **Proposition S** on the April 7, 2020, ballot. Proposition S is a \$244 million bond issue that will not increase the current tax rate. Voter approval of Proposition S would allow the District to borrow money now and in the future to address pressing facility needs at schools across the District.



PROPOSITION S **Safer Students, Stronger Schools**

Over the past two years, FHSD has worked proactively with the District's architectural firm and a diverse group of stakeholders to develop a [Comprehensive Facilities Master Plan \(CFMP\)](#). This plan identified both the current state of the District's facilities as well as future needs.

Proposition S would pay for the construction, repair, and renovation costs outlined in the CFMP. The bond issue would NOT raise the tax rate, and funds from a bond issue CANNOT pay for salaries, benefits, supplies, utilities, or other operating costs. Passage of Proposition S would require approval by 4/7ths of voters, or a little more than 57 percent in the April election.

Why Proposition S?

The District has 29 separate facilities, including three early childhood centers, ten elementary schools, five middle schools, three high schools, an administration building, and seven other sites. These sites include over 2.7 million square feet of building space under roof, with miles of plumbing and wiring and hundreds of mechanical systems. The average building in the District is 30 years old, and the oldest building is now more than 50 years old. Many systems, like HVAC, plumbing, and electrical, are reaching the end of their useful life.

How would the funds from Proposition S be used?

The plan calls for major updates at the older schools in the District, including Henderson, Fairmount, Becky-David, Hollenbeck, and Barnwell. The CFMP includes improvements and safety updates at all FHSD schools. The plan also includes the construction of a new Francis Howell North High School. Links to the full CFMP and drafts of phase one and phase two projects are available on [the District website](#).

Why build a new Francis Howell North instead of renovating the existing building?

Francis Howell North High School opened in 1981 as Henderson Middle School. In the decades that followed, six additions were made to the building with no overall master plan, resulting in a variety of roof structures and heating and air-conditioning systems serving all of those different areas. With all of the adjoining roof structures, there are ongoing issues with ceiling leaks despite our best efforts to continually patch the different roof surfaces. As a result, the building has mold problems that have been mitigated multiple times.

Many other major systems, like HVAC, plumbing, and electrical, have reached the end of their useful life and are so old that it is now difficult to find spare parts when systems break down. Additionally, the building structure presents challenges for the appropriate supervision of students and creates potential student and staff safety issues.

In commercial construction, the cost per square foot for renovating an existing structure is actually more expensive than the cost of new construction. Repairing the existing structure would cost more than \$40 million and displace students for 3-4 years - and it's likely that the maintenance costs would continue to increase and issues, like ceiling leaks due to adjoining roof structures, would continue to pose problems. A new high school can be built on the southwest part of the current property while students still use the old school.

What's the difference between a bond issue and a tax levy?

A bond issue raises money that, by law, can be used only for capital expenditures such as building construction and/or renovations. A district sells bonds to investors, uses that money for capital projects, and then pays it back to investors over a specific time, usually 20 years. A debt service levy, separate from the operating tax levy, generates the funds necessary to make annual principal and interest payments on the outstanding debt. An operating tax levy increases the amount a district can collect from property taxes, and the adjusted operating levy generates money to pay a district's operating costs, like salaries and benefits, textbooks, utilities, etc.

How does a bond issue work?

Bond issues allow school districts to pay for costly repairs and renovation over time instead of having to pay for them all at once. They also allow districts to devote most of their day-to-day operating budgets to classroom instruction instead of major repair work. When voters approve a bond issue, Francis Howell obtains bids and sells bonds to the purchaser who offers the lowest interest rate. The District uses the funds to complete capital projects and pays back the debt over time. This process is similar to a home loan. When you purchase a home, you borrow money at a specific interest rate. You make

payments on that loan, which include principal and interest, over time. A certain amount of your regular income is budgeted to make those payments.

How does the District pay the debt from a bond issue without increasing taxes?

The District has a debt service levy of 67 cents, which generates funds for the repayment of the District's outstanding debt (bonds). The District's ability to issue additional debt is affected by repayment of old bonds (which decreases existing payment requirements) and growth in the District's assessed valuation (which increases revenue). The District's bond underwriting firm determined that the existing debt levy can provide sufficient resources to service the District's current (old) and planned (new) debt. Accordingly, there are no plans to increase the debt service levy when new bonds are issued.

How much debt does Francis Howell have?

Francis Howell has been fiscally conservative and currently only has debt equal to four percent of its assessed value. The state allows school districts to borrow up to 15 percent of their assessed value. Standard and Poor's recently affirmed its 'AA+' long-term rating and 'AA' underlying rating on the District's outstanding bonds.

Can the funds be used in other ways?

No. Money from bond issues can only be used for capital expenditures such as major maintenance, repair, and renovation costs. Bond funds may not be used for operating expenses such as salaries, benefits, transportation costs, utilities, textbooks or other supplies.

Would the District raise all of the bond money at one time?

No, the bonds would be issued incrementally over time, based on the construction schedule. The District plans to issue approximately \$80 million in bonds in June 2020, which would fund several of the Phase I projects, including the initial phase of construction of the new Francis Howell North High School. Additional bonds would be issued in subsequent years to provide funds for Phase I and Phase II projects and to complete the construction of the new high school.

State law allows schools to borrow funds through the sale of general obligation bonds in an amount not to exceed 15 percent of their assessed value. The District's current debt is at only four percent of its assessed value. Because of the District's current low debt ratio and the projected growth in assessed value, issuing the additional bonds would not require an increase in the existing debt service levy.

How will people in our community who don't have students in FHSD benefit from passing this bond issue?

The school district in each community is an important part of maintaining high property values. High-quality schools are one of the key components people look for when moving into a new community, and studies have confirmed the link between strong school districts and strong communities. A strong public school system protects property values, provides a qualified workforce, lowers crime rates, creates a better sense of community, and enhances public services with less demand for social programs.

What would happen if the bond issue does not pass?

Many of the items identified in the CFMP are critical. Without the bond funding, the District would need to allocate general operating funds to address the most critical issues. Some of the items have large costs associated with them, so this would have a significant impact on our general operations budget (the part that normally pays for classroom instruction, teachers, staff, and supplies). Some maintenance and repair work would have to be deferred, and most school renovation projects would be postponed indefinitely.

When was Francis Howell's last bond issue?

In 2008, voters in Francis Howell approved a \$78.5 million bond issue for several capital improvements, including construction of the new Francis Howell High School and renovations to and additions of academic and athletic facilities at Daniel Boone and Castlio elementary schools, Francis Howell North and Francis Howell Central high schools, and HVAC improvements at Barnwell Middle School and Fairmount Elementary School.

What percentage of voter approval is required to pass a bond issue?

While tax levies only require a simple majority (50 percent plus one vote) to pass, a bond issue requires approval by 4/7ths of voters or a little more than 57 percent.

What if my question was not addressed in the FAQ?

District residents can email communications@fhdschools.org to submit any additional questions. More information is available on [the District website](#).



This informational material was paid for by the Francis Howell School District | Dr. Mary Hendricks-Harris, Superintendent | 4545 Central School Road, St. Charles, MO 63304