

CPSB DISTRICT 33 BOND ELECTION 2017 FAQ



What is a bond issue? How does a bond issue work?

A bond issue is essentially similar to a mortgage. It is a way for a government body to “borrow” money for major projects that cannot be paid for in more direct ways. Bond issues are how the CPSB has traditionally financed school construction, expansion, and renovation.

(Example for a \$40M Bond Issue)

- 1) If voters approve, borrowing the money is authorized as well as the levy of a property tax for 20 years.
- 2) After the approval, CPSB will sell \$40M in bonds and put the money in a separate account dedicated specifically for the construction associated with the bond issue.
- 3) Projects will be bid and completed in phases to maximize efficiency and minimize disruption and pricing.
- 4) Taxes are collected over the next 20 years to pay off the principle and interest on the bonds.

If the total assessed values increase, the tax paid by each individual can actually decrease. The “tax rate” for property taxes is called a “millage” and it is charged on a percent of the assessed value of the property.

Who is eligible to vote? Who will be paying?

The eligible voters are the residents of Bonding District 33, which is essentially the attendance zone of LaGrange High School. Maps are available on the CPSB website under “school zones”. The taxes would be levied on the assessed value of all residential property (after homestead exemption) and all commercial and industrial property including inventories. Businesses and industries pay at a higher rate than residences and they pay on much higher assessed values.

Why are you proposing a new tax now? What happens if it fails?

There has not been a tax passed in Bonding District 33 for 15 years. The buildings are maintained by the CPSB operating budget but they are structurally aging and need major renovations to modernize them and make them last many more years. The school facilities in the area need upgrades to keep up with the times. If the bond issues fail CPSB will continue to maintain the existing buildings, but aging will only get worse and roofs which are already deteriorating will become a major problem without funding.

How much is this going to cost me?

Cost to Home Owners (Per Month)

Home Value

\$ 75,000	\$ 0.00
\$150,000	\$ 16.81
\$200,000	\$ 28.02
\$250,000	\$ 39.23

What happened to all the gambling money?

CPSB has averaged \$2.85 million in dedicated revenues from “riverboat head tax” for the last ten years, the money has been used across the parish for one-time expenditures like land purchases and classroom construction. The classroom buildings (Pods) are the tan concrete block buildings that have been built in configurations of 2, 4, 6, 8, or 16 classrooms.

Riverboat Funded Projects in Bonding District 33

<u>POD Classrooms</u>		<u>POD Classrooms</u>		<u>Other</u>
LaGrange High	(32)	Henry Heights Elementary	(10)	LaGrange High (Track Resurfacing)
F.K. White Middle	(04)	Kennedy Elementary	(04)	LaGrange High (Band Uniforms)
Oak Park Middle	(10)	Kaufman Elementary	(04)	LaGrange High (Gym Air Conditioning)
Brentwood Elementary	(10)	Oak Park Elementary	(04)	Kaufman Elementary (Covered Play Court)
Fairview Elementary	(12)	T.H. Watkins Elementary	(04)	Fairview Elementary (Land Purchase)
				Fairview Elementary (Covered Play Court)



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Can the sales tax that was just passed in 2015 be used to fund the construction of any school facilities?

No, that tax was dedicated specifically to salaries and benefits and it funded a raise for all employees based around a \$4,000 raise for teachers. The tax has over performed expectations in its first year because of the economic boom but the money is still dedicated to that purpose. What hasn't already been paid out is waiting in a dedicated fund to be paid out in future "stipends". Detailed accounting of this tax can be attained by contacting the CPSB accounting department.

When was the last bond issue passed in Southeast Lake Charles (District 33) and what did it pay for?

The last bond issue proposition was May 4, 2002.

Proposition \$29,600,000

New Construction, Renovations, and Upgrades

LaGrange High	\$ 5.2 million	Fairview Elementary	\$3.1 million
Oak Park Middle	\$2.35 million	Kennedy Elementary	\$3.0 million
F.K. White Middle	\$1.7 million	Oak Park Elementary	\$2.7 million
Brentwood Elementary	\$2.3 million	T.H. Watkins Elementary	\$2.4 million
Henry Heights Elementary	\$1.9 million	Kaufman Elementary	\$2.2 million

What is the process for determining projects to be completed at each school?

Appointed architects visit each school to meet with school administrators and other stakeholders to assess building needs and establish project estimates. Projects are reviewed for necessity and consistency. All estimates are added together to determine the total amount of the bond issue necessary.

Roofs are an integral part of any capital building program. What roofing projects are necessary in this issue?

<u>School</u>	<u>Estimate</u>	<u>School</u>	<u>Estimate</u>
LaGrange High	\$3,750,000	Kaufman Elementary	\$ 175,000
Oak Park Middle	\$1,260,000	Brentwood Elementary	\$ 450,000
F.K. White Middle	\$1,900,000	Henry Heights Elementary	\$ 750,000
Fairview Elementary	\$ 800,000	T.H. Watkins Elementary	\$1,300,000
Kennedy Elementary	\$ 250,000	Oak Park Elementary	\$ 850,000

CPSB Board Member Contact Information

Mack Dellafosse
337-477-6019
mack.dellafosse@cpsb.org

Eric Tarver
337-540-2458
eric.tarver@cpsb.org

Ron Hayes
337-477-0441
ron.hayes@cpsb.org

Wayne Williams
337-513-8176
wayne.williams@cpsb.org

Glenda Gay
337-515-5443
glenda.gay@cpsb.org

Annette Ballard
337-477-6345
annette.ballard@cpsb.org



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Most of the tax base in District 33 is comprised of major businesses in the area since the first \$75,000 of valuation for each homeowner is exempt from taxes in our state. See below the list of top taxpayers in the district for 2016:

<u>Name</u>	<u>Taxes Paid</u>	<u>Taxable Value</u>
KINDER MORGAN LOUISIANA PIPELINE LLC	\$ 56,245	\$ 4,166,310
ENTERGY GULF STATES LOUISIANA LLC	\$ 33,980	\$ 2,517,071
SUDDENLINK COMMUNICATIONS	\$ 30,968	\$ 2,293,960
BOLTON FORD LLC	\$ 30,301	\$ 2,244,500
LBH LLC	\$ 28,838	\$ 2,136,140
ERA HELICOPTERS LLC	\$ 27,710	\$ 2,052,580
NAVARRE CHEVROLET INC	\$ 24,800	\$ 1,837,020
COLONIAL PIPELINE COMPANY	\$ 23,841	\$ 1,765,970
MARK DODGE	\$ 22,582	\$ 1,672,750
WAL-MART LOUISIANA LLC #469	\$ 18,819	\$ 1,394,030
WAL-MART REAL ESTATE BUSINESS TRUST	\$ 18,602	\$ 1,377,920
LAKE CHARLES TOYOTA	\$ 17,059	\$ 1,263,610
MIRUS LAKE CHARLES LLC	\$ 15,777	\$ 1,168,640
WHITNEY BANK #1216	\$ 15,713	\$ 1,163,960
HENDERSON IMPLEMENT AND MARINE LLC	\$ 15,081	\$ 1,117,090
NAVARRE INVESTORS	\$ 14,900	\$ 1,103,670
LOWES HOME CENTERS INC	\$ 14,881	\$ 1,102,310
LAKE CHARLES CENTER LLC	\$ 14,221	\$ 1,053,430
DIXIE PARTNERS V LP	\$ 13,496	\$ 999,670
EMAC PARTNERS 2007, A LOUISIANA LIMITED	\$ 12,988	\$ 962,090

How has our student count changed in the last few years? In examining the comparisons of student counts between 2013 and 2017, the count in District 33 has experienced growth overall.

	<u>2013 Count</u>	<u>2017 Count</u>	<u>Current Temporary Classrooms</u>
Brentwood Elementary	415	329	4
Fairview Elementary	298	486	1
Henry Heights Elementary	391	389	2
Kaufman Elementary	368	464	6
Kennedy Elementary	177	164	1
LaGrange High	955	1119	8
Oak Park Elementary	384	444	4
Oak Park Middle	486	435	1
T.H. Watkins Elementary	261	290	0
F.K. White Middle	<u>661</u>	<u>565</u>	<u>4</u>
Total	4,396	4,685	31

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Individual bonding districts finance their school buildings by the passage of bond issues just like this one and with the help of Riverboat money as needed. Over the last 15 years many districts have passed bond issues and have taxed themselves to improve their schools.

Millages Paid by the Other Bonding Districts Across the Parish for 2017

DeQuincy	18.4 mills	Westlake/Maplewood	8.5 mills
Starks	8.7 mills	Sulphur	11.3 mills
Iowa	34.2 mills	Southeast Lake Charles	13.0 mills
Vinton	27.7 mills	Southwest Lake Charles	4.9 mills
Bell City	19.4 mills	North Lake Charles	21.0 mills

Tax History of Bonding District 33

The assessed taxable value of the bonding district changes each year based on businesses and houses entering or leaving the tax rolls, so there has not been a flat tax rate. Millages fluctuate each year based on the valuation.

The last bond issue in District 33 was in 2002 (\$29.6 million). The current millage for debt in District 33 is 13.05 mills for the 2017 tax year. It will decline to 5 mills in 2024, the final payment for the old bonds.

As of June 30, 2017, the remaining debt from the 2002 bond issue is \$13,215,000 for bonds sold in 2002, 2004, and 2005 at our average borrowing rate of 2-3%.

Remaining Millages

2017	13.05
2018	13.05
2019	13.05
2020	13.05
2021	12.5
2022	10.5
2023	10.5
2024	5.0