

Climax-Shelly School District

#592

Building Addition Proposal

Community Presentation

How did we come to this decision?

- Staff and Parent Surveys
- Administration evaluating current building needs
- School Board Discussion
- Architect Evaluation of our current facilities
- Student Needs Come First!

Why now?

- Our school building was built in 1955. The maintenance needs continue to grow as the building ages.
- The last facility addition project was in 1994 adding the two portable classrooms attached to our gym.
- School services to students have changed over the years. We now need space for technology needs such as computers, Ipads, Chromebooks and a server room for your network. We have also added a pre-school.
- Space is an issue. Our stage is used for both a hallway and a classroom. Our computer lab doubles as a social studies room.
- Space continued! Our 6th grade room is located in our H.S. hallway.

Why now?

- Our 3rd and 4th grade classrooms are located in the portables that were built in 1994. We would like the elementary classrooms in one hallway.
- Our gymnasium is used every period of every day. Elementary and high school scheduling is difficult.
- When our health classes are being taught on stage often an elementary PE class is going on at the same time.
- Our Art and Agriculture classes share a classroom. Both have student work, projects or labs that must be stored and space is limited.
- Our elementary sports and activities have increased. More teams means more practice is needed.

What is included in the project?

- 4 New Elementary Classrooms
- New Single Court Auxillary Gymnasium/Weight Room
- Remodeled Lunchroom and Commons Area
- Restrooms in both the new classroom area and gym area.
- Meeting rooms to work with individual students
- Update to our sprinkler system to meet fire code
- New facing for the front of the building to cover glass brick

What is a Bond Referendum?

A bond referendum is a means for school districts to fund projects, often a bond referendum pertains to facilities that require funding above and beyond the normal annual budget. Voter approval is needed to authorize the additional spending. Using simplistic language a bond is a loan used for building. Under M.S. 475.52, school districts with voter approval, may issue general obligation bonds to finance school construction projects that would include new construction, remodeling/renovations, and facility infrastructure and maintenance.

Project Fact List

- 20 Year Repayment Plan
- Estimated Interest Rate of 3.75%
- Voter Approved Levy
- Bond paid by School District Taxpayers
- All properties Taxed: Residential, Commercial, Industry, Ag Homestead, & Ag Properties
- Tax Impact Information Provided by Ehlers Financial

School District Ballot Question #1

Voters of ISD #592 will be asked to approve the issuance of general obligation school building bonds in an amount not to exceed \$2,677,606. This question will be asking voters to fund the 4 room elementary school addition as well as the lunchroom/commons remodel. A total of 6,450 additional square feet to our school building.

School District Ballot Question #2

Voters of ISD #592 will be asked to approve the issuance of general obligation school building bonds in an amount not to exceed \$2,786,325. This question will be asking voters to fund an auxiliary gymnasium and weight room addition. Total of 10,500 square feet.

Why ask 2 questions on the ballot?

- Project Size
- First major addition to our building since it was built in 1955.
- It is only fair to our stakeholders.

Bond Vote Details

1. The vote will be held on February 13, 2018
2. The common polling place will be the Climax Community Center. Climax-Shelly School Board approved the CCC on November 8th.
3. The school cannot be used for a stand alone school bond vote according to state law.
4. All registered voters in the Climax-Shelly School District will be notified of this election and change of polling place by mail.
5. A link will be set up with Ehlers Financial that will allow property owners to get an accurate tax implication cost on this project. The link will be on the Climax-Shelly School web page as soon as it is available.

School Building Bond Agricultural Credit

- Effective for property taxes payable in 2018
- Provides agricultural property owners 40% credit of taxes attributable to school district debt service only for all agricultural property, excluding house, garage, and one acre
- Ongoing credit, automatically deducted from property taxes owed
- Credit paid by State, does not shift levy to other types of properties
- Applicable to existing and new debt

Commercial / Industrial Statewide Property Tax Credit

- Businesses (and cabins) pay a statewide property tax
- Tax levy inflated annually, and paid directly to the state
- 2017 Legislature exempted first \$100,000 of Commercial / Industrial value from the tax, and eliminated inflationary increase
- Businesses with valuation over \$100,000 will see an annual levy reduction of approximately \$687 starting with taxes payable 2018
 - Under \$100,000, tax relief is proportional, \$50,000 business will experience approximately \$348 of tax relief
- Cabin rate unaffected, but benefit from no inflation

Minnesota Property Tax Refund “Circuit Breaker”

- Has existed since 1970s
- Available each year to owners of homestead property (applies to taxes paid on house, garage and one acre for ag homestead property)
- Annual income must be approximately \$108,660 or less (income limit is higher if you have dependents)
- Refund is on a sliding scale, based on income and total property taxes
- Maximum refund is \$2,660
- Those who already qualify may receive an additional refund of up to 80% of the increase due to referendum (e.g. if referendum increases taxes by \$300 per year, refund may cover \$240 of increase)

Complete state tax form M-1PR (www.taxes.state.mn.us)

Minnesota Special Property Tax Refund

- Available each year to owners of homestead properties with a gross tax increase of at least 12% and \$100 over prior year
- Refund is 60% of amount by which tax increase exceeds greater of 12% or \$100, up to a maximum of \$1,000
- No income limits

Complete state tax form M-1PR (www.taxes.state.mn.us)

Deductibility for State and Federal Income Taxes

- Taxpayers who itemize deductions for federal income taxes may deduct all property taxes paid
- Any increase in property taxes resulting from proposed referendum will reduce income tax liability
- Reduction in income taxes may be as much as 42% of the increase in property taxes, depending on total income and other credits and deductions

Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with a household income of \$60,000 or less to defer a portion of property taxes on their home
- Limits maximum amount of property tax paid to 3% of household income
- Additional taxes are deferred, but not forgiven
- Provides predictability; the amount of tax you pay will not change for as long as you participate in the program
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

Thank you!

As superintendent of Climax-Shelly School I want thank all of community members in our school district for the support they give our school everyday. We are a very unique school district. I am amazed at how supportive our communities are of our school. The citizens that make up our school district love our school. Thank you for your present and future support of Climax-Shelly School.

Bill Walters

Superintendent

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