



Greetings from Bark River-Harris School! What an amazing summer we've been having. Things at school have been very busy, but we are gearing up for another great school year. I want to take this opportunity to summarize and share the discussions from the three community meetings the board of education has conducted over the past month. The school has actively encouraged community involvement throughout these meetings to collect input related to a capital improvement project. These meetings focused on a key community question and the facts related to this matter.

On June 19th, 26th, and July 10th community members, parents, employees, and members of the board of education met to discuss the following question: **Should the board of education seek a millage request to maximize the spending power of the 3.9 million dollar grant the district received from the Hannahville Indian Community?**

Bark River-Harris received a 3.9 million dollar grant - specific for pre-determined capital improvement projects which includes: new kitchen/cafeteria, four classrooms, bus garage, and parking lot improvements - from Hannahville. These funds will be paid in annual increments (payments) spread out over 23 years. The question "should the board of education seek a millage request to maximize the spending power of the 3.9 million dollar grant?" is being explored because of the limitations the school has on borrowing money for construction projects and the fact that the grant awarded will not cover the full cost of these projects after factoring in interest on the loan. Based upon the input the board of education received during these three meetings, it was determined that, YES, the school should ask the community for a millage request on the November ballot.

KEY COMMUNITY QUESTIONS AND ANSWERS

- What is the breakdown of costs associated with this project?

Based upon a cost analysis (conducted by UPEA with consultation from Roy Ness) the estimations are:

- *Kitchen/Cafeteria = \$1.8 million. This will include kitchen, cafeteria, ala carte, and athletic concessions.*
- *Four classrooms = \$850,000. These rooms are needed so that we can remove the portable classrooms and accommodate our current enrollment.*
- *Bus garage = \$762,000. This will include enough stalls for our fleet and adequate space for our mechanic.*
- *Parking lot improvements = \$400,000. This will result in overall improvements and much needed additional space created by removing the portable classrooms and possibly relocating the bus garage.*

- Is the grant that was received specific to these items or can the funds be spent on other improvements?

The grant is specific for key capital improvement projects that have been determined by the board of education. Those items include the kitchen/cafeteria, classrooms, bus garage, and parking lot.

- The school district has a fund balance. What will those funds be used for?

The school district plans to use approximately \$500,000 of the unrestricted fund balance to cover additional needed capital improvements, such as: security measures, windows, doors, playground equipment, etc. The board of education will prioritize the needs and determine how best to allocate these funds.

- Will this cause community members to have a tax increase?

No, there will not be a tax increase – rather an extension for the next 23 years. Based upon the analysis conducted by the district’s financial management firm, PFM, at a 4% interest rate.

- What will the dollars generated by the millage pay for?

The revenues received through the grant are estimated to cover the principal portion of the debt through 2042, while the mills levied from the community will cover the interest costs. Below is a table showing the projected decrease based on analysis by PFM:

<u>Tax Year</u>	<u>Payment Year</u>	<u>Mills</u>	
2018	2019	2.24	
2019	2020	2.06	
2020	2021	2.05	<i>Final year of current millage</i>
2021	2022	1.48	
2022	2023	1.45	
2023	2024	1.42	
2024	2025	1.39	<i>Continual decrease through 2042</i>

- What if a millage does not pass?

The project construction amount available at current value would be reduced to \$2.5 million (the remaining grant award amount up to the \$3.9 million awarded would be used for the interest payment). This would result in the board revising the construction plan and likely eliminating the new bus garage and parking lot improvements while still doing everything possible to meet district needs.

- What happens if the grant revenues that come in from Hannahville are less than expected?

The revenues received from Hannahville through the grant are a result of legal agreement between the Hannahville Indian Community and the State of Michigan. There is a legal requirement for Hannahville to distribute 1% of electronic slot revenues towards this grant. In the event the revenues from the electronic slots decreases such that the grant dollars received is not enough to cover the debt payment, the district would have three options: (1) write for a 2% grant from Hannahville, (2) use fund balance dollars, (3) adjust the mills levied in that year to cover the debt.

- Will the school district use local contractors?

The district recognizes the value and benefit in working with local contractors and the district has a history of doing so; however, it is a legal requirement to conduct a bid process and make informed decisions based upon the outcomes of the bids.

- When would construction begin?

Construction would begin in the spring of 2019. Much of the behind the scenes work would begin immediately and continue throughout the fall and winter of 2018.