ARGUMENT IN FAVOR OF BONDS

The Canyons Board of Education, based on years of feedback from parents, students, teachers and community supporters, seeks to continue building momentum in the District's efforts to modernize and upgrade schools in the cities of Cottonwood Heights, Draper, Midvale, Sandy and the town of Alta. Voters are asked to approve a $283 million tax-rate-neutral general-obligation bond to fund the construction of new buildings for the Hillcrest and Brighton high school communities; a significant renovation, including the addition of a gymnasium and state-of-the-art auditorium at Alta High; a rebuild of Union Middle and Peruvian Park and Midvalley elementary schools; the construction of new schools in west Draper and the White City area; and to provide remodeled offices and/or natural-lighting features at 18 elementary schools throughout the District. As parents have expressed concern for the safety of their children while at school, the District has responded by creating this innovative and ambitious facility-improvement plan that concurrently addresses projected student-enrollment growth and the security and seismic issues of aging buildings. The most recent analysis of the District's school buildings revealed approximately $342 million in repair and safety upgrade needs. Bonding is the least expensive way to get ahead of those need because it enables the District to complete projects before interest and construction rates rise further. This forward-thinking measure also advances the community's expressed desire for aesthetically pleasing and modern schools, not only to deliver a technology-driven, 21st century education to the District's 34,000 students, but also to provide welcoming and accessible workplaces for teachers, principals, custodians, aides, and other support staff members. Proceeds from the bond will go only toward the construction or renovation of Canyons District schools. The repayment plan has been structured so that property taxes will not increase. The established priority list of improvement projects was created with an eye toward positively impacting the maximum number of students at all grade levels. In all, these improvements will benefit about 17,000 students in all corners of the District. As another benefit to taxpayers: Canyons District is among the top 1 percent of school districts nationally that have been able to maintain a AAA credit rating, which is comparable to a perfect personal credit score. This will enable the District to borrow money at the lowest possible interest rates, and at a rate less than projected construction-cost inflation. Neighborhoods also are positively impacted by new and renovated schools. Property values of homes go up and communities are revitalized. Approval by a majority of voters would ensure that, in just a few years after the founding of the District in 2009, nearly all of the District's schools would have either been significantly remodeled or rebuilt entirely. To be sure, this tax-rate-neutral funding plan for new and renovated schools advances Canyons District's stated mission of inspiring greater student achievement, promoting classroom innovation, fully engaging and strengthening communities, providing stellar customer service, and remaining fiscally responsible on behalf of all stakeholders.

Board of Education of Canyons School District

REBUTTAL:

Yes, our district has seismic and safety deficiencies; our Board, with the support of the first bond referendum, has made great progress in correcting them since the district was formed.
Let us run the numbers: $342M in current deficiencies, $283M Bond referendum, and $325.8M in proposed projects. So what will the value of the deficiencies be in 7 years? The math cannot tell us.

As I prepare this argument, proposed projects total $325.8M. Some of the additional money will come by issuing the bonds at a higher interest rate, and receiving a rebate from the issuer because the district will pay more interest than the AAA Rating would suggest. More will come from the Capital Assessment tax increment, now generating about $21M annually.

Issuing bonds for major improvements is common for public agencies. The result of these district wide projects, and an anticipated 50 year life of the projects, does two things: 1) it defers the cost to the future users – I am in agreement that the term is only 20 years for each issuance; and 2) 45 years from now there will be a bubble of expense to replace this generation of new schools over a 10 year period, costing over $600M in today's dollars.

I seek to show you the part of the plan not disclosed by the district's arguments and material. If you still choose to support the bond, at least you are making an informed choice. Please vote against this bond.

Steve Van Maren
steve2013@q.com

ARGUMENT AGAINST THE BONDS

Voters:

I am opposed to the bond referendum in its current form. All proposed projects are appropriate, but many of them would be completed even if the bond fails, and some sooner, because they are small projects covered by the Capital portion of your property tax. The plan shows these small projects to demonstrate activity in schools across the district; the big money will go to a new school, the school rebuilds, and major remodeling at Alta High.

While the School Board is not lying to you about keeping your Bond tax rate the same, they are misleading you, and you will pay more for the debt starting the first year the bonds are issued until about 2023, after the Old JSD Debt is retired. The tax to pay a bond is based on the principle & interest that is required to pay the bond. The revenue needed is divided by the taxable valuation of the district to calculate the tax rate. This tax rate can Go Up or down, based on the changes to property values. There is no Truth in Taxation hearing when those rates need to go up; this election is your only vote, and will impact your taxes for the next 20 years. When outside factors cause the valuation of the district to go down, property values drop, so the tax rate to repay the bonds will go up, regardless of the intent of the board.

The District leadership intends to keep the <u>tax rate</u> level for at least 5 years. To do this they are relying as much on an increase in assessed valuation as retiring existing bonds to finance the additional bonds. This means the money you pay will go up when your personal assessed valuation goes up. They also expect that this plan will not be sufficient in the first 5 years to pay the full cost of the new bonds. They plan, as they did for the first district bond, to make up any short-fall from the Capital property tax, thus reducing the amount available for incidental smaller projects, and routine capital expenses like copiers and school busses. And there is a built in intent to use $4M per year for 5 years for projects identified in the bond spend plan.

The current budget was adopted with an increase in your school taxes, with legislative authorization. For the last couple of years, Canyons has received more from the tax line "Canyons Equal Cap Outlay" than was collected within the district. The legislature allowed, and expected, the districts to set their certified tax rate at a level to continue receiving the same amount of funding this year as last year. The District leadership chose to show the increase in the General Fund, reducing the Capital allocation. I objected at the budget hearing without success. This choice reduced the ongoing amount available for routine Capital uses, but insured the teacher salary increases.

Please vote against this proposal to issue bonds.

Steve Van Maren
steve2013@q.com

REBUTTAL:

While Canyons District's appreciates Mr. Steve Van Maren's statement that all projects are appropriate, his assertion that many projects would be completed if the bond proposal is not approved by voters is simply incorrect. The major construction projects planned at Brighton, Hillcrest and Alta high schools cannot be done in a timely manner — or at all — if the bond proposal is not successful. Furthermore, while the District proposes to complete the school-improvement projects by 2023, Mr. Van Maren offers no alternative or schedule on how the projects could be completed without proceeds from bond issuances.

The District is committed to a tax-rate-neutral bond. It must be understood the Salt Lake County Assessor's office appraises homes on an on-going basis. When a home's value is appraised higher, the taxes owed will increase; conversely, when the home's value decreases, the taxes due will decrease. Indeed, the District maintains the tax rate, but it does not control increases or decreases in appraised home values. In addition, CSD has kept its 2010 promise to not increase the tax rate while issuing bonds to build and modernize schools. In fact, the rate decreased. To be sure, the very same tax-rate-neutral promise stands for the 2017 bond proposal.

As for the countywide equalization program, these funds were used to grant an unprecedented pay increase for our dedicated teachers. Even with this adjustment, the District's overall tax rate decreased by 3 percent and is at the lowest rate in the District's nine-year history.

Board of Education of Canyons School District

NOTICE OF PUBLIC MEETING:

The Board of Education of Canyons School District shall conduct a public meeting on October 17, 2017 at 7:30 p.m. at 9361 South 300 East, Sandy, Utah to hear arguments for and against the issuance of the Bonds.