

FREQUENTLY ASKED REFERENDUM QUESTIONS & ANSWERS

(updated 3/23/15)

PROJECTS

1. **How come everything went bad at once? / Why did the district wait so long?**

Many school districts across Wisconsin struggle with the question of ongoing and continuous maintenance of their facilities. As annual District costs continue to rise, state aid and overall budgets are drastically cut and stretched thin, so it is not uncommon for school districts to move building maintenance into the future in order to meet the urgent and immediate needs of today. The Rib Lake School District is in this situation. The Board and School District has discussed facility needs for some time. The board began actively discussing the best way to address the most urgent district facility needs before 2014. The process to appropriately tackle the needs began with early discussions and the district retained ICS in August 2014.



Specifically, since 2000-01, Rib Lake School District's allowable annual revenue, from taxes and state aid, has increased on average .46% per year. District expenses have increased significantly more than this, approximately 2-3% per year. Therefore, the board had to make some tough decisions to balance the budget each year. The board, like many others across the state, often made the decision to cut maintenance expenses to preserve the quality education we have here at Rib Lake. All districts in the State of Wisconsin are regulated by State mandated revenue limits. Unfortunately, the state mandated formula is structured in such a way that school district revenues do not increase at the same pace as expenses.

2. **What are the projects?**

This referendum includes a broad range of projects that comprises necessary maintenance improvements for the Elementary, Middle, and High School Buildings.

- Heating, ventilation, & air conditioning (HVAC) upgrades (AC in HS Fine Arts wing only)
- Direct Digital Controls (DDC) /Integration
- Biomass boiler upgrade
- Partial roofing replacements/repairs
- Replacement of windows and wall systems
- Building envelope sealants and repairs
- Plumbing systems and water heater upgrades
- Mud jacking investigation (Elementary)
- Electrical system repairs
- Information technology on generator
- Indoor lighting & controls (elementary gym only)
- Stage lighting

3. **Are there certain projects that are a priority?**

All projects have been determined to be a priority. The air quality improvements in the Fine Arts Wing will be a project that will be looked at first.

4. **What is the projected project timeline?**

The majority of the work will be completed during the summer of 2015. The windows and adjacent window wall structure and material could extend into the fall, depending on material availability and delivery lead times. The installation of the bio mass boiler would be completed prior to the heating season in 2015.

5. **Are these projects limited to union employers? Can a non-union contractors be awarded a contract for any of the projects?**

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For the Capital Facility Projects being considered in Rib Lake, the State of Wisconsin requires all contractors and subcontractors bidding and working on public education projects to use WI. State approved Prevailing Wage Rates to pay employees, (sometimes referred to as White Sheet Wages). The project specifications that go out for bidding will include this clause. The State does not require Public School Districts to use union contractors or union laborers.

Part of ICS's responsibility is to ensure that the contractors working on the project comply with all state and local regulations governing public education projects. Additionally, ICS encourages local, qualified subcontractors, to bid on, and be part of the project.

6. Has a contractor been selected?

No. Contractor selection has not been finalized. However, H&H Energy Services has been selected through a competitive process and has developed solutions and pricing to address the District needs and can provide a comprehensive turnkey package including design, engineering, and construction. The District has the option to select H&H Energy Services to perform all or a portion of the scopes of work as the contractor.

7. Why can't we just get local people to do the work and save the 20% / Can the District hire local contractors?

Qualified local contractors will be given every opportunity to bid on the projects, however other work still needs to be completed that would be included in the 20% - such as design engineering, auditing, project management, finance, etc. Some of the design work will require professional engineering and/or architectural stamps according to state law, in order to ensure the work complies with state building codes for design and implementation. H&H Energy Services has proposed a profit margin of 3%.

8. What is the role of H&H and ICS? Why are we paying for two different companies to be involved?

ICS Consulting Inc. works as the district's owner's representative to collaboratively develop the scope of the work, and facilitate the process of hiring the contractor to implement the work. This responsibility also includes financial auditing of the project to ensure the legitimate use of construction funds, and compliance with all codes.

Additionally, ICS provides a commissioning review of the project systems to ensure they perform as intended, along with ongoing, post construction support services to the district. Project Commissioning is a service of ICS that ensures systems and components are installed and operating as designed, that any issues have been identified, and that operators are well-trained on systems to protect life expectancy and best energy performance. Benefits of Commissioning include:

- Greater control of construction costs and construction schedules
- Ensure Owner is knowledgeable of operational use and issue resolution
- Enhanced overall system performance and efficient energy use

If selected, H&H Energy Services would serve as the general contractor for the project. They would be responsible for engineering, design, selecting contractors, project management, equipment performance, and pricing on the project.

9. Is H&H receiving a 20% Profit?

No. H&H Energy Services has provided a transparent fee schedule to the District for review. The 20% number is the agreed-upon **total** for a series of standard project costs, typical for most construction projects. These costs are outlined in the contract agreement and are listed as part of the "Typical Project Implementation Fee Schedule". This '20% combined cost' covers all necessary project soft costs, including items like design, engineering, bonding, insurance, management, permitting, and overhead and profit. H&H's contract schedule allows them to include a profit of 3%.

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The total cost for the project scope that H&H includes will now be **17% in lieu of 20%**. The overall fee schedule has been reduced by 3% since Energy Measurement and Verification, or “M&V”, which is a requirement of all Act 32 funded projects has been eliminated.

10. When the elementary school was built was an organization like ICS hired?

No. The process used for the earlier elementary project is different than used for this building project. The earlier elementary project had an architect and general contractor who oversaw construction.

11. How much would it cost to build a new high school?

The average cost per square foot range for a new high school building today is between \$250 and \$275 per square foot. This equates to approximately \$16,500,000 based on the size of the current high school.

12. What is the status of the wood burner? Why are we replacing it if there are reports saying it is good for two years?

The biomass boiler (wood burner) is currently functional, however a condition assessment tells us that a major repair (overhaul) or replacement will be necessary in the near future. It is being considered as a part of this project since other HVAC systems are being retrofitted, and an upgrade now can avoid a more urgent and costly fix later.

13. Did we lose grant money (due to the delay in the process for a referendum) towards the purchase of a new biomass boiler?

The district did not lose grant money by going to referendum. The contractor, H &H is working with Focus on Energy to submit a competitive grant to reduce the cost of the boiler. The grant application deadline is March 28, 2015.

14. What does it mean by ‘mud jacking investigation’ – does that include fixing or just finding out what needs to be done?

This project will provide an investigative study of the mud jacking issue at the Elementary. No work or repair is included in this cost. The report will analyze potential solutions and approximate costs to fix.

FINANCES

15. What are the specific costs for each building?

Building/Project	Cost
Elementary	\$ 363,284
Middle School	\$ 730,536
High School	\$1,650,808
Biomass Boiler	\$ 375,180

16. How much will the taxpayer have to pay IF the full amount is used?

Not-to-exceed PROJECT COST of \$4,000,000	Estimated Property Tax Impact (\$0.48 per \$1,000 of property value)		
	Annually	Monthly	Daily
\$100,000 of property value	\$48.00	\$4.00	\$0.13
\$300,000 of property value	\$144.00	\$12.00	\$0.39
\$500,000 of property value	\$240.00	\$20.00	\$0.66

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17. If the bids come in lower, will the savings be put towards other need?

Any project cost savings can be used towards other needs in the district facilities that meet the language of the referendum resolution that is passed; so additional capital cost projects relating to the district facility deferred maintenance, energy efficiency, are possible projects. Additionally, cost savings and unused project referendum dollars, could be used to retire debt earlier than was originally scheduled.

18. Can Fund Balance pay for the projects?

No. We do not have enough in Fund Balance to cover these projects.

19. Are there other grants available that could be applied to the repairs to help decrease the burden on taxpayers?

Not that we are aware of.

20. How much of the project money is going to fund lighting?

The project budget for lighting projects is currently \$32,000.

21. Why does the Referendum question read \$4,000,000?

Throughout the 2013 - 2014 school year, The Board identified a long list of deferred maintenance needs that totaled well in excess of \$4 million dollars. During December of 2014 and into early January of 2015, consensus began to form around a group of needs totaling approximately \$2.8 million dollars, with an additional \$375,180 dollars earmarked for a new Bio Mass Wood Boiler. This brought the total amount to approximately \$3.29 million dollars which includes the ICS Consulting fee of \$155,000. However, the Board was not able to finalize their discussions before the State Mandated timeframe to call for a referendum question. Therefore, the not-to-exceed amount of \$4 million dollars was selected as a fiscally prudent total to address the final list of needs that has yet to be determined and approved. The Board has approved spending the approximate total of \$3.29 million dollars in 2015.

22. How will forest and farm land be taxed?

Forest crop taxes are set by the state. The referendum will not impact taxes on land in forest crop (MFL).

Farm land will be taxed at the typical agricultural rate (50% of residential). Therefore, if the referendum passes and the board approves \$4,000,000, the \$100,000 of farmland would have a tax impact of \$24.00 annually.

23. I have heard a lot about the interest on this loan. At what percentage rate is the interest? How much interest will be paid total? Is this figured in on what the home owners taxes will be going up?

Interest rates are near the lowest in recorded history. At this point, we are estimating a conservative interest rate of 2.61%, and a total interest cost of \$593,282. The tax impact of \$0.40 or \$40 on \$100,000 home is reflective of this.

OTHER

24. Is any of the money going to pay for teachers?

No. By state law, public education facility referendum dollars can only be used for capital building projects, not staff salaries or other ongoing district costs.

25. Can I vote absentee ballot?

Yes. Contact your municipality clerk or visit www.gab.wi.gov/voters/accessibility

Last day to request an absentee ballot: 4/2/15. Last day to vote absentee in person: 4/3/15.

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