

TCAPS 2024 Capital Bond Proposal
Frequently Asked Questions
February 26, 2024

Overview

After a nearly yearlong planning process, on February 12, 2024, the Traverse City Area Public Schools (TCAPS) Board of Education authorized the school district to place a capital bond proposal on the August 6, 2024 ballot, with a focus on projects to keep students safe, warm, and dry.

District Snapshot

- Approximately 9,000 students
- 16 schools, 4 support buildings
- Nearly 300 square mile boundary area
- Total general operating budget of \$100 million
- Approximately 1,200 staff members, 2nd largest employer in northern Michigan
- Approximately 2,100,000 square feet of building space
- Responsible Management of \$400 Million in Assets

District Financial Information

- TCAPS credit rating AA- (S&P Global)
 - Out of 353 school districts in Michigan rated by S & P, this bond rating is in the top 2% of K-12 public schools
- TCAPS has received National Recognition for *Excellence in Financial Reporting* 18 years in a row
- 2023 Bond sale true interest cost (TIC) = 2.8%

What are the highlights of the TCAPS 2024 Capital Bond Proposal?

- No Projected Bond Millage Rate Increase Over Current 3.1 Mill
- Same Bond Millage Rate for the Last 26 Years
- 40% Lower than the State Average Bond Millage Rate of 5.4 Mills

What are the major proposed projects?

- Elementary Renovation / Reconstruction (Central Grade School)
- Safety and Security Improvements
- Facility Improvements at All Schools
 - aging infrastructure upgrades, instructional enhancements (including Music and STEM), and improvements for ADA access
- Technology Upgrades
- Bus Replacements

What additional information is available about the capital bond proposal?

- Approximately 35,000 Square Feet of Learning Space Enhancements
- 9 Roof Replacements
 - Approximately 800,000 square feet of coverage across school district facilities
- Numerous Facility Improvements Across the School District (estimated)
 - 26 boilers
 - 260 heat pumps
 - 5 playground drainage upgrades
 - 6 building bleacher replacements with ADA upgrades
 - 13 site improvements to driveways, curbs, sidewalks, and parking lots

How will the legal language for the TCAPS 2024 Capital Bond Proposal appear on the ballot?

The TCAPS proposal will ask voters to approve the issuance of up to \$180 million in bonds for the following: “erecting, furnishing, and equipping additions to and/or remodeling, furnishing and refurbishing, and equipping and re-equipping existing school facilities; erecting, furnishing, and equipping new school facilities; constructing, equipping, developing, and improving playgrounds and outdoor physical education, athletic, and storage facilities; acquiring, installing, and equipping and re-equipping school facilities for educational technology; purchasing school buses; and acquiring, developing, and improving playgrounds, play fields, athletic fields, and sites.”

What pre-bond planning process was used to identify the capital bond projects and priorities?

TCAPS conducted a comprehensive pre-bond planning process, which included the collection of data and information from district-wide programming assessments, in which staff, students and other facility users identified needs for school district spaces, and professional facility condition assessments, which listed potential projects according to three priority levels. The school district also hosted a public forum in April, a retreat in August, a study session in October, and collected feedback from students, staff, parents, and the community through outreach surveys, which received more than 2,000 responses. Board of Education trustees agreed that the bond should include the renovation/reconstruction of Central Grade School, priority one and two projects addressing aging infrastructure across multiple schools (such as roofs, boilers, septic systems, stormwater drainage, and water heaters), and projects to upgrade items like lighting, controls and switches, windows, restrooms, sidewalks, lockers, and flooring.

What did survey responses show?

The community survey showed that more than 61% of respondents agreed that Central Grade School needs improvement, 65.4% viewed safety and security as key priorities and 61.5% said aging facility upgrades, like new roofs and flooring, are a priority.

How does the TCAPS capital millage rate compare to the rest of the state?

The current TCAPS 3.1 capital millage rate is approximately 40% less than the state average of 5.4 mills. TCAPS has had a 3.1 mill rate for the last 26 years. It is part of a long-term strategic capital plan designed to maintain a low millage rate, while also providing for local investment in school district facilities, technology, and buses.

How does the capital bond proposal fit into the school district’s strategic plan?

Developing a 3-5 year facilities plan to provide safe and optimal learning environments for students, staff, and community members was a strategic plan goal (2B) for the school district and a key component of efforts to ensure students have the facilities and tools they need to be successful.

Would the TCAPS 2024 Capital Bond Proposal require a millage rate increase?

The proposal does not include a projected increase but rather is expected to maintain the current 3.1 mill rate. TCAPS will be reaching the last sale of 2018 bonds by May 2025. Immediately thereafter, the school district would begin selling the first 2024 bonds, allowing TCAPS to maintain the same millage rate.

What is the status of the TCAPS 2018 Capital Bond?

The TCAPS 2018 Capital Bond funds have been almost fully allocated and projects have been completed or are currently underway, including secure entry vestibules, high school athletic fields, TCAPS Montessori, and high school innovation and manufacturing centers.

Why is Central Grade School part of the TCAPS 2024 Capital Bond Proposal?

Central Grade School is the oldest TCAPS building. It is the only remaining elementary school that needs to be renovated/reconstructed. The projects completed under the 2018 bond were intended to help ensure the next bond could address the renovation/reconstruction of Central Grade School.

How can bond funds be used?

Bonds can fund acquisition and capital improvements, including upgrades to school district facilities and bus and technology purchases. Bonds cannot be used on operational expenses, such as school supplies, textbooks, or employee salaries and benefits.

Why do school districts in Michigan put capital bond proposals on local ballots?

In Michigan, funds are not particularly allocated annually by the state for capital improvements. State-allocated per-pupil funds are provided to schools for operating expenses (ex: curriculum purchases, staff salaries, and daily operational expenses). They do not include additional funding for facility needs, technology upgrades, or bus purchases. There is even a statutory limit on the amount of state aid operating funds that can be used for capital purposes.

What is a mill? How does it work?

Mill rate is a tax rate—the amount of tax payable per \$1,000 dollars of the assessed value of a property. For example, a home with a market rate of \$300,000 (\$150,000 assessed value) would expect to pay \$465 per year (represented by the taxable value divided by 1,000 which equals \$150 times 3.1 as the projected millage rate) under this proposal.

Will my taxes go up?

The district intends to sell bonds in increments that would be expected to be funded within the 3.1 millage rate which it has maintained for 26 years. Presuming that approach, there would only be an increase related to an increase in the property owner's taxable value on the property as defined by the City, Township, or County.

What happens if there is a recession?

The district can postpone bond sales if the amount planned to sell would require more than 3.1 mills.

How much of the \$107 million bond authorization remains from the 2018 vote?

The district sold \$32 million in bonds on May 4, 2023 and plans to sell the remaining \$10 million in May of 2025.

How much of the general operating budget (\$100 million) is for staff?

Approximately 86% of the general operating budget is spent on staff salaries and benefits.

How much of the annual operating budget is spent on administration?

TCAPS ranks 781 out of 822 schools in the state on funds spent on general administration. (Source: Michigan Department of Education Bulletin 1014)

Why can buses be bought with capital bond funds but maintenance vehicles cannot?

Legal uses of capital bond funds are regulated by the state of Michigan, this is not a TCAPS decision. The statute only authorizes buses, not maintenance vehicles.

Has TCAPS asked for more than 3.1 mills in previous bond elections?

TCAPS does not ask voters to consider a millage rate, but rather a dollar value for bond authorizations. The millage is set based on the dollars needed to repay approved bonds. There have been 3 proposals from 1995 to now that asked voters to consider a bond authorization that projected increasing the millage rate over 3.1. Those bond proposals did not pass.

Can bond funds be used for new playgrounds?

Yes, playground equipment can be purchased with capital bond funds.