

Lehigh Area School District
1000 Union Street
Lehigh, PA 18235

1. We are always told a different number for the value of a mill.

The value of a mill for the Lehigh area school district is currently \$360,410.00.

2. Mark Barnhardt and EI Associates have been paid over \$300,000 for their service to the school district to date. This process is just lining the architect's pockets.

From 12/21/09 to present we have paid EI Associates \$152,234.98. During this time we have used EI Associates regarding several professional service agreements from 12/21/09 – 6/30/10 in the amount of \$19,914.50. From 11/19/12 to the present we have paid EI Associates \$132,320.48 for their services relating to the current building project (s). This amount includes all the documentation and plans needed to submit PlanCon A&B for all six buildings.

3. The numbers for projected millage impact is only on houses valued at \$50,000 or \$75,000. Not sure, but a lot of houses are valued more than \$75,000.

When we project millage impact on a property, we use the assessed value (approx. 50% of the market value). The assessed value of a home is the basis for calculating property taxes. The final number is a factor in determining whether your annual property taxes increase or decline. An assessed value is a snapshot in time regarding your home. Due to market fluctuations, it is commonly not the same as the market value. It is based on sales of comparable properties from the prior year.

4. EI and superintendent submitted an amount to PDE for Plan Con A&B without the board knowing the amount and the amount was not part of the feasibility study.

On September 13, 2012, a board meeting was held and a presentation was given by EI Assoc. explaining the process of PlanCon and a breakdown of the estimated full renovations costs of our buildings. At this meeting the board authorized the submission of PlanCon A and B for all four elementary buildings and the middle (project included additions to allow for removal of modular classrooms) and high school. The amount for submission was the estimated total project cost that was presented to the board as part of the presentation. To be completely correct, the total estimated cost of the full renovation according to the feasibility study for all six buildings, was \$52,458,095 (dated January 2011). This information can be found on page 301 of the feasibility study under the headline listed "Option Cost / Status Quo". The submission was in the amount of \$52,706,665 which was approved at the September 13th board meeting. There is no \$23,994,190 discrepancy as reported in a public notice titled "Taxpayers: It's Time to be Heard" in the local paper.

5. The amount submitted is what the board is required to spend in order to be eligible for reimbursement

The board is not required to spend that amount as submitted in order to be eligible for reimbursement. The scope of the projects can change and while trying to gain maximum eligible reimbursement we would need to meet the reimbursable amount of 20%. If the board chooses to minimize the scope of the projects, they could consider the cost as it relate to maximizing the reimbursement.

6. The feasibility was not complete and did not meet all the requirements for submittal.

On 10/10/13 a group of board members and administrators went to PDE and discussed our submission as it relates to PlanCon and the feasibility study that was completed by Mark Barnhardt and EI Assoc. Since that meeting, a complaint was filed with PDE claiming that the feasibility study did not meet the requirements as required for PlanCon submission and approval. Since that time the district did receive written confirmation that PDE received and completed a review of the district wide facility study and that it met all applicable departmental requirements.

7. The district is not going to receive any funding from the state because there is still a moratorium.

As part of our meeting with PDE, this concern was addressed. They wanted to be clear that there is no moratorium on reimbursement. The moratorium is on new Part A submittals. PlanCon projects that have received, Part H approval letters, are continuing to be reimbursed. At the time of our meeting there were approximately 140 projects in cue at part H. It was noted, that assuming the picture remains the same, it should be considered how a delay in reimbursement would affect the school district's financial picture.

8. Maximum eligible reimbursement is the total amount the district would receive as part of PlanCon reimbursement.

Maximum eligible reimbursement is part of the formula however the true dollar amount the district may receive is based on their aid ratio. Currently, our aid ratio is .6011. The amount we would receive would be approx. 60% of the maximum eligible reimbursement amount. For example it would be \$.60 for every \$1.00. With the submission in the amount of \$52,706,665 to PDE and the maximum eligible reimbursement amount at \$23,797,720, the dollar amount the district would be eligible to receive is \$14,304,809.

9. We keep getting different numbers for millage impact.

Each one of the proposed plans has a different scenario as it may relate to grade realignment, building cost, and savings. With having different scenarios, this ultimately does affect the millage rates as calculated from our Financial Management Advisors. It is important to note that the millage impact is solely based on the building projects and how it relates to the debt payment for the district. With each proposal we have our Professional Management Team will look at the different types of borrowing scenarios and make a recommendation on what would be the most financial sound decision based on the current rates and market values.

10. We have \$16,000,000 in the fund balance and the Superintendent should just write the check to improve the buildings and technology.

As per our year end (June 30, 2013) audit report, there is currently \$13,867,503 in the General Fund Balance. At our board meeting on December 16, 2013 the board approved putting \$8,000,000 of the fund balance in a committed fund to PSER's and OPEB (other post-employment benefits). The district has also been presented with funding scenarios that include using a portion of the fund balance to help with the debt service payments as it relates to the building project. In the last two scenarios there has been a projected use of fund balance in the amount of \$4,000,000. As we continue to review the budget for future years, we are projecting a use of fund balance in the amount of \$600,000 for health cost and an additional \$200,000 for budget offsets. With using this formula in relation to a five year projection, our estimated budget reserve would be \$5,867,503 for 2018. As a district we continue to look at areas to cut cost throughout the academic year.

11. Current Projection is a 30 % tax increase by 2017.

When reviewing the projected millage impact as they relate to projects the following has been presented:

- a. 2.31 millage increase by 2018 = 4.88% increase from 13-14 millage w/ borrowing \$52,500,000
 - a. This scenario represents use of \$4,000,000 in fund balance and a projected savings of \$1,000,000 per year with consolidation and full PlanCon reimbursement
- b. 3.57 millage increase by 2018 = 7.54% increase from 13-14 millage w/ borrowing \$52,500,000
 - a. This scenario represents use of \$4,000,000 in fund balance and a projected savings of \$1,000,000 per year with consolidation and PlanCon reimbursement for grades 6-12
- c. 3.46 millage increase by 2018 = 7.31% increase from 13-14 millage w/ borrowing \$40,000,000
 - a. This scenario represents use of \$4,000,000 in fund balance and full PlanCon reimbursement and no projected savings with consolidation
- d. 5.09 millage increase by 2018 = 10.76% increase from 13-14 millage w/ borrowing \$52,500,000
 - a. This scenario represents use of \$4,000,000 in fund balance full PlanCon reimbursement and no projected savings for consolidation
- e. 6.34 millage increase by 2018 = 13.40% increase from 13-14 millage w/ borrowing \$52,500,000
 - a. This scenario represents use of \$4,000,000 in fund balance and PlanCon reimbursement for grades 6-12 and no projected savings for consolidation

12. How can I find out what the tax increase means in the area of dollars and cents for my property tax?

The quickest way to find the impact in dollars and cents for your individual property is to take the assessed value of your home (not the market or appraised value) which can be found on your tax bill.

You then can use the following formula:

$$\text{millage increase}/1000 \times \text{assessed value} = \text{\$\$\$}$$

*This increase is not a per year increase, as it would be phased in over four years.

Below is several cost breakdowns as it relates to the borrowing scenarios listed above.

Assessed Value \$50,000	Assessed Value \$75,000
2.31 mills *\$115.50	2.31 mills *\$173.25
3.57 mills *\$178.50	3.57 mills *\$267.75
3.46 mills *\$173.00	3.46 mills *\$259.50
5.09 mills *\$254.50	5.09 mills *\$381.75
6.34 mills *\$317.00	6.34 mills *\$475.50
*This is not a per year increase in the scenarios above, it would be over a four year period (based on borrowing).	

13. There are different numbers for the four elementary buildings with each presentation.

Each presentation consists of a different scenario; each of them impacting the proposed cost in a different way. If the district would close one of the four elementary buildings the students in that building would need to attend the other buildings which would increase the scope of that project. If the district would place fifth grade back in the elementary buildings that would be another factor, each one of the presentations has the proposed grade alignment listed and the impact on the cost. Also needed to take into consideration is if consolidation would take place there is also an estimated savings figured into the millage impact. With the different amount of savings with every scenario there would be a different millage impact.

14. Just by saying you need a construction management team has already proved you do not have confidence in the architect.

A CMT is not the same firm as the architect of a project. The CMT delivery method is especially beneficial for schools when it comes to the process of maintaining budgets because it allows a construction expert(s) to be involved with a project from conception through completion and develop the insight necessary to make creative suggestions for saving money that aligns with the district's goals and the architect's vision. The CMT is accountable to the district's leadership, meaning the firm will use its knowledge of the construction industry to closely oversee a project from design through delivery on a day-to-day basis and advocate on behalf of the district's best interests. The district has requested RFP's for construction management teams and received 12 proposals with at least 8-10 different school district projects referenced in each of the proposals. This would estimate 96-120 school districts that have used some type of construction management team on their projects.

15. Tax bills have gone up 20% in the past five years

I can neither confirm nor deny that this did not happen for the taxpayers of Lehighton, but I can confirm that the Lehighton Area School Tax Rates have increased 1.79 mills since the 2009-2010 school year, which would equal a 3.93 % increase as it relates to school district taxes. The following is the LASD tax rates for the past 5 years:

2009-10	45.53 (mills)
2010-11	46.57 (mills)
2011-12	47.32 (mills)
2012-13	47.32 (mills)
2013-14	47.32 (mills)

16. People are going to be losing jobs if an elementary center is built.

We have said in several public meetings that we would propose signing an MOU to the professional and support staff to assure no furloughs would take place as a result of consolidating school buildings. As individuals retire the position will be evaluated and the staff reductions will occur through attrition. Some people may consider this losing a job, but if there is no individual currently sitting in that position it would not add to the number of unemployed.

17. The district has incorrectly projected substantial growth regarding future student enrollment and has used skewed student data to determine the sizes of the renovation projects and/or an elementary center.

The district does not calculate the student enrollment projections for the PlanCon process. The projections are set from PDE as they relate to live birth data. As part of the PlanCon process, we are required to use the enrollment projections from PDE. The following is a list of student enrollment by building as of 2/27/14:

SD-297
MA-228
EP-142
FR-270
MS-724
HS-684

18. The proposed elementary concept will increase the amount of time all the elementary students are on the buses.

We have had meetings with our transportation company to discuss the impact of building an elementary center for LASD. Looking at the current times, the elementary students are on buses now. Having the central location will actually decrease the amount of time for many of the current students. We would like to add a bus route to the elementary run at a cost of approximately \$20,000 which will keep all elementary students on the busses for no longer than an average time of 50 minutes.

19. Access to the proposed sight and traffic increase

If the board decides to move forward with an elementary center, an elaborate traffic study will need to be completed as part of the land development requirement. Currently, the elementary run (Gr. K-4) consists of 17 buses and the secondary run consists of 19 buses (Gr. 5-12).

20. Student safety would be reduced.

The design of any building, whether it be existing or new all the design specs, will be developed with student safety in mind. This will include, but not limited, to separate parent and bus drop off points, entrance into the buildings, access to the building, security upgrades, etc. We are currently looking at other buildings that have been designed and gathering information from the staff on the pros and cons of their current design.

21. There has been no maintenance done to the buildings.

Every year we have annual maintenance completed to all our buildings. The following is just a brief list of several areas (but not limited to) in which the maintenance updates takes place:

- a. Septic systems pumped and serviced every year
- b. All grease traps are cleaned and emptied
- c. All boilers are serviced with calibration adjustments and service as needed (MS Boiler approximately 60 years old and well maintained according to our service provider)
- d. Roofs are inspected annually and/or semi-annual (clean gutters, make repairs as needed etc.)
- e. Air filters are changed anywhere from 1-3 times per year depending on location
- f. All kitchen equipment is serviced and cleaned
- g. Every two years a complete electric inspection takes place and connections are checked and replacements made were corrosion is forming
- h. All tiled or terrazzo floors are stripped and resurfaced
- i. All carpet areas a cleaned and shampooed

22. Lack of a real plan

With all of the past presentation as they relate to the district facilities (after PlanCon submission), every plan has had a complete K-12 breakdown regarding grade alignment and future plans for continuing to operate or close an existing building. They have also included breakdowns of the staff re-alignment that would occur with the building and/or student re-alignments.

23. What will happen to any of the building if they are closed?

If the district decides to close any of the buildings, a discussion would need to take place on the plans for that particular building. This can include selling or leasing the building(s). We have been in contact with the IU and LCCC to see if they would have any interest in buying or leasing a building. At this point it is too early to determine the exact plan for any building if the district would decide to close them.