

December 6th Ballot Proposition School Facilities Preservation

Summary

There is currently no ongoing, dedicated money to maintain and preserve the new, renovated or refurbished public school buildings in Orleans Parish.

The December 6th proposition provides an opportunity to fund long-term public school facility preservation without a tax rate increase.

There are currently 4.97 mills of property tax (currently generating approximately \$15.5 million per year) used to pay school facility bond debt. This debt will be fully paid off in 2021. On Dec 6th, a ballot proposition will ask voters to extend the 4.97 mills of property tax for 10 years (2025) for the proceeds to be used for bond debt repayment *and* facility preservation.

If the voters do not approve this proposition, the amount collected from the property tax will begin decreasing, as assessed property values increase, and the entire tax will go away when the debt is paid off in 2021. Schools will lose approximately \$15.5 million annually that would help preserve public school buildings.

If voters approve the millage proposition, New Orleans will, for the first time, have the funding necessary to preserve public school facilities for current and future generations of students. Beginning in 2016, money will be available for emergency repairs to public school facilities, and in 2021, additional money will be available for planned capital repairs as well.

FAQs:

School Facilities Preservation Ballot Proposition

Why are funds needed for school facilities preservation?

New Orleans has never had the appropriate dedicated funding to maintain and preserve its public school facilities. Pre-Hurricane Katrina, this resulted in children having to go to school in crumbling and inadequate buildings, as monies were not available to replace aging roofs, boilers, electrical systems and other components as they wore out. Worsening conditions jeopardized the health, safety and learning of our children.

Post-Hurricane Katrina, New Orleans public school facilities are being upgraded using *one-time* FEMA funding. The FEMA funds are being used to rebuild, renovate and refurbish New Orleans public school facilities across the city. The 2011 School Facilities Master Plan calls for a total of 35 new schools, 18 renovations, and 27 refurbishments.

Money will be needed to maintain these new, renovated and refurbished school buildings, as well as buildings that have not received any improvements through the School Facility Master Plan. There will be needed emergency repairs as well as planned replacement of aging roofs, cooling and heating systems, etc. Without funding, the school buildings will deteriorate back into the state of disrepair that existed pre-Katrina.

Will this proposition increase the property tax rate?

No. If voters approve the measure in December 2014, this will not increase the tax rate.

The proposition would simply extend a current tax of 4.97 mills being used by the school board to pay bond debt for past facility work.

This proposition would allow the 4.97 mills to continue to be levied for 10 years (through 2025) to repay the bond debt, and in addition, use remaining funds to be dedicated for school facility preservation.

How much revenue will the proposition generate for public school facilities preservation?

Currently, the existing 4.97 mills of property tax generate an estimated \$15.5 million annually. This amount will increase/decrease over time based upon assessed property values.

What happens if voters don't approve this proposition?

If the voters do not approve this proposition, the amount of property tax collected for bond debt repayment (currently 4.97 mills) will begin decreasing, as assessed property values increase, and the entire amount collected will go away when the debt is paid off in 2021. This would be a loss of approximately \$15.5 million in tax revenues each year that could be dedicated to preserving school facilities (based on current tax collections).

What will the funds from the 4.97 mills be used for?

In addition to completing full repayment of the school facility bond debt, the purpose of these funds is to preserve all public school buildings serving students in New Orleans. Specifically, these funds will be used for emergency and planned capital repairs and replacements, and to fund the Orleans Parish School Board (OPSB) and Recovery School District (RSD) facility offices in administering the school facility preservation program.

Emergency Capital Repairs and Replacements:

- The definition of emergency capital repairs and replacements will be determined through RSD/OPSB policies, but generally speaking, an emergency capital repair/replacement is an unplanned, urgent capital repair or replacement that is necessary to sustain the health and safety of students.

- Examples of emergency capital repairs/replacements: boiler and chiller repair or replacements over \$10,000; roof repairs or replacements over \$10,000; structural repairs over \$10,000; installation of new or refurbished fire panels, sprinkler systems or security systems; repair of water main breaks; and installation or repair of failed electrical breakers

Planned Capital Replacements:

- Replacing major building systems according to a planned schedule once the systems have come to the end of their expected useful lives, and before they fail and disrupt the learning processes.
- Examples: scheduled roof replacement; scheduled HVAC equipment replacement; scheduled exterior envelope replacement such as windows or exterior seal; and reinstallation of flooring

Funds from the property and sales tax for school facilities preservation will be allocated to the RSD and OPSB based on their respective student enrollment counts in school board owned facilities.

School Facilities Preservation Program

Act 543 of the 2014 Regular Legislative Session established a School Facilities Preservation Program for Orleans Parish. This legislation governs how the sales and property tax will be used to preserve school facilities in Orleans Parish.

Who will administer the School Facilities Preservation Program?

The Orleans Parish School Board and the Recovery School District will administer the School Facilities Preservation Program. OPSB and RSD currently have respective facility offices that provide and oversee maintenance and repair of school buildings. These offices will expand their roles to administer the School Facility Preservation Program in the coming years before the bond debt is fully paid off.

Since 2005, state law has made clear that the Orleans Parish School Board has responsibility for maintaining and repairing OPSB-controlled school buildings, and the RSD the responsibility for maintaining and repairing RSD-controlled school buildings. RSD and OPSB have provided or overseen the maintenance and repair of schools buildings in Orleans Parish in this way since 2005. Under Act 543 and pre-existing law, when an RSD school returns to the Orleans Parish School Board, the responsibility for maintaining and repairing that school building, along with funds for that school, are transferred to the Orleans Parish School Board.

Will the School Facility Preservation Program have different rules for OPSB and RSD schools?

No. The OPSB and RSD Superintendents have committed in writing to work together to develop uniform policies and procedures so the same rules will apply to all public school facilities under the School Facility Preservation Program.

How will this money be used to make emergency and planned capital repairs and replacements?

The School Facilities Preservation Program has two phases:

Phase 1: 2015 until the bond debt is paid off (2021)

After the bond debt payment is made each year, the remaining money will be used for:

- Emergency building repairs (performed by RSD and OPSB facility offices)
- Supporting RSD and OPSB facility offices in administering the school facility preservation program (the offices will be funded at a maximum level of \$15/student, for a total of approximately \$600,000 per year for both offices combined)

Phase 2: 2021 onward:

Once the bond debt is fully repaid, there will be more revenue available for school facilities preservation. In addition to emergency repairs,

schools will be able to start making *planned* capital repairs to ensure that outdated and weak infrastructure is replaced prior to needing an emergency repair.

During this phase, the school facility preservation program funds will be:

- Used to continue to support the RSD and OPSB facility offices in administering the school facility preservation program
- Deposited into individual school facilities accounts to be used for needed and approved repairs for each facility. There will be specific requirements and accountability measures for the use of these funds by schools. Older school buildings needing more extensive repairs and replacements will receive more funds than newer buildings that need fewer repairs:
 - A school in a renovated or new building will receive +/- \$500 per student
 - A school in a refurbished building or a building built before 2005 that has not been renovated will receive +/- \$650 per student
- Used to fund an OPSB revolving facility loan fund and an RSD revolving facility loan fund:
 - Schools can apply for interest-free loans to help finance expensive emergency or capital repairs and replacements when they do not have adequate funds in their school facilities accounts to do so
 - State law lays out requirements for the amount of money put into the loan fund, how it can be used, how it must be paid back, and how use of the loan funds must be publicly reported

What will the RSD and OPSB facility offices do?

Both the RSD and OPSB will need to inspect the buildings under their control, administer a revolving loan fund, help schools with emergency repairs and long-term capital planning, and monitor schools to make sure they are meeting lease requirements in routine maintenance and inspection.

The facility offices will also be responsible for emergency repairs until 2021, when this responsibility will transfer to the individual schools.

Will the School Facility Preservation Program affect Disadvantaged Business Enterprises (DBEs)?

All projects under the School Facility Preservation Program will be required to follow RSD and OPSB DBE policies. This means that all schools throughout the city performing any emergency or planned capital repairs to public school facilities will need to do so according to RSD and OPSB DBE goals, policies, and processes. The school facility accounts will be audited annually for compliance with law and policy, including adherence to DBE requirements.

How will routine building maintenance and repair be funded?

Just as they do now, schools will continue to perform general and preventative maintenance themselves and pay for this maintenance out of general operational funding.

Examples of routine repair/maintenance: annual roof and termite inspections; maintaining the grass and school grounds; manufacturer provided preventative maintenance schedules for all equipment and systems; and individual repairs that do not sustain or transform a building system such as broken doors, broken/cracked windows, broken motors or fans, flooring repairs, wall repairs, repair of individual fixtures or furnishings (light fixtures, baseboards, trim, gutters, door hardware, railings, etc.), plumbing repairs, electrical repairs, minor roof repairs, replacing A/C filters, etc.

How will RSD, OPSB, and charter schools be held accountable for these funds?

Act 543 provides numerous accountability measures for school buildings that would be receiving funds from the millage proposition for preservation of the school building, including:

RSD/OPSB Facility Offices

- The offices will inspect and monitor all public school facilities to ensure that they are being maintained properly and are in compliance with inspection requirements
- The offices will evaluate school building long-term capital plans to ensure they meet minimum requirements
- The offices will monitor and review annual audits of all school facilities accounts
- The offices may suspend or terminate school facilities accounts for account policy violations, or if a building is not being maintained and inspected properly

School Facility Accounts

- Account must be segregated, and may not be commingled with other school funds
- Long-term capital plans must be developed for each campus to detail necessary planned capital repairs/replacements
- Long-term capital plan must meet requirements established by RSD/OPSB policy
- Accounts must be audited annually
- RSD/OPSB may suspend or terminate school facilities accounts for noncompliance with account policies

- Account funds remain with the campus even if the charter organization leaves that campus
- Account funds may only be used for emergency or planned capital repairs/replacements at the particular campus the account is designated for
- Non-emergency expenditures must reflect long-term capital plan and be approved by charter board and RSD/OPSB
- Emergency expenditures must be made according to RSD/OPSB policy

Revolving Loan Funds

- Charter board approval required for a charter school to apply for loan
- RSD/OPSB must annually report to the public on the revolving loan funds and all loans made to schools

What about future new construction?

New construction (renovations, additions, etc.) that is not being paid for through School Facility Master Plan funds will need to be funded through new tax or bond initiatives approved by Orleans Parish voters, or public/private philanthropy or financing.

Does Act 543 make the Recovery School District permanent?

No, Act 543 does not make the RSD permanent.

The Recovery School District was given the responsibility of maintaining and repairing RSD-controlled school buildings by Act 35 in November 2005 (codified in La. R.S. 17:1990 B(4)(b)(i)). Act 543 of 2014 does not change this. Act 543 affirms preexisting law that gives the Orleans Parish School Board the responsibility for maintaining and repairing OPSB-controlled school buildings, and gives the RSD the responsibility for maintaining and repairing RSD-controlled school buildings. RSD and OPSB have provided or overseen the maintenance and repair of schools buildings in Orleans Parish in this way since 2005.

Under preexisting law and Act 543, when an RSD school returns to the Orleans Parish School Board, the responsibility for maintaining and repairing that school building, along with funds for that school, are transferred to the Orleans Parish School Board.