



Building Project Update: February 26, 2016

Over the past days, there have been some comments made regarding the perceived costs of key improvement projects related to the recently passed referendum in the East Troy Community School District. We wanted to take an opportunity to provide some clarification on this issue.

Just like you might do if you were about to embark on a home remodeling effort, the school district conducted comprehensive budget forecasting before starting its current improvement projects. Through this process, we were able to determine approximate costs before bids began to come in, as well as create a list of priorities.

Back in January 2015, the district had projected, through this budgetary process, that the cost of the projects at East Troy High School would be about \$7.5 million. Then after the referendum passed, work began with staff to design the building and the budget put to bid was \$7.8 million. But as the bids came in, we found that we were able to complete the initial scope of these projects—along with some alternates—for a cost of about \$6.9 million. This was certainly great news for our school district and community.

Now, the district is awaiting bids on the scope of projects largely at the elementary school and middle school. We should know this information in early March, at which time the Board of Education will address the matter with the community. We continue to hope that, like with the high school efforts, the bids for these projects come in under our expected costs. However, it's worth noting that construction costs are on the rise, and it's quite possible that the actual costs will be higher than we had originally projected. We are currently preparing for next steps should that be the case.

If costs do turn out to be higher than expected, the board would need to review the scope of projects that have yet to be completed. This includes the new elementary school, several projects at the middle school, some alternates at the middle and high schools and new furnishings, fixtures and equipment. In its analysis, the board would need to make reductions in costs toward maintaining the budget on the approved \$24.7 million referendum—as this number cannot be exceeded.

The bottom line is that, regardless of how the bidding process goes, there will be **no additional tax impact to the community and no additional spending above the approved referendum amount**.

As we prepare for the possibility of higher costs on our planned projects, it's important to remember that the original portion of the tax levy that was projected to cost taxpayers 16 cents for every \$1,000 of home value has dropped to five cents per \$1,000 after the first phase of locking in bonds. Thus, the final referendum cost to taxpayers, as confirmed in January, was just one cent for every \$1,000 of home value. Again, this is very positive news.

In other words, if you own a home worth \$200,000, your tax impact from the referendum is only \$2 per year. This will not change, no matter what happens in the current bidding process.