Points to Ponder on the Iron County School District Bond Proposal

This comment does not attempt to evaluate the needs of the District, but attempts to ask questions or offer comments about bonded indebtedness and taxation. The proposed bonded debt issue of the Iron County School District deserves serious analytical consideration. The amount alone is staggering at $92 million. The following issues deserve attention before approving the issue:

1) Debt is expensive and should be used only for long-lived, critical and urgent needs.
   A) This issue includes certain items of equipment that most likely, or may not outlive the debt service term; meaning the taxpayers may be paying for items that have been retired. An example is the Surveillance Video equipment. Perhaps these items should be worked into the operating expense budgets (over a few years).
   B) Critical need or Urgency is not evident on some items: Bleachers, Professional Development Suite, Future property acquisitions.
2) The terms of the bond should be fully disclosed. This proposal contemplates three separate bond issues over a period of years. Over those years many things can change that might affect the advisability of the bond, the effectiveness of the borrowing or the very priority list of needs of the District. It might be more advisable to bond now for only the most critical needs that exist now.
   A) Interest rates and construction costs will change; changing the need or viability of financing. We will be locked into the cost estimates that exist today.
   B) The public should not be asked to authorize multi-year bonds now that may not meet the future needs or available funds.
3) This bond issue rolls existing outstanding debt into these bonds to reduce the required amount of tax increase to fund just these bonds. Each bond issue should stand alone and when retired, the tax rate should be reduced. The effect of this particular issue is to extend prior tax increases from prior bond to help pay for the current needs. That is similar to borrowing to buy a new car and adding the debt to the new one. The taxpayer should get the benefit of retired debt obligations without that tax being rolled into another 15 year obligation.
4) The cost of making each proposed bond authorization as needed in the future as opposed to requesting authorization all three phases now is minimal, compare to lost flexibility and effective use of bonded indebtedness.

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