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Regional News

School District to Get $5.8 Million from Bond Sale for Renovations

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A combination of quality planning and good luck will benefit the students and taxpayers of Colusa Unified School District.

Bonds authorized by an overwhelming majority of the voters back in November went to market on April 16. The sale resulted in higher-than-expected funding for the district, lower-than-expected costs and significant savings for the district's taxpayers, Colusa officials said.

Lorie Raineri, president of Government Financial Strategies, presented the final numbers to the school board at a regular meeting last month.

GFS was hired by the Board in 2013 to guide the district through the process of analyzing, preparing for, and executing a successful bond program.

The district sold $5.9 million in bonds to an investment bank, Piper Jaffray, after a highly competitive bid sale, officials said.

GFS oversaw bidding from six different investment firms, an unusually high number of bidders for a relatively small amount of bonds. The fierce competition for these bonds drove the bidding to unusually low rates, which resulted in significant savings for the taxpayers. The Piper Jaffray bid was $17,000 lower than the next closest bid, $280,000 below the highest bid.

"Those numbers represent savings to the taxpayers and reflect the success of GFS' efforts to create a high demand, competitive bid process," Raineri said in a statement.

Piper's low bid of 3.35 percent was actually below the market index, a measure of the average interest on current market bonds, officials said.

Assessed value of properties in the school district turned out to be higher than expected due to the rate of the nationwide economic recovery. Shortening the term of the bonds by seven years resulted in $3.9 million in savings to taxpayers.

"Decreasing the term of a bond saves taxpayers money, just as shortening the term of a mortgage saves money for a homeowner," Raineri said.

Additionally, the amount of tax per $100,000 of assessed value dropped from an early estimate of $47.55 to $42.90, which means that taxpayers will pay less than they expected to pay at the time of the bond election.

"I'm really pleased that we are able to get the money our schools need for modernization and save on taxes at the same time," said Lincoln Forry, board president, in a statement.

The district paid $185,000 to issue the bonds, which sold at a premium, meaning the district will receive $5.8 million in proceeds, an additional $355,000 over initial estimates, which can be spent on repairs and renovations.

The bond funds will be combined with district reserves and Proposition 39 funds to make more than $7.2 million available for school repairs and upgrades.