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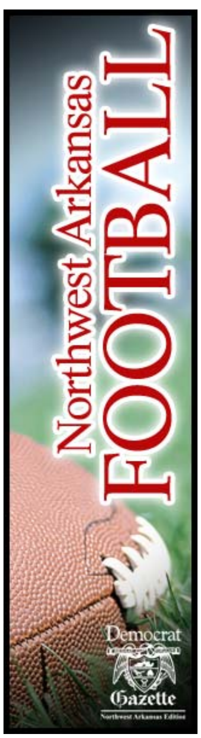

FAYETTEVILLE District: Economy great for building

Foes: Recession worst for tax hike

By Evie Blad

Posted on September 13, 2009 at 8:14 a.m.

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FAYETTEVILLE — Supporters of a property tax increase to fund construction of a new high school argue the economic recession has created an ideal environment for the large-scale building project.

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Opponents point to the same recession as an indicator that Fayetteville residents can't afford an increased tax burden.

If voters greenlight a 4.

9-mill property tax to fund $113 million in construction costs Tuesday, the district can use low- and zero-interest bonds created by the federal stimulus plan and take advantage of competitive bidding created by a slowdown in residential construction, school administrators said.

"The delay that we have not passing this millage may very well eat up any additional savings we'd find by continuing to revisit this pro-cess," district financial officer Lisa Morstad said.

BONDS AND BIDS

The school board approved in July an application for $60 million in federal school construction bonds with zero- or low-interest rates provided through the American Recovery and Reinvestment Act.

The district learned Friday it qualified for a $54 million share of the state's $113.4 million in qualified school construction bonds for 2009.

The district estimates using the $54 million bond provided through the stimulus will save $63 million over the course of repayment for the project.

The savings assumes a 1.5 percent interest rate for the stimulus bonds compared to a 5 percent interest rate for conventional bonds.

The district will only use the bonds if they can be repaid through an approved millage increase, Morstad said.

The U.S. Department of the Treasury will approve the first wave of projects financed through $11.2 billion in bonds nationwide at the end of September.

Taking advantage of the low interest rates will shorten estimated repayment, allowing the higher millage rate to "sunset" five years sooner than the planned 30-year repayment period, Morstad said.