

KING AND QUEEN COUNTY CAPITAL PROJECT UPDATE



Elementary School Construction

When will the new elementary school be built?

County leadership is exploring options to build an innovative school facility and learning environment for students while being fiscally responsible to taxpayers. Officials and staff are working with engineers and architects as many preliminary matters must be addressed, but County leadership remains hopeful that site work can begin early in 2025, if not before, with building construction to follow immediately after.

Why has there been a delay in the project?

Options for a new KQES facility have been under consideration for many years. An architect was hired and the design process was started. Though the design process took much longer than anticipated, and different options were identified and explored along the way, the most readily-achievable design and construction options have now been identified. Final decisions about the school construction project are expected in 2024.

What has the County done with the money it borrowed?

Working with the County's financial advisors, Davenport & Company, and with legal counsel, bonds were issued by the County in 2022 at the historically- low interest rate of 2.04%. The bonds were issued to secure funding for several capital projects, including an elementary school facility. A portion of the bond proceeds was spent on the temporary KQES facility as well as school engineering and design, and the balance of the funds remain invested where they currently earn interest at a rate in excess of the rate at which the funds were borrowed. Approximately \$18,500,000 of the bond proceeds remain. After completion of a new school, the temporary units will be available for other uses in the County or will be sold.

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Why is consolidation of the two elementary schools being considered?

Operating each elementary school costs the school division approximately \$1.8 to \$2 million per year. Of that amount, the County currently provides approximately \$900,000 (in addition to the \$3.4 million required by the state for operations) and an optional state program provides approximately \$900,000. Each penny on the real estate tax rate yields approximately \$118,000, so if the state program on which the school division relies is eliminated or reduced, the County would immediately have to raise real estate taxes by as much as \$0.08 just to sustain operations. This does not address renovation or replacement of the second school, which would require even more tax revenue.

Why is modular construction being considered?

Modular construction is an option available to the County for a per square foot construction cost significantly lower than on-site construction. The commercial grade modular options being considered are NOT equivalent to the temporary units currently in place, either in structural integrity or in appearance. If a modular school is built, the appearance will be equivalent to, or better than, a school built on site.

Is additional debt planned?

No, no additional debt is planned at this time. County leadership is working hard to address increasing operating costs and deferred capital needs while keeping tax rates as low as possible and not increasing the debt burden.