



To: Attendees
From: Annie Bearss | AB, Vaughn Dierks | VD
Date: April 5, 2017
Comm. No: 162116

Subject: Independent School District #623
Roseville Area Schools: Long Range Planning Process
March 29, 2017 Options Meeting #5 Meeting Minutes

This meeting took place at Roseville Area High School at 6:30 p.m. on Wednesday, March 29, 2017 to continue the Options phase of the long range planning process.

Discussion Topics:

- A. Vaughn Dierks from Wold provided an overview of items to be discussed at the meeting, what has been occurring since the previous meeting and asked for any thoughts or concerns from the previous meeting. None were brought up.
- B. Jodie Zesbaugh and Shelby McQuay from Ehlers, the District's Financial Consultant were introduced. They attended to help answer questions related to preliminary tax impact analysis.
- C. Community Meeting: Update and Feedback:
 - 1. There was good attendance from the Options Committee as well as the community at large for the March 15, 2017 Community Meeting. There were three areas of focus for the majority of feedback:
 - a. Continued advocacy for special interests:
 - 1) There continued to be a great number of comments supporting both the pool(s) issue and for a new auditorium. At times it appeared that the audience was seeing it as a pools vs. auditorium issue which it is not. Both are needs to be discussed and prioritized.
 - 2) Baseball fields were brought up as a concern that should be a higher priority. This was a new item not voiced at previous meetings, nor raised as an issue during criteria development.
 - b. Questions regarding the proposed options:
 - 1) Is enough being done at RAMS? This was answered by explaining that it is one of the few buildings not requiring an addition for capacity, but it did have significant areas identified for renovation that place it in the same level of work identified District wide.
 - 2) What would the Sustainable approach be? At this time, a specific approach has not been determined because, like other areas of design, it would need to have discussion on strategies and goals during the design phase to align with District values.



- 3) What is being proposed for the Media Centers? Like other aspects of the options it is not to the point where design is determined, but rather the need to address the spaces and propose renovations. This will follow a design process once a referendum was successful to develop the spaces accordingly.
 - 4) What would the proposed schedule for implementation of work be? Vaughn provided a rough timeline based on the size of projects but explained that this would be developed further once District priorities and scheduling of programs was determined after a successful referendum.
 - 5) Grade structure was questioned in terms of addressing capacity. Vaughn reiterated the development of this criteria early in the process and how it aligned with District values.
- c. Comments related to general concerns:
- 1) While people appreciated the need for improved air quality and HVAC improvements, it needed to be more than just that. The work had to have an aesthetic focus and appeal as well.
 - 2) People spoke to the value of continuing to keep a Pre-K presence in the elementary schools that they currently exist in even if programming options are increased through capacity additions at other sites. Vaughn let them know that this was still part of the approach.
 - 3) There was a concern that the elementary schools do not get too big with different additions. This was addressed by discussing the fact that the District has different sized elementary schools currently, and that additions would be aligned within these parameters. Additionally, these are spaces that are needed to maintain the existing boundaries and neighborhood schools.
 - 4) The width of hallways at RAHS was brought up as a concern. While the proposed work would not resolve this issue specifically, it would create new circulation routes within the schools and relief at congested pinch points within the building to make sure that this is addressed where possible.
2. Overall, the take away from the Community Meeting was that there is support for the options proposed:
- a. None of the feedback was focused on disagreeing with the approach, or with adding areas that needed additional study or were not explored.
 - b. The comments and feedback were positive, and tended to support items in lieu of asking to remove items.
- D. Finance Committee: Update on progress:
1. The role of the Finance Committee as part of the process was discussed, and the committee members were identified:
 - a. The charge of the Finance Committee: *"The objective of the Finance Committee is to review potential costs for identified priorities and projects defined by the Options Committee as part of the Long-Range Planning process and consider economic feasibility. They will be reviewing cost estimates developed by the Architectural Team, implementation and packaging strategies developed by the District Administration in consultation with architects, tax impacts prepared by the District's financial consultants and other relevant information as determined or requested by the Committee. The Committee is comprised of community members, business owners, and residential property owners. Most have been a part of the District for a number of years and have an understanding of history, perceptions and community values."*



2. Vaughn discussed how the work / proposed projects was initially broken into different approaches to provide a starting point for the Finance Committee to begin to explore costs and potential impact:
 - a. A preliminary approach to building an on-going Long Term Facilities Maintenance (LTFM) Plan was developed to address physical conditions in existing spaces:
 - 1) This would include items like HVAC improvements, paving, building envelopes (including roofs), etc.
 - 2) This work would not require voter approval, but would have a tax impact to District residents.
 - 3) This would be a comprehensive approach for 10 years to address immediate needs, and then a reduced approach following based on maintaining buildings.
 - b. Projects not related to LTFM such as capacity additions, renovations of program areas, safety and security work and similar projects were identified for a potential referendum:
 - 1) Prioritization was considered as Safety and Security first, Capacity and Programming enhancements second, and items that were Community enhancements third to begin to look at potential levels of investment.
 - 2) Dollar amounts of \$45 million, \$120 million and \$145 million were considered as ways to understand various tax impacts.
 - c. Preliminary cost estimates and tax impacts for each scenario were reviewed. Ehlers provided a review of how tax impacts were developed based on current debt structure and approach.
3. John Shardlow spoke to the Options Committee as a representative of the Finance Committee to give them their perspective:
 - a. The Finance Committee reviewed the potential costs and understand and agree that these are not insignificant expenses or tax impacts, and need to be given the appropriate consideration they deserve.
 - b. All agreed that the District has done a great job of making the budgets we have work for years and maintaining the buildings accordingly. This has been great for District taxes, but it has also meant that eventually larger projects would need to address concerns.
 - c. This is the time to address these needs appropriately and to pursue the full list of identified projects to best prepare the District for the future.
 - d. This has the potential to have a very positive impact on property values, especially related to home prices. It also creates the types of spaces that they believe the residents value in their schools.
 - e. They have another meeting to continue discussions, but at this time they are considering support of the full options developed by the Options Committee.
- E. Options Committee Discussion:
 1. Jodie Zesbaughn from Ehlers answered the following questions related to Finance Information:
 - a. *How are the proposed bonds structured (years, etc.)?* The proposed bonds have been structured with a 20 year term and the payments are “wrapped around” the district’s existing debt to maintain a level tax rate for the district’s debt and capital levies over the term of the bond issue.



- b. *Is there any current debt expiring, and is that taken into consideration?* The District currently has School Building Bonds and OPEB (Other Post Employment Benefits) Bonds outstanding. The School Building Bonds will be paid off as of February 1, 2026 and the OPEB bonds will be paid off as of February 1, 2029. When the OPEB bonds were issued, those payments were “wrapped” around the payments for the School Building Bonds; therefore, levies for existing debt are estimated to stay relatively constant over the next 11 years. (The District will have the opportunity to refund/refinance the OPEB bonds in the near future which will be discussed at the Administration level.)
 - c. *How do ISD #623 taxes compare to other surrounding or comparable Districts?* This was reviewed by the Finance Committee at the March 22nd meeting, where school taxes for ISD #623 were compared to comparable Districts and were below the group and state averages, primarily because ISD #623 has utilized a lower level of funding available through the Long Term Facilities Maintenance (LTFM) program (formerly called the Alternative Facilities program) to the extent that many other Districts have. Final taxes for 2017 are currently being calculated by counties and an updated comparative chart will be developed once Ehlers has the 2017 data.
 - d. *What other funding strategies exist besides LTFM or Referendum and Capital Bonds?* In addition to LTFM and bond referendum, the District has the authority to use a few other financing tools (some without voter approval). However, in each of those cases, the resulting interest rate would likely be higher and/or would not result in increased revenue. In addition, each of the other financing tools has restrictions related to the use of the proceeds. For example, in some cases, the funds cannot be used to finance any new construction.
 - e. *What is the tax rate for the District?* Each school district in Minnesota has 2 property tax rates which are spread on 2 different tax bases. The majority of school levy categories (including bonded debt and other capital levies) are spread on the net tax capacity (NTC) property values and a separate tax rate is calculated for those levies. A few other levy categories (including operating referendum levies) are spread on the referendum market value (RMV) and a separate tax rate is calculated for those levies.
2. Questions related to schedule / implementation:
- a. *What is the potential schedule for doing the work?* It would depend on a number of factors, but the best way to describe it is that over the next 10 years there would be significant work occurring building by building to address the mechanical systems and other physical issues. On top of that, starting summer of 2019 (maybe even 2018) referendum projects would begin construction and take place over a 3-4 year period. The exact buildings and schedules would still need to be discussed, but it would take into consideration urgency, capacity demand, and phasing to maintain District programming accordingly.
 - b. *Was there any maintenance work done previously?* Yes, although it was intentionally kept at a minimum to reduce the tax burden on residents during some difficult economic times.
 - c. *What can be done with LTFM (or what qualifies for it)?* Only projects that are defined as fixing or addressing existing needs with “like” replacement. (For example, roofing). Projects can not change the footprint of a building, or be based on renovating spaces for different purposes.



- d. *Did the sale of the Owasso property offset any of these costs?* Yes, that money was used to factor into other District expenses at the time. Some of these included maintenance or capital projects in buildings that helped maintain the quality of buildings in the District.
 - e. *Is there enough money to take care of all of the issues?* Even though an Architect/Engineering firm has not been contracted with to do the design work proposed as part of a referendum, their job will be to work within the budgets to address these needs accordingly. Wold is budgeting based on current and anticipated market trends and forecasting what is believed to be appropriate costs to address concerns, but these factors will need to be continuously evaluated with each round of projects at the time to ensure needs are being addressed. However, there is no referendum that ever addresses ALL of the needs, and needs will change over time. It is a process for gaining support for District residents to reinvest in the buildings now to address agreed upon and prioritized needs identified today to best prepare the District facilities for the future 10+ years.
3. Discussion on referendum approach and strategies:
- a. *How many questions would a referendum be? What works best?* The Board has not had any discussion on this yet, and will weigh this and many other factors as they decide on the best implementation strategy. There is no easy answer as every community is different and each situation requires different considerations.
 - b. *How does the Millennial Generation make decisions?* Again, this is a complicated question. The discussion revolved around lots of different approaches including social media, personal tours of spaces, and peer-to-peer communications.
 - c. *Is Roseville considered safe – will the community see the need for safety issues?* Safety has typically been a concern and value of most communities and one that is widely supported. While the perception may be that Roseville is safe there are ways to continue to improve existing procedures that this would address.
 - d. *Should Community Issues be the third priority?* Based on all of the discussion to date from multiple committees this has been the consistent message. It does not mean that these are not important, but they need to be discussed as ways to enhance the community above and beyond the daily educational needs. These can still be seen as desired enhancements.
 - e. *Has the City of Roseville made any determination on building a Community Center?* Not at this time. The City is currently reviewing its own needs, and may find that a Community Center has support. It does not preclude the City and District from discussing how they might work together to achieve this at that time, but for the immediate discussion the District needs to consider these issues as separate until the time City discussions and plans may be further along.
4. The final topic of discussion was to determine the Options Committee's view on how to proceed given the preliminary tax impact and Finance Committee's discussion. All felt that it was their desire to continue to recommend the full list of Options developed for Board consideration (pending an aligned point of view from the Finance Committee and District Oversight Team (DOT)).
- F. Vaughn and the District thanked all of the Options Committee members for their participation and determined their work was complete. No future meetings are needed at this time. However, some members may be asked to help with presentation of the Options at an upcoming Board meeting for recommendation.



- G. The next scheduled meetings of other groups include April 5 for the DOT, April 6 for the Finance Committee, and April 13 for a Board Study Session.
- H. Wold will distribute meeting minutes following each meeting and will coordinate with the Communications Committee regarding methods of informing the public. Independent School District #623 will also post meeting contents to the District website (<https://www.isd623.org/our-district/welcome/facilities-planning/resources>).

cc: Vaughn Dierks, Wold
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