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SKSD LRFP Task Force
Meeting Minutes

From	Elisa Warner	Date	February 13, 2017
Project	SKSD LRFP	Project No.	14026
Subject	SKSD LRFP Task Force		

The session began with the Task Force assembling in a large group to discuss possible funding options for capital improvement projects. Funding options for consideration include:

- **General Operating Fund**
 - Pay as you go: No debt – comes out of general operating fund. 1% of general operating fund is approximately \$4.6M. Every dollar spent is one less dollar for teachers and programs.
 - Certificates of Participation: Lease purchase agreements. Alternative to bonds. Not secured by a particular revenue source; the asset secures the loan. Typically short-term.
 - Full Faith and Credit Obligations: Bonds are issued and supported by the full faith and credit of the organization. Require tax revenue to support. Board makes a commitment that operational fund will support obligation over a period of several years. This is sometimes used for bus acquisitions. Not typically used for capital construction.
- **Construction Excise Tax** (passed in 2007) is based on residential and commercial construction. Estimate 2017-18 at approximately \$1.4 million. Not a significant revenue generator, but is fairly consistent. In 2026, would likely be about \$2.0 million per year.
- **Local Option Levy** – voter approved levy rate. Limited to five years for operational and 10 years for capital construction. Based on real market value (RMV), and subject to compression. Salem has a lot of government buildings that are not on the tax roll. Piper Jaffrey performed a quick analysis for the District. In a comparable community, a local option levy could probably generate “significantly less than \$20M per year.” When the District looked at this potential a few years ago, it was estimated that they could only generate \$12M per year. There is a maximum assessed value (no more than 3% per year). This could generate some money, but with many limitations. Some Districts have five-year technology levies, for example. Not as feasible of an option for Salem-Keizer, as opposed to Portland-area districts. However, even Portland Public Schools does not use this option for construction.
- **General Obligation Bonds** are not subject to property tax limitations; they are based on assessed value. The only real option to meet the identified capital construction needs is a general obligation bond. A bond cannot support ongoing maintenance (though it may support deferred maintenance). Ongoing maintenance is assumed to be taken care of within the general operating fund. The 2008 bond allocated significant funds for deferred maintenance projects. The duration of a bond may vary. The levy rate is adjusted slightly each year – there is some fluctuation. When the District structures the debt over time, fluctuations are taken into account.

The Task Force reached consensus that a general obligation bond is a viable funding option for the District’s capital improvement and capacity needs.

Subcommittee Work

Task Force members divided into two (2) subcommittees to conduct focused discussions on building condition and enrollment/capacity needs by school. The highlights of the subcommittee discussions are summarized below.

Building Condition Subcommittee

Topic: Consensus Items

- Mary Paulson distributed a summary of the results of the Survey Monkey poll, including written comments from Subcommittee members.
- One Subcommittee member had cast dissenting votes on a few items, but was unable to attend the meeting. Lisa and Mary spoke to this subcommittee member in advance of the session. He expressed that his dissenting votes did not necessarily indicate that he was opposed to the projects per se, just that he questioned whether they should be bond funded.
- A few subcommittee members expressed their desire to prioritize projects. Mary explained that the role of the subcommittee was to recommend to the Board whether the identified projects are legitimate needs for the District's Long Range Facilities Plan, warranting consideration in the subsequent bond planning process.

The Subcommittee reached consensus to recommend the following items:

- Address ongoing school building improvement projects, such as exterior seals, roofing, mechanical improvements, plumbing, flooring, electrical, fields and sites.
- Upgrade the life safety level of seismic performance of schools rated very high or high for seismic risk.
- Continue to upgrade facilities to be accessible as per the ADA.
- Recommend the School Board research the feasibility of consolidating administration functions onto one campus.
- Relocate the District's Data Center.
- Expand wireless networks across the District.
- Upgrade intercom systems across the District.
- Add 26 science labs across the District's middle schools to meet instructional needs through 2025. This allows the District to offer a full year of science instruction to all middle school students.
- Add a total of 15 science labs across all high schools to meet instructional needs through 2025. Ensure that each high school has a minimum of two (2) chemistry labs (included in total count – not additional).
- Upgrade the lighting and landscaping of school campuses to improve security and discourage vandalism or graffiti.

The Subcommittee was not able to immediately reach consensus on the following items. The items were tabled for further discussion during the next meeting:

- Provide voice amplification systems for classroom teachers.
- Upgrade and increase the number of computers for staff and students.
- Enhance up to 41 CTE opportunities at all high schools by adding equipment and space. Add nine (9) new opportunities across the high schools which would require equipment and space.
- Relocate the main office at 17 schools to ensure natural surveillance of the building entrance and parking lots. Remodel main offices at 17 to improve natural surveillance.
- Upgrade and increase surveillance technology to deter theft, vandalism, and property damage while promoting a safer environment.
- Retrofit the electronic badge access systems at 53 schools and seven (7) support facilities with new hardware, which will improve physical safety as well as the interface of access with bell schedules, surveillance, lockdown procedures, and communications.

Subcommittee Questions:

- **Are there pull-out items that could potentially be levy funded vs. bond funded (e.g. CTE)?** Yes, this could be a possible option.
- **Will Task Force members be involved in the Bond Planning Committee?** This will be new committee; however, some Task Force members may be asked to participate. The next Committee will prioritize projects based on polling. The committee will then determine 1) how much to ask for; and 2) what projects the community will support.
- **How much does voter polling influence the final list?** Polling significantly affects the final list. The bond must be supported by the community.
- **Are seismic upgrades “one and done”?** Yes, unless seismic code changes significantly in the future.

Enrollment/Capacity Subcommittee

Topic: Scenarios to Address Overcrowding

The enrolment/capacity subcommittee reconvened to attempt to come to consensus on middle school and high school capacity recommendations. Mike Wolfe and Casey Cunningham shared data confirming that 20 classrooms are needed to replace 14 portables at the District’s middle schools. The cost of 20 classroom additions rather than portables is an additional \$9,800,000. This is in addition to the cost of the anticipated gym, cafeteria and library additions/renovations of \$11,498,000 (a total cost of \$21,298,000). This figure does not include the cost of relocating 14 portables (\$875,000).

The subcommittee reached consensus that both narratives would go to the board, in addition to the total for core additions/renovations \$11,498,000.

- Total for additional classrooms \$9,800,000
- OR
- Replace end of life portables with new portables

The subcommittee reviewed the cost of bringing each high school back to its original design capacity (excluding portables), including science additions/renovations, auditorium and library renovations. The cost is estimated at \$97 million, plus the cost of a new high school. This model would require major boundary changes. Alternatively, the subcommittee discussed the 2200 capacity model at each high school (except West), eliminating portables. This would also involve boundary changes but not as extensive as compared to opening a new high school. Mr. Brown spoke at length of the benefits of the 2200 model, and its ability to achieve parity among the different communities. The subcommittee reached consensus to recommend the 2200 model.

Task Force Subcommittees Reconvene / Additional Items

- The Subcommittees reconvened to share the highlights of their discussions.
- Upcoming Task Force meeting will be held on February 20th at the Student Services building.
- School tours will be scheduled sometime in late February.
- Next meeting: Closing in on Subcommittee consensus and moving toward Task Force recommendations.

The meeting concluded at 8:00 p.m.