



Facilities Planning Committee May 16, 2017 Meeting Summary

Call to Order

The ninth meeting of the Facilities Planning Committee was called to order 6:31 p.m. by co-chairs Luke Francois and Bob Hesselbein in the District Services Center.

Members present: Paul Braun, Kendra Cleary, Luke Francois, Luke Fuszard, Jack Hemb, Bob Hesselbein, Seth Johnson, Ryan Kallies, Sara Ludtke, Alejandro Martinez, Mark Opitz, Dorothy Paler, Abbie Rodriguez, Bill Vogel, Sam Wilson.

Not present: Laura Albert, Heidi Casey, Mike Gall, Farhan Khatri, Karin Zuegge.

Others in attendance included Superintendent George Mavroulis, Assistant Superintendent Sherri Cyra, Director of Business Services Lori Ames, Communications Director Perry Hibner, Director of Secondary Education Laura Love, Director of Elementary Education Rainey Briggs, Director of Curriculum and Assessment MaryBeth Paulisse, CSCS principal Jill Gurtner, Board president Bob Green, J.H. Findorff & Son's Christin Milsna, Eppstein Uhen Architect's Kit Dailey and Andy Lyons.

Welcome

Luke Francois and Bob Hesselbein shared feedback and comments from the members from the tour of Waunakee Intermediate School on April 27. Francois also noted it is important that members remind the community the FPC is still in the information-gathering stage as there have been reports some community members may believe decisions have already been made.

George Mavroulis provided an update on properties west of MHS and CSCS that the City of Middleton is acquiring. The properties will likely be sold later this year and could potentially offer the District the opportunity to expand the current high school campus.

Francois also reminded FPC members they should reach out to the 40-plus members of the Key Communicators and share information about the May 16 meeting and solicit their feedback. A few members shared some comments they gathered after their initial outreach to the Key Communicators after the last meeting.

MCPASD Instructional Program and Vision

Sherri Cyra briefly explained that four District officials – Laura Love, Rainey Briggs, MaryBeth Paulisse and Jill Gurtner – would be available tonight to discuss how space and facilities impact

the instructional programming efforts. Members were asked to select three of the four presentations and spent approximately 15 minutes at each.

Paulisse presented on adult learning. She shared the types offered by the District: professional development for staff, activities and classes for parents and the community along with wellness opportunities. She also shared the different formats for PD that are needed and facility implications for each.

Briggs spoke about student voice and choice and flexible grouping. He shared with members two articles on differentiated instruction. He also emphasized that the District's current and continued approach involves allowing for student voice and choice. Members discussed how flexible facilities and furniture help expand options and opportunities for students with different needs.

Love discussed academic and career planning for all students in grades 6-12. A team is looking at core and elective courses along with student services and how this might impact facilities. There could also be opportunities to partner with the business community and post-secondary institutions.

Gurtner spoke about innovative practices and blended learning and gave members resources to learn more about what is happening on a national level and a brief highlight of some of the innovation already happening in the District. She emphasized MCPASD's approach to blended learning is to design instruction and spaces so technology can support learning in a way that technology does best -- flexibility and individualization -- and educators can do what they do best -- designing highly effective learning experiences based on a deep understanding of individual student's passions, experiences, and needs. She also discussed the need for facilities and furniture to offer a lot of flexibility to support different approaches to engaged learning.

After 45 minutes, the members came together in a large group and were asked to write down what they learned about space and learning and also what new questions might have. Cyra then asked them to work in triads to share out. She said the results that each member provided will be collected and shared with the larger group.

Preliminary Referendum Financing Scenarios

Lori Ames provided a 25-minute update on how debt borrowing works for school districts. She emphasized this initial presentation is for planning purposes only and all of the numbers are very preliminary. She also praised representatives from Ehlers for their help with the presentation. She made a similar presentation to the Board of Education earlier this month.

She shared who would be the various financing partners in the debt process if a referendum is approved by the community in the future. Those partners would help make sure the District is structuring debt properly and following all requirements for borrowing and spending the approved funds.

She noted that state statutes govern how much any school district can borrow, and that amount is 10 percent of its equalization value. In MCPASD's case, that works out to \$625 million.

"We would never borrow that much, ever,'" she said, adding the District currently has \$79 million in debt, primarily from the 2012 approved referendum.

She went over various long-term financing tools, including capital maintenance and capital referendums. With referendums, Districts typically use municipal bonds and notes because they tend to provide the most flexible schedules and have typically the lowest interest rates. The length of most referendum-approved funds are 10 to 20 years. They also fall outside the revenue limit.

She then shared hypothetical scenarios based on if the District were to borrow \$50 million, \$100 million or \$150 million. She noted those amounts were selected based on what area school districts have borrowed recently when addressing growing enrollment and long-range facilities planning.

“It’s critical to keep in mind that every school district’s financial picture is different for a variety of reasons so we must recognize that tax impacts associated with potential borrowing will also be different,” she said. “We can’t simply compare ourselves to our neighboring school districts.”

Because of the wide value of property values in the District, preliminary tax impact scenarios were developed for properties valued at \$100,000, \$300,000 and \$500,000. Developing these kind of preliminary estimates also requires borrowing assumptions be made.

Assumptions used at this time (which will likely change as the District gets closer to a referendum and a defined project) include: a community-approved debt referendum in November 2018, which means the borrowing wouldn’t likely occur until March 2019; the District would borrow the entire amount at once and structure it to wrap around the existing debt; the length of the borrowing would be the maximum of 20 years; the project interest rate would be 4.75 percent, which is 1 percent higher than current market rates; and property values would row by fairly conservative amounts of 3, 2 and 1 percent over the 20-year time debt repayment window.

She also noted the District currently has an Aaa rating from Moody’s, which is the best a school district can have and that should result in MCPASD receiving a favorable interest rate.

Ames noted that the tax mill rate for debt service would go up approximately 53 cents per \$1,000 of property value if \$50 million were borrowed. If \$100 million were borrowed, the tax mill rate would increase approximately 88 cents and if \$150 million were borrowed the tax mill rate would increase \$1.36. All of those numbers are very preliminary, she said.

Ames noted that for comparison purposes the District borrowed \$60 million in 2013 and the impact was 70 cents per \$1,000 of property value. This amount also included the tax impact associated with an approved operational referendum to support the ongoing costs of rebuilding Kromrey and expanding Glacier Creek. Operational costs have not been discussed for a future facilities referendum.

She then explained that operational referendum are needed to pay for utilities or additional staff. Districts have to ask the community to pass a referendum to increase the revenue limit for operational expenses. However, she didn’t include any numbers because at this point the District has idea what might be needed.

“All of this will become clearer as you begin to study and narrow down the options,” she said.

She shared there are two types of operational referendums: recurring, which allows a district to keep the money on an ongoing basis; or non-recurring, which means voters approve money for a certain number of years and then a district has to ask again.

A member asked if the District went with a phased approach to building if it could use some money now and the rest at a later date. Ames said funds must be spent within three years after it is borrowed, although districts have up to five years after a referendum is approved by voters to actually borrow the funds.

Future Meeting Dates/Other Topics

Francois reminded members to sign up to contact Key Communicators. He also went over the upcoming meeting schedule. Mavroulis reminded them the Board of Education meeting on June 12 will start at 6 due to business that needs to be done and the joint meeting will begin at 6:30. That meeting was expanded to 2 hours from 90 minutes because there is a lot to cover.

Francois noted the FPC won't meet in July and will meet again on Aug. 28. Hesselbein also reminded members to be transparent but careful about what they share with the community.

"There are rumors out there," he said. "People come to us and think we know more than we are willing to tell. Remind everyone we are still gathering data. We are still learning."

The meeting was adjourned at 8:29 p.m.