I. CALL TO ORDER
   A. Introductions

II. AGENDA
   A. Levy Update
      1. Introduction
      2. Presentation
      3. Discussion
   B. Facilities Master Plan Update
      1. Introduction
      2. Presentation
      3. Discussion
   C. Standing Item: Policy Update
   D. Standing Item: PLTT Update
   E. Standing Item: SSSC 2.0 Update
   F. Work Session
      1. Board Check-In

III. ADJOURNMENT
Public Hearing on Proposed Pay16 Levy

Board of Education
Marie Schrul
Chief Financial Officer
December 1, 2015
Purpose

• State statute requires all local governments (cities, counties and school districts) to hold a public hearing prior to finalizing their levy authority and allow for public comment.

• The hearing must follow the release of the proposed tax notices from the county (mailed on November 13 this year).

• The notice provides information on estimated taxes as well as market value and other homestead adjustments.
The Basics

• School levy authority is established in law
• School budgets are a combination of state, federal and local funding, including the voter approved referendum
• Unlike cities and counties, the Pay16 school levy funds the 2016-2017 school year that will be adopted next June
• Based on last year, levies comprise 20% of school budget
What is Driving Levy Changes?

• Tax base growth results in less state aid for nearly all equalized levies—largest factor for operating category

• Statutory Pension contribution increase of $1.6 million and OPEB increase of $1.3 million

• Changes in Debt, and other Facility formulas, including $15 million in bond sale and new long term facilities maintenance (LTFM) category

• Enrollment projection updates
SPPS Levy Categories

• **Operating**: general levies that support school functions, including referendum, integration, operating capital, career/tech, transition, safe schools and abatement adjustments

• **Pension/OPEB/Contractual Obligations**

• **Facilities**: includes health and safety, deferred maintenance, new construction and abatements

• **Community Service**: community education programs, learning readiness, after school, ECFE
## Pay16 Levy Proposal

<table>
<thead>
<tr>
<th>Levy Category</th>
<th>Certified Pay 15 Levy</th>
<th>Proposed Pay16 Levy</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>$45,652,773</td>
<td>$47,242,112</td>
<td>$1,589,339</td>
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<tr>
<td>Pension/OPEB/Contractual</td>
<td>33,156,451</td>
<td>36,133,492</td>
<td>2,977,041</td>
</tr>
<tr>
<td>Facilities</td>
<td>54,161,940</td>
<td>54,572,087</td>
<td>410,147</td>
</tr>
<tr>
<td>Community Service</td>
<td>3,435,950</td>
<td>3,260,938</td>
<td>(175,012)</td>
</tr>
<tr>
<td>Total – All Levy Categories</td>
<td>$136,407,114</td>
<td>$141,208,630</td>
<td>$4,801,515</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td></td>
<td>3.52%</td>
</tr>
</tbody>
</table>
Estimated Annual Property Tax Impact
3.52% Levy Increase
(assuming a 4.5% increase in market value)

<table>
<thead>
<tr>
<th>Home Estimated Market Value</th>
<th>Pay 2015 ISD 625 Property Taxes</th>
<th>Estimated Pay 2016 ISD 625 Property Taxes</th>
<th>Estimated Change in School Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,000</td>
<td>282.21</td>
<td>295.82</td>
<td>13.61</td>
</tr>
<tr>
<td>100,000</td>
<td>417.65</td>
<td>444.75</td>
<td>27.10</td>
</tr>
<tr>
<td>151,500 [median]</td>
<td>715.07</td>
<td>755.37</td>
<td>40.30</td>
</tr>
<tr>
<td>200,000</td>
<td>995.25</td>
<td>1,048.17</td>
<td>52.92</td>
</tr>
<tr>
<td>300,000</td>
<td>1,572.84</td>
<td>1,651.59</td>
<td>78.75</td>
</tr>
<tr>
<td>400,000</td>
<td>2,150.44</td>
<td>2,255.01</td>
<td>104.57</td>
</tr>
<tr>
<td>500,000</td>
<td>2,703.10</td>
<td>2,825.16</td>
<td>122.06</td>
</tr>
</tbody>
</table>

This information is prepared by Ramsey County, Property Records and Revenue
Estimated Annual Property Tax Impact
Commercial/Industrial
3.52% Levy Increase
(assuming no change in market value)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000</td>
<td>572.65</td>
<td>594.04</td>
<td>21.39</td>
</tr>
<tr>
<td>200,000</td>
<td>1,218.40</td>
<td>1,264.42</td>
<td>46.02</td>
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<tr>
<td>500,000</td>
<td>3,374.05</td>
<td>3,502.48</td>
<td>128.43</td>
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<tr>
<td>1,000,000</td>
<td>6,967.38</td>
<td>7,232.72</td>
<td>265.34</td>
</tr>
</tbody>
</table>

This information is prepared by Ramsey County, Property Records and Revenue
Q&A Review

Why do school boards levy?

• To provide revenue that helps fund cost of staff (salary and benefits), school supplies, OPEB & pension obligations, health and safety projects, facilities maintenance, debt service obligations and other expenses

• Schools can only levy what is authorized by law
What factors impact school levies?

- Changes in tax base
- Legislative changes to formulas and equalization factors
- Pension contribution changes required by law
- Capital bonding, refunding of bonds, abatements, health and safety projects, lease costs
- Employment changes that drive severance and unemployment levies
- OPEB obligations
- Fiscal disparities & Tax increment financing (TIF) changes
## Pay 16 Levy Calendar

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>August-early September</td>
<td>District submits levy information to MDE</td>
</tr>
<tr>
<td>September 7</td>
<td>MDE provides preliminary calculations</td>
</tr>
<tr>
<td>September 8</td>
<td>COB discusses Pay16 levy</td>
</tr>
<tr>
<td>September 22</td>
<td>BOE sets ceiling for Pay16 levy</td>
</tr>
<tr>
<td>September 28</td>
<td>JPTAC (Joint Property Tax Advisory Committee) adopts joint levy</td>
</tr>
<tr>
<td>September 30</td>
<td>SPPS provides Pay16 levy ceiling data to Ramsey County and MDE</td>
</tr>
<tr>
<td>October 1 – November 15</td>
<td>Ramsey County calculates taxes and prepares tax statements</td>
</tr>
<tr>
<td>November 13 estimated</td>
<td>Ramsey County mails tax statements</td>
</tr>
<tr>
<td>December 1</td>
<td>SPPS holds public hearing</td>
</tr>
<tr>
<td>December 15</td>
<td>BOE certifies Pay16 levy</td>
</tr>
<tr>
<td>December 31</td>
<td>SPPS certifies Pay16 levy to Ramsey County</td>
</tr>
</tbody>
</table>

01DEC15
Board of Education
Hears from the Public
Facilities Master Planning for 21st Century Learning

Tom Parent, AIA, LEED AP
Director, Facilities Department
Agenda

• Overview of FMP outcomes

• Financial Implications of FMP

• Board of Education Actions
Facilities Master Plan - Planning Process
May 2014 – December 2015

**PHASE 1**
May – August 2014
Gathering and STUDYING IMPORTANT DATA that will impact the district’s plans for improving all of its buildings and land

**PHASE 2:**
May - December 2014
ESTABLISHING THE STANDARDS the district will use to decide which improvement projects to do first

**PHASE 3:**
January – June 2015
SCHOOLS and other district buildings DEVELOP THEIR OWN PLANS on how to improve their buildings

**PHASE 4:**
June - December 2015
FINALIZING THE DISTRICT’S PLAN for making building and land improvements; sharing the plan with families, students, staff, partners and community
Facilities Master Plan

VISION

We envision versatile, equitable, healthy environments that balance the factors creating authentic, engaging, and personalized learning experiences to sustain our academic mission and deepen connections to our communities and world.
SSSC & Facilities Master Plan

**Achievement:** Provide school design and construction that meets evolving educational needs of students.

**Alignment:** Align funding, planning and processes to provide equitable access to facilities funding across the district.

**Sustainability:** Coordinate facility projects to be more efficient and decrease costs.
Major FMP Outcomes
Engagement Efforts

- 818 Community Participants
- 2,753 Attendee Participation Workshop Hours
- 14 School Pathways
- 68 Building Project Plans

"I felt as though I made a difference and had an opportunity to voice my opinions."
- Student participant
Short-Term Capacity Issues

Areas of critical focus due to known growth / demand:

• Several community-centered elementary schools
  • Have sustained demand, space availability, and efficiency in growth and operation
• Grades 6-8, overall, particularly in Area A
6-8 Solutions

Outcomes

• Ruled out additional K-8 schools

• Options:
  • Build a new middle school or
  • Convert elementary school to middle school (May require construction of new elementary school)

Schedule

• Currently internally assessing academic outcomes of all options

• 2016: Public discussion of all viable options

• 2019: Solution will be in place
Long-term growth needs

Future areas of focus to accommodate sustained growth and alignment to educational models:

• Creative Arts K-12 pathway
  • Sustained popularity draws from across city
  • Better align grade delination at Linwood

Monroe dual campus (PreK & 4th to lower campus), also helps Grade 6-8 issue
Hamline, Galtier, Jie Ming

Outcomes

• Galtier and Hamline cannot fill enrollment based on current programming and projections

• Jie Ming continues to add a grade per year, plus larger kindergarten classes

• SY 2017-18 cannot fit Jie Ming and Hamline in same building

Schedule

• Currently discussing options with stakeholders

• 2016: expect final decision on all three programs
Future areas of focus to accommodate programmatic growth and legislative opportunities:

- Steady growth in number of PreK classrooms
- PreK / Early Learning Hubs as centers of program growth at select sites
- At best, at the end of the FMP SPPS would have the space for 50% of the 4 year olds in the City in an all-day service model.
Administrative Space

Vacate all lease space used for professional staff

- Reduce overall non-school area by approximately 40,000 square feet
- Eliminated lease costs fund any costs necessary to accommodate additional staff in existing SPPS spaces
- Increase efficiency of existing operations
  - Reduce the footprint of the Nutrition Center by 1/3 while enhancing preparation capacity
  - Logical and efficient adjacencies and support
Widespread Outcomes
Provide a variety of sizes and layouts of learning space for different teaching and learning styles. Each school should have a variety of spaces to serve different purposes and group sizes, and that can be arranged in a variety of ways.

**Varied Space**

Outdoor environments can add valuable space for learning, and help students make connections between their studies and the physical environment. Each site will strive to have at least three types of outdoor learning settings: gardens, small and large gathering spaces and outdoor "classrooms."

**Outdoor Learning Settings**

Create a clear, identifiable main entry with direct access to the main office. If students do not use this entry when they take buses, student entry to be identifiable and welcoming.

**Clear Main Entry**

Rooms that house people should have windows for connection to the outdoors and for natural light. Designs must consider security and control of light, glare and heat gain/loss, in corporate windows to other spaces for distribution of light and visual connections.

**Daylighting and Views**
Building design must be appropriate to the student age. Schools will recognize and respect their learners’ physical, intellectual and emotional characteristics. Compliance with the ADA for both students and adults is critical.

** Appropriately Scaled Space **

A student’s social development is part of their education and growth. The school facility will provide formal and informal spaces for class groups and students to gather, and to interact and study in safe, managed 24-hour forums.

** Student Gathering Space **

Design learning environments to address short and longer term modifications in response to educational programs - hourly/daily and longer term/yearly changes in use.

** Flexible/Adaptable Space **

Provide space in each facility to support all students with special needs. Space is needed both to facilitate inclusion within the classroom and for special services in specific settings. Design an atmosphere conducive to learning, in or near other learning spaces, to meet the student’s special physical, sensory, and emotional needs. Meet standards for other learning space (daylight, views, acoustics, etc.)

** Specialized Services Space **
Financial Stewardship
SPPS total Revenue FY 2016: $680 million
Traditional Funding Paradigm

$30M Annually (approx)

**Health & Safety Levy**
- Health & Safety Projects
- Restricted Funding
- MDE Approval
- Planned in 1-year intervals, 18-mos prior

**Alternative Facilities Levy**
- Deferred Maintenance
- Restricted Funding
- MDE Approval
- Planned in 2-year intervals, 12-mos prior
- 10-year list required

**Capital Bonds**
- Betterment of School Facilities
- Restricted Funding
- BOE Approval
- MDE Approval if combined into projects over $500k
- Planned in 1-year intervals, 18-mos prior

- $11M
- $4M
- $15M
Facility Maintenance & Improvement Needs

- Proactive Facility Condition monitoring and an aggressive Major Repair / Replacement program only speaks to maintaining assets we currently own.

- Targeted improvements are critical to academics:
  - Program expansion / alignment
    - e.g. Career & technical education
  - Improvements to meet academic needs (white boards, digital network improvement, appropriate spaces, etc)
  - Acoustic improvements

- Targeted improvements are critical to the function of our buildings and long term financial stewardship:
  - Expanded fire suppression systems
  - Building Automation Systems & energy improvements
A Balanced Funding Framework

- Development of a continuously updated Major Repair / Replacement (MRR) program with dependable, consistent funding that averages **2% - 4% of Current Replacement Value (CRV)** of entire portfolio annually

- Targeted, efficient **capital improvements** to support academics and building function, **identified 3-5 years** in advance of need, funded distinctly from MRR

- Preventative and demand maintenance operations funding in order to **realize best performance and lowest life cycle cost** of building systems
Facilities Funding going forward

• **Current funding streams allow SPPS** to identify the appropriate funding levels for our needs balanced with our overall financial health

• Needs and funds **will ebb and flow**, but need to average within industry best practice range for Major Repair / Replacement
  • Close coordination with debt schedules

• **Other facets:**
  • Standing matching **grant opportunities**
  • Energy **Improvement Revolving Loan Fund**

If we built SPPS as it is today: ± $2.1 Billion
Five-Year Facilities
Maintenance and Capital Plan
New Planning & Implementation Process

Every year, Board of Education reviews and accepts 5 years of major projects based on criteria and priorities set at FMP Committee’s annual meeting(s). Projects will be inclusive of all funding sources.
FMP Committee Charge

- Give community perspective and input on FMP priorities
- Synthesize district strategic direction and how it impacts FMP decisions
- Recommend formal changes to SPPS Facilities Master Plan
FY16 Capital Bonds
FY16 Capital Bonds

• Start of work on large scale projects
  • Approximately 8 sites, largely due to alignment to enrollment
  • Will require additional year funding to complete

• Alignment to current LTFM opportunities
  • Johnson Sr
  • Linwood Monroe Upper

• Technology Improvements
  • Critical Building System and Network Infrastructure
    • WAN improvements, Building Automation Systems, etc
  • Continued roll-out of Instructional A/V
    • White Boards, Interactive Projectors, video distribution, etc
BOE Actions
Board of Education Actions

December 2015

• Create Long Term Facilities Maintenance & Capital Structure
  • Ensure SPPS continually has a five-year capital plan, with specific projects and budgets defined

• Accept the 2015 Facilities Master Plan
  • Exclusively digital, dynamic content

• Approval of the FY16 Capital Bonds
  • Annual approval, disconnected from other funding vehicles for the last time

March 2016 (and annually thereafter)

• Accept Five-year Facilities Maintenance and Capital Implementation Plan (FY17-FY22)
  • Appended every year - it’s a rolling plan

• Approve annual revenue structures
  • LTFM, Capital Bonds, Certificates of Participation, grants, etc
Thank you!

Facilities contact information

651-744-1800

facilities@spps.org

http://facilities.spps.org/fmp
De-briefing Committee of the Board.

Reflection:

This can be done as a writing reflection and/or small groups de-brief and then share whole group.

1. How did you find yourself showing up in this presentation? Use language from CCAR protocol.

2. What is your role in supporting this effort?

3. What questions/and or concerns do you have regarding this effort (implementation, design, etc.)?

4. In what ways and to what extent is this effort aligned with our SSSC 2.0 focus area: Racial Equity, College and Career Readiness, Personalized Learning, etc.