

# Duluth Public Schools LTFM Update

Finance Committee

Tuesday, September 14, 2021

# LTFM Program Update

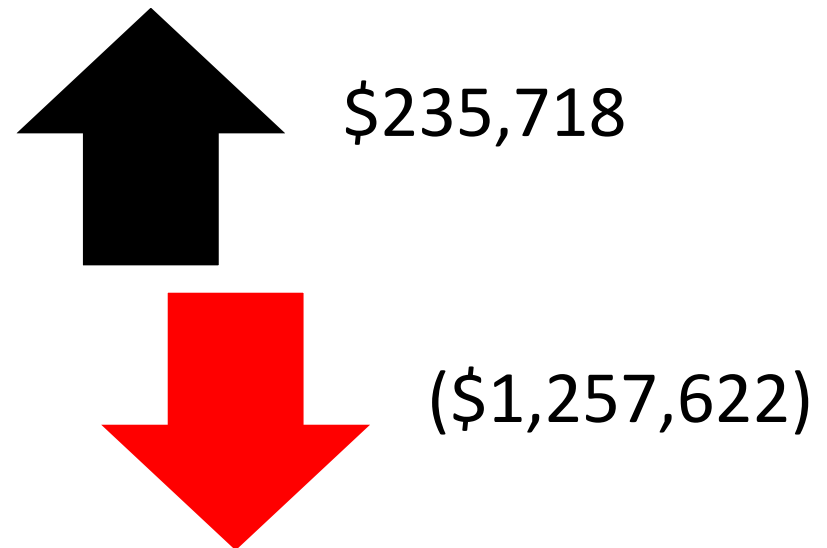
**Duluth Public Schools was one of 21 districts who were eligible to participate in the original alternative facilities program**

- MDE's annual LTFM (Long-Term Facilities Maintenance) Revenue Program was implemented with taxes payable 2016
  - Initial program gave all MN District's formula based LTFM Revenue
  - Goal from MN Finance Recommendation Team was to provide a simple and efficient program to fund a portion of a districts deferred maintenance needs
  - State promised district money is district money and said there will be no claw backs on project reconciliation for original alternative facilities districts

## What has transpired and changed with current LTFM Revenue Program

- MDE requires annual update of LTFM plan submitted during opening of summer levy portal approved by School Board instead of every two years
- MDE requires Duluth to reconcile every project between levied funds and future project expenditures (renege on no claw back promise)
- ISD 709 has approximately \$2.354 million of LTFM projects from FY 2021 delayed until FY 2022 (subject to claw back Taxes Payable 2023 / FY 2024)

**Historical claw back range since taxes payable 2018**



PLAN YEAR	TAXES PAYABLE YEAR	ANNUAL LTFM LEVY GOAL	LTFM LEVY COMPONENTS		
			DISTRICT WIDE LTFM	SPECIFIC FACILITIES LTFM	POTENTIAL LTFM TAXABLE BOND ISSUANCE @ 105%
			FUND SHIFT NO		
	2020	3,195,239	2,003,827	1,191,412	-
	2021	3,653,827	2,003,827	1,650,000	-
1	2022	3,700,000	1,528,827	2,171,173	-
2	2023	3,700,000	1,528,827	2,171,173	-
3	2024	3,700,000	1,528,827	2,171,173	-
4	2025	3,700,000	1,528,827	2,171,173	-
5	2026	3,700,000	1,528,827	2,171,173	-
6	2027	3,700,000	1,528,827	2,171,173	-
7	2028	3,700,000	1,528,827	2,171,173	-
8	2029	3,700,000	1,528,827	2,171,173	-
9	2030	3,700,000	1,528,827	2,171,173	-
10	2031	3,700,000	1,528,827	2,171,173	-
<b>Totals</b>		43,849,066	19,295,924	24,553,142	-

← **Current LTFM Plan**

PLAN YEAR	TAXES PAYABLE YEAR	ANNUAL LTFM LEVY GOAL	LTFM LEVY COMPONENTS		
			DISTRICT WIDE LTFM	SPECIFIC FACILITIES LTFM	POTENTIAL LTFM TAXABLE BOND ISSUANCE @ 105%
			FUND SHIFT YES		
	2020	3,195,239	2,003,827	1,191,412	-
	2021	3,653,827	2,003,827	1,650,000	-
1	2022	3,700,000	1,528,827	-	2,171,173
2	2023	3,700,000	1,528,827	-	2,171,173
3	2024	3,700,000	1,528,827	-	2,171,173
4	2025	3,700,000	1,528,827	-	2,171,173
5	2026	3,700,000	1,528,827	2,171,173	-
6	2027	3,700,000	1,528,827	2,171,173	-
7	2028	3,700,000	1,528,827	2,171,173	-
8	2029	3,700,000	1,528,827	2,171,173	-
9	2030	3,700,000	1,528,827	2,171,173	-
10	2031	3,700,000	1,528,827	2,171,173	-
<b>Totals</b>		43,849,066	19,295,924	15,868,450	8,684,692

**Proposed LTFM Bond Plan** →

## **WHY BOND – CONSIDERATION OF LTFM REVENUE PROGRAM FUND SHIFT?**

- Issue short-term bonds for LTFM deferred maintenance program revenue
- Avoid reconciliation of ALL LTFM projects and tieback to levy
- Avoid future levy volatility while keeping funds for necessary projects
- Allows bundling of projects to right size project expenditures and avoid cost escalation
- Half of the districts in the State have sold debt (bonded) to finance qualified deferred maintenance projects in combination with “pay as you go” levies since inception of program
- Advantageous 30-year low taxable interest rate environment

# Next Steps and Timeline

September 14, 2021:	Finance Committee Direction
September 21, 2021:	School Board adoption of parameters borrowing resolution and LTFM Plan submittal package
Mid to Late October:	Price Bonds
November 16, 2021:	Award resolution and necessary legal documents adopted by School Board
Early December 2021:	Close bonds
December 21, 2021:	School Board certifies district levies post Truth-in-Taxation Meeting