

School Board Meeting:

September 28 2015

Subject:

10-year Long-Term Facilities
Maintenance plan approval

Presenter:

Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION: Approval required

DESCRIPTION:

The Long-Term Facilities Maintenance (LTFM) revenue program helps to resolve a long-standing inequity in school funding. Now, smaller districts will have access to an equalized funding stream that can be used to pay for deferred maintenance projects, health and safety projects, or disabled access barrier removal projects. Only the largest districts in the state had access to this type of program through what was known as the Alternative Facilities Revenue Program.

The LTFM program generates revenue starting in fiscal year 2016-17 and the levy begins with the 15 payable 16 tax levy. This program replaces the current health and safety program and deferred maintenance revenue program which will both sunset at the end of the 2015-16 fiscal year. Based on preliminary calculations, this could provide an additional \$600,000 for FY 2017. Current estimates show that the total would increase by over \$500,000 for each of the next two years after that and hold at about \$1,500,000 in additional funding per year by the end of the third year as shown on the attached document. The program also has a mechanism in it that allows the school district to under levy in this category if not all of the funding is needed. The proposed levy includes use of this mechanism. Due to the fact that some of our existing debt now becomes eligible for aid under this new program, we are able to under levy in this program and not see any reduction in state aid as well.

We are required to develop a 10-year plan of expenditures. A summary of these expenditures needs to be approved by the board prior to the adoption of the preliminary levy. The application contains the following types of expenditures:

- Health and safety costs
- Deferred maintenance costs
- Preventative maintenance programs
- Items that didn't make the final bond issue but are still deemed as necessary
- Other items that have come up since the passage of the bond issue
- Other items anticipated to occur over the next ten years

Our normal approval process for capital projects involves meetings in December with the site supervisors/principals, a listing of recommended projects presented at a board meeting in February, and a final approved listing presented to the board at the April board meeting. This year we are doing an interim step due to the required approval

out in front of our normal approval process. We are asking the board to approve the tentative expenditures amounts in order to meet the statutory timelines. We will present the final listing of projects for the 2016-17 school year as a part of our normal operating capital process in the coming months as we have done in the past.

As always, we will look to manage the tax impact to our taxpayers yet still try to maximize our revenue to provide the best educational programs and facilities for our students, staff, and public.

ATTACHMENT(S):

- 10-year LTFM plan application 8.13.15