

**MINUTES OF THE WORK SESSION
OF THE BOARD OF DIRECTORS
SCHOOL DISTRICT 4J, LANE COUNTY, OREGON**

August 8, 2018

The Board of Directors of School District No. 4J, Lane County, Eugene, Oregon, held a work session at 5:15 p.m. at the Education Center, 200 North Monroe Street, Eugene, Oregon. Notice of the meeting was mailed to the media and posted in the Education Center on August 3, 2018, and published in *The Register-Guard* August 8, 2018.

ROLL CALL

BOARD MEMBERS:

Alicia Hays, Chair
Anne Marie Levis, Vice Chair
Eileen Nittler
Judy Newman
Evangelina Sundgrenz
Jim Torrey (called in)
Mary Walston

STAFF:

Dr. Gustavo Balderas, Superintendent of Schools
Dr. Charis McGaughy, Assistant Superintendent of Instruction
Ms. Kerry Delf, Associate Director of Communications
Dr. Brooke Wagner, Director of Elementary Education
Dr. Andy Dey, Director of Secondary Education
Dr. Cheryl Linder, Director of Educational Support Services
Ms. Cydney Vandercar, Assistant Superintendent for Administrative Services
Ms. Christine Nesbit, In House Legal Counsel
Mr. Ryan Spain, Director of Facilities Management
Mr. Steve Menachemson, Director of Technology
Dr. Oscar Loureiro, Director of Research and Planning
Ms. Lisa Fjordbeck, Executive Assistant / Board Secretary
Ms. Andrea Belz, Associate Director of Finance

MEDIA: KRVM, Register Guard.

I. WORK SESSION: BOND PLANNING

Board Chair Hays opened the work session at 5:15 p.m.

Chair Hays explained the board would focus on bond measure planning during the work session. She briefly recapped last week's community forum and noted board members came prepared with projects and dollar amounts in mind.

Chair Hays invited Mr. Torrey (who was calling into the meeting) to discuss his preferences first. Mr. Torrey prioritized a new Edison Elementary School at \$45 million; a new Camas Ridge Elementary School at \$43.2 million; and the Gilham Elementary School expansion at \$9 million. Mr. Torrey felt fortunate the district was able to use the designs drawn up during the last bond measure for the Gilham expansion. He also wanted to include a new North Eugene High School

at \$128 million with a capacity of 1,000 students with the ability to expand if necessary. He thought the remainder of items, like security and facilities, should be placed in a reserve pool not to exceed \$5,000. Mr. Torrey's total figure was \$325 million.

Ms. Nittler arrived at 5:19 p.m.

Ms. Newman subtracted \$8 million from her total proposed amount because of an expected grant from the state and wondered if doing so was accurate. Ms. Delf said the amount did not need to be subtracted because although the district expected an \$8 million grant, the bond would come with about \$7.5 million in issuance costs.

Mr. Torrey left the call at 5:22 p.m.

Ms. Levis summarized Mr. Torrey's project list. She also wanted new school buildings and preferred the expansion of Gilham to a new facility in the Sheldon area. Ms. Levis thought school safety was critical so she included the full amount possible of \$16 million. Additionally, she wanted to fully fund critical repairs because if those repairs were held off, they would cost much more in the future. Currently, the district did not have money for those facility repair projects. Ms. Levis included \$12 million for equity, access, and health, as well as \$10 million for building renovations, specifically for alternative programs. Ms. Levis explained her thought process to the board and explained she felt the board needed to stay around \$300 million to \$310 million. She didn't include other items in her package because she could not locate exact figures and thought the board might need to relook at the final amount proposed to ensure accuracy.

Ms. Nittler asked if building a smaller North Eugene High School would cost \$22 million less than a larger school. In addition, she wondered if the board should assume 6% inflation per year for expansions costs in the future. She was told the district would assume a 6% inflation rate in estimations.

Ms. Nittler explained her thought process to the board. She started with a \$385 million proposal and tried to balance the greatest needs of the district. She recognized \$385 million was a big ask of the public but she did calculations and the difference between \$340 and \$385 million was only \$1 more a month per average household. She preferred to keep full amount proposed.

However, Ms. Nittler had two other proposals. First, she proposed to rebuild North Eugene High School at \$150 million and rebuild a bigger Camas Ridge Elementary School facility for \$53 million. The second proposal also would wait to build at the Kinney Loop and wait to expand Gilham Elementary School. In the meantime, the classes at Gilham could use portables, although she acknowledged they were not ideal. She thought it logical to complete the Gilham project first because it was outlined in the long range facilities plan. Ms. Nittler was unsure of how many portables would be needed. Ms. Nittler dedicated funds to deferred maintenance costs, CTE, and security. Additionally, if the district wanted to save money wherever possible, she thought Edison Elementary School could be rebuilt at \$43 million instead of \$45 million. Ms. Nittler understood the historical significance of the building, but with increasing costs and less resources to draw from, she didn't see historic preservation of the building as a big priority for the district. The second proposal totaled \$310 million.

Finally, Ms. Nittler's third proposal totaled \$273 million, and included a boundary change and closing of Edison Elementary School. Ms. Levis wondered if Edison could be built for \$43.2 million. Dr. Balderas said the building could be done at \$43.2 million but the facility would not be

the same quality as a more expensive one. He noted \$45 million covered what the community expressed they wanted. Ms. Delf added the higher estimation was due to a smaller footprint, which constrained the design. Ms. Levis' only concern was about cutting too many funds from projects.

Ms. Newman clarified if Ms. Nittler was comfortable with the higher amount. Ms. Nittler said yes, she believed the need was great enough to justify the ask. However, as she went through things she thought could be cut she reached \$309.2 million. Dr. Balderas asked Chair Hays whether board members would provide their notes to staff. Chair Hays wasn't planning to, unless needed, because they were discussing starting places to spark conversation and hopefully come to consensus.

Ms. Newman looked at the impact on taxes as well as the needs of the district. She wanted to justify all projects thoroughly in the ask. Ms. Newman listed Edison Elementary School at \$45 million but she would consider rebuilding at \$43 million. She also listed the rebuild of Camas Ridge Elementary School at about \$43 million; the expansion of Gilham Elementary School; and a new, smaller North Eugene High School. She felt comfortable starting with a great school for 1,000 kids with the ability to expand later.

Ms. Newman wanted to include renovation money to accommodate alternative programs. She thought it was critical to work with the north community to think about what future changes would look like. Ms. Newman worried if they took too many projects out of the bond, the district would be forced to pay for upgrades before the next bond measure in 2030. If that happened, those upgrades would have to be paid for with the general fund. Ms. Newman's proposed total was \$319 million. If the district needed a reserve, she thought \$320 million was appropriate. Ms. Delf wondered if her amount included program relocations. Ms. Newman responded it did.

Ms. Walston prefaced she loved the idea of a larger amount, but based on the feedback from the community, it wouldn't be prudent to propose one at that time. She didn't want to jeopardize trust with voters, especially because the district also had to pass a levy in 2019. Ms. Walston preferred proposing a \$325 million bond, which meant a smaller North Eugene High School. She wanted to keep funding to complete renovations for programs, for maintenance, and for safety/security. The items were listed in the most recent Friday Memo. In addition, Ms. Walston wanted to ensure there was clarity around YG, Corridor and Kelly. She also wondered what would happen in the future to the Willard site and the Chinese immersion programs.

Chair Hays asked about issues around YG and Corridor and clarified whether Ms. Walston wanted to make a commitment to the community before the board's decision on August 15, 2018 or to make a commitment to return to the topic in the near future. Ms. Walston said she wanted a plan before November 2018 and hoped to have the support of the North community.

Ms. Newman wanted a plan to identify where kids would go, and to ensure renovations weren't wasted. Chair Hays also wanted to ensure there was clarity around alternative program housing. She was unsure the board could make exact commitments, but she thought the board could focus on the north region during the October 2018 work session.

Ms. Sundgrenz considered district and community needs, as well as enrollment patterns. Ms. Sundgrenz wanted the original bond proposal but would be willing to cut it down to \$320 or \$330 million.

Ms. Sundgrenz thought the north area needed to be addressed. She was fine with a smaller new North Eugene High School but wanted to grow with the community. Additionally, Edison Elementary School needed a new building. Ms. Sundgrenz wanted to allocate funding for upgrades and relocations to alternative programs. She didn't want to make any cuts to safety improvements and wanted to maintain the school bus system because it was a necessity and the district received about 75% of money spent back in reimbursements. Ms. Sundgrenz thought Kinney Loop could be considered at a different time.

Ms. Levis wondered about upgrades to Gilham Elementary School. Ms. Sundgrenz would include the upgrades, if possible, to fit the bond into a \$330 million window. In addition, Ms. Sundgrenz wanted a long-term plan for alternative programs but thought it would come after the release of the bond proposal.

Chair Hays shared her ideas. She, too, wanted a new North Eugene High School whether it was at the 1,000 or 1,200 student capacity. Chair Hays wanted to ensure Gilham Elementary School was addressed. In addition, she didn't want to shut down Edison Elementary School, but she did not believe students should be there if the building wasn't addressed. Chair Hays proposed including smaller Edison and Camas Ridge schools in the bond package. She thought other safety and equity projects had been pared down enough, so she wasn't willing to cut anymore. Chair Hays also included funds for portable buildings in case they were needed for swing schools. Her total bond amount was around \$310 million.

Ms. Levis thought board members skipped over some issues like buses. She thought there were central things most members agreed on but wondered if they should discuss any ideas more, such as the Edison idea. Ms. Sundgrenz clarified the Edison idea was a smaller facility. She was told either closing the school or rebuilding it smaller.

Chair Hays heard consistent themes, so Ms. Delf wrote member preferences on the white board, so people could see them. The board took a brief break.

Chair Hays noted there was consensus about most board member interests listed on the board; she wondered what exactly board members felt comfortable in asking the greater community. Consensus was between \$300 and \$320 million.

Chair Hays asked staff about busing in the district. Dr. Balderas said the district was reimbursed over time and used those reimbursements for new busses.

Ms. Levis added the \$7.5 million in issuance costs didn't need to be asked for in the bond proposal. Ms. Delf said figures included the issuance fees plus the \$8 million grant from the State.

Ms. Newman felt confident that 4J received good cost estimations. She noted the last several bonds came in at or under costs. Ms. Newman wondered if contingency costs were included and if they should be. Dr. Balderas thought contingencies were important; he explained with current tariffs there were a lot of unknowns and fluctuations in the market.

Ms. Levis asked if estimates included "need to have" or "nice to have" items. Dr. Balderas said the figures were bare bone amounts for necessary items, as there were a ton of deferred maintenance needs. For example, \$20 million of \$30 million was solely dedicated to roofing.

Ms. Levis wondered if anything else could also be reduced in other areas, like transportation or CTE. She noted the Governor hoped to fully fund CTE in high schools, although it was still unknown. Dr. Balderas said not many other item areas could be reduced; if the district didn't continue to adopt curriculum and upgrade technology, they would fall behind. Dr. Balderas said the district was on a repurchasing cycle for buses which could possibly be slowed down. The district could always cut down on things, but it strained the entire system.

Ms. Nittler supported a 1,200 student North Eugene High School because the district worked on a visioning plan over the past year and how to make the school viable. She pointed out smaller schools had fewer electives and clubs, drawing less students. She thought if the district capped the school at 1,000 students, they wouldn't allow for the growth they wanted to encourage. Ms. Nittler recognized there was logic behind building a smaller facility with the ability to expand later on, but the choice also seemed opposite of what the board had worked on during 2017-2018.

Ms. Delf shared future enrollment projections for North Eugene High School. She explained the school currently had around 900 students. According to Portland State University (PSU) and Lane Council of Governments (LCOG), enrollment would remain in the high 900s and then slightly exceed 1,000 students by 2025.

In response to Ms. Levis' comment, Ms. Walston noted the Governor planned to increase education funding, CTE in particular; she clarified whether the \$6 million in question could only support facilities and CTE space. Dr. Balderas said the district could use the funds for facilities or programming, but not staffing.

Chair Hays told those listening the board did not make decisions during work sessions. She noted that through the discussion, the board had identified \$318.5 million to stick near for the proposed bond amount. She asked whether the board should discuss a more specific constraint, such as below \$310 million. Ms. Nittler asked if it made sense to have some of the softer money on relocations and maintenance be called contingency funds. She thought if the titles were made vaguer, the district might have more flexibility in the future. Dr. Balderas said possibly, but staff determined needs before approaching the public with the bond and the district then had to spend dollars accordingly.

Chair Hays asked if the bond should be lowered further. Ms. Levis prefaced with the state didn't fund education, so the district was already behind. There were large class sizes and a short school year. The community overall supported education, which the district was thankful for, but they had gone to the community many times for financial help, so she was nervous about a higher bond figure. During the first bond cycle, Ms. Levis heard people caution the board to be fiscally conservative. The last bond was \$170 million, and the district was able to build four schools, but costs had increased significantly. She didn't want to push the community, so she preferred closer to \$300 million.

Chair Hays agreed and thought the board did hear that feedback from the community, which was part of the reason for the work session. She asked if removing \$66.5 million from the total bond amount would be enough.

Ms. Nittler asked about what happened to Portland school district in their recent bond measure. Dr. Balderas didn't know specifics, but said the Portland district overbid their bond, and went overbudget quickly. They now had to scale projects down. They were taking out a lot of the

softer costs like maintenance and curriculum to be able to even build at smaller scale than originally planned.

Ms. Walston pointed out from \$385 million to \$318.5 million was a 17% reduction

The board went on break until 6:27 p.m.

Ms. Sundgrenz considered where more funding could be taken out, but the board had whittled away so much already. She didn't think maintenance shouldn't be lower than \$31 million because doing so would negatively impact all the good the district would do with the bond.

Ms. Levis noted a critical reason to build new Camas Ridge and Edison Elementary schools was that Camas would be swing school for Edison during construction. She wondered if there were other solutions to take Camas Ridge off the project list in order to reach \$300 million. Dr. Balderas said staff discussed renovating Willard for \$15 million to bring the building up to standards. He explained a swing school was needed because the Edison Elementary site was tight, so a new facility couldn't be built on the same lot.

Chair Hays clarified Camas Ridge as a swing school was not certain; she thought there were many obstacles to building on that site and she personally didn't think it would be a possibility. Ms. Levis noted the school needed to be reconstructed though.

Ms. Walston thought equity, access, and health could be reduced. She thought nutrition upgrades were included in that figure which could equate to a couple million. She noted they couldn't build kitchens if there wasn't enough staff to work them. Ms. Walston didn't see other areas where she would be willing to reduce. Finally, Ms. Walston noted other bonds in Eugene had recently passed so property taxes were already being affected by those.

Ms. Nittler would be willing to take some funding off curriculum; equity, access, and health; and relocations.

Ms. Sundgrenz was on the budget committee and she noted unintended consequences could be profound. Everything tied together, so she wondered how they were affecting the overall bond by paring down options. The board had taken down the bond greatly already, and the district was already working on bare bones.

Chair Hays thought the board truly listened to the community, when considering how much was taken off the package. The needs of the district were real, and the district had to rely on the bond as project funding until 2031. She noted that was a long way out. Chair Hays was happy with the reduced bond figure, but if there were opposing views they could discuss further. She reminded members they would vote on August 15, 2015.

Ms. Newman agreed and felt comfortable with \$318.5 million.

Dr. Balderas clarified whether the board wanted to propose exactly \$318.5 million or round to \$320 million at the next meeting. Chair Hays thought they would return to that question.

Ms. Walston thought the district could consider selling the Willard property, if they would have to pay \$15 million for maintenance alone. Dr. Balderas said if it were used as a swing school for Edison, afterward there was a possibility to relocate Camas ridge to the Willard site and use the Camas Ridge facility for other programming purposes.

Ms. Levis thought the general public would look at \$320 million and think it was a lot of money, but they would be getting less than the last bond measure. She wanted to ensure the bond was presented in a way that showed the investment, and showed the board thought about the process thoroughly and included only the absolute necessities.

Ms. Walston suggested maintenance, security, and safety be emphasized because all students were affected by those things and they were areas people understood well. She also thought things that affected graduation rates, such as curriculum, should be stressed; it was important to talk about how every student would benefit from the bond. She liked \$318.5 because it was not a round number and indicated the board really narrowed things down where possible.

Chair Hays heard from members the board would move forward with the proposal, but with scrutiny, on August 15, 2018. She asked staff to prepare information for the meeting where there would be further discussion.

Ms. Levis asked staff to listen to Ms. Nittler's comments around school visioning for North Eugene. She wanted staff to tell the board if a 1,200 student school was really needed. The North Eugene region was a critical piece in the educational system and she wanted to support the area.

Dr. Balderas said 930 students were currently enrolled. He noted new schools tended to attract more students and grow, although it was unknown exactly how many would stay in the north region if a new facility was built. He said it was not ideal to build almost to capacity and concurred with Ms. Nittler that it was wise to build for 1,200 students. In general, districts wanted to build for expansion.

Ms. Levis asked if a bigger high school should be sequenced before some new elementary school facilities. All needs were important, but some needed to be addressed before others. Dr. Balderas thought Ms. Levis had a valid question; he said a new Edison Elementary School building was critical, as well as a new North Eugene High School. Ms. Delf quickly added the numbers. The total bond proposal came to \$297 million if the district were to build only one elementary and a bigger new North Eugene High School.

Chair Hays reminded the board a decision had to be made the following week. She suggested sending questions to staff after the meeting if needed.

Ms. Nittler wondered if the district could rebuild Camas Ridge Elementary anywhere if the project was listed on the bond. Dr. Balderas said the location was undetermined; the district would be committing dollars to rebuild the school at a practical location.

Ms. Walston noted Willard would cost \$15 million for rehabilitation. She wondered if extra resources could be directed to Willard if Camas Ridge was taken off the list. Ms. Delf said currently the bond proposal did not include any assumption of rehabbing Willard. Ms. Walston asked if the Camas Ridge school could be put at the Willard site for a lower price tag and a new school at the Camas Ridge location. Ms. Delf said costs were only for construction of a new school. Swing school assumptions and rehabilitation costs were not included. Dr. Balderas clarified a new elementary school cost \$43 million and the facility could be at the Camas Ridge or the Willard site.

Ms. Levis asked whether there were critical upgrades that could be done to Camas Ridge instead of a complete rebuild in order to save money. Dr. Balderas said they could modernize inside the buildings, but the buildings would still be old. Both Camas Ridge and Adams Elementary School had tight cafeterias and gymnasiums and were not very ADA accessible.

Chair Hays requested staff prepare the proposed bond for \$318.5 million for the August 15, 2018 regular meeting. She also wanted to understand repercussions of not going to the full possible bond amount. Ms. Nittler didn't want more discussion but put out she thought \$340 million was the right amount.

Dr. Balderas said the communities affected by the bond wanted plans and staff would work on those prior to the bond vote. Staff and the board needed to work closely with those communities to ensure they were comfortable and they had a solid knowledge of what would happen to them.

Dr. Balderas said the Kelly Middle School community had been left out a bit of the process; he wanted to do deep outreach to the community, and bring staff, parents, and students along in the process if the school would be impacted.

Ms. Sundgrenz added a new name should be considered if the district combined programs within Kelly Middle School, especially YG.

Ms. Newman remembered a PowerPoint on the North Eugene High School visioning process. She wondered if it could be resent. Dr. Balderas would send it to board members.

Dr. Balderas said that evening's executive session was moved to the following week.

II. ADJOURN

Chair Hays adjourned the work session at 7:03 p.m.

(Recorded by Marina Brassfield)

Dr. Gustavo Balderas
District Clerk

Alicia Hays
Board Chair