

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

November 29, 2017

The Board of Directors of School District No. 4J, Lane County, Eugene, Oregon, held a work session at 5:30 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 November 22, 2017, and published in *The Register-Guard* on November 29, 2017.

ROLL CALL

BOARD MEMBERS:

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

STAFF:

Dr. Gustavo Balderas, Superintendent of Schools
Ms. Kerry Delf, Associate Director of Communications
Ms. Brooke Wagner, Director of Elementary Education
Ms. BJ Blake, Director of Secondary Education
Ms. Monica Brown, Director of Finance
Ms. Cydney Vandercar, Director of Human Resources
Mr. Harlan Coats, Director of Facilities Management
Mr. Steve Menachemson, Director of Technology
Mr. Oscar Loureiro, Director of Research and Planning
Ms. Lisa Fjordbeck, Executive Assistant / Board Secretary

MEDIA: KRVM

OTHER: Ryan Spain, facilities manager

I. WORK SESSION: FACILITIES IMPROVEMENT PLAN AND STRATEGIC INVESTMENT

Board Chair Nittler opened the work session at 5:31 p.m.

1. Planning for November 2018 – Next Steps

Dr. Balderas said the evening's work session was in response to a board workshop with Mahlum Architects. He explained there would be a review of needs; the district had kept up with maintenance as much as possible on a limited budget. Dr. Balderas noted there were decades of funding issues the community had to deal with, in regards to shortage of funds and cutting of personnel and classified staff. Every district had to reduce classified staff during the past ten years, and with 33 school sites in 4J, it made it difficult to keep up. He noted 4J had kept up with health, safety and critical maintenance (also known as Level I needs) in many ways.

Dr. Balderas said the PowerPoint presentation would review planning of a November 2018 bond, review possible tax implications, and review potential Level I maintenance or replacement projects.

1. Review of Possible Tax Rate Implications

Ms. Brown shared a schematic that Mahlum Architects produced. The architect would return December 11th to go in depth on some projects and scenarios to eventually share with the community. Dr. Balderas said the meeting would be held from 5:30 to 7:00 p.m. in the 4J Education Center auditorium on December 11th. At 7:00 p.m. the board would reconvene for another smaller work session to move the project forward.

He noted Mahlum wanted a clear direction from the board, to have an action plan fully developed and to begin community meetings at the beginning of 2018. Ms. Brown said the steering committee would work with the contractor beginning in January 2018. She concluded that the District was on pace to get the bond on the November 2018 election.

Ms. Brown shared a slide on Outstanding Obligation Bonds. The graphic looked at issuances done to date. She noted the district fully sold its 2011 and 2013 bonds. They were in the tax rates. She said 2019 to 2037 would step down in tax rate, so there was flexibility to fill with new issuances, or asking for increases. One important aspect was that when the board asked in 2011 and 2013, the district had a significant amount of debt expiring so there was capacity without asking for any significant increase in tax rates. In 2013, for a \$170 million bond the ask was a \$0.24 per thousand increase, or about \$42 a year for the average home. The recent bonds issued through 2026 absorbed much of the tax rate.

Board member Judy Newman arrived at 5:37 p.m.

Ms. Brown said when asking for a \$190 million to possibly \$500 million bond, they will start seeing an increase in recurrent bond rates. The anticipated impact to the median assessed home in the district was \$0.41 per thousand to \$1.17 per thousand. They would look at price point sensitivity as a more detailed list of bond projects to possibly pursue was formed.

Mr. Torrey asked about the work session on December 11th. He was concerned about the timeline. He thought 1.5 hours of discussion would not be enough to get the board on its goal timeline. He hoped the architect would be very specific in what he wanted the board to be prepared with that night. Dr. Balderas thought that was good feedback, and said he had an 8:00 a.m. meeting on December 1st with the architecture. He hoped to have questions from the architect in what they wanted from the board, such as specific questions.

Ms. Levis echoed Mr. Torrey. She thought the board spent a lot of time being talked at during the last work session, when they could have been discussing. Ms. Levis thought having information before the board meeting and having “homework” would give board members more time to discuss. Ms. Levis felt she missed hearing why Mr. Torrey and other board members voted for certain things, and she left thinking she would have voted differently after hearing the depth of conversation. Ms. Levis reiterated the board needed to listen to the community and needed to listen to each other. She advocated for as much discussion as possible, because they would be approaching the community, and testing different options.

Ms. Walston was worried about the time crunch on December 11th because both the behavioral programs and the upcoming bond were huge issues. Dr. Balderas said the holidays caused December to be tight. Ms. Levis thought another meeting in early January 2018 could be done, if needed. Dr. Balderas appreciated the comments, and agreed the board needed time to discuss with each other and the community. Ms. Levis asked if a \$500 million bond had been done in the community. Ms. Brown said \$170 million in 2013 was the district’s largest bond to date Review of Level One Maintenance or Replacement Projects (Harlan)

- Facilities

Mr. Harlan Coates, Director of Facilities Management, covered 12 main Priority I facility needs. He said the 12 chosen covered about 50% of facility needs costs. Mr. Coates noted the chosen items focused mostly on safety and preventative maintenance. Mr. Coates said some issues involved accessibility, as there was still quite a bit to be done in that area. In his figures, he allocated potential funds to asbestos and lead allowances; he explained a new project always needed those.

Mr. Coates said site fencing was one concern, as the older buildings in 4J did not have cooling, so often, staff opened doors and windows during the warmer months; doing that posed a safety issue for students. Mr. Coates noted that fire alarm upgrades were needed for safety as well. Additionally, HVAC controls could be added for efficiency; they would be a cost saving mechanism, because new controls could be timed and they included carbon monoxide sensors. HVAC controls had thermostats on top and were pneumatically controlled; with direct digital control, people could still adjust, but only within a couple degrees

Mr. Coates said roofing was a large item on the facilities’ needs list; there were many old buildings in the district, and about every 20 years a roof needed to be replaced. Mr. Coates added that electrical upgrades were needed in multiple schools. Concrete repair and replacement was highlighted as a need, but it was also an ongoing, continuous need. A need was track and field maintenance, as many sites did not have restrooms for athletes and guests. In addition, window replacement was added to the potential costs, to replace single pane windows with dual pane (also an energy saving item). Finally, Mr. Coates said piping replacement was aging, primarily sewage. Mr. Coates said the estimated total was about \$65 million.

Mr. Coates said the main computer system had all phone, computer, fire, and security lines through one box. However, when most buildings were constructed they did not have those

systems in mind – the rooms were not equipped with ventilation and that caused heat damage to technology equipment.

Dr. Balderas asked if there were questions regarding facilities; he said facilities were included as a line item, but funds were not enough to keep up with demands.

Mr. Torrey asked what would be bondable from the project lists. Mr. Coates said parking lots were not bondable. Ms. Levis said regardless of bondable facility projects, the bond itself would allow the district to shift money around. Mr. Coates said if a building was past its lifecycle, it would be bondable, as it was eligible for replacement.

Ms. Walston asked if the district had legal liability for ADA accessibility issues. Mr. Coates said it was an ongoing effort to make updates; however, if there was a staff or a student who used a wheelchair, the district addressed the issue right away. Ms. Walston asked about the roofing at Willard. She noted the district was not using the building, but thought it was still usable. Mr. Coates said facility management had patched the roof for many years and it continued to need work.

Ms. Sundgrenz asked why projects such as parking lots were not bondable, unless tied to another project. Ms. Brown said bondable projects were based on IRS tax code and accounting rules. If the district added parking spaces, the incremental value was enhanced and could be bondable; however, expected maintenance and repair of previous assets were not.

Consider a \$5000 threshold, trying to meet all thresholds to comply with taxes and county rules. Look at each project for what they are doing and what asset is being maintained, repaired, or enhanced.

Ms. Levis asked if there was a cost estimate for the portion of Level I needs that could be bonded. Dr. Balderas thought it would be roughly \$20 million.

Mr. Torrey said the district had certain issues that would be addressed, such as roofing, whether the project could be bonded or not. He said there were two sources of funds: the general fund and the bond fund. He said taking money out of the general fund would impact money allocated for the school year. Mr. Torrey worried the public did not know that.

Dr. Balderas said the district was looking to align systems, understand the total need, and then balance those needs with wants. He noted that standardization was something the district had worked on since his arrival, especially limiting the scope of what was purchased to ensure the district could support those purchases. One example was technology; because of budget reductions, the district had relied on parent teacher organizations (PTOs) to raise funds for computer labs. He said it should be a district standard, to support whatever was purchased. Dr. Balderas said budgets needed to include replacement cycles as a line item every year. He said the goal was not to depend on bonds; he thought bonds should be used for construction purposes. Everything else was maintenance, and should be paid for through the general fund. Dr. Balderas concluded that technology would become a critical part of education, but it would keep changing and become more expensive.

Chair Nittler asked Mr. Coates if there were one or more schools that had more repairs than others. Mr. Coates responded that he would have to verify which schools, but he initially thought it was the oldest ones like Camas Ridge, Adams, and Edison. Ms. Newman asked what Willard was used for. Mr. Coates said it was used for storage.

Dr. Balderas said the district did a review of facilities the prior year, and the cost to go to studs and rebuild Willard was about \$10 million to \$15 million. He added that if the roof was not replaced, the district would lose its ability to replace Willard in the future. Dr. Balderas noted that funds going to the site would protect an asset.

Ms. Newman wondered whether the district looked at the schools that were priority for replacement, and if it would be cheaper to salvage those buildings than maintain them. Dr. Balderas said there was a percentage where it made sense to do so; he added Mahlum could confirm which buildings at the next meeting.

Mr. Torrey said all board members have questions. He said Mahlum should tell board members what he wants to know from them; he wondered if board members could send questions to Dr. Balderas they wanted answered, so he could forward them to Mahlum. Mr. Torrey said they needed a thorough understanding to correctly explain the bond to the public. Dr. Balderas said it was a great idea to provide questions to have a more meaningful discussion.

Ms. Newman asked if there was repair and maintenance costs allocated in the budget. Dr. Balderas said there was an allocation, but it was not sufficient to meet all needs.

- Information Technology

Mr. Menachemson, Director of Technology, explained informational technology needs. He broke the needs into three main areas: instructional technology (schools); infrastructure/operational technology (school sites, education center); shared infrastructure for technology (the education center and Churchill).

Mr. Menachemson covered instructional impact. He shared a slide representing the most common technology in a classroom. He estimated the cost was about \$25,000 per room for the most common instructional technology, but there was not adequate funding to have that in every classroom in every school. Dr. Balderas asked the number of devices used by students. Mr. Menachemson said about 23,000. Many were not used in typical sense of instruction, and some were only used for testing. In addition, some were 12 or so years old and could not support many applications, but were very expensive to replace.

Mr. Menachemson explained most technology was not bond eligible. He said it was a critical strategy to shift general and bond funding around to maintain and enhance technology.

The second area was the backend infrastructure, or the types people could not see. Mr. Menachemson explained that it included cabling, fiber optic infrastructure, battery backup, and Nutrition Services infrastructure. He said those were roughly another \$12 million districtwide. Mr. Menachemson said the main unit (an intercom unit) listed was not a replacement cost, it was a single \$10,000 key component of the system. So, he added, that piece was not bondable.

Ms. Walston asked if Nutrition Services used a point-of-sale system to charge for lunch meals. Mr. Menachemson, yes that was the technology component.

Mr. Menachemson said there was also shared infrastructure. The technology was like a cloud storage system. He said everyone connected to the system. It included email, hardware, software, browsing, and remote connectivity. There was also cabling infrastructure and cooling systems. The total cost was about \$1 million per year. Mr. Menachemson said the current budget addresses most of those needs.

Ms. Levis asked what dollar amount would do an adequate job for some Level I facility improvements, as well as an adequate amount of money for technology. Mr. Menachemson said the bond would ensure the district could install and deliver equipment where it was missing. However, it could not replace what was failing. He said general fund dollars would be more valuable long term for technology maintenance. He estimated there was about \$15 million worth of to do work, and about 25% of that was bondable.

Ms. Levis used the example of a \$200 million bond. Dr. Balderas said for that kind of bond, the district would reserve \$30 to \$40 million for base needs, but would also look at how to budget into the future with the budget committee.

Mr. Torrey said that whatever was not covered in the bond would have to be taken out of the general fund. He wondered if a five-year plan could be put together for needs that were not bondable. Mr. Torrey felt it would be helpful for when the budget committee met and saw the proposed budget for the upcoming year. Dr. Balderas said there was a multi-page list of needs, sorted in different tiers. He explained the district was trying to take care of Level I, which was health, safety, and critical needs. The district could not get through those needs at that time due to lack of resources. Dr. Balderas said the goal would be to approach the budget committee with a line item in terms of what funds are needed to address Level I needs. The district wanted to work towards having a line item to contribute money toward.

Mr. Torrey said the public would want to know how the bond benefitted them, and the board needed to answer that for each item on the bond. He said the public would support investing in technical items because they understood kids needed technology to keep up.

Chair Nittler said technology rapidly became obsolete. She felt hesitant approaching the community about buying things that were not going to have value long term. Chair Nittler wondered how the district would monitor long term savings for technology. Mr. Menachemson said it was difficult to predict because in terms of the actual tool, the manufacturer developed a specific platform, and the platform allows the user to work on the device. Those platforms were frequently changed and could be expensive if the district wanted up-to-date equipment. Mr. Menachemson noted the equipment 4J had was toward the end of its lifecycle; the devices worked, if classrooms continued to use them in the same way. He added some schools were moving to a lease-based system. It was one remedy to address software changes. Mr. Menachemson said the life expectancy of IT was a little longer than historically, but it would not remain that way for long, so building a sustainable fund was critical for a strategic plan.

Ms. Newman asked what the current allocation for technology was in the district budget, including maintenance and repair. She understood it was not substantial enough and wanted to know how much would it need to be increased by. Mr. Menachemson said his current operational budget was around \$1 million, but almost all of it was pre-allocated. He explained that by design, the next year's money was already spent on necessary and critical things, but they were also generally the invisible pieces like license subscriptions. He said that out of the \$1 million, \$380,000 was for maintenance and \$200,000 was for telecom.

Mr. Coates added facilities' budget was \$11 million for heating, cooling, and maintenance.

Chair Nittler asked if the district contracted out for painters and other positions. Mr. Coates said the district did for painting and cabinetry sometimes. Chair Nittler asked if a sustainable budget would include hiring or only the maintenance. Dr. Balderas said the district would hire additional classified staff. He explained that a stair step hiring plan would likely be an option presented to the board.

Ms. Walston was interested in the lease program for hardware. Mr. Menachemson said it was a system becoming more common. He recently came back from a conference and many folks he talked to had it in place. Mr. Menachemson said he poked at a few models, and found some 0% leasing opportunities. He said the cost varied from \$1 million to \$3 million a year just for user devices.

Ms. Levis said there was no new money coming into the budget, which was why the board had been rather opportunistic with the bond. She wondered whether the district considered how many years it would take to accomplish a sustainable budget. Dr. Balderas said it was long term, at least 10 years; the district was chipping away at projects, but it was critical to have sustainability.

Mr. Torrey noted there was a big difference in price between buying individual and buying bulk. He wondered if the district could enter a purchase agreement with group of other districts who had similar IT issues. Mr. Menachemson thought the option needed to be investigated further, but thought there was room to negotiate and collaborate, perhaps at an even higher level than technology. The main challenge was some of the different directions districts were choosing.

Dr. Balderas said the district did have some consortium buying power. Mr. Menachemson explained there were some organizations that negotiated pricing with vendors. He said OETC (Organization for Educational Technology and Curriculum) was one of the local organizations. OETC had a lot of leeway to negotiate prices and set a ceiling. It did not mean a district could not negotiate for lower, but it capped the price at a maximum. Ms. Newman said the district could even consider extending further; for example, she knew the University of Oregon had certain contracts.

Ms. Newman considered the next session regarding bonds; she said there were five scenarios listed on the presentation, and she wanted a sense of what the public wanted. As the board prioritized further, she hoped for a more exact amount for the proposed bond.

Ms. Walston clarified that Ms. Newman wanted an informal agreement of not going over a certain dollar amount. Ms. Newman added she wanted that so they could be more realistic. Chair Nittler said it would be something the board continued to talk about, and added the architect could advise the board.

Dr. Balderas asked if the board should wait until January 2018 to continue the discussion on bonds, since the next meeting would be focused on special programs. Chair Nittler said it made her nervous to wait until January, if the bond was something they wanted on the November 2018 ballot. Ms. Levis did not think the board would be able to get everything done in two hours at the next meeting focused on special programs, with all the questions that had been brought up by the community. She agreed it was nerve-wracking to put off the next bond discussion, but she thought it would feel unbelievably bad if the decision regarding elementary programs had to be cut off. She thought it was the board's chance to fully address the issue. Ms. Levis said it would be helpful if the board could ask questions ahead of time for Mahlum, and wait an hour or so after the main discussion on the December 11th meeting to have the discussion.

Mr. Torrey said the public asked him if the district was building overtly nice buildings, and if it was truly that much more expensive than the last time the district built new facilities. Mr. Torrey agreed it would feel bad to cut the discussion off regarding special programs. He thought if each board member had three key questions, the discussion would run more effectively. Dr. Balderas said Roosevelt was only two years old, but it had a 6% escalation rate every year. Sometimes it was difficult for people to understand they were not looking at a dollar in the current time, they were looking at a dollar five years from then which could be \$1.25,

Ms. Newman and Ms. Walston were open to meeting on December 14th, however, Dr. Balderas explained most staff and board members would be out of town so that date would not work.

Ms. Levis thought if the board wanted to be proactive during their meeting on December 11th, board members should send questions regarding behavior programs, and the policies around them, to district staff beforehand.

Ms. Levis returned to the discussion of the upcoming bond. She noted the district was unaware if another group would be going out for a bond that same year; if another organization did, the public would start picking between bonds and it could become more competitive to approve the bond. Ms. Levis said board hadn't tested what community what was willing to pay for.

Dr. Balderas said the plan would be for the board to stay from 5:30 p.m. to 7:00 p.m. for special programs discussion, and then stay if needed afterward for bond discussion.

There was discussion among members regarding the December 11th work session. Ms. Walston clarified the public could email the board at board@4j.lane.edu to submit comments and concerns.

The consensus was to talk to Mahlum, discuss with leadership, and then relay the decision to board members on November 30th regarding the December 11th work session schedule.

Ms. Levis asked if the board could have the worksheets completed on the November 13, 2017 work session, and what members prioritized with costs.

Ms. Levis asked if the board could receive separate emails for critical events or issues, instead of buried in a memo. It was difficult to schedule those events on short notice. Chair Nittler said she would be happy to email members on a more regular basis.

II. ADJOURN

Chair Nittler adjourned the meeting at 6:57 p.m.

(Recorded by Marina Brassfield)

Dr. Gustavo Balderas

District Clerk

Minutes approved February 14, 2018

Eileen Nittler

Board Chair