

**Beaver Dam Unified School District  
Board of Education Minutes**

**Special Meeting**

**March 28, 2012**

A special meeting of the Beaver Dam Unified School District Board of Education was held on the above date at the Educational Service Center. The meeting was called to order at 6:00 p.m. by President, Marge Jorgensen. Board members present were Bev Beal-Loeck, Marge Jorgensen, Lisa Panzer, Chad Prieve, Gary Spielman, and Joanne Tyjeski (arrived at 6:10 p.m.). Board members absent were Kim Darst, Dan Feuling, and Jean Hill.

Mr. Steve Vessey, Superintendent, presented a list of facility projects from the feasibility study that administration views as immediate needs.

- Middle School Electrical Room: The cost to complete this project is \$800,000. It could be done for less, but it would not be a long term solution.
- High School Science Rooms: The cost to bring them up to standard is \$500,000. The current facilities are deterring the teachers from being able to teach the way they should. They can't teach advanced chemistry in the current classrooms.
- Add 6 Classrooms to Prairie View Elementary School: The projected cost is \$3.5M. This includes the cost of closing Trenton Elementary School.
- Heating, Ventilation, and Air Conditioning Repairs/Updates at Washington and Wilson Elementary Schools: The cost will be \$550,000.
- Asphalt at the High School and Middle School: It will cost \$550,000 to properly repair the parking lots.
- Roofing: The cost is \$550,000 to repair roofs throughout the district.

Mr. Paul Buchholz, Building and Grounds Coordinator, explained that the district is years behind on the scheduled roofing plan. This will allow the plan to get back on schedule.

Mr. Vessey explained that this list will need further discussion. The total of \$6.5M will place the district in good shape. This only provides a number, it doesn't say the district will do it. He explained that the existing debt of \$2.765M at 5.95% can be refinanced with the additional debt at an interest rate of 4%. The cost to refinance will be \$47,000, but the savings will be \$258,000. The new debt will then be \$8.765M. If it's done within the current levy, there's no levy increase or impact on mill rate. Every \$1M borrowed affects the budget by \$54,000.

Mr. Vessey further explained that a \$300,000 allocation to Fund 41 is built into the budget each year. There is the ability to reallocate those funds away from Fund 41 for one year. The closure of a school is approximately \$100,000. There is the option to use \$300,000 to \$400,000 for the note on a loan. Every other part of the budget has been allocated to the technology project that needs to be completed.

There were questions about what additional money would be budgeted for projects.

Mr. Andrew Sarow, Director of Business Services, explained that \$235,000 is budgeted each year for maintenance projects.

Mr. Vessey said Fund 41 provides no buying power. The administrative recommendation is to present a resolution to borrow \$6M and redirect other funds. It gives authority to borrow \$6M over 3 years, however, the district doesn't need to borrow all of it. He advocated presenting a resolution in April since the public has 30 days to comment on it.

Clarification was requested about redirecting \$200,000 from Fund 41 and leaving \$100,000 for projects or emergencies.

Mr. Vessey explained it allows funds if the decision is made to close another school. Administration will always look for the option to allocate \$300,000 to Fund 41. The resolution will be written by Quarles and Brady Legal Services. The public has 30 days to petition the district not to proceed, which is uncommon since there's no increase to taxes or the mill rate. The district is taking care of facilities within the budget and not deferring maintenance anymore. This only provides a budget to work with and doesn't commit the board to do anything. The funds aren't accessed until there is work to be done. Administration will present a list of projects totaling \$6.5M to the board in May for funds to be accessed in June. The existing debt of \$2.765M is from when the State placed all districts on the same retirement system. The district borrowed the funds at 5.95%. The existing debt will be combined with the new loan and financed at 4%, which is conservative. The finance cost is 1.6% of the debt or \$47,000.

There were questions about the length of the loan and the amount of interest.

Mr. Vessey confirmed that the loan will be for 20 years and that \$5M in interest will be paid over the life of the loan. The annual impact on the budget will be \$306,581. A breakdown of the \$47,000 costs was provided.

There were questions regarding the use of fund balance.

Mr. Vessey said he will advocate to find funds within the budget and not use fund balance. If it is necessary to use fund balance, there will be a plan to replace it. Administration is looking at a policy to establish fund balance be at 15% with a 5 year plan to get to the extra 5%. This will be built into the budget when it's presented to committee and the board. The proposal will include that \$100,000 continue to be allocated into Fund 41.

Questions were raised about using extra funds for other projects.

Mr. Vessey explained that if there is a referendum for \$6M, the district is legally bound to use the funds as specifically stated in the referendum question. If funds are borrowed, they can be used for anything. The district is not committed to borrowing all of it or for specific projects. All borrowing and access of funds will require board action.

There was discussion regarding the impact of retirements on the budget with OPEB, the average age of retirees, and benefits.

Mr. Vessey asked the board if administration should proceed with having Quarles & Brady create a borrowing resolution for presentation at the regular April board meeting. The resolution will create the authority to borrow up to \$6M over a 3 year timeline. The administrative recommendation will include the resolution and redirecting \$200,000 from Fund 41 in budget process.

The board consensed to move forward in creating the resolution.

There was discussion about the level of comfort with the dollar amounts and having funds available for future needs.

Mr. Vessey said there has to be a plan for fund balance and administration has to make sure the funds are replaced and projects are being completed. The board needs to monitor that administration is following through on these items. The policy being looked into is to protect the district. Anytime debt is incurred, there's a risk. However, taking on \$8M in debt still has the district considered a low debt district.

There were questions regarding future borrowing potential and unforeseen issues.

Mr. Vessey explained that there is still \$100,000 being allocated to Fund 41 and after the next few budgets, the funds currently being allocated to the technology project will be available again.

Questions were raised about a plan to address issues at the other country school.

Mr. Vessey said this plan doesn't address either school, but that it only provides a budget to work within. It provides the ability to address Trenton Elementary School. The school savings includes Trenton. Administration is comfortable addressing Trenton first due to population issues and the shared boundry with Prairie View. Closing South Beaver Dam increases transportation costs significantly. Trenton and Prairie View are similar in student achievement and population. The maintenance needs at Trenton and South Beaver Dam are almost the same over the next 5 years. If both schools were transferred to Prairie View, the large population from South Beaver Dam would make it a very large school. He suggested moving forward with this plan and then assessing the situation again in a few years, looking at population trends. It could be necessary to redistrict the district and use the space available. It needs to be dealt with in 2 years.

Discussion focused on the need to communicate what the plan is and making 2 years the maximum time to look at it.

Mr. Vessey said there are many unknowns, but that the land and location of South Beaver Dam are good. Part of the recommendation should state that the other country school will be addressed. A redistricting study and projections can be completed as to what it would look like. Redistricting is not popular and the community may not want it to be done, but it needs to be addressed. This resolution is only step one. There is a low number of students in the incoming 5 year old kindergarten class at Trenton. It is possible that Kindergarten may not be offered at

Trenton next school year. There's also a drop in Kindergarten numbers at Prairie View. This is not the issue at South Beaver Dam. Overflow students from South Beaver Dam could be moved to Prairie View with the addition.

There was discussion regarding equitable class sizes, class sections relating to the ability to reduce class size, common and cafeteria area student accommodation, and parking at Prairie View.

It was commented that the third financial option of a referendum is not a good one.

Mr. Vessey said he didn't mention it because referendum funds wouldn't be available until January 2013 and it makes it difficult to work within. The probability of a referendum passing is low. The recommended option doesn't increase taxes and all options that don't increase taxes have to be explored first.

Ms. Jorgensen said that taxpayers have told the district to live within the budget and this is a good way to address the maintenance issues and the deferred items.

Mr. Vessey said the message has been clear to take care of issues without going to taxpayers. There will be a need to go to referendum eventually, but the district needs to take care of the facilities by the means available. He explained that the district doesn't have access to the state funds since those are for non-construction projects.

At the last meeting, the board asked administration to look into the Middle School electrical issue. The cost to fix it will be \$800,000. It will fill the coal and ash room, remove the smoke stack at roof level, and build an above ground addition for the electrical and boiler. The room is currently located under the parking lot, runs 80% of the electrical for the building and it's about to cave in. If that happens, the project cost will be higher because temporary power will have to be created and it could be weeks to months without power. It's not a likely possibility, but will happen eventually if nothing is done.

Mr. Buchholz explained that maintenance has been able to deal with the minor issues, but it's not been a fix.

There was discussion about the parking lot, the location of the room, removal of the smoke stack, and new use of the space.

Mr. Vessey explained the project is reasonable, but the timeline is not good. Approximately 80% of the building will be without electrical for 10 weeks. No teachers or students will be allowed in the building. Summer school and 6<sup>th</sup> grade camp would have to be moved to another building and a contingency plan will have to be created in the event the project doesn't finish before school begins. The project can be done in 2012, but it is late in the design and there is risk. Plunkett and Raysich said they can do it, but they need to hand pick the project manager. Moving summer school and 6<sup>th</sup> grade camp will be difficult. For technology, it's a better option to do it now. If it's done in 2013, there can be better preparation and planning, but costs could go up and there is a risk of a problem.

There was discussion about the risk of waiting, the responsibility being on Plunkett and Raysich, still needing to move summer school and having a contingency plan for 2013.

Administration was asked what direction they need from the board.

Mr. Vessey said there is risk in both options. They are not looking for board action, only an understanding of the risk. Plunkett and Raysich need to be told to start with the drawings.

Board members were in favor of completing the project in 2012.

Mr. Vessey said administration has been back and forth on it. They would rather deal with a contingency plan around a late school year start than a power outage during the school year. Don't know if the risk is less or more, it's just more convenient to wait. He shared that Middle School administration prefers the project be done in 2012. They don't like the risk in waiting. He said they will move forward and ask Plunkett and Raysich to work on the drawings and present the resolution in April.

Board members stated they still need to have considerable discussion regarding the two rural schools and questioned if the June timeline will allow enough time for it.

Mr. Vessey explained that there is a 3 year window to use the funds and the resolution is only to borrow the funds.

There was discussion if it's in the best interest to act on one of the schools this year and holding open houses when the board doesn't know which direction it's going.

Mr. Vessey said the next workshop in May will be to discuss the input and feedback gathered at the open houses and coffee conversation in April.

Discussion focused on the need for the board to state the direction they are going after getting public input and creating a timeline and plan for the two rural schools.

Mr. Vessey said all board members should attend the open houses and a few should attend the PTO meetings and coffee conversation.

A question was asked about when the projects could be completed.

Mr. Vessey explained that the HVAC, asphalt, and roofing projects can be coordinated by Mr. Buchholz. The High School science rooms can be done next summer and the addition to Prairie View could start in the Summer of 2013. The Middle School electrical will be completed this summer.

Mr. Vessey presented a request to purchase two passenger vans. The vehicles will be placed on a 6 year replacement schedule with it built into the budget. There are replacement schedules for technology, furniture, and curriculum.

There was discussion about vehicle use procedures, passenger capacity, and dealer rotation for vehicle purchases.

Prieve moved, Beal-Loeck seconded, to purchase two passenger vans as presented.

The motion was adopted by the following vote: *Ayes* – Jorgensen, Panzer, Prieve, Spielman, Tyjeski, and Beal-Loeck. *Nayes* - None.

Prieve moved, Panzer seconded, to adjourn the meeting.

The motion was adopted by unanimous vote and the meeting was adjourned at 7:49 p.m.

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*Marge Jorgensen, President*

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*Joanne Tyjeski, Clerk*