

Lakeville Area Public Schools
Finance Advisory Council
Tuesday, October 13, 2015 | 4:00 PM – 4:50 PM
Crystal Lake Education Center, Media Center

1. Attendance

- a. Board of Education Members
 - i. Director Bob Erickson
 - ii. Director Judy Keliher
 - b. ISD 194 Staff
 - i. Dr. Lisa Snyder, Superintendent
 - ii. Michael Baumann, Executive Director of Business Services
 - iii. Jason Molesky, Executive Director of Technology and Data Services
 - iv. Marilynn Smith, Principal, Orchard Lake Elementary School
 - v. Emily Herman, Human Resources/Business Office Coordinator
 - vi. Todd Mooney, LEAF President
 - c. Community Members
 - i. Erika Knips
 - ii. Jill Dunkel
 - iii. Kelly Boese Hendricks
 - iv. Patrick Arling
 - v. Tom Minneman
 - vi. Tom Neitzke
 - d. Ehlers Inc
 - i. Joel Sutter
2. Introduction – M. Baumann
- a. New Member – Welcome to Tom Neitzke, TMN Consulting
3. Capital and Operating Levy Referendum – Dr. Lisa Snyder, Jason Molesky, and Michael Baumann
- a. Handouts
 - i. [Full Sheet](#)
 - ii. [Half Sheet](#)
 - iii. [Q1 – SEM Fast Facts](#)
 - iv. [Q1 – STEM Fast Facts](#)
 - v. [Q1 – Tech – Fast Facts](#)
 - vi. [Q2 – Fast Facts](#)
 - b. Dr. Snyder – the FAC has been instrumental in providing feedback. We appreciate your feedback after the presentation – concerns, questions, what are you hearing in the community. We are naming “restoring our strength, building our future.” There are two questions: looking at past cuts based on highest priorities from community feedback and building our future, based on updated strategic plan and adoption of future ready plan. Wonderful things happening that align with helping our students to be ready. We

believe this will help. Proposal aligned to world-class, personalized learning ensuring success for every student, aligned with our mission.

- c. 2013 first successful levy in 10 years. Prior to that, 2003 was the last successful. Many attempts failed during bad economy. We did have to adjust our budget by \$26m. We have to have a balanced budget. Our fund balance is a small finite amount, little to draw from. Staffing is the largest cost since we are a service industry. We experienced cuts in staffing, programs, increased fees. 2013 asked for \$5.6m dollars. We were facing another \$4m in adjustments that would have brought us up to \$30m in cuts overall. \$4m went to balancing. The rest went toward the stakeholders priorities. Heard loud and clear that elementary class size was a concern. People were open enrolling out of our district. After we reduced class sizes, we saw those students come back. Data shows lots of STEM jobs in the market with a gap of students prepared in that field. Hired 5 Elementary STEM specialists but still a lot of work to do. We kept all our promises. This year the BOE was able to reduce fees and is looking at reducing bus fees.
- d. One of the questions - why another one? That is why, this is the context, \$26m in adjustments. Incremental approach to realign our approach in combination with increases our efficiency and effectiveness.
- e. Operational (people) – 1. Class size. 2. Elementary Art. 3. 5th grade band. Some have asked why not World language, etc? We couldn't fit that into the tax tolerance that we tested.
- f. Capital needs (resources)– 1. Safety and security 2. STEM resources. 3. Digital Tools for learning.
- g. This time we expanded our survey of community groups. We took the same community survey and sent to staff, parents, and business leaders. Four different stakeholders were surveyed.
- h. Operational Needs –
 - i. class size – graph on Elementary class size. Graph shows our stats in core High School. Red line is the metropolitan class size average – last 2 years, LAPS has had the highest in the four years of secondary. Those are average. This is a little misleading because we have to send in numbers on SPED bringing some of those averages down but it is an equal playing field comparing to other class sizes. Classes over 40 is the norm. Our classrooms are not designed for those larger sizes. Benefits for class sizes 35 or below. Three areas of improving achievement. In 2013, added 20 elementary teachers. In 2015, a high school teacher goes a lot further. Looking at 7 FTE teachers. Each teacher is teaching 5 classes – 7 teachers equals 35 classes.
 - ii. Elementary art – restoring to levels at 2010.
 - iii. 5th grade band – opportunity before school and some lessons during the day.
- i. Capital – building our future
 - i. Community priorities – identified three areas. Four focus groups plus students. Came through from all groups was the following three areas: Student safety,

STEM resources, and Digital Tools for Learning. Group details varied but the overall topics helped craft the future ready plans moving forward.

- j. Security – M. Baumann
 - i. 2015 VMS/ACS investment. Set a condition for us to move forward to the next step. Building upon what we purchased. 1. Security cameras – want to improve in High Schools and put some in Elementary schools and integrate with a comprehensive system that is tied into our first responders (LPD) for potential big issues that could occur. 2. Tie-in future systems that are currently be developed. We want to be in the position to leverage the opportunity if those systems pan out. 3. Also, by adding the card readers we want to compartmentalize our capabilities in our schools. Because we did a lot of goal setting in FY15, we feel we are in a good position to expand upon that. All money would be spent on systems. But systems do not define the entire security plan. We have training, mental health, and policies. We are working to improve that and consistently move forward with that.
 - 1. Graph for security budget. Because we did a lot in the past and in FY15, we think this is going to serve us and our needs.
- k. STEM Resources – Dr. Snyder
 - i. ¾ of the surveyed groups had STEM as #1 priority. That message is loud and clear from our community. I think people understand that is where some of the highest paying jobs will be. When you look at where the jobs will be? Medical – lot of tech in there. Levy would address the equality between the two schools. Most opportunities at LSHS because we are in 2nd year of academy. 200 students in that program – 50 of female! Shows the call for STEM. This levy will give engaging resources, access for all, future ready skills. Huge gap at middle level. How do we realign in middle school to support students' growth in HS for future ready. 1-8th grade would have a required experience in STEM. Hope to engage and hope to spark interest, also engage future ready skills – need to be creative, collaborate, problem solvers.
 - 1. STEM resources - \$350k per year over 10 years. Does represent k-12. K-5 lots of consumables. Right now we are beg/borrow/steal in K-5. 6-8 phasing in project lead the way. Start in 6th and require in 7th/8th. HS – grow at LN and ongoing support at both.
- l. Digital tools for learning – J. Molesky
 - i. Biggest portion. Cost as a whole. Different approach as different districts. Four years ago we were able to fund 40 teachers 1:1 in classroom pilot. Saw a lot of great potential. Teachers gathered data and highlighted great pros and some needs like training and updating infrastructure. We explored Bring Your Own Device (BYOD). Saw positive results at the schools and some cons. Lack of equity – not permission from parents to bring them. Looked at the pilots, 130 teachers met with Molesky, meet with some students meet, and advisory committee to gather all feedback to craft future ready plan. We came up with a balanced

approached. Not to look at 1:1 to provide a tool to each. We crafted a plan that supports use of digital tools in combination with traditional teaching methods. We feel it is best of the teacher to make that decision but we do not want to completely ignore the benefits of technology. So we are looking at training for teachers and showing them ways to use technology. Another reason we are not moving to 1:1 is cost. Financial standpoint is very expensive. \$1.5m / annual in LAPS. Other districts levy many have a capital ranging from \$2.5 – 6.5 m / year. Other district putting money to it so they don't have to put General Fund money to it.

1. Three uses for funds; steady source to maintain and update core technology. Last time most labs updated was 2008. Printer fleet – purchased when current senior class was in kindergarten. Long-term increased student access based on teacher feedback and student 3:1 shared for each grade level – that came through loud and clear from the teachers. Not at a point they felt 1:1 would be the most effective. Over time, technology would get better and cheaper. Overtime we could realize more access overtime. Rethinking over refresh cycles what the best step would be. Then of course support and maintenance is substantial. Two technicians to help maintain. Coaching would be restructuring of current positions. Allow current staffing to coach and utilizes the current staff. \$1.5 m/year. Refresh cycles, teacher devices of 4-5 year span to ensure teacher has working tech. 3-4 year on mobile for student at 3:1 ratio, support and maintenance. Overtime wireless infrastructure but when 2018-19 comes around we will need to look – ongoing maintenance costs.
 - m. Review of the two questions – legal language example. BOE members wanted to list the use of money in the ballot questions – it is in there.
 - i. Question 2 – operational question \$100/pupil. BOE members voted to be clear in language in the question. See the details in the questions.
 - n. Review of the profiles. Compared to 20 other districts. This gives context. State/Federal. Explain funding. 9th for enrollment but last for funding. When add in the local sources – primary property –see local in blue. LAPS is still last. Pay15 Voter-Approved Levies – shows what we asked for and where we ranked. Helps to see visually where are we sitting. Looking at what we ask for in ballot questions this year. We would move up if BOTH question approved. We went through extensive research to look at what our community wants and what is their tolerance.
 - o. Bottomline – what is the tax impact? See average home valued – [calculator on the website](#). Gives an estimate of what the taxes will be. Chart with other properties.
4. **Feedback from group:**
- a. Patrick Arling – was the tolerance tested before county and city released their updates?
 - i. Yes
 - b. Tom Minneman – security money - how did you land on \$100k?

- i. M. Baumann – looked at overall goals and our current condition. Made an assessment if we had these dollars how would that look? Our condition was not that bad and the investment in the access control system was a game changer. We evaluated where our position was in comparison to where we need to go.
- c. Tom Minneman – then the capital dollars will be spent in capital year?
 - i. M. Baumann – we are seeking 10 years. Our expectation is we will be able to spend each year.
- d. Tom Minneman – if we are not able to do that? Can you carry capital dollars? Or do you have to spend?
 - i. M. Baumann – You can carry them forward into restricted fund. (Ehlers). Policy decision to use in another area.
- e. Tom Minneman – Target and/or restricted?
 - i. M. Baumann – BOE direction categorical and keep our promise. We are tracking the dollars that way.
 - ii. Dr. Snyder – that is why they put in the question as well. Higher level of accountability.
 - iii. Director Keliher – When it is in the ballot it raises to another level.
- f. Patrick Arling – and when technology cheaper?
 - i. Dr. Snyder – yes more buying power
- g. Tom Minneman – profile comparison – how do they fund security needs? What other are using levy?
 - i. J. Molesky – many school district reference security in their levy questions in capital questions.
- h. Tom Neitzke – looking at neighbors as benchmarks? What’s best in class? What’s best across the county? Do we have data from across nation? Are we expanding beyond our neighborhood?
 - i. J. Molesky – future ready consortium – looking at districts (best). Spends are much greater. MN as a whole is a little more fiscally responsible with technology spends. Looking at other districts. Anticipate same as East Coast.
- i. Tom Neitzke – Use effectiveness over dollars spent?
 - i. J. Molesky – looking at districts based on effectiveness. Is there value in sharing what the best is doing?
 - ii. Dr. Snyder – there may be. We typically don’t share the dollars spend. Want to get the max results.
- j. Tom Neitzke – how do you measure and reflect the results side? And this is what we expect? Report card?
 - i. J. Molesky – key performance indicators. Look at each core measure and targets overtime. Set measures for over time. See some strengths and fiscal responsibility. Some areas we are not making progress. We want to move beyond just test scores and look at holistic manner. Community connectedness, work forces, academic return on investment (AROI), other classroom indicators. Looking at ways to measure beyond academics.

- k. Tom Minneman – shown stats on our ranking for how the kids tested. We were right up there with some of the large school districts and then looked at our revenue stream. We were so low. My conclusion that the district and BOE made some great decisions and programs to ensure the best results. Blown away.
 - i. Dr. Snyder – that still exists. We are so proud our students do well on state testing, APs, and we want to expand on that. Looking at Tech Advisory council and others, we need to go beyond that. That is the gap in our organization. It is easy to hide that gap. If you ask students, they will tell you “we are really good test takers”. But our mission and vision, active learning, creative, collaborative, innovative, etc. is critical so our students don’t fall apart when they get to college or professional world. How do we look forward?
- l. Patrick Arling – STEM and AROI. I know all parents want STEM. When you talk about the AROI? Do you want to know if the STEM programs are working and are they going into those programs in college? Is there a way to determine if we prepared them enough? Is there any way we can measure?
 - i. J. Molesky – state did create a system to track data on our graduates. Starting with 2014 grads. We know how long they went, how they did, regardless of where they went. Use data warehouse. Every detailed and shows how they are doing. Doesn’t list names but shows overall data.
 - ii. Dr. Snyder – shows what percentage of our students had to get remedial classes
 - iii. Patrick Arling – those should be communicated to the community too. This will show the results.
 - 1. J. Molesky – that system will be the great tool We now have the baseline and we can look to see if these programs had an impact.
- 5. Bond Refunding – Ehlers – Joel Sutter
 - a. Handout with a lot of information. Review of existing debt. Shows annual payment on the bonds. This district built a lot of buildings in 80s – 2000. Haven’t done much since then. Most outstanding are refunding bonds. A few alternative facilities every two years issued to fund deferred maintenance bonds – in terms of new bonds. We don’t have that much longer to pay on the debt. LAPS is paying relatively high on bonds because of all the building. But see the light at the end of the tunnel. Debt that can be refunded on the page. One really good opportunity for refunding. And another small one.
 - b. 2006D issue – best opportunity to reduce payments. Call date 8/1/2016. Advanced refunding. Only 1 refunding per legal. Only can 90 days before next call date. 7.5 years left. Potential savings are significant. BOE has been really good at looking at opportunities to reduce taxes. Good opportunity to look at overall debt picture to restructure. All those things will be on the table. Timeline review from document. Impact to reduce property taxes – savings.
 - c. Tom Neitzke – if interest rates changes negatively, then we don’t move forward?
 - i. J. Sutter – yes. It would have to change a lot in order for it to not be a good option.
 - d. Erika Knips – what is the current rate?

- i. J. Sutter – estimated rate around 2%. Hopkins got 1.35% rate.
 - e. Director Erickson – this debt was for LSHS and expansion of OHE.
 - f. J. Sutter – page 5 – visual picture of debt profile. Without any refunding. In 2002, when we issued the bonds, district was growing. To spread out, debt schedules were built on an ascending schedule. Page 6 and 7 two ways to do the restructuring. Look at graphs. Makes payments a little less. Ehlers suggests option two on page 7. Look at graph and table. BOE has not made a decision on this. Page 7 would set up better for the future. There would be growth in the district over the years. But 5% might be too high.
 - g. Tom Neitzke – present value. Option 1 or 2 better?
 - i. J. Sutter – Option 1 more savings in future. Option 2 more present. Very similar overall
 - h. J. Sutter - 2008A Alt Fac Bond. Much smaller issue. Not going to save nearly as much. Page 8 estimated savings. Present value benefit on page 8. Estimates prepared last month. Rates have come down. I think we will get a better rate when we sell the bonds. Doesn't change too much but it is the BOE doing what they can to reduce payments. Scheduled to take bids on 10/27. BOE meeting on 10/27.
6. **Adjourned – 5:13 PM**