

MINUTES
KELSO SCHOOL DISTRICT
MEETING OF THE BOARD OF DIRECTORS
3/7/22

The work session meeting of the Board of Directors of Kelso School District No. 458 was called to order at 5:00 p.m. at the RoyParsons Executive Board Room through a Zoom online/phone platform.

Board Members: Leah Moore (In-Person)
Karen Grafton (Absent - Excused)
Jeane Conrad - President (In Person)
Mike Haas - Vice President (In-Person)
Ron Huntington (Zoom)

Cabinet Members: Scott Westlund – Chief Financial Officer (In-Person)
Holly Budge – Director of Human Resources (Zoom)
Don Iverson – Director of Student Services (Zoom)
Heather Ogden – Director of Special Programs (Zoom)
Kim Yore – Director of Teaching & Learning (Absent)

Superintendent: Mary Beth Tack (In Person)

Asst. Secretary: Molly Guler (In Person)

OTHERS PRESENT – This meeting was held remotely and in person. Not all of the names of people in attendance were available, or partial names were listed. The names of people in attendance are listed as they were shown and included: Phillip Iverson

BOND UPDATE WORKSHOP

AGENDA TOPICS

- Bond Program Update
 - Project timeline
 - Budget Review
- Remaining Bond Projects and Scope of Work
 - CMS, Stadium, Play Fields, Middle School Tracks & Rose Valley
- Opportunity to Expand Bond Program at Rose Valley Elementary
 - Bond Identified vs. Considering an Expanded Scope of Work
 - Recent Challenges (unseen) with Enrollment in Rose Valley/Carrolls

- Options for Expanding Scope of Work at Rose Valley and Financing

BOARD CHARGE TO FACILITY IMPROVEMENT TEAM (FIT)

Fall of 2016

The Facility Improvement Team is charged with undertaking a capital improvement planning process necessary to keep present school district facilities in good condition, and to accommodate new and existing educational programming by preserving, modifying, and/or replacing existing infrastructure within sound fiscal practices.

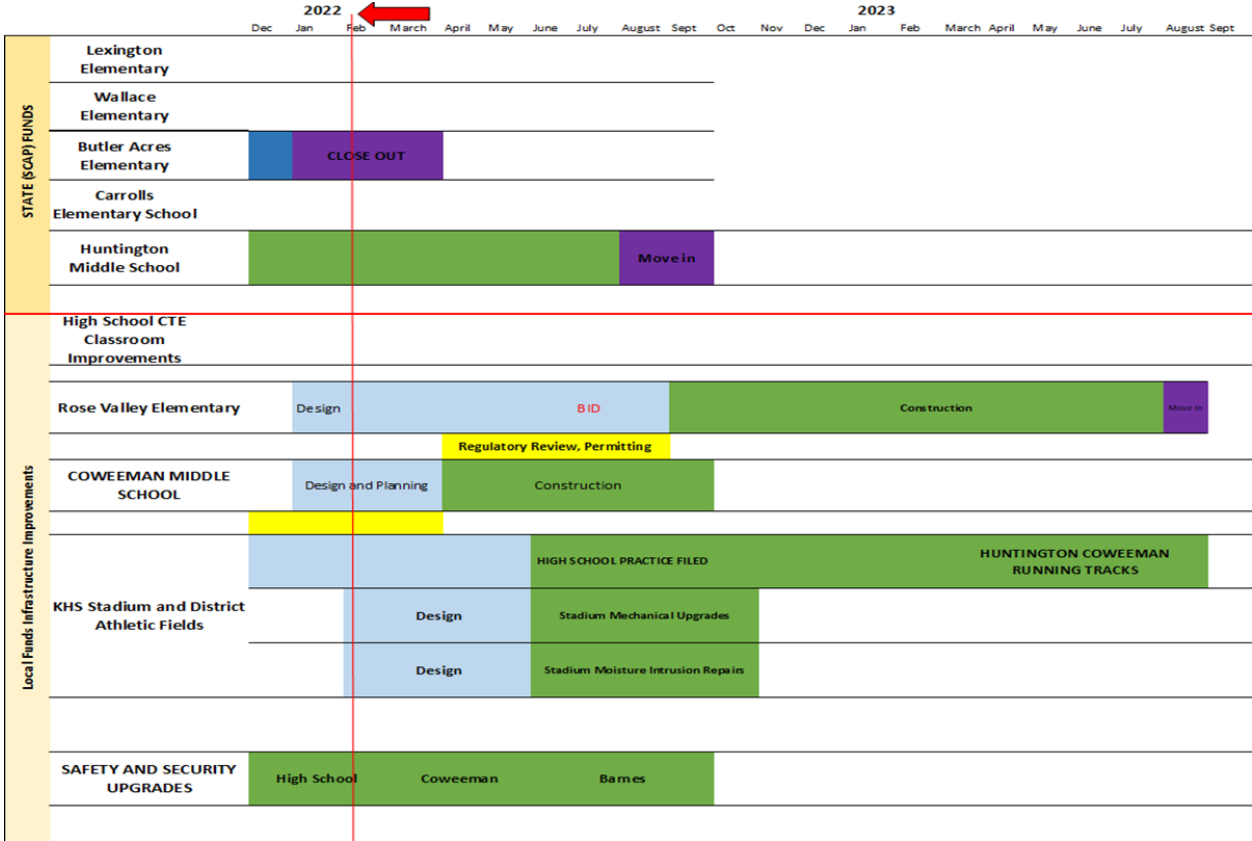
Objective #1 – Conduct a Capital Needs Study (Study and Survey) to include a comprehensive inventory of existing facilities, an assessment of their condition, and a long term assessment of the facility needs to ensure all students are provided safe, healthy, accessible, and educationally advantageous learning environments. **In addition, the district facilities should have the flexibility to accommodate for changes in student enrollment.**

Objective #2 – Prepare a Capital Improvement Plan (CIP) that focuses on the following strategies:

1. Develop a long-range facilities plan that is fiscally responsible and **builds upon the changing needs of the District and local community;**
2. Renovate, construct facility additions, or replace obsolete or worn-out schools on a systematic schedule to provide safe, up-to-date facilities that meet the changing educational program needs of the District;
3. Provides for maintenance and system renovations or replacement on a schedule that:
 - A. avoids accumulating excessive deferred maintenance; and,
 - B. ensures that buildings remain environmentally safe, function efficiently, maintain adopted levels of service standards, **and meet existing and future facility needs;**
4. Incorporates updated school safety and security measures, and emergency response systems to expedite response and arrival of emergency responders in the event of a threat or emergency at schools; and,
5. Provide for the ancillary facilities that are needed to support the educational programs and other non-education needs of the District.

BOND UPDATE

BACKGROUND ON CAPITAL INFRASTRUCTURE EXPENDITURES



BOND PROJECT REVENUES

Revenue Source	
Local (Bond, Interest, Rebates, Misc)	\$102,190,000
State (SCAP Funds)	\$ 55,800,000
Federal (ESSER/ARP)	\$ 4,250,000 (current budget allocation out of \$15.5+M)
TOTAL REVENUE	\$162,240,000

**Presentation further down provides an option to increase the local share to fully expand the Rose Valley ES project.

Project	Estimated Project Budget February 2022	Expanded Scope Rose Valley	Expanded Scope Rose Valley + Additions & Septic
Barnes ES	\$292,204	\$292,204	\$292,204
Butler Acres ES	\$17,600,725	\$17,600,725	\$17,600,725
Carroll's ES	\$4,804,477	\$4,804,477	\$4,804,477
Lexington ES	\$54,103,796	\$54,103,796	\$54,103,796
Rose Valley ES	\$2,906,847	\$6,262,865	\$7,387,499
Wallace ES	\$37,029,365	\$37,029,365	\$37,029,365
Coweeman MS	\$2,133,790	\$2,133,790	\$2,133,790
Huntington MS	\$29,986,154	\$29,986,154	\$29,986,154
Kelso High School	\$4,702,499	\$4,702,499	\$4,702,499
Stadium/Fields	\$5,995,709	\$5,995,709	\$5,995,709
Bond Issuance	\$564,600	\$564,600	\$564,600
Phone System	\$243,010	\$243,010	\$243,010
District Office	<u>\$93,000</u>	<u>\$93,000</u>	<u>\$93,000</u>
	<u>\$160,491,782</u>	<u>\$163,812,194</u>	<u>\$164,936,829</u>
		+ \$3,320,412	+ 4,445,047
		(\$1,572,194.00)	(\$2,696,828.00)

REMAINING BOND PROJECTS AND SCOPE OF WORK

- Coweeman Middle School - **\$2,133,790**
- Rose Valley Elementary School (Bond Identified) - **\$2,873,372**
 - Rose Valley Expanded Scope: \$1.6M to 2.7M short
- Stadium/Fields - **\$5,995,709** (costs have increased by \$1M)
 - Playfield Irrigation, Drainage and Infields (KHS, CMS, HMS)
 - Turf, Lighting, Elevator, Major Mechanical, Water Sealing & Middle School Track Replacements

ENROLLMENT CHALLENGES IN THE VALLEY

	Carroll's Elementary	Rose Valley Elementary
October 2013	126	119
October 2014	144	126
October 2015	145	130
October 2016	146	128
October 2017	143	145
October 2018	139	149
October 2019	128	157
October 2020	65	104
October 2021	91	163

FIT (January – October 2017)

COVID-19

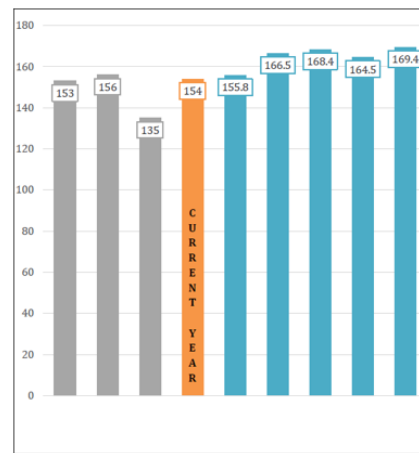
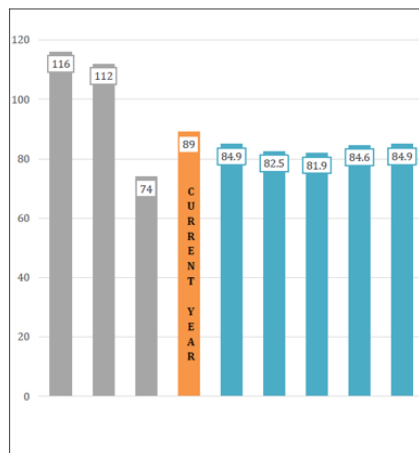
Currently, Carroll's offering the same number of grade level classes (one each grade) with much smaller class sizes.

Increased sizes at Rose Valley handled by converting library into a classroom, and the cafeteria into library.

PROJECTED GROWTH AT CARROLL'S & ROSE VALLEY ELEMENTARY SCHOOLS



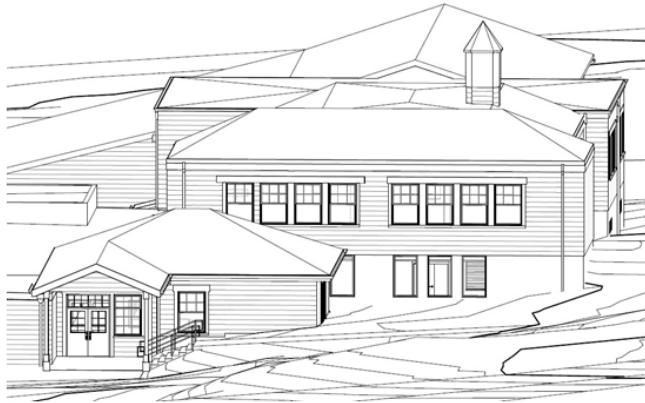
Carroll's ES



Rose Valley ES

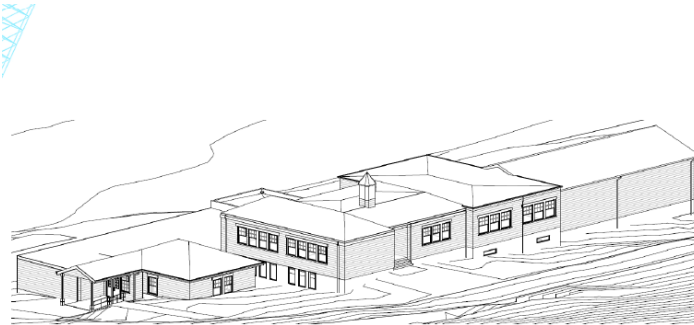


**OPPORTUNITY TO EXPAND BOND PROGRAM AT ROSE VALLEY ELEMENTARY
BOND IDENTIFIED ROSE VALLEY SCOPE OF WORK**



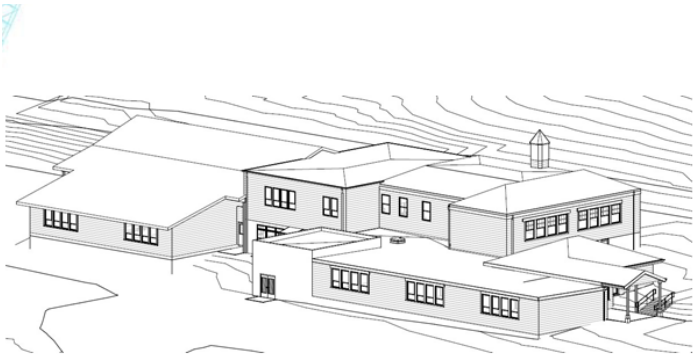
- Security & Access Control
- New Office Addition
- Upgrade all major mechanical and electrical
- New windows, siding, gym roof, Intercom and fire alarm systems
- ADA bathrooms added
- No interior cosmetic covered

WHY CONSIDER EXPANSION OF SCOPE AT ROSE VALLEY



- Rose Valley received no State Match due to limited dollar value of project. Carrolls' qualified for State Match. Remainder of K-8 SCAP eligibility used on Butler Acres, Lexington, Wallace, and HMS.
- Rose Valley project limited by lack of overall bond funds available and higher priorities elsewhere
- Post bond enrollment issues and environmental issues need to be addressed (COVID)
- Post-bond measure expectations
- Energy (capital) loan paid off
- There is an opportunity cost savings with doing it now rather than waiting
- Does require additional funds for full expansion

EXPANDED OPTIONS FOR ROSE VALLEY SCOPE OF WORK

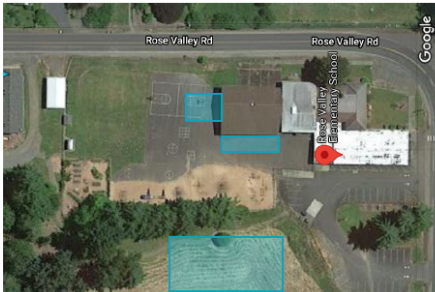


- All Bond Identified Scope
- Replace all roofs & plumbing
- Add expanded HVAC controls & system
- Seismic improvements
- New floor coverings, doors/hardware, paint interior, ceilings, and cabinetry
- Consider adding additional classrooms and new septic system

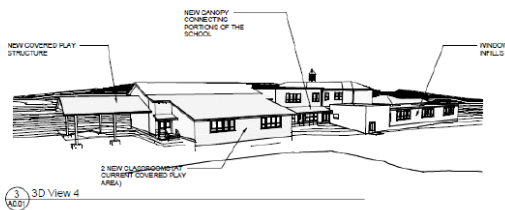
EXTERIOR EXPANDED SCOPE OF WORK



**BUILDING
STRONG
FOUNDATIONS**



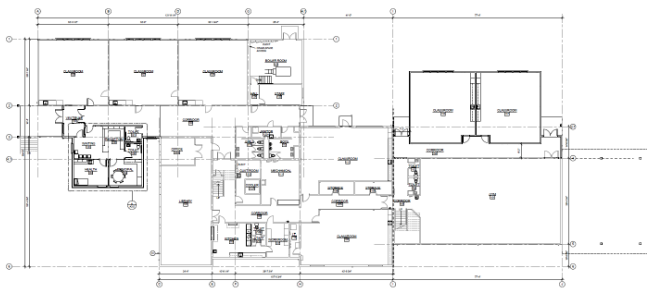
- Additional Classrooms
 - Two new classrooms
- New Covered Area
 - Current covered area is very small
- New Septic System
 - Complete replacement required with addition of new classroom addition.



IDENTIFIED OPTIONS FOR EXPANDING SCOPE OF WORK AT ROSE VALLEY

- Option #1 – Continue with current bond identified scope of work
- **No Cost**
- Option #2 – Expand scope of work within overall bond project budgeted revenue
- **No Cost. Would require some hard decisions from expanded priority list.**
- Option #3 – Expand scope of work to comparable level of Carroll’s remodel
- **\$1.6M estimated needed**
- Option #4 – Expand scope of work to include additional classrooms/new septic
- **\$2.7 estimated needed**

COSTS ASSOCIATED WITH CONSIDERING AN EXPANDED SCOPE OF WORK



1ST FLOOR PLAN

- Bond Identified Scope
 - No Cost
- Expansion of Work
 - No Cost (to remain within budget)
 - **\$1.6M** (Comparable level to Carroll’s Project)
- Additional Classrooms, Covered Area & New Septic System
 - **\$2.7M** (includes expanded scope comparable to Carrolls)

**BUILDING
STRONG
FOUNDATIONS**

FINANCING OPTIONS TO CONSIDER

CURRENT STATUS OF DEBT SERVICE

- Current total assessed valuation (TAV) for tax base for bonds and capital levies
 - **\$3,392,720,256** (2021 Levy for 2022 Collections)
- Non-Voted Debt (.375% of TAV with Board Resolution)

- **\$12,722,701** capacity
- Currently have 3 loans – outstanding debt service is **\$960,475**
 - Energy Loan (10 year) – Paid off in June 2022 (payment \$140,000)
 - 2 Bus Loans (both 10 year) – One paid off in June 2023, second in June 2027)
 - In July 2023, our outstanding debt service will be **\$470,267**
- Voted Debt (5% of TAV with vote, includes .375%)
 - **\$169,636,013** capacity (was under \$100M in 2018... KSD **\$98.6M** bond in Feb. 2018)
 - Current outstanding debt service is **\$88,181,640**
 - Capital Levy (up to 6 years, 50% for passage)
 - Bond Measure (60% for passage)

OPTIONS TO FINANCE EXPANDED ROSE VALLEY SCOPE

- Non-Voted Short Term Debt Obligation
 - Energy Loan (\$140,000 year drops off in June 2022)
 - \$1.6M @ 1.79%, 10 year -- approximately \$175,000 year (net \$34,000 to budget)
 - \$2.7M @ 1.79%, 10 year -- approximately \$295,000 year (net \$155,000 to budget)
- Transfer General Fund (GF) resources to Capital Projects Fund (CPF)
 - Prior to the bond, KSD transferred \$250-\$400K annually. We need to start regardless.
- Sell Beacon Hill Property
 - Property will be on the market for sale soon

NEXT STEPS/TIMELINE

- Staff Recommendation
 - Secure loan of \$2.7M through Washington State Treasurer’s Office LOCAL Program
 - By July 2022 – Document cut-off/Board Resolution for Sept 2022 sale, funds available October 2022, first payment due December 2022.
 - **By November 2022** – Document cut-off/Board Resolution for February 2023 sale and funds available, first payment due June 2023.
 - Complete expanded scope at Rose Valley which includes the addition of two new classrooms and new septic system during Summer of 2023.

Board endorses moving forward with securing the loan for 2.7M through WA State Treasurer’s Office.

The board directed superintendent staff to explore ways to balance enrollment between Rose Valley and Carrolls during the 2022-2023 school year and bring back ideas for discussion.

Adjourn at 6:00 p.m.

X

President

X

Secretary