



Wisconsin Rapids Board of Education

510 Peach Street · Wisconsin Rapids, WI 54494 · (715) 424-6701

MINUTES

John A. Krings, President
John Benbow, Jr.
Larry Davis
Sandra K. Hett
Anne Lee
Katie Medina
Mary E. Rayome

June 26, 2017

SPECIAL BOARD OF EDUCATION MEETING BUDGET HEARING

LOCATION: Thomas A. Lenk Educational Center, 510 Peach Street, Wisconsin Rapids, WI 54494
Conference Room A/B

TIME: 6:00 p.m.

PRESENT: John Krings, Sandra Hett, John Benbow, Mary Rayome, Larry Davis

EXCUSED: Anne Lee, Katie Medina

ADMINISTRATION PRESENT: Colleen Dickmann, Daniel Weigand, Ryan Christianson

President John Krings called the meeting to order at 6:00 p.m.

Roll Call

Superintendent Dickmann explained that two years ago the Board approved for Fund 46 to have dollars deposited into it for maintenance and upgrade needs in the future. Monies from the Fund cannot be accessed until five years following the initial designation of the Fund. In each of the last two years, \$25,000 has been deposited into the Fund. With the limited ways in which Community Fund 80 can be utilized as a result of legislative changes, the administration recommends that dollars collected through Performing Arts Center (PAC) rental and equipment receipts be channeled toward Fund 46 in order to continue growing the Fund to help pay for future maintenance related expenses. Rental/equipment receipts to be deposited from the 2016-17 fiscal year would be \$17,000. The facility is aging and replacement of items such as carpet, doors, lighting, equipment, etc., cannot be deferred indefinitely. The Board discussed the recommendation.

Motion by Larry Davis, seconded by John Benbow to approve of the transfer of District rental receipts from Performing Arts Center (PAC) equipment and/or percentage of receipt of PAC gate fees to Fund 46 and that these amounts be utilized for future PAC equipment and renovation expenses of the facility; and the long-range facility plan will be modified to include these needs as they arise. Motion carried unanimously on a roll call vote.

Daniel Weigand, Director of Business Services, introduced the following representatives of Nexus Solutions, LLC: Jeff Mangan, Account Executive; Hans Noel, Senior Development Engineer; and Russ Schumacher, Director of Design Services. Nexus was invited to the meeting to present a report on proposed energy efficiency projects for Lincoln High School which includes a guarantee specifying a minimum amount by which energy and operational costs to the District would be reduced if the work and services identified are undertaken. Furthermore, the costs to the District for implementation would not exceed the estimated savings.

Mr. Mangan provided an overview of the services provided by Nexus Solutions, explaining that they are a professional services firm and Energy Services Company (ESCO) which provides comprehensive infrastructure plans, including funding strategies. Working with the District administrative team, Nexus understands the facility objectives to be as follows.

1. Utilize Revenue Limit Exemption Funding to:
 - a. Provide budget relief on remodeling projects
 - b. Address Lincoln High School facility needs
2. Reduce utility and operating costs
3. Avoid taking dollars away from classrooms to implement the plan
4. Minimize the local tax impact

Work that has been performed by Nexus and the administrative team to date includes detailed design work for the various construction project phases; the development of an Act 32 financial solution for the remodel projects; identification of Lincoln High School facility needs; and the development of long term solution options to address the needs while taking budget and tax impacts into consideration. The increase to the tax levy in the end would be designed to be neutral.

Mr. Noel provided a detailed facilities upgrade plan for Lincoln High School. A variety of building improvement projects were outlined in the report, including energy savings improvements, building envelope improvements, mechanical and environmental systems upgrades, as well as the planned Phase 1 projects covering the locker room, pool, and server room remodel project.

Mr. Schumacher explained that the timing is excellent to address the facility needs found at a building such as Lincoln, which is close to 40 years old. Interest rates are still near historic lows; construction inflation averages 5% per year since 1969; valuations have normalized; and the State has empowered school districts to utilize funding tools made available to them, and bond referenda would not be required to complete the projects. The energy exemption option is under consideration for repeal in the State budget, or could be significantly modified. Districts considering utilizing this funding option may not have the same opportunity to take full advantage of the opportunity after June 30, 2017. A cash flow analysis for the projects was shared. The Board can select the projects they wish to complete, and are not obligated to do every item on the list. If the Board chose to do none of the projects, the District would pay for the \$37,900 cost of the facility analysis performed by Nexus.

The overall financial impact of the project was reviewed as follows:

- Project budget: \$11,433,485
- Savings potential: \$120,900/year
- Financed with 10-year General Obligation Bonds
- Fixed interest rate: 3.5% (projected)
- Total tax increase of \$0/year per \$100k home value

The Board took the opportunity to ask questions about the project, and how the energy exemption funding and borrowing impact the tax levy. Ed Allison, Director of Building and Grounds, explained that the facility needs at Lincoln won't go away anytime soon. If equipment failure occurs it will be much more expensive to repair on an emergency basis than if upgrades and maintenance needs are addressed before that has a chance to happen. Additionally, the timing is good to tie the facility needs projects identified in with the Phase 1 project already happening at Lincoln.

Mr. Weigand explained that there is a good chance that the unique financial advantage presented by the energy exemption funding mechanism could be going away. Future projects would likely require a referendum to complete them. Should the Board approve of the proposed Resolutions, the bonds/notes for the projects would come back to the Board for approval in July, and a final determination about the scope of the projects would be made by the Board.

Motion by John Benbow, seconded by Larry Davis to approve of a Resolution selecting a qualified provider of energy conservation and facility improvement measures, and providing for the authorization to enter into a performance contract with Nexus Solutions, LLC. Motion carried unanimously.

Motion by Larry Davis, seconded by John Benbow to approve a Resolution to exceed the revenue limit for one year on a non-recurring basis to fund energy efficiency and operational efficiency projects as presented. Motion carried unanimously on a roll call vote.

Motion by John Benbow, seconded by Mary Rayome to approve a Resolution to exceed the revenue limit for ten years on a non-recurring basis to pay debt service for funds borrowed for energy efficiency and operational efficiency projects as presented. Motion carried unanimously on a roll call vote.

President Krings excused the representatives from Nexus Solutions from the meeting, thanking them for their informative presentation.

Mr. Weigand presented recommendations to amend the 2016-17 District budget. Revenues tied to receipts anticipated from the insurance company for roofing projects have been removed from the budget because the projects have had some delays. The revenue will still be received, but it may not occur until the 2017-18 fiscal year. All other Fund area adjustment recommendations for the 2016-17 budget were reviewed by Mr. Weigand.

Motion by Larry Davis, seconded by John Benbow to amend the 2016-17 District budget as presented. Motion carried unanimously on a roll call vote.

Mr. Weigand reviewed the recommended 2017-18 budget with the Board. Expenditure comparisons for 2017-18 to previous years dating back to 2013-14 were examined. The Board had questions about a few areas in the General Fund 10 revenues and expenditures report. Mr. Weigand answered the majority of questions and will do a bit of research on a few questions with follow-up responses provided to the Board in the future. Other areas covered by Mr. Weigand in the meeting were District debt schedules, the defeasance of debt, the District's valuation, property value and tax levy history, student enrollment trends, as well as personnel resource allocations by school. Ms. Hett noted that a correction might be necessary on page 25 in the chart depicting personnel resource allocations as it would seem the numbers in the 2014-15 and 2015-16 years are slightly off. Mr. Weigand noted the discrepancy and will investigate whether it is a formula error in the spreadsheet used to generate the chart. At the present time, the recommended tax levy amount for 2017-18 is \$23,069,760. The State budget may impact the projected District budget, depending upon what gets approved. A Resolution committing any remaining 2017-18 District fund balance was reviewed. Areas designated include:

- Curriculum - \$382,000.00
- Technology - \$506,000.00
- Lincoln High School Addition and Pool/Locker Room Renovation - \$6,852,000.00
- OPEB Liability – any additional amount over the areas specified above

Public Comment

President Krings opened the floor for public comment. There was no public comment made.

Motion by Larry Davis, seconded by John Benbow to close the public hearing portion of the budget meeting. Motion carried unanimously.

Motion by John Benbow, seconded by Larry Davis to approve of the proposed 2017-18 District budget, including a Resolution to commit any remaining 2017-18 District Fund Balance as stipulated in the Resolution. Motion carried unanimously on a roll call vote.

Motion by Larry Davis, seconded by John Benbow to approve of the 2017-18 Tax Levy in the amount of \$23,069,760. Motion carried unanimously on a roll call vote.

Mr. Weigand presented a report on the District's Other Post Employment Benefit (OPEB) Fund. The Trust balance as of May 31, 2017 was \$1,749,123.28. Investment earnings from May 31, 2016 to May 31, 2017 equaled \$38,225.83. Total disbursement amounts for retiree health premiums and implicit rate subsidy is \$2,261,024.00. Contributions made to Fund 73 in the 2015-16 year totaled \$2,380,000.00. Total projected 2016-17 disbursements for retiree health premiums and implicit rate subsidy is \$1,958,749.00. The total projected contributions for 2016-17

to Fund 73 is \$2,099,950.00. Mr. Weigand noted that the amounts being paid by the District are decreasing, while the amount paid by retirees is increasing. This is due to a change in the employee's contribution made by the Board a few years back, and the fact that people are working longer.

Motion by John Benbow, seconded by Larry Davis to approve of the Other Post Employment Benefit (OPEB) report presented. Motion carried unanimously on a roll call vote.

President Krings adjourned the meeting at 7:30 p.m.



John A. Krings – President

Maurine Hodgson – Secretary

Larry Davis – Clerk