

Board Study Session (Tuesday, May 27, 2014)

Generated by Shelley R Shelton on Wednesday, May 28, 2014

Members present

Michelle Kaufusi, Julie Rash, McKay Jensen, Marsha Judkins, Jim Pettersson, Shannon Poulsen, Steven Staples

Staff members present

Keith Rittel, Superintendent; Ray Morgan, Asst. Supt; Gary Wilson, Exec Director of Student Services; Gaye Gibbs, Exec. Director of Elementary Education; Stefanie Bryant, Business Administrator

Excused

Melissa Frost, Exec Director of Human Resources

Guests

Joe Rankin, Financial Analyst; Chad Duncan, Technology Director: Taz Murray, future board member; Leland and Stewart Gray, Leland A. Gray Architects

Meeting called to order at 7:34 a.m.

A. 7:30 a.m. Study Session

2. Roll Call

3. 7:30 - 8:15 Budget Review

Financial Analyst Joe Rankin led the budget discussion. Talking points included the following:

The Board's Mission Statement

- In partnership with parents and community, we cultivate highly effective learning environments where all students engage, think, and learn in order to contribute, create and innovate for a lifetime.

Board Goals

- Goal I: Continuous Academic Improvement and Transparency
- Goal II: Support for Teachers and Teaching Aligned with Research, Best Practices, and Teacher-Identified Needs
- Goal III: Improved Certainty and Stability in the Direction of the District
- Goal IV: Financial Prioritization, Long-Term Planning and Transparency
- Goal V: Teamwork, Professional Conduct, and Civility

Operating Budget Policies

- The District will cover current expenditures with current revenues. The District will avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt. (Utah Code 53A-19-104)
- The budget will provide for adequate maintenance of capital, equipment, and for orderly replacement of capital facilities and equipment.
- The District will use a budgeting method where all expenses must be justified each year.

Capital Improvement Budget Policies

- The District will budget for major capital projects in accordance with the priorities of the Board of education.

- The District will maintain all assets at a level adequate to protect the District's capital investment and to minimize future maintenance and replacement costs.

Debt Management Budget Policies

- The District will confine long-term borrowing to capital projects and purchases of equipment, as required by law.
- The District will not use long-term debt for current operations.
- The District will meet all debt service obligations when due.

Revenue Estimation Budget Policies

- The District will estimate annual revenues by an objective, analytical process.
- The District will not include revenue in the budget that cannot be verified with documentation of its source and amount.

Fund Balance and Reserve Budget Policies

- In order to maintain and protect the long-term financial capacity of the District, total undesignated fund balance and reserves in the General Fund will be maintained at or near 5% of total General Fund unrestricted revenues.
- The capital fund will maintain the minimum balance deemed adequate for emergency repair situations.

Long Term Plan: Revenue Guidelines and Assumptions

- Inflation will average 3% annually
- State funding will average 3% increase annually
- The District will match average state funding for its local funding portion within law
- Federal funding continues to be inconsistent. We expect a decline of an average of 2% annually.
- The District will not replace these funding losses.

Expense Guidelines and Assumptions: Subject to Funding

- The District, on average, will provide total compensation increases which approximate inflation.
- The District will conduct periodic total compensation surveys and adjust total compensation to remain competitive.
- The District will, on average, fund up to 10% annually for medical inflation.
- While we have not experienced a significant impact as of this time, the District continues to a financial impact due to the Affordable Care Act.
- Pension costs will raise 10% annually for the next two fiscal years.
- Energy will continue to increase, on average, 5% annually.
- The District will provide curriculum and IT replacement funds at a level necessary to fund a 10 year plan.

Budget Highlights

Big Picture FT 2014-15: Revenues

- Increase in WPU of 2.5% from \$2,898 to 2,790
- Increase in state funding of approximately \$7.0M
 - much of this is restricted to specific state programs
 - eSchool projected enrollment of 1400 students accounts for \$1.9M projected WPU state funding increase
- Decrease in property tax rates largely offset by expected increase in valuation
- Decrease in indirect revenue of approximately \$1.0M due to reduction in indirect rates
- Decrease in federal revenue due to end of Utah Professional Development Center management
- Enrollment is roughly flat with the exception of projected eSchool growth
- School lunch fees remain at FY14 levels.

Big Picture FY 2014-15: Expenses

- Increase in energy expense by 5.0%
- Savings from Cynergistics not expected until FY16 at earliest
- Increase in curriculum replacement and IT infrastructure expense of \$400K in FY15 as a result of replacement plans
- Increase in eSchool curriculum expense of \$1.5M due to projected growth
- Decrease in expenditures due to end of Utah Professional Development Center management

Compensation: Salaries

- Teachers 181 contract days; 2 professional development days
 - Addition of 1 day in FY15=\$210K in added expense
- All employees: average of 2.00% salary adjustment
 - \$1.8M in added expense

Compensation: Benefits

- Insurance premium increase 7.7% - employees pick up 20% of increase through premium participation
- Retirement increase of 7.4%
- \$2.1M contributed to OPEB reserve

Overall increase in compensation expense offset by reduction in UPDC expenses

Revenue by Type

FY12-13 TO fy2014-15

Federal

State Local

Expenditure by Function

FY2013-14 TO FY2014-15

Federal

State

Local

- Roughly flat; construction costs increasing; curriculum costs increasing;

Property Taxes

- Rates comparison; Alpine and Nebo districts significantly higher

Joe will make an adjustment showing what the comparison would be after the bond passes

Rates By Levy (see attached)

Rate Effect on Revenue: Residential

- 2014 / 2015
 - House Value \$250,000 / \$250,000
 - Residential Exemption 45% / 45%
 - Assessed Value \$137,500 / \$137,500
 - Provo School District Total Tax Rate 0.007319 / 0.007094
 - Property Taxes for Provo School District \$1,006 / \$975

Rate Effect on Revenue: Business

- 2014 / 2015
 - Business Value \$250,000 / \$250,000
 - Residential Exemption 0% / 0%

- Assessed Value \$250,000 / \$250,000
- Provo School District Total Tax Rate 0.007319 / 0.007094
- Property Taxes for Provo School District \$1,830 / \$1,774

Fund Balances: All FY2013-14 TO FY2014-15 (see attached)

- Fund balances are going down overall. Will need to make changes if revenues don't increase.

General Fund FY2013-14-FY2014-15

- Salaries and benefits are up; no other major changes

Capital Projects Fund FY2013-14-FY2014-15 (see attached)

Debt Service Fund FY 2013-14 to FY2014-15 (see attached)

Student Activities Fund FY 2013-14 to FY2014-15 (see attached)

- Expenses up slightly due to better fund management
- Sports; class fees, the bulk of which are in high schools

Non-K12 Fund FY 2013-14 to FY2014-15 (see attached)

- roughly flat; no large changes
- mostly for Food Services
- continue to draw down fund balances slightly; no major changes

Building Reserve FY 2013-14 to FY2014-15 (see attached)

- \$1.3M after FY2013-2014
- Bond funds will go into the capital projects fund

All Funds by Category FY 2013-14 to FY2014-15 (see attached)

Transfers Requiring Board Approval (see attached)

- General fund
- Capital projects fund
- Building reserve fund

Capital Improvement List (see attached)

- The board reviewed in February

Building Reserve Capital Projects (see attached)

The budget will be approved June 10. Legal notice was posted in local newspapers today.

4. 8:15 - 9:00 Domed School Design Presentation: Leland A. Gray Architects

LeLand Gray shared his monolithic dome presentation with the board.

The Oldest New Technology: Domes were built on the following structures

- Pantheon, Rome - 27 BC
 - 120' Diameter. Unreinforced masonry dome.
- Hagia Sophia, Turkey - 562 AD
 - Byzantine dome with stem wall, and pendentives (a curved triangle of vaulting formed by the intersection of a dome with its supporting arches).
- Frauenkirche, Dresden, Germany- 1743 AD
 - Survived 2 days of incendiary bombs during the bombing of Dresden

- Reams, Provo - 1963 AD
 - 1st Monolithic dome in America. Demo crew had to remove multiple supports before dome collapsed
- Faith Chapel, Birmingham, Alabama - 2010 AD
 - Survived direct hit from an F5 category tornado, largest span monolithic dome in USA (280 ft).

National Work Status

- Have worked throughout the U.S.

Structure flexibility

- Still standing: In 2003, a monolithic dome, government building in Iraq survived a direct hit by a 5,000 lb (2,300 kg) bomb. The interior of the structure was totally destroyed, but the dome itself remained standing.
- Traditional structural span limited to around 32'
- Uniform compound structure with no connections that could potentially fail
- Traditional structure requires additional columns, shear walls, lateral bracing etc....
- Added cost for required footings & foundation at each column/ structural location
- 4000 lb. concrete strength @ 6" minimum thickness

Safety

- Seismic Zone 4 Loads: Loads (300 mph): 70.65 PSI
- FEMA F5 Tornado Wind Loads (300 mph): 404 PSI
- Dome Load Capacity (after Safety Factor): 2,300+ PSI
- Monolithic Domes provide what FEMA calls
- "Near-absolute protection."

Skin

- Combination of membrane and high density urethane acts as complete air/ moisture barrier
- Low Maintenance
 - No fasteners or penetrations
 - Any kind of exterior material: wood, metal, masonry, composite
 - Rapid construction

Energy Savings

- 3-6" continuous high density insulation
- 30-60% savings
- Makes concrete immune to outside temperatures

Health & Comfort

- No duct work
- 30% fewer sick days
- Bring in outside air so air is fresh

Simplicity of Construction

- Dome fabricated as a single piece; underside is sprayed with urethane. No columns, connections or bolting.

Features Table

FEATURE/MATERIAL	ADDED UNIT COST @75,000 SF	TOTAL PROJECT COST FOR 75,000 SF
Basic bldg. (No land or FFE)	\$95 / SF	\$7,125,000
Traditional Exterior & Entry	\$4 /SF = \$300,000	\$7,425,000
FEMA 361 Doors & Windows	\$7 / SF = \$525,000	\$7,950,000
LED Lighting Throughout	\$2 / SF = \$150,000	\$8,100,000

Stone or Tile Wainscots	\$3 / SF = \$225,000	\$8,325,000
High Security Lockdown System	\$2 / SF = \$150,000	\$8,475,000
Tiled Dome Roof	\$10 / SF = \$750,000	\$9,225,000
Terrazzo Flooring Throughout	\$20 / SF = \$1,500,000	\$10,725,000
14,000 SF 900- Seat Auditorium	\$1,680,000	\$12,405,000
Dome Planetarium	\$2,500,000	\$14,905,000

Lifespan on heating/cooling units approx. 30 years

Questions / Additional Information:

- The design can be expanded to second or third floor to save ground space. Elevators and stairways would be an added cost.
- Flat roof corners can obscure the dome look.
- Classrooms are rectangular or square; one or two rooms may have one curved wall.
- As many doors and windows as desired can be installed.
- Buildings are seismic proof.
- Construction timeframe v. building traditional school:
 - Not significantly faster for interior; exterior is much faster; can work through the winter at no extra cost once air form is up.
- The roof is a bid project; would need specialized subcontractors to construct dome.
- Partnership with Google possible; all partnership decision-making should take place prior to construction.
- Each site would need to be individually evaluated regarding possible construction while students are in school.
- Computer models could be generated to provide interior / exterior models.

Stewart Gray will send copy of PowerPoint to Keith for distribution to board members.
Board members will send additional questions to Keith to forward to Stewart.

B. Adjourn

1. Motion to Adjourn

I move we adjourn the study session.

Motion by Marsha Judkins, second by Julie Rash.

Final Resolution: Motion Carries

Aye: Michelle Kaufusi, Julie Rash, McKay Jensen, Marsha Judkins, Jim Pettersson, Shannon Poulsen

Not Present at Vote: Steven Staples

Adjourned 9:15 a.m.