

# Minutes of Work Session

## Board of Education Ogden City School District

Wednesday, January 3, 2018 · 5:00 PM · 1950 Monroe Boulevard, Ogden Utah

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### Members Present:

Jeff N. Heiner, President  
Douglas B. Barker  
Don E. Belnap  
Nancy Blair  
Susan Richards  
Joyce Wilson

### Members Absent:

Jennifer Zundel, Vice President

### Staff Present:

Dr. Rich K. Nye, Superintendent  
Zane K. Woolstenhulme, Business Administrator  
Paula Bosgieter, Executive Assistant  
Ken Crawford, Support Services Director  
Jessica Bennington, Human Resource Director  
Chad A. Carpenter, Assistant Superintendent

### Others Present:

Dale Okerlund and Teresa Pinkal, Lewis & Young Representatives

Note: A copy of related materials and an audio recording of the meeting can be found at [www.ogdensd.org](http://www.ogdensd.org)

President Heiner called the meeting to order at 5:04 p.m.

## 1. Work Session, Board Room

### a. Capital Projects Discussion

#### 1) Lewis & Young – Financial Options Review & CFFP Update: Business Administrator Zane K. Woolstenhulme

Mr. Woolstenhulme stated he's been working to explore lease revenue financing options in addition to bond referendum options. He introduced Lewis & Young representatives, Dale Okerlund and Teresa Pinkal, who explained graphs showing General Obligation (GO) Bonds, Lease Revenue Bonds, and the revenue available for debt service. Mr. Okerlund explained the graphs show the amount of remaining debt service, principal plus interest. The increase is based on assumption of 2.5% increase in property values. Capital levy revenue rises on the same property value increase assumption. In order to actualize an increase in capital levy revenue, the district would need to hold truth in taxation hearings every year; he stated many public entities in Utah do this. The district has four options with the funds as we move forward:

- Reduce taxes
- Increase building authority debt
- Use money on pay as you go basis
- Shift to a GO bond if we have a future referendum

Board Vice President Jennifer Zundel joined the meeting at 5:18 p.m.

Mr. Okerlund continued to explain that the lowering of the tax rate drops the value of the tax exemption, which will hurt the district. Interest rates for lease revenue financing will be a little higher than GO bonds, however not significantly. It's cheaper to borrow to build than to wait and save up, due to increases in the construction inflation rate. If we went for a \$50M GO bond, we'd still have approximately \$2.2M in the capital levy budget without increasing taxes. If we went for \$75M, the extra debt service reduces the pay as you go amount to about \$1.5M. This gives the board an idea of some of their capacities and options for accessing dollars or the funds could be set aside for

future use. Another option is to do more in lease revenue bonds beyond the \$25M; we could go as high as \$50M but we wouldn't have as much funds available for capital needs. Lease revenue bonds can be done without a bond election. Capital levy under state law cannot exceed .003; we are about two-thirds of that at .002187. The GO debt is not implicated in those numbers. Mr. Woolstenhulme would not recommend we save money to spend later as construction inflation rates exceed interest rates. He also explained we've uploaded our SIS data to determine where our students live. Ms. Pinkal is working on identifying where households with students are within our boundaries. We know that when we build a school we bring in more families. Board members asked questions and Mr. Woolstenhulme and Superintendent Nye responded.

2) School Capacity Analysis Review: Superintendent Nye

Dr. Nye introduced the School Capacity Analysis Review which gives a comparison of school capacity to current enrollment numbers. Given that the bond did not pass, our capital needs have not changed. He explained the school capacity analysis spreadsheet to the board, showing available capacity by school location, with and without portables. As we consider operations, we do so on two levels; one is the financial responsibility to utilize and allocate our resources responsibly; and two, what we need to do to maximize the educational outcomes of students. We could close up to three elementary schools given our numbers; considering split classes and declining enrollments. Significant numbers of our split classes are in our Dual Language Immersion (DLI) and Accelerated Learning Academy (ALA) programs. President Heiner asked if this removes computer labs and special education teaching spaces. Dr. Nye explained we would increase the number of mobile labs that could move into existing classroom space; moving more toward a 1:1 ratio. Mr. Woolstenhulme added that October 1 counts were used for the school enrollment data included in the board packet.

3) Location Operations Cost Breakdown: Business Administrator Zane K. Woolstenhulme

Mr. Woolstenhulme explained operating costs per location and a comparison of cost per student. He pointed out that we could save administration and maintenance costs if schools with lower enrollments were to be closed. Schools with lower enrollment have higher overhead; sometimes as much as a couple of hundred dollars per student.

4) Review Capital Projects List Jan 2018: Business Administrator Zane K. Woolstenhulme

Mr. Woolstenhulme reviewed the capital projects list with the board. Several schools need roof repairs/replacement and new boilers. The Fire Marshal has identified fixes that are required by code if these schools remain open; which will be budgeted in the capital finance plan.

5) Review Cost Model: Business Administrator Zane K. Woolstenhulme

Mr. Woolstenhulme reviewed a cost estimate tool where we can calculate what construction will cost in the future. This is the same tool that MHTN uses; we can adjust based on the square footage of the building or make changes as necessary to give us a good estimate of construction cost.

6) Next Steps: Superintendent Nye

- a. Proceed with Gateway Center at Mound Fort: Mr. Woolstenhulme stated we have this project in our budget. President Heiner stated because we went through truth in taxation for that building, he is in favor of moving forward with the Gateway Center at Mound Fort. The board is in agreement with moving forward with this project.
- b. Proceed with lease revenue financing of Ben Lomond gym: President

Heiner stated we've made promises to the Ben Lomond community that we will address their gym. The estimated cost would be \$20M and could be financed with lease revenue funding. As an option, we could go for another General Obligation (GO) bond in November to build an elementary school. Mr. Woolstenhulme stated another option is lease revenue financing to build the gym and build an elementary school; we would have to commit to truth in taxation hearings every year to keep the revenue increasing. Board Member Don Belnap asked questions regarding the cost of new construction and Support Services Director Ken Crawford responded. President Heiner suggested we could also go back to our capital projects plan and look at everything that was required to be updated in every school including seismic upgrades. If we did close three elementary schools and then do the updates required to remaining schools, we'd still have old schools but they would all be updated.

- c. School Closure Discussion and Options: Board Member Don E. Belnap asked questions regarding the DLI and ALA programs and Superintendent Nye responded. Assistant Superintendent Chad Carpenter stated that these programs require additional funding to balance class sizes and fund the split classes. President Heiner asked if it makes sense to bring our two DLI programs together to eliminate split classes. However, there may be transportation issues for these students and numbers may drop. ALA requires parent transportation, which limits access for students; additionally, more neighborhood schools are providing individualized learning. Board Member Don E. Belnap asked if we have data on the number of students participating in these programs who actually reside in the boundary of the school and Dr. Nye responded. Mr. Woolstenhulme stated we need to have the discussion about closing schools.
- d. FY18 Referendum: Board Member Don E. Belnap recommends lease revenue bonds between \$25M-\$50M; \$50M could do an elementary and the Ben Lomond gym. Mr. Woolstenhulme explained that last year our debt service dropped so we increased our capital outlay levy to offset the decrease to build the gateway center. We can keep the levy at that rate until we decide to go for a GO bond and then reduce it so we don't have to increase the tax rate to property owners. In 2027, our debt service will go away and we could max out the capital outlay levy. Mr. Woolstenhulme stated we could go as high as \$50M in lease revenue financing; however, the more time that goes by reduces the chance of passing a referendum that will not increase taxes.

President Heiner asked for a professional opinion from Lewis & Young representative, Dale Okerlund, who recommends that if we start the program with a non-controversial project, we could start that project on a similar schedule to what we would have been able if the bond had passed. Meanwhile we would figure out what to do with GO bonds the next time around. Most school districts use GO funding for construction.

The discussion continued with several comments, questions, and responses by the board and staff members present. Several options were considered by the board and each board member expressed their opinion. President Heiner stated he would like additional time to review the information presented before moving forward.

The discussion continued on the topic of school closure/boundary alignments. Superintendent Nye offered several scenarios for board consideration. He explained the process of a boundary and capacity analysis to maximize capacity across the district and determine which schools could be closed. Board members discussed the need for increased communication. Superintendent Nye stated the specificity desired would be "if Horace Mann were to be built, schools 'x' and 'y'

would be affected and school ‘z’ would be closed,” for example. He stated that as a minimum we could identify which school(s) would be closed.

Superintendent Nye and Mr. Woolstenhulme recommended a discussion with possible action on the lease revenue option to proceed with Ben Lomond gymnasium at the next board meeting. The Mound Fort Gateway Center project can move forward with the Capital Facilities Committee.

President Heiner thanked all those in attendance and expressed appreciation for work that has been done in preparing materials for tonight’s meeting.

President Heiner adjourned the meeting at 7:16 p.m.

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President

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Business Administrator