



Wenatchee School District No. 246
Wenatchee, Washington
Minutes of November 4th, 2010
Board Bond Study Session

Board

Walter Newman, President
Kevin Gilbert, Vice President
Gary Callison
Jesús Hernández
Laura Jaecks

Staff

Brian Flonas, Superintendent

I. STUDY SESSION

President Dr. Walter Newman opened the meeting at 5:08 p.m. with the pledge of allegiance.

II. AGENDA REVIEW

Superintendent Brian Flonas opened the meeting with the agenda review by giving a brief summary of the following items:

1. Brief Description of Projects & Costs
 - o Washington
 - o Lincoln
 - o Pioneer
 - o WHS
 - o WSHS
2. Review SESRC (WSU) Survey
 - o Discussion of Question Results
 - o Summary of Additional Comments
3. Review WSD Web-Site Feedback
4. November 1st SNW Bond Rate Projections
5. Current & Historical Election Results
6. Draft Resolution – Adopted November 9th?
7. 2010-11 Special Election:

<u>Resolution</u>	<u>Filing Dates</u>
1. February 8, 2011	Dec. 23, 2010
2. April 26, 2011	Mar. 11, 2011
3. May 17, 2011	April 01, 2011

III. Brief Description of Projects & Costs

PROJECT # 1:

WASHINGTON ELEMENTARY SCHOOL

(Including the Special Education/Early Childhood Center)

Washington Elementary, built in 1953, is among the oldest schools in the district. A citizen survey conducted by the school district in 2007 identified Washington as the facility with the most crucial need. The committee considered remodeling Washington, but ultimately decided building a new facility was necessary because:

- o The cost of remodeling would be almost as much as building a new facility.
- o The single corridor design prohibits remodeling construction during school hours due to noise and construction danger.
- o An extensive remodel project is too big to be done during a summer break.

Specific facility needs at Washington are:

1. Washington lacks up-to-date heating and ventilation systems.
2. Washington's post and beam construction with single pane glass lacks insulation and energy efficiency. The building would have to be demolished down to its basic framework to provide insulation and energy efficiency.
3. The single corridor configuration of the building does not provide efficient movement to the core elements of the facility, such as the gym/lunchroom, library, and office. Children funnel from classrooms into one, long corridor to move about the school.
4. The gymnasium is also used to serve lunch. Physical education classes must be suspended in order to serve lunch.
5. The parking lot and bus loop were designed to handle a fraction of the car and bus traffic that occurs today, resulting in an unsafe and unmanageable situation as students arrive and depart school. The problem has occasionally been severe enough to warrant law enforcement to control traffic at the end of the school day.

The estimated cost to build a new Washington Elementary and remodel the Early Childhood Center is \$28,000,000.

PROJECT # 2:

LINCOLN ELEMENTARY SCHOOL

The student population at Lincoln Elementary has outgrown the facility. Twelve classrooms are housed in portables, resulting in several concerns, including security.

1. Safety concerns with portables are that individuals visiting the school can access portables directly without entering the main building and checking in with the main office, as required at every school.
2. During lunch students must carry lunch trays back to classrooms.
3. Like Washington, the gymnasium is also used as the lunchroom. Physical education classes must be curtailed in order to serve lunch.
4. Additional parking is needed to accommodate staff and parents.
5. The exterior walls of the building are constructed of single pane glass and un-insulated concrete block, lacking in energy efficiency and resulting in higher energy costs. The HVAC system is fairly new, so insulated walls and windows will enhance energy efficiency and result in energy cost savings.

The Lincoln modernization, additions and site improvements are estimated to cost \$21,000,000.

PROJECT # 3:

PIONEER MIDDLE SCHOOL

While Pioneer underwent a partial remodel (2004-2006), areas of the building are unchanged from the original construction. Remodel needs at Pioneer are:

- 1) Reformatting the old stage into a functional teaching area.
- 2) Replacing old exterior doors in the gymnasium and locker rooms, and refurbishing locker rooms. The lockers and shower plumbing are original, constructed in 1957. The lockers are breaking in some areas, causing a safety hazard. The shower plumbing and faucets are beyond repair and need to be replaced.
- 3) The safety railings in the gym need to be replaced to meet current building codes.
- 4) The concrete roof structure above the locker rooms is chipping and flaking. Pieces of concrete are breaking away from the roof structure, which also supports the bleachers and press box on the south side of the Apple Bowl.
- 5) The south-side Apple Bowl bleachers need to be removed and replaced because:
 - o The deteriorating concrete on the roof above the locker room has created leaks into the locker rooms below.

- o The Apple Bowl seating above the locker room roof is deteriorating, and no longer meet code.
- o The bleacher system itself, including railings, stairs, and accessibility for disabled persons, does not meet code.

The cost to upgrade Pioneer is estimated to be \$2,000,000.

**PROJECT # 4:
WENATCHEE HIGH SCHOOL**

Wenatchee High School was built in 1972 for a student population of 1300. For the past several years there have been about 1900 students at WHS. After 28 years of use, many safety infrastructure and instructional needs have developed.

- 1) The building is in need of a new heating, ventilation and air conditioning (HVAC) system throughout.
- 2) The fire alarms, bells, clocks and security systems all need to be replaced to enhance the life safety systems.
- 3) Some halls need to be widened to alleviate over-crowding and provide students better access throughout the building.
- 4) Additional restrooms are needed to correspond to the increased population.
- 5) Several other systems are obsolete including lighting, electrical, ceiling systems, stage rigging, and swimming pool systems.
- 6) Several instructional areas need to be remodeled. For example:
 - o Several of the science labs are "make-shift." They lack required sinks and counters, and adequate ventilation systems.
 - o The music and art departments are inadequate for the number of students and programs that are part of a modern high school.
 - o WHS was originally constructed using the sliding dividers to create classroom space. Over the years temporary walls were installed to create math, language, and social science classrooms. These temporary walls do not provide adequate sound buffering, or electrical outlets needed to support instruction.
- 7) The auditorium has important community uses. It is also an instructional space for performing arts classes. Updating the auditorium requires rigging repair, refurbishing the seating, improved acoustics and lighting systems and revisions to the stage.

The original WHS building, built in 1972, is eligible for State Match Funds. Matching funds would allow a complete remodel of WHS. All of the issues listed above would be accomplished with \$46,000,000 in State Matching Funds, and only about \$16,000,000 of local bond funds.

IV. Review SESRC (WSU) Survey

- o Discussion of Question Results
- o Summary of Additional Comments

127 ADDITIONAL COMMENTS	TOTAL # OF COMMENTS	(1) % OF 127 COMMENTS	(2) % OF 528 RESPONSES
1. Want all project	16	12.5	3.0
2. Too costly *	6	4.7	1.1
3. Too much at once *	6	4.7	1.1
4. Split into 4 votes	1	0.7	0.1
5. Poor timing/economy *	9	7.0	1.7
6. Taxes Too high *	7	5.5	12.0
7. Not enough information	4	3.1	4.5
8. Need to improve WSHS	10	7.8	1.8
9. Need 2 high schools	4	3.1	4.5
10. Other school have needs also	1	0.7	0.1
11. Better to replace than to fix	1	0.7	0.1
12. Impressed with staff	8	6.2	1.5
13. Poor management	11	8.6	2.0
14. Need better staff	5	3.9	0.9
15. Need more Vocational Education	2	1.5	0.3
16. Staff paid too much	1	0.7	0.1
17. Use newspaper more	1	0.7	0.1
18. Use many sources of information	1	0.7	0.1
19. Miscellaneous Comments	42	33.0	7.9
* COMBINED	28	22.0	5.3
(1) TOTAL NUMBER MAKING ADDITIONAL COMMENTS			
(2) TOTAL NUMBER RESPONDING TO SURVEY			

	Total
Complete Interviews	528
Partial Interviews	16
Refusal and break off	303
Non Contact	49
Other	38
Unknown household	409
Ineligible	356
Total Sample	1700
Cooperation Rate	64%
Raw Response Rate	39%
Adjusted Response Rate	45%

RESPONDENT DEMOGRAPHICS	R	%
1. Parent/Community Member	13	68.4
2. Staff Member & Parent	3	15.7
3. Staff Member	2	10.5
4. Other	1	5.2
TOTAL:	19	

POSITIONS TAKEN	R	%
1. Good Package Do All	7	36.8
2. Take "smaller bites"	1	5.2
3. Reject/Taxes Too High	4	21.0
4. Need 2 Small High Schools	1	5.2
5. Want WSHS in Bond	2	10.5
6. Other Schools Have Needs	2	10.5
7. Miscellaneous	2	10.5
TOTAL	19	

V. November 1st SNW Bond Rate Projections

Overview:

The following information includes projected tax rates for a \$67 million and a \$49 million bond authorization amount. We made several assumptions on the District's behalf in the preparation of these tax rate projections. As the District continues to move forward with the planning, we can revisit these assumptions as needed.

Assumptions:

- Preliminary 6.87% assessed value increase in 2011 (provided by County)
- 0.00% assessed value growth 2012 – 2013
- 2.00% assessed value growth 2014 and thereafter
 - 5-Year Compound Annual Growth Rate (2005-2010): 8.16%
 - 10-Year Compound Annual Growth Rate (2000-2010): 5.47%
 - % AV Growth due to New Construction (2005-2010): 45.73%
 - % AV Growth due to New Construction (2000-2010): 64.49%
- Current interest rates plus 1.00% cushion for market volatility
- Combined level tax rate (for new and old bonds)

Please note that these scenarios assume a combined level tax rate (for old and new bonds). The provided scenarios do not incorporate a "step down" in tax rate in a future year for an additional authorization.

If the construction timeline allows, the District could likely split the authorization into multiple bond sales to help reduce the tax rate. Ultimately, the number of bond sales and the timing of the sales will be determined by the District's construction timeline. Four different sale options are evaluated, as provided by the District. More detailed comparisons are attached on the following pages.

Bond Sale Options:

	Wen_254	Wen_255	Wen_256	Wen_257
Total Authorization	\$67,000,000	\$67,000,000	\$67,000,000	\$49,000,000
Bond Structure	Level Tax Rate	Level Tax Rate	Level Tax Rate	Level Tax Rate
Bond Sales				
April 2011	\$37,000,000	\$50,000,000	\$33,500,000	\$49,000,000
December 2012	\$30,000,000	\$17,000,000	\$33,500,000	-
Total Bond Tax Rates				
Actual 2004	\$2.56	\$2.56	\$2.56	\$2.56
Actual 2005	\$2.48	\$2.48	\$2.48	\$2.48
Actual 2006	\$2.34	\$2.34	\$2.34	\$2.34
Actual 2007	\$2.08	\$2.08	\$2.08	\$2.08
Actual 2008	\$0.88	\$0.88	\$0.88	\$0.88
Actual 2009	\$0.85	\$0.85	\$0.85	\$0.85
Actual 2010	\$0.73	\$0.73	\$0.73	\$0.73
Preliminary 2011	\$0.63	\$0.63	\$0.63	\$0.63
2012	\$1.49	\$1.51	\$1.48	\$1.34
2013	\$1.49	\$1.51	\$1.48	\$1.34
2014	\$1.49	\$1.51	\$1.48	\$1.34
2015	\$1.49	\$1.51	\$1.48	\$1.34
2016	\$1.49	\$1.51	\$1.48	\$1.34
2017	\$1.49	\$1.51	\$1.48	\$1.34
2018	\$1.49	\$1.51	\$1.48	\$1.34
2019	\$1.49	\$1.51	\$1.48	\$1.34
2020	\$1.49	\$1.51	\$1.48	\$1.34
2021	\$1.49	\$1.51	\$1.48	\$1.34
2022	\$1.49	\$1.51	\$1.48	\$1.34
2023	\$1.49	\$1.51	\$1.48	\$1.34
2024	\$1.49	\$1.51	\$1.48	\$1.34
2025	\$1.49	\$1.51	\$1.48	\$1.34
2026	\$1.49	\$1.51	\$1.48	\$1.34
2027	\$1.49	\$1.51	\$1.48	\$1.34
2028	\$1.49	\$1.51	\$1.48	\$1.34
2029	\$1.49	\$1.51	\$1.48	\$1.34
2030	\$1.49	\$1.51	\$1.48	\$0.10
2031	\$1.49	\$1.51	\$1.48	-
2032	\$1.49	\$1.21	\$1.48	-
2012 Total Bond Tax Increase Over 2010	\$0.76	\$0.78	\$0.75	\$0.61
2012 Total Bond Tax Increase Over 2011	\$0.86	\$0.88	\$0.85	\$0.71
Estimated True Interest Cost ("TIC") ⁽¹⁾	4.47%	4.52%	4.46%	4.31%
Estimated Total Interest Cost	\$46,395,000	\$47,175,000	\$45,903,000	\$30,073,000
Final Maturity	2032	2032	2032	2030

⁽¹⁾ Assumes current interest rates plus 1.00% cushion

Superintendent Flones covered each scenario and the discussion covered the history of the past bond passages. Dr. Newman pointed out that we have only passed 3 bonds in the last 30 years, one per decade. They reviewed the following charts.

Current & Historical Election Results

Wenatchee School District Bond History					
Year of Bond	UTGOB* or Bond Refunding	Amount	Resolution No.	Board Meeting Date	Project Information
1986	UTGOB	\$8,960,000	2-86	3/24/1986	Replace older section of L&C & MV; replace Columbia with new three-track facility; replace Castlerock special school classrooms for multiple and moderately handicapped students with a new building on the Lincoln site; safety improvements to the roof supports at PIO and roof repairs at Lincoln, PIO, OMS & WHS (See 3/10/86 board minutes for project description).
1990	UTGOB	\$24,975,000	2-90	3/12/1990	Construct new Middle School (FMS); construct new elementary school (John Newbery); acquire & install science, technology and computer facilities and equipment; construct & equip additions to WHS, consisting of add'l classrooms and add'l PE facility and make improvements to existing locker rooms; make improvements to Tri-Rec Park and Apple Bowl; install new gym floor & make improvements to WHS track; acquire add'l land for district purposes; and make improvements to PIO gym & parking lot.
1991	UTGOB	\$4,900,000	8-91	8/1/1991	Issue and sell of 1990 bond.
1992	UTGOB	\$9,925,000	8-92	3/27/1992	Issue and sell of 1990 bond.
1993	Bond Refunding	\$9,985,000	6-93	3/22/1993	Bond refunding for 1990 bond
1996	Bond Proposal	\$21,650,000	10-95	12/12/1995	Construct and equip a new Sunnyslope Elementary; perform soil mitigation, asbestos abatement and demo at S5 Elementary; reconstruct and improve OMS; purchase land for future sites in Wenatchee and Malaga; construct and equip improvements to the auditorium at WHS; acquire and install computer and other tech facilities and equipment; make improvements to PIO such as carpet, lockers and boiler improvements; remodel and AC remaining section of Washington Elementary.
1997	Bond Refunding	\$7,977,000	1-97	1/14/1997	Bond refunding for 1990 and 1991 bond
1998	Bond Refunding	\$3,880,000	2-98	2/15/1998	Bond refunding for 1992 bond
2001	Bond Proposal	\$29,860,000	3-01	2/26/2001	Modernize WHS, OMS, PIO, SS, WA, Lincoln; construct new WSHS; acquire land - May 2001 vote
2001	Bond Proposal	\$29,860,000	4-01	7/9/2001	Modernize WHS, OMS, PIO, SS, WA, Lincoln; construct new WSHS; acquire land - Sept. 2001 vote
2002	Bond Refunding	\$2,390,000	10-02	8/26/2002	Bond refunding for 1992 bond
2002	UTGOB	\$26,700,000	2-02	2/25/2002	Modernize WHS, PIO, OMS, SS, Lincoln, Washington, WSHS & acquire land.
2002	Non-voted GO Bond	\$95,900	04-02	2/25/2002	Riso duplicating machines
2003	Bond Refunding	\$7,670,000	13-03	8/11/2003	Bond refunding for 1993 bond
2007	Bond Proposal	\$75,245,000	03-07	3/14/2007	May 2007 vote - see minutes for project description
2007	Bond Proposal	\$75,245,000	07-07	5/21/2007	August 2007 vote - see minutes for project description
2010	Bond Refunding	\$21,650,000	02-10	1/26/2010	Bond refunding for 2002 bond

Historical M&O Levy Elections

DATE	COUNTY	ISSUER	YES	RESULT
Nov-10	ADAMS	Benge School District No. 122	71.43%	PASSING
Nov-10	KING	Seattle School District No. 1	63.76%	PASSING
Nov-10	KITSAP	Bainbridge Island School District No. 303	60.64%	PASSING
Nov-10	WHATCOM	Bellingham School District No. 501	58.18%	PASSING

Historical Bond Elections

DATE	COUNTY	ISSUER	PAR AMOUNT	YES	RESULT
Nov-10	DOUGLAS	Eastmont School District No. 206	\$30,855,000	57.55%	FAILING
Nov-10	GRAYS HARBOR	Elma School District No. 68	\$11,300,000	48.69%	FAILING
Nov-10	ISLAND	South Whidbey School District No. 206	\$25,000,000	42.01%	FAILING
Nov-10	WHITMAN	Colton School District No. 306	\$5,160,000	52.12%	FAILING

Capital Levy Elections

DATE	COUNTY	ISSUER	YES	RESULT
Nov-10	KITSAP	Bainbridge Island School District No. 303	54.65%	PASSING
Nov-10	SNOHOMISH	Monroe School District No. 103	39.84%	FAILING
Nov-10	THURSTON	Griffin School District No. 324	50.76%	PASSING

The discussion covered the dates that are available to file and which would be the most advantageous for the district to have success at the voting booths. The May date will not be available for voting after 2011. Superintendent Flones asked the board how they felt about the overall bond package. He explained that they have the ability to prioritize projects if the board wants to adjust the total bond amount. There was concern not to run it at the same time the City runs theirs.

Discussion continued on strategy of running a successful bond campaign, concern that seven weeks would not be enough time to energize the base and build momentum.

Suggestions:

- Get more public involvement in campaign
- Set a timeline so our district and the public are not just hanging, waiting & wondering
- Need itemize difference between 45 or 49 million and 67 million dollar bond
- Have a long-range plan to make sure all projects are addressed
- Carefully study and prioritize projects before a decision is made
- Study what the successful bond campaigns (around the state) have done More research can be done if postponed for a later 2011 election
- Communicate better to the public that the WSHS issue has been addressed - a new location and upgrades
- Restoration of Wenatchee High School, matching state funds & calculated bid process details studied
- Cottage meetings in neighborhoods worked well in other districts, more intimate atmosphere, people more comfortable – idea for us to try
- Have tours be more personal, how projects benefits students

Board President Dr. Walter Newman shared some concerns as follows:

- We have never passed a bond of this size especially in the economic climate we now have – 36 million dollars tops
- We've passed three out of seven attempts in the last 30 + years which equals one per decade.
- This is a conservative area and we need to look at our past track record:
 - voting record
 - revisit the retirees
 - editorial comments
 - political climate after recent election
 - economy and current trends
 - always reasons out there that can pose problems for a bond to pass, always issues
 - current political landscape is “cut, trim and make do”
 - paint a clear picture of the future for WSD, so our public knows we have a long range plan to complete projects
- Look at districts that were able to pass during this hard economic time like Yakima School District, they passed a 114 million dollar bond. We need to talk to them, send a team.

Discussion continued to re-evaluate the present bond package and possibly shave it back to the 40 – 49 million dollar range and give it some serious consideration. Dr. Walker and Superintendent Flones talked about trying to do that and present it at a later board meeting. Possibly put the whole bond issue on hold until a dollar amount and projects can be determined so that the board feels more comfort in passing the bond measure, not eliminating it but pushing it back to go to the voters later in the year.

Further discussion on:

- possibly of cutting total bond dollar back,
- itemize priorities in the district, using safety as #1 factor
- set a master plan for all projects with a timeline
- more research around the state and study data of successful districts, passing bonds
- set up a long range plan that will meet all needs in the district – keep the “Core 24” requirements in mind for future facility needs
- educate the public that WSHS is being taken care of, that those problems have been addressed by the district
- Spokane S.D. keeps tax rate level the same for many years so taxpayers support their bonds – can we do that?
- Ways to reach the public, senior centers, community centers, open public meetings, service organizations
- More intent in our analysis of components of long range plans and the current condition of assets is needed in order to make an educated decision

The board decided to set up a meeting in Nov./Dec. to look at what we can come up with to address these concerns so a decision can be made about the dollar amount of the bond and when we will run it, to include which projects go first, leave options open, with a long range plan. Keep this conversation as an ongoing topic in front of people, let public know we want and need their input.

Draft Resolution – Adopted November 9th?

WENATCHEE SCHOOL DISTRICT NO. 246
CHELAN COUNTY, WASHINGTON

BONDS FOR CONSTRUCTION AND MODERNIZATION OF SCHOOLS

RESOLUTION NO. 07-10

A RESOLUTION of the Board of Directors of Wenatchee School District No. 246, Chelan County, Washington, providing for the submission to the voters of the District at a special election to be held on February 8, 2011, of a proposition authorizing the District to issue general obligation bonds in the principal amount of no more than \$67,000,000, for the purpose of paying costs of constructing and equipping a new Washington Elementary School and Early Childhood Learning Center, modernizing and expanding Lincoln Elementary School and Wenatchee High School, and modernizing Pioneer Middle School, the principal of and interest on such bonds to be payable from annual excess property tax levies; designating the Secretary to the Board and bond counsel to receive notice of the ballot title from the Auditor of Chelan County, Washington; authorizing a request for a Certificate of Eligibility from the State Treasurer pursuant to chapter 39.98 RCW; designating the Secretary to the Board and/or the District's Chief Financial Officer as the District officials authorized to file with the State Treasurer, on behalf of the District, the request for a Certificate of Eligibility; and providing for other matters properly related thereto.

ADOPTED: NOVEMBER 9, 2010

2010-11 Special Election:

ELECTION DATE	RESOLUTION FILING DEADLINE ⁽²⁾	APPROXIMATE DATE ABSENTEE BALLOTS ARE MAILED ⁽³⁾
April 27, 2010	March 12, 2010	April 9, 2010
May 18, 2010*	April 2, 2010	April 30, 2010
August 17, 2010 (Primary)	May 25, 2010	July 30, 2010
November 2, 2010 (General)	August 10, 2010	October 15, 2010
February 8, 2011	December 23, 2010 ⁽⁴⁾	January 21, 2011
April 26, 2011	March 11, 2011	April 8, 2011
May 17, 2011*	April 1, 2011	April 29, 2011
August 16, 2011 (Primary)	May 24, 2011	July 29, 2011
November 8, 2011 (General)	August 16, 2011	October 21, 2011

BOND BOARD STUDY MEETING ADJOURNED:

President Dr. Walter Newman adjourned the meeting at 6:37 p.m.

President

Superintendent