

Independent School District 196
Rosemount-Apple Valley-Eagan Public Schools
Educating our students to reach their full potential

Budget Advisory Council Minutes

6:30 p.m., June 8, 2016

District Office

Present: Budget Advisory Council members Kathy Cason, Grace Keliher, Chris Knight, Gary Krueger, Chad LaBahn, Chas McCready, Kris Nelson, and John Wollersheim; Director of Finance and Operations, Jeff Solomon, Coordinator of Finance Stella Johnson, Manager of Information Systems and Compliance/Reporting, Joe Bertram, Controller Jake Bosley and Communications Director, Tony Taschner. **Absent:** Budget Advisory Council members Jason Elias, Karen Harrold, Jeff Little and Christopher Wong. **Guests:** Andrew Schornack and Tom Snyder (being recommended for BAC on June 13) and Don St. Ores (RHS parent.)

The meeting was called to order at 6:32 p.m. by co-chair Chad LaBahn.

Public Input - Mr. Schornack, Mr. Snyder and Mr. St. Ores introduced themselves. Mr. St. Ores, a Rosemount High School parent, wanted to be assured the district is planning to spend the referendum bond money as they stated in November 2015. He is especially concerned that the renovations to Rosemount High are schedule for Phase III and will there still be money left at that time. Mr. Solomon said his questions should be answered as the BAC discusses the update on the bond projects this evening.

Welcome and Introductions - Andrew Schornack and Tom Snyder were introduced as two of the newest member of the Budget Advisory Council. Andrew is president of Flagship Bank and Tom is a teacher at Shannon Park Elementary. All others in attendance introduced themselves and shared a bit of personal information.

Review Agenda/Approval of March Meeting Minutes - The agenda and the March 9, 2016 minutes were approved.

Summary of 2016 Legislative Session

Mr. Taschner began with a brief description of the duties of the Legislative Advisory Council (LAC). The Budget Advisory Council and Legislative Advisory Council met in November 2015 to recommend legislative priorities to the School Board for 2016. Those priorities include stabilize state funding for education (index basic funding to inflation, increase special education funding and update the factors for calculating debt service and referendum equalization aid), increase fully funded early learning opportunities and reduce mandates and increase local control.

In addition a handout from the MN Department of Education was shared which contains all the detail relating to 2016 E-12 Education Legislation. The supplemental budget bill includes modest E-12 investments. The bill includes an additional \$78 million in new E-12 funding. With the help of Representative Peterson, Senator Carlson and Valerie Doslan, the bill excludes school district contracts for information system software from the uniform municipal contracting law and bidding process otherwise applicable for contracts over \$100,000. This is good news for larger school district like 196. Other legislation effecting District 196 was the change to allow a school boards to appoint someone to a vacated seat. It does require the district to hold an election for the vacated seat during the next general election. Since our district had already planned a special election to fill the seat vacated by Rob Duchscher, we will continue with that election in August.

The legislative session ended in May with unfinished business. Mr. Taschner suggested the LAC and BAC work together during the next year to help develop priorities for the 2017 Legislative session. The BAC and LAC decided to meet together during the September 2016 BAC meeting.

Update on Bond Projects - Mr. Solomon gave a brief overview of the process the district went through once the bond referendum passed in November. Bonds were sold in January 2016 with an interest rate of just over 2%; a savings of about 1.5% over what was anticipated. The first priority was finding land for the new elementary school. The district chose land in Lakeville at the corner of 160th Street and Diamond Path. Solomon shared photos of the new elementary school site in addition to aerial photos and site and building design. Mining restoration should be completed by the end of June and the land is being made build-ready by the landowner. Recently Requests for Bids were issued for eight contracts for the new elementary school. The bid opening is scheduled for June 28, with approved requested by the School Board at their July 11 meeting. Bids for all other contracts related to the new elementary school will be requested in August.

The new two-story, approximately 84,000 square feet elementary school, will have 34 classroom and separate areas for bus and parent drop off. This is a brand new building design for our district. The site location chosen will create the least disruption at existing schools and will take the overcrowding pressure off the south and southwest areas of the district. A committee is working on the new boundaries and hope to have a decision by mid-fall 2016.

To answer Mr. St. Ores question, Mr. Solomon explained the Review and Comment process and how the district is legally bound to complete the projects as stated in the Review and Comment. Funds will be available for Phase III when Rosemount High is scheduled for renovations.

In addition, Mr. Solomon shared a handout with the status update on technology projects funded by the bond/capital projects levy.

- The wireless infrastructure upgrade/expansion is expected to be complete by mid-July 2016.
- Request for Bids will be issued during the 2016-17 school year for a summer 2017 implementation of a new phone system.
- Network switch replacement is scheduled to be completed by mid-August 2016.
- Over the next three years funds from the capital projects levy will provide increased access to mobile technology for both student and staff with 1:1 access for students in grades 4-12 and increased access for students in grades K-3.

2016-17 Preliminary Budget Review - A draft copy of the preliminary budget was provided to all BAC members for review. Ms. Johnson began by reminding the BAC that this is the second year using the new budget format. Last year the finance department met a goal by being awarded the Meritorious Budget Award from Association of School Business Officials International (ASBO) for the 2015-16 budget.. This award recognizes excellence in school budget presentation while enhancing the school business officials' skills in developing, analyzing and presenting a clear and effective budget. In addition, the district was awarded, for the 14th year in a row, the Certificate of Excellence in Financial Reporting from ASBO. The certificate recognizes excellence in the preparation and issuance of the district's Comprehensive Annual Financial Report (CAFR).

Ms. Johnson reported that the 2016-17 general fund is projected to have revenues of \$336.65 million and expenditures of \$344.79 million. The projected June 30, 2017 general fund balance is \$24.22 million or 7.02% of expenditures. This includes an estimated \$8.5 million better performance to budget savings from the current school year. The district's minimum fund balance requirement is 5 percent of expenditures. For all funds, the proposed budget shows \$421,640,324 in revenues and \$473,621,659 in expenditures. The budget reflects \$641,173 in building fund revenues and \$75,763,623 in expenditures.

Ms. Johnson reminded the council that the proposed 2016-17 general fund budget was developed based on budget parameters and staffing guidelines reviewed and approved by the School Board in February 2016. The projection for general education revenue reflects a per pupil unit increase of 2 percent, or \$119 per pupil unit.

The School Board is scheduled to adopt the 2016-17 preliminary budget at their June 27 regular meeting.

OPEB Trust Performance - Mr. Solomon briefly explained the OPEB Trust and informed the council that the value of the trust was just under \$47.8 million as of April 30, 2016.

Future Meetings - The BAC will continue to meet the second Wednesday of the month in September, November, January, March and June.

September 14, 2016
November 9, 2016
January 11, 2017
March 8, 2017
June 14, 2017

Adjournment. The meeting adjourned at 8:10 p.m.