

Special Meeting of the Board of Directors
BANKS SCHOOL DISTRICT 13
450 S. Main Banks, OR

June 27, 2011
Work Session
Minutes

6:00 PM
District Conference Room
Board work session

Present: Kathy Edison; Will Moore; Richard Bowden, Laurie Schlegel, Jim Foster,
Simon Levear, Marlo Mosser

- **Bond discussion**
Meeting 7/9/11 planning
- **McKinstry Plan**

McKinstry Plan

Mr. Levear reported that McKinstry discussed four scenarios at the last board work session. He said the McKinstry representative informed him today of the Clean Energy Works Grant that could cover 7% of project costs. Mr. Levear said that McKinstry feels the District would receive this funding.

Mr. Levear handed out two scenarios for board consideration. The 1st included the Junior High boiler conversion from oil to natural gas. He said this would result in a two-year payback. In the 2nd scenario there would be a discontinuance of the steam systems that would result in a longer payback and Mr. Levear did not recommend this scenario. He said the first scenario includes lighting and control upgrades in the High School, Elementary and Junior High and would include the fore mentioned boiler change.

Mr. Levear said the proposal was a 20-year loan, with \$20,000 extra cash back each year. He said if the additional money was used to pay off the loan instead of taken as extra cash there could be a 10-year timeframe on the loan, and the cash flow never goes negative. In year 11 there would be a significant cash flow. Mr. Levear said the natural gas conversion gives a two-year payback, and the control upgrade would allow for similar control systems across the district. He said the control upgrade could be added into the Junior High if it is rebuilt. Richard Bowden said it is vital to keep the boiler going, and the feed portion may be failing. He said replacing the oil w/natural gas could result in big savings - possibly 10-12,000 annually. Mr. Smetana has talked to the current boiler company and the company has a natural gas burner – Mr. Levear said if the replacement was handled that way the cost could be taken out of the maintenance budget. Mr. Levear said that due to SB1149 there is \$125,000 that the district can only use for energy conservation measures. Mr. Levear said that McKinstry guarantees a 90-95% savings.

SB1149 increases \$18,000/yr. Currently SB1149 sunsets in 2025, and the legislature would have to renew the program for it to continue.

Richard Bowden stated that issues surrounding heating were important. He said this program could feasibly result in savings of 42%-62% of bond proceeds. Jim Foster said that he recommended moving forward with the project, and look at ways to work together if the bond passes. Mr. Levear said the board can look at the project again in Jan/February, but he was not sure of interest rates on loans at that time. He said the second round on the loans were 2½ to 3½ percent. Mr. Levear said that right now the district can get the loan, and there were positives and negatives in proceeding. Mr. Levear said there is little payback on the elementary. He said an option is for McKinstry to come back and answer questions. He said the project can be worked around school schedules. Mr. Levear said the elementary system is 12 years old, and McKinstry would work to see the system properly balanced. He said there are hidden advantages to the project, including the balancing question. The board discussed the concept of “free money up now and buy more teachers later by getting operating cash back into schools. The board asked Mr. Levear to contract McKinstry and ask for:

- A better description of the control system work entailed for the elementary
- The overall control system
- SB1149 – can it be used for new construction
- What would the project changes in the high school result in

Mr. Levear was directed to get answers and relay them to the board - if the board had more questions, McKinstry could come and answer them at the next work session.

Bond discussion

7/9/11 meeting

Mr. Foster reported there is a Bonds and Ballots workshop at Lane ESD July 12. Mr. Foster said he will attend. He reported he had received an email from Scott Rose concerning DLR advising the board on the upcoming campaign. Mr. Foster said Mr. Rose would be happy to make a presentation on what they could do for the district.

Laurie Schlegel said she talked to Bob Schlegel, and said he is willing to act as moderator at the upcoming community meeting. She said he expressed concern that people might not appreciate him because of his being a PERS retiree, and it might offend some people. Mrs. Schlegel said he would serve as moderator, having no sides and no emotional involvement. The board discussed adding all board members from targeted groups not just board chairs. The board discussed expanding the group list and discussed the fact this would be a public meeting with the board reaching out to specific people to come. The board discussed having the information on reader boards/banners and sending out special letters to other people. Mrs. Edison said she felt the board was rushing something that doesn't have to be rushed. She said the district has until the end of August to file. Mr. Bowden asked what the goal of the community meeting would be. The board discussed it could be an informative meeting, with input received from the community. The board considered the emphasis could be “how does the board get the bond passed” - how to reach people to show the real need of the district. Mr. Moore said there has to be a presentation, and one of the primary goals to hold the meeting is to improve the chances

to pass the bond. Mrs. Edison said the board needs to be more specific in the costs - such as specific maintenance issues, more definite, precise information, and to have all backup available. The board discussed evaluating the heat cost savings of the new building. The board discussed pushing dollars back into the general budget from improvements. The board considered costing the retrofit of the junior high. The board discussed developing a bond budget on things that absolutely needed to be fixed that would run until the elementary bond goes off. Mr. Edison said a repair bond would be a small bond - it might be easy to pass, it could expire when elementary bond does, then the district starts over again. The board asked what levy rate number would be supported for that idea? The board discussed that a new bond could be higher, with no increased rate on taxes. Mr. Bowden said that in his opinion the junior high library and computer room could make a case to save that part of building. Discussion continued on what out there cannot wait to be repaired, and what does the board do when those items fail? Mr. Bowden said this is a maintenance issue. The board decided on no meeting July 9. The board asked Mr. Edison to have specific breakdown costs by the next board meeting. The board decided to reschedule the community meeting for July 30, 8:30 to 10AM. The board asked for levy information for \$10.5 and \$10.8 million bond scenarios. The board asked Mr. Edison and the Facility Planning Committee for a line item budget by the next board meeting. The board decision was to send letters out, make phone calls to specific individuals concerning the public meeting on July 30. The board asked the superintendent to advertise immediately for the upcoming community summit. Mr. Moore said there should be a press release every week in the News Times and Oregonian. The board decided on the title for the meeting: Community Summit – What’s next for our schools? Mr. Foster said he would call the papers. The date will be July 30, beginning at 8:30 am in the junior. high. The board discussed asking Ron Vandehey to be present at the meeting on the 30th. Mr. Edison said that a Facilities Planning Committee representative could meet with him. Mrs. Schlegel said she would check to see if Bob Schlegel would be available. The board discussed during the next work session on July 11 to develop the scenario for the upcoming meeting. Mr. Moore stressed it needs to be choreographed well. Mrs. Edison asked that the bond and Facilities Planning Committee be on the July 11 work session.

Adjourned 7:55PM.