



Referendum Considerations

School Board Work Session
Jan. 12, 2021

Purpose of Tonight's Discussion

Goal: Recommend items to test in community survey

- Learn more about referendum options/impacts - *Ehlers Team*
- Consider levy and bond requests - *Administrative Team*
 - Review community and administrative priorities
 - Discuss School Board Priorities
- Determine next steps

Baker Tilley Community Survey - Feb. 2021

- Random-sample phone survey to test community attitudes toward a fall 2021 referendum
- 40 questions to test items that may be added to a referendum request:
 - Operating levy renewal
 - Operating levy increase
 - Capital projects/technology levy
 - Bond
- Information can be used to help determine number of questions, dollar amount, ballot language and overall messaging for referendum

PROJECT TYPES

Available Financing Tools	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Building Bonds	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y	Y	None	Statutory debt limit	State Review & Comment required
Operating Referendum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y		Annual revenue; not all up-front	No borrowing State maximum revenue/ pupil	Annual revenue can be used to make payments on debt issue (lease purchase, capital facilities bonds, capital notes)
Capital Project Levy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y		Annual revenue; not all up-front	No borrowing	
Facilities Maintenance Bonds (All except old Alt. Fac. Districts)					✓								Y	Payments financed from LTFM revenue	Statutory debt limit	State approval required
			1			✓						Y	Y	HVAC, fire suppression, asbestos over \$100k or remodeling for Pre-K	Statutory debt limit	State approval required
Facilities Maintenance Bonds (Old Alt. Fac. Districts)			1		✓	✓						Y	Y	None	Annual pmts. can't exceed operating capital revenue	State approval required
Capital Facilities Bonds			✓	✓		✓	✓	✓	✓				Y	Payments financed from general fund revenue	Annual pmts. can't exceed operating capital revenue	State approval required
Capital Notes										✓			Y	Payments financed from general fund revenue	Payments financed from general fund revenue	
Lease Purchase without Levy	✓	✓		✓			✓			✓				Payments financed from general fund revenue		
Lease Purchase with Levy	2	✓		3								Y		Instructional & school storage use only Additions limited to 20% of existing building space	Annual lease levy limited to \$212/pupil	Annual state approval of levy required
Abatement Bonds							✓					Y	Y	Permitted uses limited to parking construction & improvements	Annual debt service limited to 10% of NTC	Public hearing required

1 - Facilities maintenance bonds can be used to finance building remodeling required to accommodate state-funded voluntary pre-kindergarten programs.

2 - Lease levy can be used for new buildings, building purchases or building additions under 20% of existing building, but only if the facilities are used for instruction or school storage and not for "regular elementary or secondary instruction." Permitted examples would include buildings used for early childhood education, special education, alternative learning centers or adult education.

3 - Lease levy can be used for site improvements for cocurricular or other instructional uses, e.g. athletic fields and tracks.



What is an Operating Referendum?

November election ballot question, stated per pupil, capped at \$1,827.54 (FY 2021-22)

Allows districts to generate additional general education revenue

Revenue can be a combination of local property tax levies and state aid
(Stillwater does not qualify for aid)

Annual levy, maximum length of 10 years

Taxes spread on Referendum Market Value
(most property types pay the same taxes per dollar of property value)

Revenue may be used for any operating or capital expenses (e.g. staff salaries/benefits, utilities, supplies, technology)



Stillwater Current Operating Referendum

- Approved by voters in 2013 for 8 years
 - ✓ Includes annual inflation adjustment based on statutory inflation factor
 - ✓ Expires after FY 2021-22
- \$1,288.73 / pupil estimated authority for FY 2020-21
 - ✓ FY 2020-21 estimated revenue approximately \$11.4 million



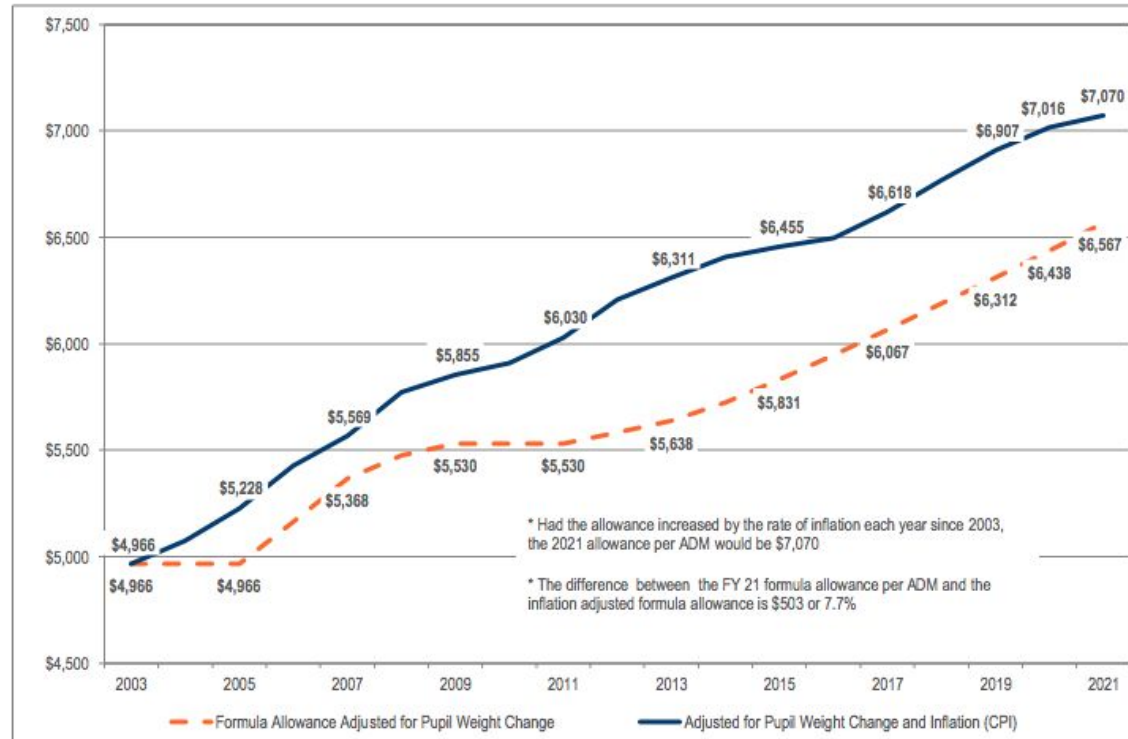
Stillwater Current Operating Referendum

- Only opportunity to renew is 2021 election
- Estimated ballot renewal amount \$1,297.45
 - ✓ Annual inflation amount updated by MDE in July, will change ballot renewal amount
 - ✓ Estimated tax impact for renewal would be close to \$0, as the district is extending a levy that is scheduled to expire
- District could increase authority up to an additional \$530 per student based on current cap amount
 - ✓ Would result in additional \$4.7 to \$5 million of revenue
 - ✓ Approximately \$165/year (\$13.75/month) on a \$350,000 residential homestead
 - ✓ Tax impact would be proportionate to added amount of revenue



General Education Formula Allowance, 2003-2021

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2020 Inflation Estimates



What is a Capital Project Levy?

Election ballot question,
stated tax rate

Allows districts to
generate additional
revenue for technology
and capital projects

Revenue provided
through local property tax
levies

Annual levy, maximum
length of 10 years

Taxes spread on Net Tax
Capacity
(All taxpayers pay, but
may pay different
amounts based on the
type of property)

Revenue may be used
for items consistent with
the ballot language

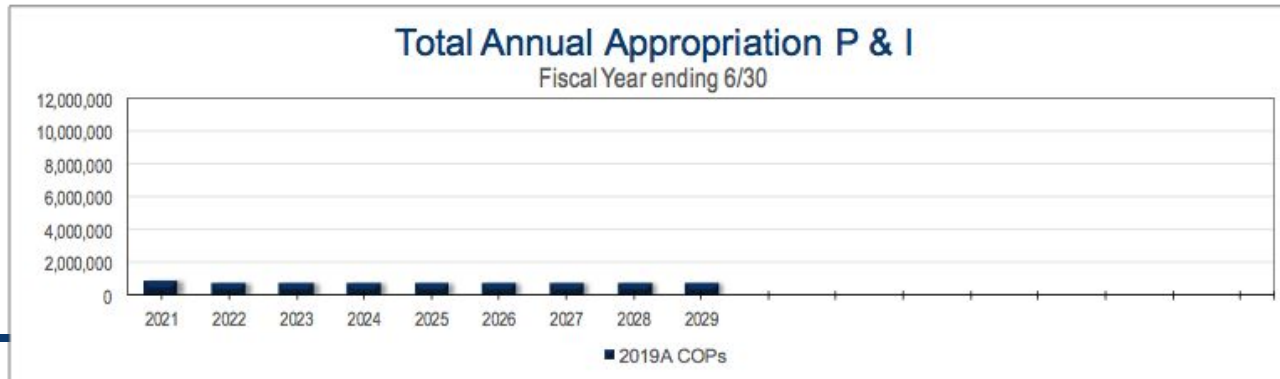
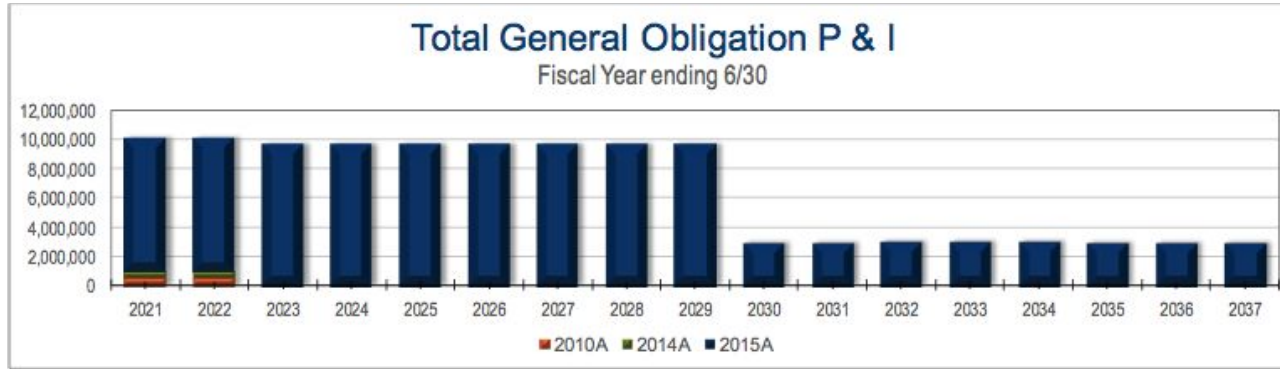


Capital Project Levy Options Tax Impact

Annual Revenue		\$2,750,000	\$3,000,000	\$3,750,000
Tax Rate to be Included in Ballot Question*		2.329%	2.541%	3.176%
Type of Property	Estimated Market Value	Estimated Annual Taxes Payable in 2022 for Capital Project Levy*		
Residential Homestead	\$100,000	\$17	\$18	\$23
	200,000	42	46	57
	250,000	54	59	74
	300,000	67	73	91
	325,000	73	80	100
	350,000	80	87	108
	375,000	86	94	117
	400,000	92	100	126
	450,000	104	113	142
	500,000	115	126	157
Commercial/ Industrial +	750,000	188	205	256
	1,000,000	260	283	354
	\$100,000	\$22	\$24	\$31
	250,000	64	69	87
	500,000	138	151	189
Apartments and Residential Non-Homestead	1,000,000	288	314	393
	2,500,000	737	804	1,005
	\$250,000	\$72	\$79	\$98
	500,000	144	157	197
	1,000,000	289	315	394
	2,000,000	577	630	787



What Are Building Bond / Capital Options





Good News

- Ehlers uses a comprehensive long term financial planning model which allows districts to provide predictability in future capital levies
- Tax increases due to voter approved levies can be offset by reductions in annual Facilities Maintenance levies
- Issuing Facilities Maintenance bonds allows financing of same projects while reducing the levy
- Nearly all districts included in old Alternative Facilities program (like Stillwater) build predictability into their ongoing levy using a mix of annual levies and bond proceeds

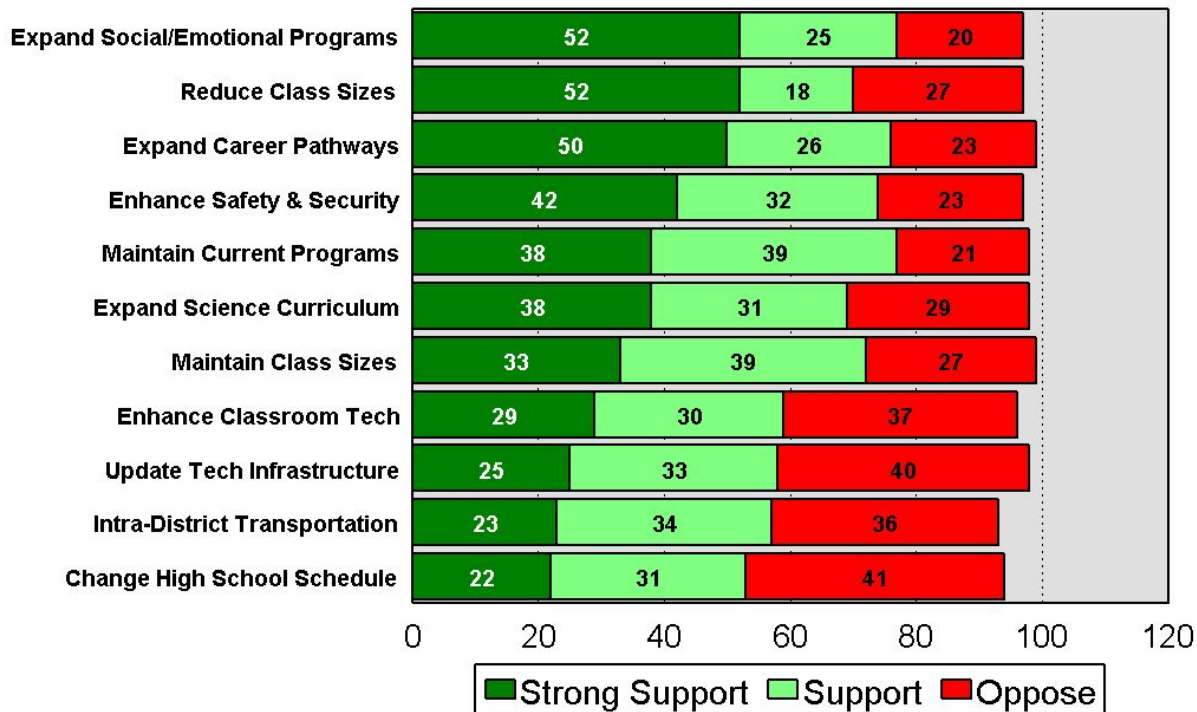
LEVY is for *learning*



Stillwater
AREA PUBLIC SCHOOLS

Tax Increase for Improvements

2019 Stillwater Area School District Study



Administrative Priorities

Levy Renewal

- Support existing programs and the Portrait of Graduate initiatives
- Ensure quality teaching and learning for all students

Possible Levy Increase

- Academic support/intervention and pandemic catch-up
- Safety and social/emotional well being
- Expanded Career Pathways
- Expanded academic opportunities (ie. high school schedule)
- Additional mental health support

TECHNOLOGY LEVY



Administrative Priorities

- Online learning option (K-12)
- Learning Technology (preK-12+)

Reminder:

A technology levy could free up general fund dollars and provide additional funds for other student needs



Board Member Ideas:

- Gaps in learning
- Maintain existing programs
- Online learning
- Pathways and block schedule
- Reduce class size
- Social, emotional support
- Technology
- Immersion
- Magnet school

Source: Worksession notes 12/10/20

Red items align with community and/or administrative priorities

Discussion: Items to test on Community Survey

Consider priorities of community and administration:

- Where is there agreement?
- What, if any, additional priorities can the board reach consensus on testing?

Bond is for *building*



Bond Consideration

- Address space needs in the district
 - Overcrowding in several schools
 - Projected growth in Lake Elmo and Woodbury
- Address facility improvements identified by Community Design Team

Top Priorities of CDT:

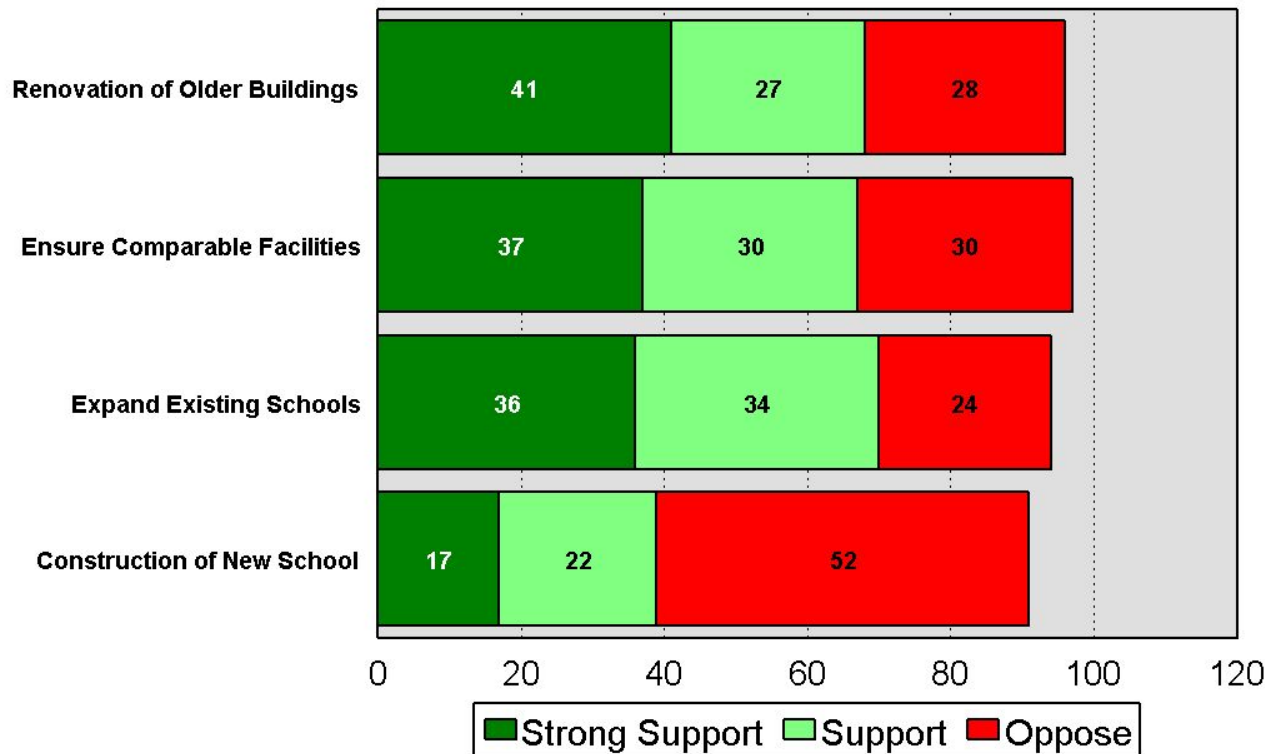
- Rebuild Lake Elmo Elementary
- Expand Brookview Elementary
- Utilize Oak Park as multi-purpose center
- Remodel Stonebridge Elementary
- Sell Withrow and CSB



Lake Elmo	Rebuild as two 450-650 schools	
Brookview Elementary	Expand to 630 students	
Oak Park Building	As multi-purpose center (ALC, TP, CS):	
Stonebridge Elementary	Cluster Upgrades	
	Media Center and Open Classroom Upgrades	
Central Services	Sell	
Withrow	Sell	
Oak-Land Middle School	Gym&Music Wing Additon Flex/Media Center	
	Daylight and Sound upgrades	
Lily Lake Elementary	Bathroom and SpecialEd Remodel	
	New Flex Space	
	Open Classroom Remodel	
Stillwater High School	Auditorium Addition	
	Flex and Admin upgrades	
Southern ECFC	30,000 SF at Oak Land or other site	
Afton Lakeland Elementary	Flex space	
	Gym addition and Media Center Upgrade	
Andersen Elementary	Upgrade of Media Center	
Stillwater Middle School	Flex/Media Central "Heart"	
	Library Remodel, Daylight & Sound Upgrades	
Rutherford Elementary	Upgrade of Media Center	

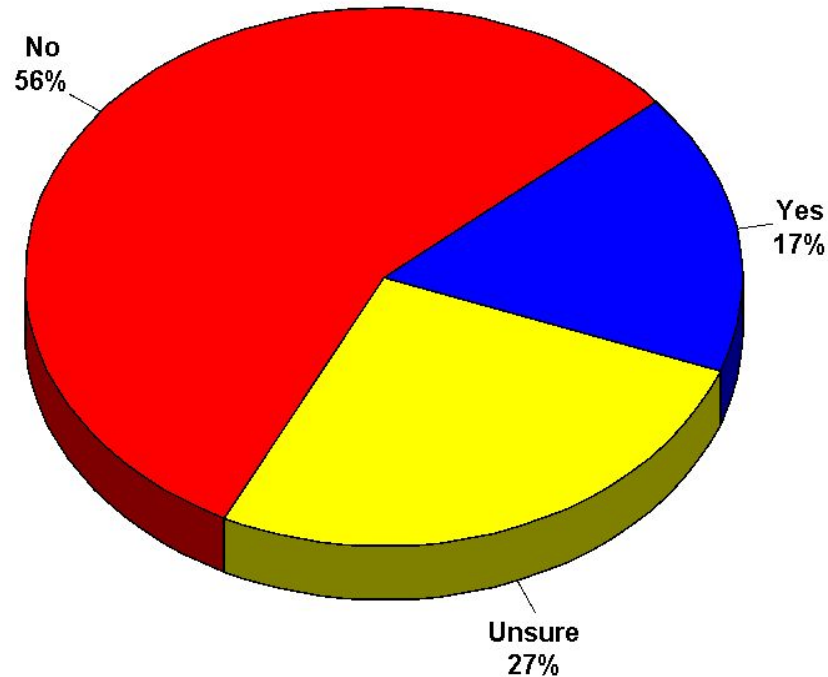
Tax Increase for Project

2019 Stillwater Area School District Study



District has enough space to accommodate areas with enrollment growth five years from now

2019 Stillwater Area School District Study



Administrative Bond Priorities

- Expand Brookview Elementary (8 classrooms)
- Replace Lake Elmo Elementary (one school = approx. 750 students)
- Space to house specialized programs (ie. Transitions, ALC, online academy)

Other Considerations:

- Expand Oak-Land Middle School to accommodate growth
- Increase safety of school buildings:
 - High school entrance/main office
 - Other district-wide safety improvements (ie. cameras)
- Expand early childhood and preschool spaces to meet demand
- Construct new high school auditorium
- Modernize classrooms to create more flexible learning experiences

Board Member Bond Ideas:

- Brookview expansion
- Lake Elmo replacement
- Preschool space

Source: Worksession notes 12/10/20

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Discussion: Items to test on Community Survey

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Next Steps

Community Survey - Baker Tilly

- Draft questions - January
- Survey residents - February
- Results to school board - March

Financial analysis - Ehlers

- Tax impact study - January

Resources:

Baker Tilly: Community survey to measure public perceptions and tax tolerance

Ehlers: Financial analysis and tax impact information

Kraus-Anderson: Bond project costing and planning