

**INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota**

**SPECIAL MEETING OF THE BOARD OF EDUCATION
360 Colborne Street
Saint Paul, MN 55102**

**September 27, 2024
11:00 a.m.**

MINUTES

I. CALL TO ORDER

Director Henderson called the meeting to order at 11:04 a.m.

II. ROLL CALL

Board of Education: H. Henderson, J. Vue, U. Ward, C. Franco, Y. Carrillo
E. Valliant arrived at 11:20 am.
Interim Superintendent Thein,
C. Allen were absent

K. Walker, General Counsel; X. Yang, Interim Board Secretary,

III. APPROVAL OF THE ORDER OF THE MAIN AGENDA

MOTION: Director Henderson moved to approve the order of the main agenda. The motion was seconded by Director Ward

The motion was approved by roll call vote:

Director Allen	Absent
Director Carrillo	Yes
Director Franco	Yes
Director Valliant	Yes
Director Henderson	Absent
Director Ward	Yes
Director Vue	Yes

IV. 2025-2026 School Year Preliminary Property Tax Levy Certification

BF 33988 2025-2026 School Year Preliminary Property Tax Levy Certification

The Administration recommends that the School Board take action to certify the maximum allowable levy for taxes payable in 2025 as presented and recommends the School Board to set the required annual Truth in Taxation Hearing date for Tuesday December 3, 2024 at 6:00 PM.

Interim Superintendent Thein: Before I introduce Chief Sager, I want to talk a little bit about the Levy Certification and bring everyone up to date. This is a very complex procedure and the Levy Certification document has 39 pages and over 5000 lines of formula the max that we are putting in is only because the

work from the state is not done and we do not want to mislead the community and the public. It is not just for the general fund; it is for the funds that cover by this document. One of the things that slows us down is the abatement and adjustment that most people are not aware of. So if you are in a school district that are smaller in size, you don't have the numbers of adjustment and changes but in large school district, this is very common and I think that about 75% of all the schools in the state levy the maximal to start with and make adjustment afterward

Interim Superintendent Thein then introduced Tom Sager, Executive Chief of Financial Services, to present this item.

The basics of the levy were reviewed, including that school levy authority is established in law, that the Pay25 school levy funds are for the 2025-2026 school year. Information on the determination of property taxes was also provided, including state legislature, taxing jurisdictions, and the county assessor. Major factors impacting property taxes were also shared, as well as factors impacting school levies. The major levy categories, including General Operating, Pension/OPEB/Contractual, Facilities, and Community Service, were also presented.

Details of the requested action include:

- Levy basic and overview
- Who Determines property tax
- Major factors impacting property taxes and Factors impacting school levies
- Major levy categories and recap
- Key drivers if the pay 2025 SPPS Levy
- Five year trend for annual property tax Levy
- Total property taxes per student
- Property taxes as percent of total budget and general fund
- Dept service tax revenue per student
- MDE's calculations and Pay 25 Levy calendar.
- Requested action

QUESTIONS/DISCUSSION:

Director Franco: What is the maximin amount that we are being ask to approve of today and is that translated to a percentage?

- It is, the maximin is 16.2 million and that is 7.97 percent and if there is any change from now and December that go past the 16.2 million, then that will be the new number but that does not happen often. Certifying the maximin gives us the greatest flexibility.

That does automatically mean that St. Paul residents' taxes will go up by that percentage?

- Correct.

Can you talk more about what we set as the maximin today and how that would impact on a medium size residential. I'm sorry and I know that the county provided a big scale overview during the JPTAC meeting, but I was wondering if you can give us.

- We did review this during JPTAC and the county is part of their presentation. They did give us a summary of the tax impact on various properties, they provided as it pertains to the question, looking at the big picture for a medium, valued, single family home property tents, going up by about a \$133 for that year, and I think that comes out for that particular homeowner, about 3.4%. So, the overall Levy that we're bringing in is going up by the 7.97, based on this information, and what the county is providing in a city that would equate to about a 3.4% increase to the school-related taxes on a medium size home.

Director Carrillo: That includes city, county, and other authorities as well, correct? that 133 or is that just ours?

- Just ours.

Director Franco:

When we're looking at that 16.2 million increase in the Levy, can you give us a little inside about the daily primarily, do it go through some kind of like wages and benefits that we know that we project out that gets increased annually based on current bargaining or like, can you give us a little bit more insight, I think what that additional revenue goals to kind of offset or supplement.

- It is an ongoing operation. So, in general fund we budget through our budget process salary wages, salary benefits, so the percent of that general fund goes into that area and that is 80% of it. But, we also have achieved integration, so that's where it goes, the one up there that we really don't have too much flexibility with is a debt service because those are schedules that are set up, that revenue comes and we can't use that revenue for general operation that has to go to pay our mortgage, so there's not a lot of flexibility with that and then community service, same thing there, all the programs and services have run through the community ed and on for this Levy helps offset those expenses so and that is going to protein to the budgeting process when we start putting together the FY26 budget, which will be here before we know it, we kind of have started doing that. We'll use these numbers has inputs for what we're going to have to work with as we move into that fiscal year.

Director Carrillo: I have a question about debt service, so I understand that it is the accrued interest and principle that we're paying off on our bonds that we already approved and funded, those are our schedules, do we expect the debt service to increase at this rate going forward or is there fluctuations in different years that we have to be aware of curious, mostly because if there's a large debt service line in an approved Levy, the community may make making concerns that you know most both of our taxes are going to pay off the mortgage before the payment rather than the general fund which they associated with classrooms, funding or direct operations funding so that that's where I'm just curious to know because understandable that service is a debt service, it's not going to change, but what is our large fluctuations. is this a steady growth that we see? I understand different interests rate years when we impact that from disappears, and now, if you have an idea about that would be helpful.

- Based on what we know today and I'd ask you to sign back to July, our municipal advisor PMA was with us, assuming we don't acquire any more debt, that is going to get the decrease, that's based on what we know today that said we know that with all of the properties at the average age of 60 years old, that we're going to have to do ongoing maintenance. if it does not increase, I would anticipate it to be, somewhere around inflation, but even though some of those show it acts to be taper off and then we get to get high so that's assuming no additional.

Let's assuming hypothetically, the district engages on some large capital expenditures because they a desire to renovate or build new building here that would directly impact that general debt service line and it would see that increase, correct?

- Correct

Director Henderson: I think you explained it really well a JPTAC, just a difference in terms of property taxes as a percent or general fund compared to some of our neighbors and I wondered, if 20.42% is that ideally where we should be and respect the neighbors, or is it just ideally where we want to be in terms of like this feels comfortable this is the right place for both the district and for taxpayers.

- We do these comparisons to look for outliers, and generally speaking the goal is to that be an outlier in this regard. Now that's said there may be reasons for that. This can be a cause pause, we may be way up there and wonder why, but there might be a reason for it. we're validated that we're in a norm that's said.

Director Vue: We have to get this approved by September 30, are we in tack to get this in on time?

- Yes we are.

MOTION: Director Henderson move that the Board of Education approves the Administration recommends that the School Board take action to certify the maximum allowable levy for taxes payable in 2025 as presented and that the School Board to set the required annual Truth in Taxation Hearing date for Tuesday December 3, 2024 at 6:00 PM. in Conference Rooms A and B of the District Administration Building at 360 Colborne. Motion was second by Director Carrillo.

The motion was approved by roll call vote:

Director Allen	Absent
Director Carrillo	Yes
Director Franco	Yes
Director Valliant	Yes
Director Henderson	Yes
Director Ward	Yes
Director Vue	Yes

VIII. ADJOURNMENT

MOTION: Director Henderson moved to adjourn the meeting. It was seconded by Director Vue.

The motion was approved by roll call vote:

Director Allen	Absent
Director Carrillo	Yes
Director Franco	Yes
Director Valliant	Yes
Director Henderson	Yes
Director Ward	Yes
Director Vue	Yes

The meeting adjourned at 11:36 a.m.

For clarity and to facilitate research, these minutes reflect the order of the original Agenda and not necessarily the time during the meeting the items were discussed.

Prepared and submitted by:

Xue Yang

Interim Secretary to the Board, St. Paul Public Schools Board of Education