

WAYZATA PUBLIC SCHOOLS

Independent School District 284
Wayzata, Minnesota

BOARD OF EDUCATION

Special Meeting - September 24, 2019 - 4:00 PM
District Administration Building
210 County Rd. 101, N, Plymouth, MN

AGENDA

- | | | |
|----|---|-----------|
| 1. | ROLL CALL | 3 |
| 2. | FINANCE AND BUSINESS SERVICES | |
| | A. Approve Preliminary Pay 2020 Property Tax Levy | 4 |
| | B. Authorize the Executive Director of Finance and Business to Execute an Amendment to License Agreements | 13 |
| 3. | ADJOURN | 14 |

WAYZATA PUBLIC SCHOOLS

Independent School District 284
Wayzata, Minnesota

MISSION

Our Core Purpose:

The mission of Wayzata Public Schools is to ensure a world-class education that prepares each and every student to thrive today and excel tomorrow in an ever-changing global society.

VISION

What We Intend to Create and Experience:

The vision of Wayzata Public Schools is to be a model of excellence where all students discover their unique talents, develop a love and tenacity for learning and demonstrate confidence and capacity for success through:

Exceptional Student Learning, Experiences and Relationships:

- High achievement by each and every student—no exceptions, no excuses;
- Content-rich, rigorous and personalized education;
- Meaningful relationships with teachers, staff, mentors and peers in a welcoming, nurturing and safe environment where all are valued for who they are and the contributions they make.

Community Trust, Confidence and Partnership:

- Comprehensive learning opportunities meeting diverse learner needs and community aspirations;
- Committed to being the first choice for students and families;
- Maintaining the highest levels of satisfaction and pride by staff, parents and community.

Operational Excellence:

- Attraction, development and retention of exemplary, creative and engaged employees;
- Accountability by all staff for individual and collective performance;
- Effective and efficient use of time and human, financial and physical resources;
- Culture of continuous improvement and responsive innovation;
- High performing district governance, management and partnerships.



Board of Education
Special Meeting – September 20, 2019

AGENDA SECTION: Call to Order

ITEM: Roll Call Attendance

COMMENTS BY: Sarah Johansen, Board Chair

	PRESENT	ABSENT
Erik Brown	_____	_____
Linda Cohen	_____	_____
Andrea Cuene	_____	_____
Bonita Lucky	_____	_____
Cheryl Polzin	_____	_____
Chris McCullough	_____	_____
Sarah Johansen	_____	_____
Chace Anderson, ex-officio	_____	_____



Board of Education
Special Meeting – September 24, 2019

AGENDA SECTION: Finance and Business Services

ITEM: Preliminary Levy Limitation and Certification

COMMENTS BY: Jim Westrum, Executive Director of Finance and Business Services

Preliminary Levy Limitation and Certification – 2019 Payable 2020

Minnesota law requires school districts to certify their proposed tax levy payable in 2020 to the county auditor on or before September 30, 2019. We have recently received the levy data from the Minnesota Department of Education and have analyzed the details. A summary written analysis of the proposed levy is included for your review.

The Minnesota Department of Education is still in the process of making computer program changes and will be providing school districts with updated reports if any changes need to be made. While most components of the levy are materially accurate and complete, Administration will be recommending that the Board levy a preliminary amount in all funds. If the Board approves the maximum allowed, the county auditor will automatically include any positive adjustments in the levy. Otherwise, the final levy amount cannot exceed the preliminary levy amount, except for some very limited exceptions. The Citizens Financial Advisory Council discussed this levy and with the administration recommend that the Board adopt this preliminary levy.

The School Board will set the final levy certification amounts at its regular board meeting in December.

Recommended Action: Approve the Preliminary Levy Limitation and Certification for 2019 Payable 2020 at the “maximum” allowed by state statute.

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Abstentions: _____ **4** _____



Jim Westrum, Executive Director of Finance & Business Services
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TO: Members of the Board of Education
Dr. Chace Anderson, Superintendent of Schools

FROM: Jim Westrum, Finance and Business

DATE: September 19, 2019

SUBJ: **Recommendation of the Payable 2020 Preliminary Tax Levy Certification to Finance a portion of the 2020-2021 School Year Operations**

We have received a draft “Levy Limitation and Certification” document from the State Department of Education. Based on this state authorization, we have enclosed several exhibits summarizing our preliminary levy for your consideration.

The school district’s payable 2020 preliminary tax levy must be certified by our school board by September 30, 2019. Therefore, it is necessary that we certify a preliminary tax levy at the school board meeting scheduled for Tuesday, September 24, 2019. Typically once we have submitted our preliminary tax levy certification to the county auditor, it can be increased only with authorization from the Minnesota Department of Education. However, individual items may be decreased prior to final approval which is expected to occur in December 2019.

The district’s property tax levy is allocated to individual parcels of property in the district using formulas based upon Hennepin County’s assessed market value. Hennepin County’s preliminary estimate of the district’s total assessed market value has increased \$887 million from \$13.03 billion to almost \$13.92 billion. This represents almost a seven percent increase in market value and includes existing as well as new properties. It is important to note that there continues to be significant variations in changes associated with individual parcels of properties within the District’s eight cities. Thus, individual taxpayers will not see similar changes in their individual property’s market value and that directly translates into the variability of their school district property tax amounts. Preliminary review of a sample selection of properties has shown assessed valuations fluctuating from a minimal increase to double digit percent increases. We will have a sample of individual parcel estimates available prior to approval of the final levy scheduled in December.

As in prior years, the legislature often passes statutes that impact school districts and the formulas that drive a school district’s local property tax levy. These legislative changes combined with revenue formulas, student enrollment growth and individual taxpayer’s market value fluctuations add complexity to a school district’s local property tax levy. The purpose of this document will be to discuss the significant changes that have occurred in the Payable 2020 Preliminary Tax Levy and provide clarity to the school board and to the community.

PROPOSED SCHOOL TAX LEVY

The total preliminary levy for taxes payable in 2020 is \$79.8 million. This total levy amount represents an overall increase of \$7.2 million or 9.89% from the previous year, and includes principal and interest payments on the \$70 million of building bonds approved by voters in November of 2018.

We are pleased to report that the tax impact of issuing the 2017 voter approved bonds are less than the impact communicated to our public due to the robust residential development in the footprint of the Wayzata Public schools. The additional tax base will continue to benefit existing taxpayers for years to come as the district’s overall property tax is spread to all tax parcels in the district.

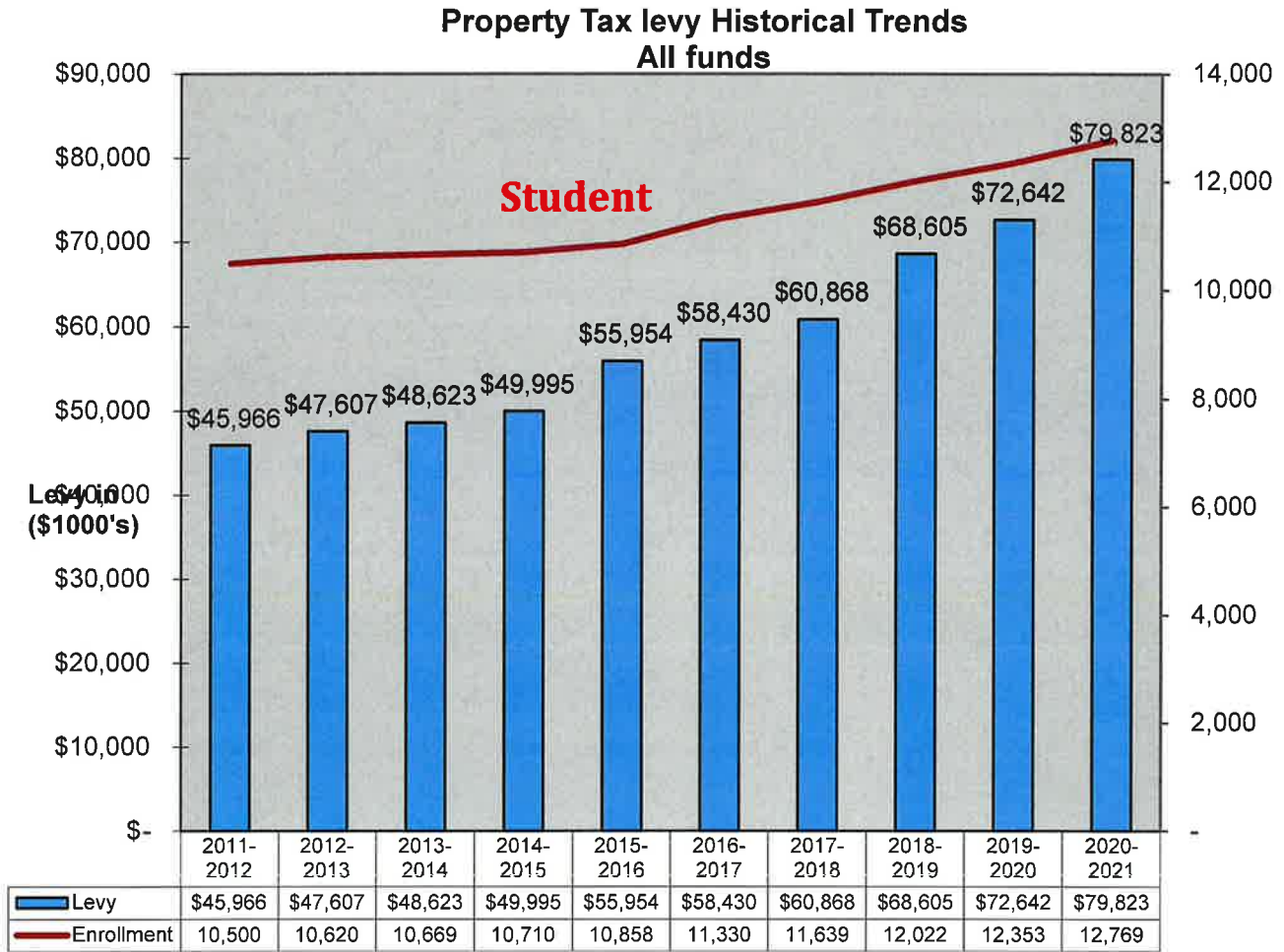
The table below shows a comparison of the administration’s recommended preliminary levy payable in 2020 with the District’s final levy payable in 2019. While the levy detail is presented by fund, it is important to focus on the district’s **total** Payable 2020 levy when comparing to the **total** Payable 2019 levy.

<u>FUND</u>	<u>Proposed 2020 LEVY</u>	<u>PAYABLE 2019 LEVY</u>	<u>CHANGE</u>	<u>PERCENT CHANGE</u>
General	\$ 63,313,565	\$ 58,674,585	\$ 4,638,980	7.91%
Community Service	\$ 1,888,453	\$ 1,536,446	\$ 352,007	22.91%
Debt Service	\$ 14,621,365	\$ 12,430,758	\$ 2,190,608	17.62%
Total	<u>\$ 79,823,383</u>	<u>\$ 72,641,789</u>	<u>\$ 7,181,595</u>	<u>9.89%</u>

Much of the change in the District’s **total** Payable 2020 levy when compared to the prior year is due to legislative changes and growth in the District’s student enrollment. Voter approved operating referendum authority is calculated based upon the number of students times the per pupil authority. Resident student enrollment growth of 3.0% translates directly into an increase in the total operating referendum authority component of our property tax levy. As mentioned earlier in this document, the robust residential development occurring in the District helps to minimize the impact this increase may have on an individual taxpayer’s proportionate share of this increase.

It is also important to note that the District’s preliminary levy amount not only includes referendum authority for the 2020-2021 school year, but levy adjustments for changes in final 2017-2018 resident enrollment as well as changes in revised 2019-2020 resident student enrollment. Thus, it is helpful to look at each of the funds for a detailed analysis of the components that make up each of the totals for each of the funds presented above. Discussion of those components will occur within this document.

The following chart shows the district’s total levy and enrollment history over the last decade.



It is important to note that many of the formulas that drive the state’s levy revenue calculations are directly correlated to student enrollment, a district’s overall population, and a district’s total property market value. As you can see from the chart above, the District has seen recent robust student enrollment growth of 3.0% and the overall population of the District has grown as well. Over the last five years, the District’s total levy increase (excluding the voter approved bonds in 2014 and 2017) has averaged in the 4% growth rate...similar to the student enrollment growth rate. With the district’s robust residential construction growth in the northern part of the district, the corresponding tax capacity growth has served to minimize the individual taxpayer impact of most of the increases in levy components. While adding additional homes and properties within the district continue to reduce the tax burden of existing taxpayers, recent legislative changes on how local property taxes are allocated and variations in assessed valuations often make it difficult to quantify a direct correlation between the district’s property tax levy and the amount of taxes that an individual property owner will pay.

The following pages provide a detailed analysis of the levy by fund.

GENERAL FUND

Exhibit I is a detailed analysis of the proposed levy recommendation for the General fund. Overall, the General fund levy increased by \$4.6 million or 7.91% and is largely attributed to an increase of 3.0% in student enrollment and a one-time Long Term Facility Maintenance levy increase of \$2 million due to construction project timing crossing fiscal years.

The largest component that increased in the District's general fund levy is the local optional revenue authority. However, this increase is offset by a corresponding decrease in voter approved operating referendum revenue authority. The 2019 legislature reduced all Minnesota districts' voter approved operating referendum authority by \$300 and increased all Minnesota districts' local optional revenue by the same amount. When combining these two revenue components, the \$1,797,532 increase is due to referendum authority attributed to growth in our student enrollment. In 2017, local voters approved an operating referendum that provides revenue to be used for class size reductions and other educational purposes. This voter approved operating referendum authority is calculated based upon the number of students and enrollment growth translates directly into an increase in the total operating referendum authority component of our property tax levy.

The District voters have also authorized an annual technology levy that has increased by \$495,915 to fund approximately \$7.8 million in annual technology expenses such as IPADS and technology access and support. This levy uses the tax capacity of the district to determine the annual levy amount.

The General fund levy also includes several other components that are primarily formula driven and have changed either due to changes in estimates, changes in enrollment or changes in the district's tax capacity.

For instance, voter approved operating referendum authority is calculated based upon the number of students times the per pupil authority. Projected student enrollment growth translates directly into an increase in the total operating referendum authority component of our property tax levy. It is also important to note that the district's preliminary levy amount not only includes referendum authority for the 2020-2021 school year, but levy adjustments for changes in final 2017-2018 resident enrollment as well as changes in revised 2019-2020 resident student enrollment. Thus, negative adjustments in the General fund levy from the prior year increases this year's levy percent as the authority from prior years' was adjusted to actual due to changes between estimated and actual student enrollment. Similar adjustments occur with other levy components as can be seen with the prior year adjustments amounts included in this analysis.

The District's administration pays close attention to the adjustments as large swings can have a large impact on the District's total levy. For instance, the large change in Long Term Facility Maintenance revenue means that the Pay 2020 property taxes will increase by \$2 million related to the timing of construction projects that cross fiscal years (June/July) without a corresponding change in the District's financial position. In addition, tax abatements will be recognized in the accounting records of the District when they are collected.

Overall, each individual component of the general fund levy has been reviewed for reasonableness and accuracy with the corresponding formula that drives its calculation. Nothing unusual was noted.

COMMUNITY SERVICES FUND

Exhibit II is a detailed analysis of the proposed levy recommendation for the Community Services fund.

These levies are based on statewide tax rates applied to all property in the State. Statewide revenue formulas continue to generate slight increases in revenue due to current and prior district population growth. While the addition of all-day kindergarten programming reduced the need and cost of providing school age care for students with disabilities in recent years, the District opened its 9th elementary school in the 2019-2020 school year. Thus, the school age care levy amount is estimated to be \$700,000 and when combined with prior year adjustments, accounts for the majority of the \$352,007 increase.

The school board passed a resolution at its June 2019 school board meeting that revised the District's total population estimate and the state demographer has recommended using that population estimate in the Pay 2019 levy. The Community Services fund levy includes the updated population in its calculations.

DEBT SERVICE FUND

Exhibit III is a detailed analysis of the proposed levy recommendation for the Debt Service fund.

The district is required to levy 105% of scheduled principal and interest payments. The required levy includes the **current** required debt service amount.

Overall, while the Debt Service fund increased by 17.62%, the District's tax capacity increased by nearly 7%. This should minimize any tax impact of existing debt on current and future taxpayers.

SUMMARY

The proposed school tax levy represents the combined total impact, across all funds, of the legislated property tax program combined with the educational programming needs of the Wayzata Public Schools as they relate to our particular levy authority/capacity. As the state continues to refine the 40 pages of formulas that calculate this levy, it is important to note that minor changes may still occur. This year the state is allowing local school boards to simply approve a "MAXIMUM" preliminary levy certification to allow changes made until September 30th to be reflected in the parcel specific notices that will be mailed out this fall. We are recommending that the board approve the "Maximum" amount at this time. The board retains the option to reduce the amount subsequently adopted at the December 9, 2019 meeting.

TRUTH IN TAXATION LAW

Legislative Session Laws 2009 repealed the requirement to hold a separate meeting for a district's truth in taxation hearing. The public will have the opportunity to speak to the board at the regular school board meeting December 9, 2019 at 7:00 p.m.

If you have questions regarding the enclosed materials or desire additional information, please give me a call at any time at 763-745-5023.

Wayzata Public Schools
 Pay 2020 Analysis as 9-19-19 For Board of Education
 General Fund Levy -Proposed

Exhibit I

		Proposed Payable 2020 Amount	Payable 2019 Amount	Dollar Change	Percent Change
Referendum Levy Authority	*	\$ 24,781,047	\$ 27,294,535	\$ (2,513,488)	-9.21%
--- Prior year adjustments		(261,056)	33,186	(294,242)	
Local Optional (Location Equity)		10,032,561	5,721,541	4,311,020	75.35%
--- Prior year adjustments		(56,082)	(35,425)	(20,657)	
Equity Revenue		980,692	967,703	12,989	1.34%
--- Prior year adjustments		(37,627)	(7,570)	(30,057)	
Transition Revenue		16,400	15,923	477	2.99%
--- Prior year adjustments		(156)	(99)	(57)	
Technology Levy	*	7,839,550	7,343,635	495,915	6.75%
		-	-	-	
Operating Capital		1,504,947	1,523,546	(18,600)	-1.22%
Alt Teacher Compensation (Q-comp)		1,178,140	1,124,650	53,490	4.76%
Achievement & Integration (new formula)		682,519	647,224	35,294	5.45%
Reemployment (state unemployment)		5,000	25,000	(20,000)	-80.00%
Safe Schools/Crime Levy		500,335	485,791	14,544	2.99%
-- Safe schools Intermediate 287		208,473	202,413	6,060	2.99%
Ice Arena		260,000	255,000	5,000	1.96%
Career Technical		554,230	554,230	-	0.00%
Other Post-Employment Benefits(OPEB)		50,000	50,000	-	
Long Term Facility Maintenance		11,139,331	9,109,987	2,029,344	22.28%
Health and Safety		700,000	700,000	-	
Capital Facility Bonds	**	-	(600,233)	600,233	-100.00%
		-	-	-	
Lease Levy		3,597,058	3,525,337	71,721	2.03%
				-	
Abatements		214,324	442,787	(228,463)	-51.60%
Other adjustments	***	(576,118)	(704,578)	128,459	-18.23%
GENERAL FUND TOTALS		\$ 63,313,565	\$ 58,674,585	\$ 4,638,980	7.91%

* These levy components represent voter approved revenue sources indexed for inflation or student growth.

** See corresponding addition in the Debt Service fund for capital facilities bonds

*** Includes many prior levy adjustments due to more current and accurate information.

Wayzata Public Schools
 Pay 2020 Analysis as 9-19-19 For Board of Education
 Community Service Fd - Proposed

Exhibit II

	Proposed Payable 2020 Amount	Payable 2019 Amount	Dollar Change	Percent Change
Basic Levy	\$ 486,966	\$ 469,841	\$ 17,125	3.6%
Early Childhood Levy	446,034	457,839	(11,805)	-2.6%
Home Visitation Levy	10,248	8,640	1,608	18.6%
Adults with Disabilities	7,500	7,500	-	0.0%
School Age Care (before and after school for students w/disabilities	700,000	600,000	100,000	16.7%
Abatements and Prior year adjustments	237,705	(7,374)	245,079	-3323.6%
COMMUNITY SERVICE FUND TOTALS	\$ 1,888,453	\$ 1,536,446	\$ 352,007	22.91%

Wayzata Public Schools
 Pay 2020 Analysis as 9-19-19 For Board of Education
 Debt Service Fd Levy - Proposed

Exhibit III

	Proposed Payable 2020 Amount	Payable 2019 Amount	Dollar Change	Percent Change
Levy of 105% of Principal and Interest Debt Excess (Refund to taxpayers)	\$ 10,988,953 (204,724)	\$ 10,098,132 (924,906)	\$ 890,821 720,182	
Capital and Alternative Facilities Bonds Debt Excess (Refund to taxpayers)	3,908,598 (72,817)	3,425,200 (313,720)	483,398 240,903	
Abatements and Prior year adjustments	1,356	146,052	(144,697)	
DEBT SERVICE FUND TOTALS	14,621,365	12,430,758	2,190,608	17.62%



Board of Education
Special Meeting – September 24, 2019

AGENDA SECTION: Finance and Business Services

ITEM: Amendment to License Agreements

COMMENTS BY: Jim Westrum, Executive Director of Finance and Business Services

The City of Plymouth has approved the Oakwood Elementary School addition at its September 10, 2019 City Council meeting

A portion of the baseball field will become unavailable for use by the city and community when construction is set to begin on October 7, 2019.

In discussions with Wayzata Plymouth Youth Baseball Association leadership, their season ends on October 6, 2019 and the construction timing will work for the 2019 season.

The District and the City have agreed to prepare a new survey of the Oakwood site and execute an amendment to the Oakwood License Agreement that will accurately reflect the use of the Oakwood site after October 7, 2019. All other terms of the agreement will remain in effect through the end of the existing term in 2020.

The District’s legal counsel will prepare the amendment with the updated survey.

Recommended Action: Authorize the Executive Director of Finance and Business to Execute an Amendment to the Oakwood License Agreement.

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Abstentions: _____ 13 _____



Board of Education
Special Meeting – September 20, 2019

AGENDA SECTION: Adjourn

ITEM: Adjourn

COMMENTS BY: Sarah Johansen, Board Chair

This agenda item brings closure to the School Board meeting.

Recommended Action: Call the meeting to a close.

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Time of Adjournment: _____ 14 _____