
Community Bond Advisory Committee Meeting #5 - Meeting notes

May 2, 2023 5:30 dinner 6pm start

Attendees

- Molalla River School District Staff: Tony Mann, Keith McClung, Lauree Nelzen, Tony Tiano, Allison Holstein
- MRSD Board Observers - Linda Eskridge, Mitche Graf, Neal Lucht
- CBAC members - Sarah McArthur, Tom Eskridge, Mac Corthell, Dwight Mason, Michelle Goettel, Jimmy Lanahan, Sally Dillon, Kurt Brandemihl, John Meyer, Julie Bystrom, Lauren Lucht
- Absent – Ron Higginbotham, Crystal Robles

Consultants

- Cassie Hibbert /Wenaha Group
- Jeremy Wright/WPA
- Brendon Watkins/Piper Sandler

Notes

Welcome and Agenda Review/Recap of CBAC #4

- Cassie Hibbert with Wenaha Group welcomed the group, reviewed the agenda, where we are in the overall process, and ground rules. She provided a recap of CBAC meeting #4 on April 4. The full Facility Assessment report will be emailed to CBAC the week of May 15

Bond history

- Lauree Nelzen and Tony Mann presented this item. They talked about district bond efforts from 1993 to present. Presentation included bond total dollar amount, per \$1,000 cost, details of bond package, and percentage by how much the bond passed or failed. The CBAC observed that less is more, and bonds appeared to be more likely to pass if they were smaller or simpler requests. A long runway is needed to distribute information.

State of the District polling

- Jeremy Wright with Wright Public Affairs presented this item.
- Wright Public Affairs (with Patinkin Research Strategies) polled a sample of registered voters within the Molalla River School District boundaries in April 2023. The sample included 400 responses. The sample included both people with kids and people without kids. The purpose of the study was to gather information on voters' perceptions of MRSD.

- Observations included:
 - A need to focus on voters that do not have an opinion on District performance nor regularly interact with the District.
 - Polling did not show large concern about how national political hot-button topics are handled locally.
 - People want to move forward after COVID.
 - Communication – 8 in 10 parents with kids at home feel like the district is communicating with them well. The District does a good job communicating with their regular stakeholders. If a respondent did not have kids at home they were less likely to be aware of the District’s performance. This is an area that the District can improve communications.
 - Voters are getting their information from trustworthy sources, primarily neighbors and friends. The District newsletter was listed as a regular source of information.
 - Passing a bond requires meeting district priorities, community priorities, and at a cost level that the community will pay for.
- There will be another poll later about projects the CBAC is considering.
- The community has shown sensitivity to price and polling will help CBAC identify levels of price sensitivity.
- Future polling will be targeted to likely voters in May 2024 election. The list of registered voters is not the same as people who are likely to vote in a certain election.

Operations & Maintenance Budget

- Keith McClung presented this item.
- Presented overview of District’s total revenue. 4 buckets – State school fund, local property taxes, interest from investments, federal sources. Reviewed total revenue vs. total expenditures. The District is currently operating in a deficit.
- Of expenditures, instruction is the largest expense, 90% of budget supports direct classroom activities. In order to increase capital construction funds, the District would need to pull money from classrooms, both people and instruction. This would not meet the mission of the district.
- In fiscal year 2002-03, a consortium of Districts including MRSD issued bonds to minimize the exposure and risk with the District’s Public Employees Retirement System (PERS) Unfunded Actuarial Liability (UAL). This gave the District a predictable way to manage PERS expenditures throughout the years.
- The Facilities team is doing the best with what they have. The maintenance budget/expenditures have been steady over the past 5 years - 2017-2022. The spike in the chart for fiscal year 2020-21 was for the grant funding for the seismic improvements at Clarkes Elementary.
- The District has a lot of deferred maintenance due to aging buildings. Around 2016, the Board asked to double the repair maintenance budget.
- There are not available funds in the budget for large capital expenditures, due to the way Oregon sets up their school funding.

Bonds 101

- Brendon Watkins, Piper Sandler, presented this item.

- Brendon presented an overview of general obligation (GO) bonds and how property taxes work in the State of Oregon. He highlighted the difference between assessed value (AV) and real market value (RMV) property value. Properties are taxed on AV.
- A bond levy rate is measured in dollars per \$1,000 AV. This is sometimes referred to as millage – “per thousand.”
- The CBAC members were encouraged to look at their own property tax statement to see what your AV and RMV are for their property. There was a question from the CBAC about how quickly economic downturns affect property values. Brendan provided the example of the 2008 recession, which didn’t show up in negative growth rate in real market values in Molalla for 2-3 years per the chart on slide 10.
- The bond ballot language is required by law to be very specific. The CBAC is responsible for deciding on the projects, amount of bond, and bond term. The District’s consultant team, including their bond attorney, will craft the bond ballot language.
- Reviewed acceptable use of the bond proceeds. All interest earnings must be used in accordance with ballot language. 85% of bond proceeds should be spent in 3 years.
- The District currently has no capital project bonds outstanding. The District does have PERS bonds.
- The CBAC talked about interest rates, which have been historically low but have recently increased.
- For this discussion, the District requested that Piper Sandler provide scenarios of \$80 million at 20 and 25 year terms; \$100 million at 20 and 25 year terms; and \$120 million at 20, 25, and 30 year term. An additional scenario was provided of \$1.99/\$1,000 for a 30 year term. These were chosen to give the BAC an idea of a range in rates.
- The CBAC asked how do we determine which funding scenario is chosen? This will be the responsibility of the CBAC, with support from the rest of the team and community input/polling. There was discussion that there is price sensitivity in the Molalla community.
- The bond election you should go for is the one you are ready for.
- Reviewed how MRSD’s general obligation bond rate compares to other Clackamas/Marion County schools. MRSD and Gervais have no bond indebtedness. Gladstone is highest.
- Reviewed Oregon School Capital Improvement Matching (OSCIM) grant opportunities, which is matching funds from the State if you pass a bond. There is a Senate bill under consideration this summer to increase/reconfigure the OSCIM program. If the bill passes, MRSD might be eligible for \$6 million in matching funds rather than the current \$4 million.

Wrap-Up

- Due to time constraints, discussion of enrollment and growth projections were deferred to next meeting.
- Cassie requested that CBAC members fill out the notecards on the table if they have questions and give them to Cassie or Lauree.
- The CBAC asked about communication efforts and strategy. There has been a lot of work in the background. The group pulled up the MRSD Bond website (<https://molallariverschoolbond.org/>) on the projector and reviewed the information and site format, including the Frequently Asked Questions page. There will be information about the CBAC’s work in the May 12 District newsletter. The District will provide business cards to each CBAC member with a link to the bond website for use in community outreach efforts.

- Meeting adjourned at 8:27pm