



Board Special Meeting
Work Sessions: Budget, BEX V Implementation;
Executive Session: Current or Potential Litigation
December 4, 2019, 4:30 – 8:15 p.m.
Lincoln High School Library,
4400 Interlake Ave. N, Seattle, WA 98103

Minutes

Call to Order

Director Harris called the meeting to order at 4:30 pm. Directors Harris, Mack, Hersey, Rivera-Smith, DeWolf and Hampson were present. Director Rankin arrived at 4:32 pm.

Work Session: Budget

The Budget Work Session was staffed by Superintendent Denise Juneau and Chief Financial Officer JoLynn Berge.

Chief Financial Officer JoLynn Berge summarized the agenda and reviewed the possible outcomes. Ms. Berge spoke about how the general fund data is also available in the budget book every year. She explained how the general fund includes State, local levy and federal funds.

Director Hampson asked about large changes. Ms. Berge explained levy funds and how the State fully funded *McCleary*, and the policy changing to not allow Seattle Public Schools (SPS) to collect fully on the levy. Ms. Sebring spoke about other resources and the capital fund, and 2018-19 fund saving that was brought forward to help fund 2019-20.

Director Harris explained about \$1M going into each election and it coming from the board budget, which skews it.

Director Hampson asked how departments are working on 2020-21 budgets. Ms. Berge explained that for 2020-21 the plan is to maintain with a roll-over budget.

Ms. Berge spoke about expenditures by state program.

Director Rankin asked where in the programs the nurses are budgeted. Ms. Berge explained nurses are in regular instruction.

Director Harris asked how much SPS gets back from the State for transportation. Ms. Berge explained the State formula is the reimbursement of actual expenditures. SPS normally is reimbursed prior year and special education buses.

Director Mack asked if other funding sources are included in regular instruction. Ms. Berge explained Title I and Learning Assistant Program (LAP) are in compensatory education. Grants from other sources would also be included in regular instruction.

Ms. Berge summarized the expenditures by state object. Increase for certificated salaries is 10.5%. All salaries were increased.

Director Harris asked where the non-represented staff raises are. Ms. Berge explained that the amount of expenditures for this is small, less than \$1M, and that they would be spread among the programs.

Director Mack asked about the increase in employee benefits. Ms. Berge explained that when the budget was developed, the full cost of SEBB was not known. It was known there would be an increased cost, but the recommended budget is the increase of cost of SEBB and the increase in the state pass-through for benefits. The state allocation given did not cover the increase of 500 additional employees eligible for benefits. If an employee works 630 hours, they are eligible for benefits. Ms. Berge explained a two year look back on the benefits of SEBB to determine eligibility under the new rules.

Director Mack asked whether the state covers subs. Ms. Berge explained that there is no state medical funding for substitutes.

Ms. Berge explained the comparison of direct services to support services. She also reviewed the total resources per student. She explained how the school board has more control over per student amount. She noted that Middle Schools are usual the leanest, with Elementary Schools as the highest, along with non-traditional schools.

Director Mack asked for examples of schools that have higher per pupil costs. Ms. Berge used Interagency as an example, because they have higher needs and higher costs per pupil. This is common for an alternative school.

Director Rankin asked how the Weighted Staffing Standard (WSS) factors into the per pupil costs. Ms. Berge explained that this is available in the purple book with allocation per school.

Director Harris asked if low enrollment is also a factor. Ms. Berge confirmed that this is correct.

Ms. Berge gave additional information on enrollment. She explained that there was a conservative enrollment projection in 2019-20. In 2018-19 the school district's enrollment unexpectedly declined, due partially to a strong economy and high housing costs. Districts in our area in general were cautious, however, in 2019-20 enrollment went up, and the previous year is considered to be an anomaly.

Director Rivera-Smith asked why English Language Learners (ELL) and Special Ed are not included. Ms. Berge explained that those two programs can highly skew numbers and depend on program placement. Every Student Succeeds Act (ESSA) requires a per pupil expenditure in 2019-20. All costs will be prorated, including maintenance and transportation.

Ms. Berge spoke about the poverty level in SPS. The current district poverty rate is higher than that of the City of Seattle but is still falling. She reviewed the recent legislative history for consideration in the budget development. She explained legislative changes resulted in \$100M for the district. She summarized the budget development process beginning in 2017-18 to 2020-21.

Director DeWolf asked whether directors would have the possibility to advocate for our district in the upcoming legislative session. Director Mack explained that a statewide working group has been

working on how to increase prototypical model funding. Ms. Berge explained that our legislators have been very supportive, and that our voters have also been very supportive.

Director Harris encouraged her fellow Directors to call Ms. Berge to ask more questions and get more guidance as they look through the budgets.

Ms. Berge spoke about the 2018-19 general fund ending fund balance. She explained that the district has been saving money, which is reflected on the slide, and that the Board has successfully navigated through historic changes in funding. The District can spend down funds in a meaningful way.

Director Mack asked about projections for 2020-21. Ms. Sebring explained savings from the entire organization go into the ending fund balance, however, we are not refilling it as fast as we spend it, which is why a slight downward trend is seen.

Ms. Berge explained that the projected cost in 2019-20, if our special education was fully funded, would result in SPS not having a deficit. She noted that is similar for ELL funding, and that the state is not keeping up with our students' complex needs.

Director Riviera-Smith asked if SPS has looked at the state funding for Dual Language. Ms. Berge explained that Dual Language and ELL are two different things. Dual Language is not funded, and the state has not been increasing funding for our ELL students at the pace we need.

Director Harris asked if rumors of closing the bilingual center are true. Ms. Berge explained that we are continuing to review the way we fund ELL, but she knows of no plans to close the bilingual center. Ms. Codd stated there is a joint work group with the Seattle Education Association (SEA) on ELL and a 2021 contract reopener. She explained special education and ELL have separate work groups.

Ms. Berge reviewed the budget development calendar and the timeline for the upcoming year.

Director Harris asked if librarians are represented on WSS. Ms. Berge explained SEA leadership represents staff equally.

Ms. Berge spoke about how by January 29, 2020 the directors will be tasked with a final decision, which is needed for enrollment planning.

Director Harris asked when Principals and Building Leadership Teams (BLT) meet. Ms. Berge explained that the schools receive staffing allocations in March, and that the Principals have staffing planning meetings with Budget and Human Resources during that timeframe. Ms. Codd explained 2/3 of SEA staff must vote on the budget plan.

Director Mack asked when the school budget is adopted. Ms. Sebring explained that enrollment planning is done by February and provided to the schools, and that the vote happens in March.

Director Hampson asked if parents are on the WSS. Ms. Berge explained that the District works collaboratively with the bargaining groups. Community involvement happens at the BLT level.

Ms. Berge reviewed how, beginning in 2020, schools will no longer be able to pay for staff out of self help, and that the budget office will be collecting data on all funds allocated to library materials.

Director Rankin asked about formal recommendations made from a library recommendation board she sat on as a community member. Ms. Berge explained that during bargaining, an agreement was reached

to say in the gold book that funds should be allocated for library materials. These conversations need to be had at the school level. Taking libraries alone may not be fair to other areas, such as art and music. Another factor is the school under-spend, and those other choices that can be made by the schools. Even an amount as small as \$1000 can be impactful to a school.

Director Hersey asked about the under-spend and what dollars can or cannot be spent on. Ms. Berge explained that generally the under-spend is from the supplies allocation and under-spent Title I and LAP dollars. Central office staff are trying to offer support to schools to see how they can spend funds available for them.

Ms. Berge spoke about the direction of the budget for the 2020-21 year.

Director Mack asked about the 24-credit work. Ms. Berge explained that more was to come on that at the upcoming board retreat.

Ms. Berge gave a brief review of the capital budget for 2020-21. She explained that \$8M to support technology pay was agreed to in the recent collective bargaining agreement for teachers. New budget language does allow for more general fund items to be charged to capital, but there are no plans for that to happen at this time.

Work Session: BEX V Implementation

The meeting recessed at 6 p.m. and was called back to order at 6:03 p.m. by Director Mack, who chaired the BEX V Implementation Work Session.

The BEX V Implementation Work Session was staffed by Superintendent Denise Juneau, Chief Financial Officer JoLynn Berge, Chief Operations Officer Fred Podesta, and Director Capital Projects and Planning Richard Best.

Welcome/Introductions

Directors and staff introduced themselves. Mr. Podesta thanked the Board for hosting the meeting at Lincoln High School, a newly reopened school and example of the work performed by the Capital Projects department. He also recognized the generosity of the voters in supporting the levies, which provides the resources for the team's work.

Background Information

Mr. Best defined the two types of Capital Levies. Building Excellence (BEX) levies are comprised of large projects to address facilities' conditions and capacity, such as new construction or modernization. Building Technology and Academics (BTA) or Building Technology and Academics/Athletics (BTA/A) levies typically address smaller projects like roofs, boiler upgrades, and electrical services upgrades. The one exception to this distinction was in BTA IV due to critical capacity issues in the district, which required including large projects on that levy. Both BEX and BTA levies occur on six-year cycles. The levy collection period for BEX V is 2020-2025.

Mr. Best conveyed the role and make-up of the BEX Oversight Committee. This is a body of subject-matter experts, which meets monthly with the Capital Projects senior staff to provide guidance and feedback on project work. The committee started in 1995 with the inception of BEX I. It was instated as a commitment to the public to provide oversight of the levy funds and projects. Committee members are appointed every two years and includes two Board directors.

Mr. Best presented the Capital Projects organizational chart. He highlighted the roles of key district staff who work with the department but do not report to Mr. Best, such as Deborah Northern from the Department of Racial Equity Advancement and Rachel Nakanishi in the Communications department.

Directors Hampson and DeWolf spoke to the apparent absence of a Tribal liaison or similar role within the district staff working with Capital Projects. They recommended incorporating the participation of district staff and a more proactive approach to tribal consultation regarding building sites and historical significance and naming. Mr. Best reported the current process of working with consultants and architects on matters like a historical evaluation of a building site and the SEPA process, as well as the placing of murals or an Honor Circle at culturally significant sites. Superintendent Juneau confirmed that Tribal consultation is also part of current practice, and that the practices can be further developed to incorporate staff.

Mr. Best reminded the Board that BEX V received over 70% approval rating from the voters. He highlighted the prior Board's Guiding Principles for determining which projects to place on the levy. He highlighted that Board's overarching priority of Racial Equity and described how staff weighted the projects based on that value. Staff started with the Weighted Staffing Standard, because the Board was already familiar with that measure. However, in response to feedback from the Board and the community, ultimately employed Equity Tiering, which offered greater granularity when comparing project scores.

Mr. Best presented the Draft BEX V Implementation Plan. He reviewed the factors that informed the plan, such as: project rank, cash flow, and permit phasing, which is currently six to eight months in the City of Seattle.

Director Harris expressed concern for the placement of Rainier Beach High School at the end of the levy cycle. She reported that community's long articulated feelings of being ignored. She praised the decision to construct the new building while the current site is occupied. Director Harris inquired about ways to rearrange the priorities in the Implementation Plan and suggested the use of a bond to accelerate the process. Mr. Best reported the current work in progress for the Rainier Beach project – hiring the construction manager, advertising for architects, and submitting a request for General Construction/Construction Manager (GCCM) approval. The GCCM approach is significant due to the complicated nature of this project, for example, it will be a student-occupied site. The project requires two years of design and three years of construction. Capital Projects does hope to escalate the process once the contractor is on board. Mr. Best relayed the ongoing communication with the Rainier Beach community, including the community's participation in the selection of the construction manager and a recent presentation at a town hall meeting at Rainier Beach.

Director Rivera-Smith inquired about the timing for addressing capacity needs at Green Lake Elementary School. Mr. Best explained that Capital Projects staff are working with Enrollment Planning to identify potential solutions to the overcrowding at that site. Potential solutions will be presented following Open Enrollment.

Mr. Best confirmed for Director Ranking that North Beach and Wedgwood were not on BEX V. The goal is to place them on BEX VI.

Mr. Best defined the two primary procurement methods and their distinctions. Design Bid Build (DBB) is a process where contractors bid on projects and the lowest bid is awarded the contract. In the GC/CM

process a contractor is on-boarded early in the project to help assess and guide complicated projects on matters of landmarking, logistics, students on-site, site size, and phased construction.

Mr. Best described the upcoming work at Lincoln High School as seismic improvement and bringing the building up to current structural codes from the 1950 code.

Mr. Best reviewed the design phases for projects. He highlighted Deborah Northern's role in working with principals to engage voices not typically heard. The SDAT process includes the participation of school leaders, community members, and students. Director DeWolf recommended this phase as another opportunity to engage Tribal Nations.

Mr. Best highlighted when, in the various processes, construction projects come before the Board for approvals. Director DeWolf inquired about where a Student and Community Workforce Agreement would appear in the processes. Mr. Podesta explained that it would be in several years and related to construction contracts.

Mr. Best presented current construction phases for BEX V projects. Regarding smaller projects, Director Rankin asked about incorporating the addition of ADA accessibility on those works. Mr. Best confirmed that the smaller projects are where those updates will be made.

Director DeWolf referenced a budget conversation about a Capital Projects underspend of \$7.3M. He inquired about how the district can support the work of the Green Resolution financially. Mr. Best reported that Capital Projects is reviewing strategies to reduce the district's carbon footprint, for example, the BEX IV large projects are essentially net zero, with the placement of solar panels. He added that while there are not funds in BEX V for making all schools solar ready, that it is a goal of the district.

Mr. Best reported that a 2012 structural survey sorted the schools into different priorities of need for seismic improvements. Of the 50 schools identified as Priority I, 20 have been upgraded. The remaining 30 sites will be addressed over the next two summers. The district is also working with the city regarding unreinforced brick at school buildings.

Mr. Best acknowledged the disparity of safe and well-equipped playgrounds. He conveyed the plan for refurbishing playgrounds throughout the district. One of the intentions for BTA V is to initiate a cycle for refreshing each playground every twelve years. The refresh cycle would address more than repainting and could include equipment and surfaces.

Mr. Best described the two types of legislative funds that Capital Projects receives. The School Construction Assistance Program (SCAP) is anticipated to contribute up to \$20M. The Distressed School Grants are another source, which the district applies for.

Mr. Best conveyed that Capital Projects submits to the city's Landmarks process for every site that is 25 years of age and older.

Mr. Best confirmed for the Board that Capital Projects did discuss a property exchange with Seattle Parks and Recreation for the project at Mercer Middle School. The city was not interested in the exchange. Capital Projects also examined phasing the work at Mercer, with the students on-site, and learned that while it is possible, it would be a complicated approach and cost a 15% premium.

Mr. Best informed the Board that Capital Projects is actively learning about the needs of students experiencing homelessness and how school buildings could meet some of those needs. On December 10, the department is hosting an all-day workshop about the physical, social, and emotional needs of these students. Director DeWolf requested an update on that event in the Friday Memo to the Board.

Mr. Best presented the draft cashflow for BEX V and highlighted the levy collection dates.

BEX V Technology Plan Investments

Ms. Berge reminded the Board that the Department of Technology Services (DOTS) spends its portion of the levy funds within the first three years of the six-year levy. This is different from Capital Projects use of the funds throughout the six years.

Ms. Berge presented a high-level view of the categories of DOTS expenditures. The three categories are Student Learning and Support, District Systems and Data, and Infrastructure and Security.

DOTS spending represents \$151,698,000 of the \$1.4B levy. Ms. Berge noted that the complete implementation plan for technology can be found on the district website. She confirmed that the Board will receive annual updates of the progress of projects and that they will come through the Board Operations Committee as part of the Capital Budget conversation.

BEX V Communications

Mr. Best referred to the BEX V Communications Plan, which was developed by Chief of Public Affairs Carri Campbell. He conveyed the focus on communicating the promises the district has made to voters and is keeping, to demonstrate the good stewardship of tax dollars. New in this plan is the use of social media and additions to existing newsletters and websites. For example, the district is sharing monthly articles from Capital Projects and is adding new points of celebration like groundbreaking ceremonies.

BEX V Next Steps

Mr. Best listed the next steps for Capital Projects work on BEX V projects as establishing contracts for construction managers as well as architect and engineering firms. Applications are also being submitted to the Capital Project Advisory Review Board (CPARB), the third-party entity that approves GC/CM construction. He noted that the prior Board appreciated the value of the third-party approvals.

Board Questions and Discussion

Director Hampson asked about the plans for work on Memorial Stadium. Mr. Best reported that in a recent facilities conditions' assessment, the stadium received the lowest score and is in the worst condition of district sites. There is an ongoing project to evaluate solutions for Memorial Stadium.

Director Hampson reported inequitable access to swimming pools, fields, and courts through the Joint Use Agreements with the city. She plans to discuss the matter further with Mr. Best outside of this meeting.

Director Harris inquired if bonds may be a way to move critical projects forward faster and bypass the pacing set by cashflow. Mr. Best reported that the City of Seattle is one of the busiest construction markets in the nation. He noted that the district had several projects with only one bidder, and one project with no bidders. He expressed concern that the labor may not be available, even if the funds were. Ms. Berge suggested that another approach might be changing the scope and feel of what BTA is, such that it might not be limited to a particular dollar amount or type of project.

Mr. Podesta confirmed that the district continues to look for property for bus use.

Director Harris challenged the district to “think outside of the box” with reference to mixed use buildings, family-wage housing on top of school, or a lottery system for housing new teachers at those sites. Mr. Best reported that Capital Projects does examine height restrictions and how to maximize the value of a building. For example, if the school is 60 feet tall and the allowance is 95 feet, then there’s an opportunity there.

Mr. Podesta acknowledged that downtown is a growing community that doesn’t have a school. Director DeWolf referred to recent decisions in San Francisco regarding a downtown site and suggested collaborating with them regarding that work.

Director Mack thanked Capital Projects for its work. Director Harris thanked the staff a Lincoln High School.

Executive Session:

To discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency

At 7:21 p.m., Director Harris announced that the Board was immediately recessing the Board Special meeting and would be recessing into executive session to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency, and that the session was scheduled for approximately 30 minutes, with an anticipated end time of 8:10 p.m.

Director Harris called the executive session to order at 7:35 p.m.

Directors Harris, Hersey, Rankin, Rivera-Smith, DeWolf, Mack, and Hampson were present for the executive session. Chief Legal Counsel Greg Narver and Deputy General Counsel John Cerqui were present.

At 8:10 p.m., Director Harris recessed out of the executive session.

Adjourn

The Board Special meeting reconvened at 8:10 p.m. and there being no further business to come before the Board, Director Harris adjourned the meeting at 8:10 p.m.