

**Long Range Facility Master  
Planning Committee**

**Final Recommendations**

**April 12, 2017**



**North Santiam School District**

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To the Members of the Long Range Facility Master Planning Committee:

On behalf of the NSSD School Board, the employees of the District, and the students and families of the community, I would like to extend our heartfelt appreciation for the work that you have engaged in over the past few months. I was impressed and appreciative of the manner in which you engaged in the work. Through it all, I had a clear sense that your questions and comments were insightful and reflected a deep engagement in the work.

While the group did not recommend an immediate construction bond, there is great value in the work that was accomplished. Through your representation, our communities developed a better understanding of the impacts that our new housing developments will have on our school systems. In a very real sense, we now have an understanding of where we currently stand, and where we are likely to go in the coming years. The real world, of course, may not conform to our predictions, but because we have made them, we can now watch the situation with far greater precision. This is the very core of what consistent planning allows us to do.

Perhaps the greatest strength of this committee is its roots in the broader community. I cannot emphasize how easy it was for me to see that you individually cared about our schools and the students in them, but it was also just as important that you reflected community perceptions about value and cost.

Finally, whenever the District puts together a committee, our greatest hope is that the individuals present will operate in a spirit of inquiry and learning, as well as engage with each other in a thoughtful way. To that end, you confirmed again what a great group of people you are, and we appreciate your time with us.

Sincerely

Andy Gardner

NSSD Superintendent

**North Santiam School District 29J**  
**Long Range Facilities Master Planning Committee**

Committee Members

Darren Goin, Chairman

Damian Centanni, Vice Chairman

Priscilla Glidewell

Randy Cranston

Melanie Stigen

Ron Adams

Alan Kingsley

Tom Lulay

Karen Odenthal

Alisha Oliver

Jim Reed

Wayne Houghtaling

Dan Fleishman

Gene Ditter

Scott Knox

Jim Kingsbury

## **Overview**

The North Santiam School District convened the Long Range Facility Master Planning Committee this winter in keeping with its long-range planning calendar for facilities. The district plans to convene a committee every five years in order to continually keep its facility needs and plans as updated as possible. The last committee, in 2011-12, submitted a plan for a school construction bond that passed a bond of \$22.85 million in November of 2012. The 2016-17 committee was again presented with similar information about bond costs, population projections, building capacities, and maintenance and facility needs.

The committee this year has met during a time of change in the local communities. Since 2008, there has been little development activity within the district's boundaries, with less than 20 homes per year permitted for construction; in addition, no multi-family structures have been permitted since 2010. However, in the summer and fall of 2016, three new developments have been planned, two in Stayton and one in Sublimity. A major concern for committee members was the impact that these developments would have on the local public schools.

### **NSSD Long-Range Planning Process**

As discussed above, the district will continue to conduct facility planning on a five-year cycle. The next formal planning process will take place during the 2021-22 school year, and will again base its information on the components of ORS 195.110. The recommendations of this committee, and the information shared with the committee, respond to the components listed below.

### **ORS 195.110**

Following are the components of planning as called for in the Oregon Revised Statutes. It is important to note that this is required only of "Large Districts" of over 2500 students. The North Santiam School District currently has 2326 students, and is therefore not legally subject to the requirements. However, the district believes that the components form the basis of good school facility planning and create a solid foundation for planning.

(5)(a) The school facility plan must cover a period of at least 10 years and must include, but need not be limited to, the following elements:

- (A) Population projections by school age group.
- (B) Identification by the city or county and by the large school district of desirable school sites.
- (C) Descriptions of physical improvements needed in existing schools to meet the minimum standards of the large school district.
- (D) Financial plans to meet school facility needs, including an analysis of available tools to ensure facility needs are met.
- (E) An analysis of:
  - (i) The alternatives to new school construction and major renovation; and
  - (ii) Measures to increase the efficient use of school sites including, but not limited to, multiple-story buildings and multipurpose use of sites.
- (F) Ten-year capital improvement plans.
- (G) Site acquisition schedules and programs.

### **Fiscal Projections and Current District Bond Costs**

The committee received information from Carol Samuels, Managing Director of Piper Jaffray of Portland. In her presentation, she discussed the NSSD's current tax rates, and what level of funds would be available for a bond at different price per thousand levels.

The NSSD's current construction bond tax rate per thousand dollars of assessed value is \$1.17 in 2017. This is projected to decline over time, but not substantially. It is important to note that this rate is separate from the "Permanent" property tax rate, which was set in the early 1990's and funds local schools districts' annual operating costs in conjunction with the State of Oregon's General Fund. The "Permanent" rate is set at \$4.39 per thousand and has changed since the early 1990's.

Piper Jaffray did not include the new developments in Stayton and Sublimity in these projections, nor did they speculate what their impacts will be on the overall

tax base. Total assessed property value (not market value) of all taxable real estate in the district has a value of \$1,313,034,941. While 180 new homes will lower the bond rate, they will not make a significant impact on the assessed total value amount.

In the presentation, Carol presented on the amount that could be raised at both \$1.25 and \$1.50 per thousand. These would be an increase over the current rate of \$1.17. She presented them both with a 20-year payoff and with a 30-year payoff. \$1.25 per thousand at 20 years would yield \$7,193,974; a 30-year payoff would yield \$15,136,118. Similarly, \$1.50 per thousand would yield \$12,685,404 with a twenty-year scenario, while a 30-year would yield \$22,215,352.

Carol presented on the general success rate of school bond elections in Oregon. Between 2000 and 2016, 53% of school bond elections have been successful. May elections tend to be the most successful, with 58.7% passing since 2010, while November elections have passed at a 43.6% rate since 2010.

Currently there is a matching bond fund available through the State Department of Education, which was created for the 2015-17 biennium by Senate Bill 447. This law, which matches bond funds for a total of between \$4 million and \$8 million per district which qualifies, is at this point not a realistic possibility for the NSSD, as it ranks the district 128<sup>th</sup> of 190 or so districts in terms of priority.

The district, as part of its long-range plan, will continue to monitor the overall cost per thousand that the construction bond costs voters, with a concern for continuity. Should growth begin to impact the cost per thousand, this will be a factor in the committee's decisions in the long-term about the advisability of a second construction bond.

### **Population Projections, Portland State University**

As part of the committee's work, the district contracts with Portland State University to do a school population forecast. These rely on demographic information and projections for the region as well as the actual count of live births to addresses within the district's boundaries.

Portland State University, in their methodology, gave three different population trend possibilities, a Low Series, a Mid-Range Series, and a High Series. The survey also incorporated into its estimates the three new developments that are either

under way or in the planning stage in Stayton and Sublimity (48 new homes in Wildlife Meadows just east of SMS in Stayton, 50 new homes in Hayden Homes just west of SMS in Stayton, and 92 new homes with additional multi-family units in the Hassler Subdivision in Sublimity.)

These new homes have created a great deal of concern in the communities, not least because of their feared impact on the capacity of local schools. PSU's estimates at the Mid-Range numbers do not indicate an immediate increase in school populations. There are several reasons for this, which are included in the report:

- A decline in the number of households that have school-aged children, which fell from 40 percent in 1990 to 33 percent in 2010.
- A decline in the district's total student population from 2010-2016. District total enrollment was 2468 in 2010-11, and has dropped to 2326 in 2016.
- The district's Mid-Series enrollment forecast estimates an increase within the next five years (through 2021-22) of 4% or 97 students across all district schools.

### **Populations vs. School Capacities**

The Mid-Range Series, as the most likely scenario, was broken down by PSU into specific school populations. These were then compared to existing NSSD school capacities. These building capacities were calculated by using a simple methodology of 25 students for stick-built classrooms (usually larger) and 20 students for portable classrooms (usually slightly smaller). These capacities were then shown against the Mid-Range Series for the years 2017-18 to 2021-22. (See PowerPoint "Building Capacities vs. Mid-Range Series Projections 2016-22 in Appendix 02.08.17). In summary, no building exceeds the capacities as calculated above within the next five years, assuming that school populations remain at or below the mid-range series estimates.

The committee did express interest in common space and school square footage such as hallways and cafeteria space that also played into the overall quality of a school. The district provided information to the committee on the total square feet per student as well, and this information is included in the Appendix. The data indicated that the district's schools did not tend to meet the median square

foot per student of schools across the country, mostly due to the age of the buildings in the district. Sublimity School was distinctive in its exceptionally small square foot per student ratio. (See graph on NSSD Square Feet Per Student vs. National Median 2015 in Appendix 02.22.17)

### **Inter-District Transfers**

The committee was presented a handout at the March 8 meeting showing the number of transfers into Sublimity School. Sublimity School (a K-8 configuration) has the most significant body of transfer students in the district. This is also where almost 100 new homes are planned in the Hassler Subdivision. Currently, in the 2016-17 school year, there are 77 transfers into Sublimity School from other school areas in the district. The district last year began to limit the number of these transfers in anticipation of the new development, and will continue to maintain a smaller number of transfers into the school. It is worth noting that to return Sublimity transfers to Stayton Middle School will simply move that building very near its existing capacity, and is much like squeezing a balloon; the pressure simply moves to another building. Should the district's enrollment begin to exceed the "Mid-Range" projection, SMS and Sublimity's capacity will likely be the first place where crowding will have an impact. A graph showing Sublimity Intra-District Transfers by grade is in Appendix 02.22.17.

### **Alternatives to New Construction**

In both the 2011-12 and 2016-17 LRFMP Committees, the concept of Portable classrooms was discussed. The district currently has many of these building types in use, of various ages and in a variety of conditions.

The advantages of portable classrooms were generally agreed to be their affordability. A quote was submitted from Modern Building Systems and is in the appendix. This was compared to the current pricing for stick-built (permanent) construction of \$285 per square foot.

The disadvantages discussed by the group were the quality of construction and longevity of portable classrooms, the presentation or street appeal, the increased costs of maintaining less sturdy construction and the smaller size of each individual classroom.



New construction of permanent classrooms, when possible, was the preferred choice of the committee. This reflects the sentiments of the 2011-12 committee. However, this is not without its own challenges. First, to simply eliminate a portable and replace it with an equal number of new permanent classrooms does not significantly increase the capacity of the school district. Second, new construction which would allow such replacement can only reasonably be contemplated in a construction bond.

### **Construction Excise Tax, District Operation & Reserves**

The Committee also was provided information regarding the district's fiscal assets which it could use to deal with facility needs as an alternative to asking voters for a bond.

Business Manager Jane Nofziger shared the district's current reserves and general financial picture. While the district has several reserve accounts with a total of \$3.3 million in assets, the vast majority of these are predicted to be necessary to maintain school operations over the next 6-10 years as the district, like all Oregon school districts, responds to the funding needs of the Public Employee Retirement System. The North Santiam School District has healthy reserves when compared with most school districts in the State, and yet those reserves—even if spent in full—could not afford more than a very modest construction project.

The State of Oregon passed legislation in the 2000's which enabled local school districts to levy a Construction Excise Tax. This tax was created to assist districts who faced enrollment growth to provide facilities in the absence of a construction bond. Through this law, the District has enacted a Construction Excise Tax of \$1.23 per square foot of new construction, which is collected when the permit is issued for each new home. This fund will grow as the new developments are built, but the amount is not sufficient for permanently-constructed classrooms. It is conservatively estimated that the new developments could create revenue into this fund of approximately \$425,000. It is important to note that these funds are a one-time source at the time that a new structure is built, and do not continue to provide a revenue source for the district.

## **Safety and Security Recommendations**

The committee reviewed information presented by Gary Rychard, the NSSD Director of Safety and Security. He provided a list of security measures proposed at each school campus, including perimeter access control card systems, security cameras and monitors, additional parking lot lighting, and new doors. Total cost presented was approximately \$331,000. The items on the list would be considered capital projects for consideration in a construction bond.

## **Maintenance Recommendations**

The district heard presentations from Mike Miller, NSSD Maintenance and Facility Director. The focus of the information was on continued maintenance needs within the district that were not addressed in the 2012 bond. That bond was able to significantly improve the condition of the district's schools in areas such as heating, air handling and placing most buildings under 30-year roofs. Some work remains. Many of the maintenance needs presented do not rise to the level of a capital project, and could be addressed through the annual maintenance budget. The list did include many items that due to the sheer cost would need to be planned and addressed through a construction bond proposal. (Presentation "Maintenance Needs" in Appendix 2.22.17)

The list presented was an updated list from a previous list created in 2011-12 by GLASS Architects. The old list was reviewed, but is now outdated due to changes in the scope of projects. In addition, some work was completed during the 2012 bond. All project costs from that list are now no longer valid due to increased construction prices since that time.

The committee recommends that the district sort the projects into two categories, Maintenance Projects and Capital Projects. Essentially, those projects that could possibly be addressed within the annual budget (Maintenance Projects) should be prioritized and accomplished as time, resources and creative options like grants would allow. Those needs that are too expensive to accomplish from the general maintenance budget would be placed on a prioritized list of Capital Projects to be considered as items for a future bond proposal. These lists will be prepared by June 1, 2017 and disseminated to the committee members and placed in the LRFMP Appendix.

## Seismic

The committee was made aware of two Seismic Grants that the district has submitted to the State Department of Education. The first grant addresses the seismic retrofit of the Sublimity Middle School building; the second grant is a proposed seismic retrofit of the Industrial Arts building at Stayton High School. These projects were originally part of the 2012 construction bond, but were eliminated due to the cost increases that occurred in 2013 and 2014. The district expects to be notified by approximately May 1, 2017 as to whether either project will be awarded, but due to the late award timeline the district will plan for the work to be done during the summer of 2018.

## Purchasing Property

While the committee did not specifically address the topic, given that the population forecast and current building capacities do not yet indicate the need for a new school site, the district will continue to monitor developments and growth within the next five years. Should the trend of development and city expansion continue, it is possible that the district may look to purchase a tract of land through a traditional mortgage (not in a bond).

There are a number of factors to consider here. First, school districts who are adept at facility planning generally try to purchase land between 10 and fifteen years prior to possible school construction. This allows them the freedom to negotiate and get the best value for a piece of property, because they are simply buyers in the market that can pursue multiple options. Districts which attempt to designate a single piece of property for purchase in a bond often find that it is very expensive, because the sellers gain market leverage. The district would need to work closely with the cities involved to identify properties that would best allow schools to meet the demands of future growth.

## Recommendations

**After reviewing the data, the committee does not at this time recommend a major construction bond. Given that school capacities in the mid-range do not take the buildings over their capacities in the next five years, a bond at this time that would incorporate significant new construction to increase capacities is not immediately called for.**

However, while the 5-year interval for facility planning cycle sets a strong procedural basis for on-going facility planning, it also creates a five-year period of “down time”, which may not adequately respond to growth that occurs within those years. The district’s cities are seeing new development, and may see even more within the next two or three years.

Therefore, there are several caveats to this recommendation:

First, this assumption rests on the accuracy of the population forecast and its underlying data. The 2011-12 forecast as well as the 2006 forecast conducted by PSU were not entirely accurate, and given the complexities and sheer number of variables being considered, it is probably safe to say that the 2016 forecast (Mid-Range Series) will not be 100 percent accurate either.

Second, while the new homes in the three developments considered in the forecast may not see a high rate of school-age families, it is possible that families may move in to area homes vacated as people move to more upscale homes in the developments.

For these reasons, the district should continue to monitor and update the committee members over the next few years to check for changes or variations to the projections. A meeting of the LRFMP committee should be called to review and discuss significant increases in student population (Mid-Series) projections within a reasonable period of time after they are known. The district should continue to work closely with the Cities of Stayton and Sublimity to monitor new developments as well, including even the actual visiting of new homes to meet new homeowners, in order to get an early sense if PSU’s projections match the actual number of students generated by the new homes. Finally, the district should continue to monitor the bond rate per \$1000, and share with the committee at annual intervals the impacts of new developments on the tax rate. The committee discussed specific triggers that would call for the group to reconvene, but the variables made such a hard-and-fast approach problematic. The District will monitor the data points discussed above and regularly communicate with committee members, which could lead to a general meeting to discuss.

Should school populations begin to show a rate of increase above the mid-range projections, the committee recommends retaining an architect to engage in

**conceptual planning and costing capital projects with the intent of expanding existing school capacities, particularly at Stayton Middle School, Stayton High School and Sublimity School. While Mari-Linn School and Stayton Elementary School at present have room for more students, the three aforementioned schools are closer to capacity, and would be the schools where increased student populations would create crowding at the earliest time.**