

**MINUTES**

Special Meeting of the

**BOARD OF DIRECTORS**

Corvallis School District 509J  
 1555 SW 35<sup>th</sup> Street  
 Corvallis, OR 97333

**NOTE: THESE MINUTES ARE UNADOPTED; THEY ARE SCHEDULED FOR ADOPTION BY THE BOARD AT ITS 11/6/06 MEETING.**

**I. CALL TO ORDER AND ROLL CALL**

Chair O'Malley called the meeting to order at 6:37 p.m. in the Central Office Board Room, 1555 SW 35<sup>th</sup> Street, Corvallis. The secretary recorded those present as listed below.

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| <p><u>BOARD MEMBERS PRESENT</u><br/>                 Nell O'Malley, Chair<br/>                 Kari Rieck, Vice Chair<br/>                 Helen Higgins<br/>                 Blake Rodman<br/>                 Matt Donohue<br/>                 Donna Keim<br/>                 Sara Gelser (joined meeting at 7:05)</p> | <p><u>EXECUTIVE STAFF PRESENT</u><br/>                 Dawn Tarzian, Superintendent<br/>                 Jim Hogeboom, Assistant Superintendent<br/>                 Mary McKay, Student Services Director<br/>                 Jeanne Holmes, Human Resources Director<br/>                 Fred Wright, Auxiliary Services Director<br/>                 Kathy Rodeman, Business Services Director<br/>                 Fred Kane, Corvallis Public Schools Foundation Director</p> <p><u>PRINCIPALS PRESENT</u><br/>                 Gerry Kosanovic, Wilson Elementary<br/>                 Mike Strowbridge, Franklin K-8<br/>                 Bryan Traylor, Mt. View Elementary<br/>                 Dawn Corliss, Cheldelin Middle School</p> |
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A quorum was present and due notice had been published.

**II. PLEDGE OF ALLEGIANCE**

Chair O'Malley led the group in the pledge of allegiance.

**III. PUBLIC TESTIMONY**

Lizbeth Meuneer, Deer Run, Corvallis, spoke to her knowledge of Ashbrook Independent School families who are on the waiting list to enter Franklin K-8. Her oldest has been admitted and she hopes

that her other two at Ashbrook will also be admitted. She sees Franklin K-8 as an acceptable alternative to Ashbrook.

#### **IV. SCENARIOS FOR CHS (CORVALLIS HIGH SCHOOL) MASTER PLAN AND FRANKLIN SCHOOL - STAFF REPORT AND BOARD DISCUSSION**

##### **A. CONTEXT**

Superintendent Tarzian provided the introduction and background for the topic. She stated that the Board would be hearing her three recommendations based upon input from her executive team. The team used Program and Resource Review (PR2) Committee data and community input regarding the future of Franklin K-8 school as it is a factor in the completion of the CHS Master Plan. The scenarios are not ranked and pros and cons of each are listed. The Board can narrow them or suggest alternatives taking into account public testimony that has been planned through next week. She stated that four themes guided the thinking in the selection of the scenarios:

- PR2 Committee work including District revenue and forecast, capacity and number of schools the District is operating, community input etc.
- Former work done in the District over the last five years (Long-Range Facilities Master Plan, capital bond committee, Equity Committee, K-8/Middle School Subcommittee, and hours of board deliberations using that information)
- Fiscal Responsibility to provide consistent affordable educational experience
- Educational experience of the executive team, locally and through research

Human Resources Director Jeanne Holmes drew attention to the order in which staff would make their presentations over the planned 90 minutes:

- A. Context
- B. Information – Staff department directors would present information requested by Board at its April 25 meeting.
- C. Questions and Answers
- D. Recommended Scenarios
- E. Non-Recommended Scenarios
- F. Questions and Answers
- G. Next Steps

##### **B. INFORMATION**

###### **1. FINANCIAL**

Business Services Director Rodeman spoke to the District's financial picture and the impact of PERS (Public Employees Retirement System) rates. She reported that on April 27 the PERS board met, making changes to rates and decisions. Due to those changes, the District's financial forecast has

improved, pushing its expected shortfall to 2009-10. This brighter forecast does not provide for improvements in education but rather the ability to maintain it.

In response to a question at last week's meeting, the Board was provided a copy of the District's 2002 general obligation bond as was described in the voter's pamphlet as well as a graphic that was distributed at the time illustrating where the funds would be allocated. (See Supplemental Item #IV-40 in the Official 2005-06 Board Minutes.) She added that the State constitution and federal tax law define how the money can be used. It cannot be for maintenance but rather to fund capital improvements. She stated that until one requests bids it is not a certainty how much to allocate for each item. Some items were less, some more than estimated. The literature the District distributed showed money allotted to all schools except Harding. If the Board chooses to use some of this bond money for Harding, it could be "iffy." The Long-Range Facilities Master Plan would have to be re-adopted with the changes reflected. It might take a court decision to decide if the District has the ability to spend the money differently than described.

## 2. FACILITIES

Auxiliary Services Director Fred Wright provided an overview of his written information which spoke to Board questions regarding remaining un-allocated bond dollars, bond dollars that would remain after implementation of each of the four recommended scenarios, costs to complete the CHS Master Plan at the Franklin site in 2006 dollars, costs associated with upgrading and transitioning students to the Harding site, and the dollar amount (utilities) to maintain Harding if it were to be closed. He also outlined how the District is or could deviate from the Long-Range Facilities Master Plan (LRFMP) per Board approval due to remaining bond funds and the closure of one school. (See Supplemental Item #VII-29 in the Official 2005-06 Board Minutes.) He also reviewed Phases II and III of the LRFMP which were intended to begin five years after the completion of Phase I, which is imminent. (See the LRFMP in Section VII of the Official 2001-02 Board Minutes under the date of June 24, 2002.)

Director Gelser joined the meeting at 7:05 p.m.

Mr. Wright concluded his presentation by relating that at the time the LRFMP was created its authors knew that the District had decreasing enrollment and its focus was the replacement of aging facilities. New information since that time is the potential growth around Adair Village. Adair City Manager Jim Minyard stated he is expecting 700 single-family homes by 2010 and there is talk of creating an elementary school, which could affect Mt. View Elementary enrollment. There are 300 homes in Adair Village now.

## 3. EDUCATION

Assistant Superintendent Hogeboom informed that the differences between Franklin K-8 and Lincoln K-8 would be better answered after early summer meetings are held to define Lincoln's program.

He highlighted the supporting ideas in his paper "Merging our Two High Schools is Bad Educational Policy." (See Supplemental Item #VII-30 in the Official 2005-06 Board Minutes.)

### C. QUESTION AND ANSWER

Student Services Director Mary McKay facilitated the question and answer period with Human Resources Director Jeanne Holmes recording questions that needed time and information outside of the meeting to be answered.

### D. RECOMMENDED SCENARIOS

Assistant Superintendent Hogeboom orally reviewed the "Recommended Scenarios" document including the assumptions and the pros and cons of each of the three recommended scenarios. (See Supplemental Item # VII-31 in the Official 2005-06 Board Minutes.)

### E. NON-RECOMMENDED SCENARIOS

Student Services Director McKay reviewed the "Scenarios Considered but Not Recommended" document including the pros and cons on each of the four. (See Supplemental Item # VII-32 in the Official 2005-06 Board Minutes.)

### F. QUESTIONS AND ANSWERS

The Board used this second opportunity to air broader questions regarding the proposed scenarios and non-recommendations and their relationships to capacity, K-8 versus middle schools, school sizes, growth or redistribution of Franklin K-8, resulting enrollment shifts of implementing scenarios, unlikelihood of increasing enrollment of out-of-District students with Franklin expansion, funds needing to be expended to revamp schools for different grade levels than designed for, providing options for south Corvallis, non-direct statement of values imbedded in scenarios and the focus of a magnet school.

### G. NEXT STEPS

In response to Director Gelser's voiced expectation of receiving recommendations from the superintendent and questioning whether the superintendent equally supported all the "Recommended Scenarios," Superintendent Tarzian stated that all three of the scenarios could be implemented in an educationally sound way that would look agreeable in ten years looking back. In choosing the scenarios she stated they considered finances and enrollment balanced with the impact to students and educational concerns. They see the recommended scenarios as having some positive energy and receptiveness. She stated that she would prefer the community provide input prior to June 6 rather than her rank the scenarios. She added that it is complex to run a system that changes on a month to month basis. She would like to keep all of the District's programs, but resources do not allow. She asked that the Board be a partner in the decisions.

At 8:37 p.m. Chair O'Malley called a five-minute break. The meeting resumed at 8:45 p.m.

## **V. COMMENT CORNER ANNOUNCEMENT**

Chair O'Malley announced that there would be a community Comment Corner at the public library on Saturday from ten to noon. Two to three Board members will be present at this and several more in the coming weeks.

## **VI. LOCAL OPTION LEVY REPORT**

Business Services Director Kathy Rodeman stated that this is the first year as Business Manager that she has been able to give really good news. She provided the Board an improved 10-year forecast, citing recent changes made by the Public Employees Retirement System (PERS) board as the most significant factor. (See Supplemental Item # VI-3 of the Official 2005-06 Minutes.) She informed that a successful November 2006 local option levy could actually begin to return cut services as well as address deficits expected during the levy's 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> years (2009/10 – 2011-12). She said it is hard to imagine the governor's \$6 billion proposal passing; but if so, it would increase funding even more and make possible the restoration of services that had existed when she first starting working at the District such as counseling and lowered class sizes.

Ms. Rodeman noted that 85-90% of the general fund operating budget is spent on people in a typical year and cited the following three PERS changes as having a beneficial effect on employee costs and therefore to the District's 10-year financial forecast.

1. Deployment of PERS reserves and creating a reserve for rate fluctuations for Tier 1 employees, expecting to save employers 1.2% on rates on an on-going basis.
2. Changing the way PERS actuarially values their assets, expecting to save employers 3.2%.
3. Moving from a smoothing system intended to cushion any rate changes by spreading them over four years to a rate collar system stating rates could not change more or less than a certain percentage. That will save the District about 3.2% to 3.3%.

PERS expenditures will now represent nearer to one-fifth as opposed to one-third of employee costs. Ms. Rodeman feels these are very long-term changes and has confidence in them though she feels less so in regard to the changes in the asset valuation method.

Though the discussion of what services could be funded with the local option levy would be held during the upcoming budget process, Ms. Rodeman suggested thinking of funding services that could be sustained during the entire five years of the levy. In this way, the District could avoid a yo-yo effect of, for example, hiring additional teachers to lower class sizes and then removing them the next year due to lack of funding.

Director Gelser referenced the planned idea of structuring an add-back list, determining the cost and subsequent rate that would support that.

## **VII. COMMUNICATION PLAN**

Director Gelser stated that she and Directors Donohue and Keim composed and edited the distributed draft “Communications Plan Committee Recommendations for Strategies for May/June 2006.” Board members offered few changes and sought minor clarifications to the document. At Chair O'Malley's request Director Gelser agreed to send the document and “Board Message for May/June 2006” out to members electronically for feedback. Superintendent Tarzian expressed the importance of knowing whether the Board supports the plan. She stated she would provide her feedback as well.

## **VIII. ADJOURN**

Being no further business, Chair O'Malley adjourned the meeting at 9:32 p.m.

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Kari Rieck, Chair\*

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Dawn Tarzian, Superintendent

\*Chair at the time the minutes were submitted for adoption.

Prepared by Jolene Shute

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