

A SPECIAL MEETING OF  
THE KENOSHA UNIFIED SCHOOL BOARD  
HELD MAY 21, 2013

A special meeting of the Kenosha Unified School Board was held on Tuesday, May 21, 2013, at 4:00 P.M. in the Board Meeting Room at the Educational Support Center. The purpose of the meeting was for Discussion on the Energy Efficiency and Security Project Proposal and Discussion on the Budget Process.

The meeting was called to order at 4:02 P.M. with the following members present: Mrs. Taube, Mr. Flood, Mr. Nuzzo, Mrs. Snyder, Mrs. Coleman, Mr. Bryan, and Ms. Stevens. Dr. Hancock was also present.

Ms. Stevens, President, opened the meeting by announcing that this was a special meeting of the School Board of the Kenosha Unified School District No. 1. Notice of this special meeting was given to the public by forwarding a copy of the notice to all requesting radio stations and newspapers.

Mr. Patrick Finnemore, Director of Facilities, presented the following information pertaining to the Energy Efficiency and Security Project Proposal submitted by Mr. Finnemore; Mrs. Tina Schmitz, Chief Financial Officer; Mrs. Sheronda Glass, Executive Director of Business Services; and Dr. Hancock, excerpts follow:

“2011 Wisconsin Act 32

2009 Wisconsin Act 28 was developed with the intent to provide a mechanism for school districts to fund quick payback energy efficiency projects outside their revenue limit and use the energy savings to “pay back” the funds used for the capital improvement. In almost all cases the projects implemented as a result of Act 28 were small (under \$100,000) projects with paybacks in the range of less than 2 years. 2011 Wisconsin Act 32 modified the law to include payment of debt service on bonds issued to finance the energy efficiency projects provided:

- The projects result in energy or operational cost reductions or avoidance,
- The projects are completed through the use of a performance contract as governed by State Statute 66.0133, and
- The bonds or notes used to finance the project are issued for periods not exceeding 20 years.

The original law was focused generally around smaller school districts that could not fund the smaller energy efficiency projects that KUSD implements every year. The change in the law provides an opportunity for KUSD to implement large energy efficiency projects that we would not otherwise be able to fund and/or projects that would not be funded for many years in a one or two year window.

Identification of Schools

In identifying schools to include for energy efficiency improvements, we selected the eight lowest EPA Energy Star Rated schools in the District and the only schools with a rating lower than 70. These schools and their Energy Star Ratings are:

- Bose – 68
- Forest Park – 48

- Grant – 64
- Grewenow – 53
- Harvey – 59
- Jeffery – 62
- Roosevelt – 64
- Vernon – 39

We decided to add Jefferson Elementary to the mix of schools because it is a sister school of Grant and the two schools have similar problems that can be corrected. Jefferson does have a different layout and a smaller footprint which helps with its Energy Star rating of 76.

#### Identification of Projects

Once the schools were identified, we reviewed all of our capital project, maintenance and energy data as well as performed a detailed walkthrough of each of the buildings to identify potential energy savings projects. Those projects were evaluated to determine the capital investment needed, potential energy savings, and other benefits related to each project. A detailed scope of work was developed for each school and that information is summarized in Attachment 2 of this report. The scope of work for each school differs due to the design and operation of the building, but in general the projects include:

- HVAC Systems – Boilers, ventilation systems, etc.
- HVAC Control Systems
- Lighting – Interior and Exterior
- Roofing
- Exterior Walls/Windows
- Creation of Vestibules at Entrances

The estimated cost for the projects at the nine schools is \$16,690,000 ranging from a low of \$816,812 for Jeffery Elementary to a high of \$3,095,409 for Vernon Elementary.

#### Performance Contracting

The least attractive component of the changes made by Act 32 was the performance contracting requirement. Performance contracting has two positive benefits, one it provides a financial guarantee of savings over the course of the life of the bond, and two it provides districts without the expertise on staff a means to implement these types of projects. The first benefit has some value, but in a 20-year bond, there is not a substantial amount of checks and balances with respect to the guarantee. The second is not of great value to KUSD since we have in-house capability of managing all phases of these types of projects. Our intent is to control the amount of services provided by the performance contractor to only those services required by law or would otherwise be more expensive through the use of a different consultant or contractor.

#### Impact on Major Maintenance Budget

One of the additional benefits of implementing an Act 32 project would be the opportunity to reduce the amount of major maintenance expenditures for some period of

time because of the number of projects included in this scope that would otherwise be funded by major maintenance. The traditional major maintenance budget for KUSD is \$2,000,000 per year with \$500,000 of that money being used to pay off the loan used to fund the Reuther masonry restoration project. We are proposing a reduction of the major maintenance budget of \$500,000 per year for 3-4 years. The second portion of this report provides a recommendation on how this money should be used for the benefit of our students, staff and public.”

Ms. Michele Wiberg, Director of Wisconsin Public Finance at PMA Financial Network, Inc., presented the following information pertaining to the Energy Efficiency and Security Project Proposal:

“Financing

As mentioned in (1.) above, 2011 Wisconsin Act 32 allows school districts to issue bonds or notes to finance the energy efficiency projects.

The proposed energy efficiency projects total \$16,689,540. If KUSD wishes to finance these projects with long-term debt, the debt can be issued under revenue limits in Fund 38. Debt issued in Fund 38 does not require a referendum, but does require a 30-day petition period. Further, if the maturity of the debt exceeds ten years, a Public Hearing is also required.

The process for issuing Fund 38 debt would begin with an Initial Resolution. Upon Board approval of the Initial Resolution, a Notice to Electors is published in KUSD’s official newspaper. Within 10 days of publication of the Notice, a Public Hearing is held for informational purposes. From the date of the Public Hearing, the electorate has 30 days to file a petition to stop the process. The petition must be signed by 20% of the school district electors (as determined by the number of voters at the last gubernatorial election), or 7,500 electors, whichever is less.

If no petition is filed, KUSD can issue the bonds to finance the projects. If the three parameters defined in 2011 Wisconsin Act 32 are met (as defined in (1.) above), the KUSD Board can levy for the debt service on the bonds outside revenue limits (energy efficiency exemption). The decision regarding the levy will be made on an annual basis, and future KUSD elected officials will make that determination.

On a preliminary basis, we are contemplating a 20-year bond issue with a “wraparound” structure. As shown on Attachment 4, this methodology attempts to minimize the tax impact by taking advantage of the future decreases KUSD’s debt service payments, which decrease slightly in 2016 (approximately \$700,000) and then dramatically in 2017 (a decrease of over \$5,000,000). This structure may make that annual decision easier as it likely will have a minimal impact on the overall tax levy.

Lastly, KUSD also has an opportunity to refinance the 2002 Bonds. As shown on Attachment 5, the estimated savings associated with the refinancing is over \$225,000, or approximately \$75,000/year in 2014-2016. To create efficiency in issuance costs, the refinancing could be done in conjunction with the energy efficiency financing.”

Mr. Finnemore concluded the presentation of the Energy Efficiency and Security Project Proposal with the following information:

“Key Activities and Time Line

- Initial Presentation to School Board – May 21st
- Committee Meeting Presentation – June 11th
- Budget Recommendation to Board; Approval of Initial Resolution – June 25th
- Issue RFP for Performance Contractor – June 26th
- Publication of Notice to Electors (within 10 days of adoption of Initial Resolution) – July 1st
- Public Hearing (within 10 days of publication of Notice) – July 9th
- 30-day Petition Period begins the day after the Public Hearing
- Final Approval by Board – August 13th
- Board approval, sale of bonds – August 27th
- Design & Implementation – Completion by September of 2015

School Security Proposal

One thing that we do not think everyone is aware of is the fact that not all of our schools have security cameras in them. Most of the schools that have cameras have purchased them using grant or private funds with the primary exception being new schools constructed after the year 2000. There are currently cameras in 23 schools and the Education Support Center, and 14 schools that do not have any cameras. Attachment 7 provides a summary of the camera status of each of the buildings.

There are several changes that we are proposing; the following is a brief description of each of these changes as well as a cost estimate for each of them.

*Security Cameras:* This improvement would install cameras and digital video recording systems at the 14 schools without any cameras and a number of schools with only a small number of cameras. Of the 14 schools without any cameras, 13 are elementary schools and 1 is a middle school (Lincoln MS). A detailed summary of the number of the cameras needed and the associated cost estimated is provided as part of Attachment 7. The estimated cost to provide a comprehensive camera system at all of our schools is \$190,800.

*Security Camera Head End System:* Currently the camera systems that we have in our schools are local to each school. The schools have digital video recording (DVR) systems that records the video fed into it from multiple cameras. The DVR systems can hold data for a varying amount of days depending on how many cameras feed into them and how much video is being collected. This allows the school at least a few days to look back on video footage if a situation is not recognized immediately. This type of system works fairly well for collecting data after the fact, but is not very useful during an emergency as the video is not available anywhere except in the school itself. As we have developed and installed systems, we have kept open the option of linking all of the systems together back to a server(s) that would be accessible by approved KUSD personnel and local enforcement. Attachment 8 provides a breakdown of the costs associated with implementing this type of system. This would include a one-time cost of \$259,725 and a reoccurring cost of \$15,000 per year for licensing fees. This type of system has become commonplace in schools and communities across the country and

would allow our local police and sheriff departments real-time access to all of the cameras in our schools in the event of an emergency.

*Security Systems on One Common Software System:* As mentioned earlier, we have a number of other security hardware devices in the district including card access systems for exterior and selected interior doors, door bells at a handful of elementary schools, and audio/video entry systems on the main exterior door(s) to our schools. These systems are managed by software programs. We currently have two different systems split fairly evenly amongst our buildings. Attachment 6 shows the breakdown of the two systems and an estimated cost to convert all of the buildings to the more sophisticated TAC system. The TAC system is the more logical choice as we have TAC building control systems in several schools for the HVAC systems. The estimated cost for this is \$162,000.

*Addition of Door Bells at Elementary Schools:* A handful of our elementary schools have door bells that ring in areas other than just the main office. This is especially useful for being able to keep the school locked after hours when parents are coming to pick up their children from the after school programs at the schools. The most typical locations where the doorbells ring are cafeterias or gymnasiums. This allows the parent to alert the after school program people that they are the door as opposed to keeping a door unlocked. The estimated cost to install a doorbell at every elementary school is \$2,250.

*Phones in Every Classroom:* Besides additional cameras, the other biggest request we get is to provide telephones in every classroom. The requests are not just for security reasons but having a phone in every classroom does provide a major improvement to just having the local intercom that communicates with the main office allowing for private conversations for security or other things such as student behavioral issues. Our standard design which has been installed in 10 schools and the ESC is a Voice over Internet Protocol (VoIP) system. Attachment 9 shows the current status of VoIP installation in the District as well as an estimated number of phones needed for the remainder of the schools. The estimated cost for VoIP installation in every school is \$800,000.

*Instantaneous Mass Notification System:* A number of schools and ESC staff have wanted a push button notification system in the main office/front desk to alert the rest of the building of an intruder. In researching the various options available, one product stood head and shoulders above everything else. This is a product called Singlewire InformaCast which can use push buttons, Voice over IP phones, computers (provided the software is up and running), and other electronic devices to initiate pre-recorded notifications. If we couple this with the VoIP and security camera head end system, we could have the ability to provide a warning from every classroom in the district as well as automatically pull up the nearest camera to where the warning was initiated. The system will also allow this information to be transmitted in real-time to the police and sheriff departments including in squad cars. We could either purchase the software for \$66,735 along with an annual maintenance agreement or lease for \$18,900 per year

*Overall Cost Estimate:*

- Camera Systems \$190,800
- Security Head-End System \$259,725
- Common Software System \$162,000
- Door Bells \$ 2,250
- VoIP Phones \$800,000
- Singlewire \$ 66,735/18,900
- Total One-Time Costs \$1,500,410
- \$15,000 in annual licensing fees

Our recommendation is to couple the security system upgrades with the Act 32 energy efficiency projects and associated reduction in the major maintenance budget. The \$500,000 per year reduction in the major maintenance budget would allow for the security upgrades to be implemented in a three-year period without the need to find a funding source within the general fund.”

Mr. Finnemore and Mrs. Wiberg answered questions from Board members.

Mrs. Tina Schmitz, Chief Financial Officer, gave a PowerPoint presentation on the Annual Budget Process which covered the following topics:

- Budget Governance;
- Budget Structure;
- Budget Development;
- Budget Alignment to Planning;
- Budget Development Timeline; and
- Impacts to the Timeline.

Mrs. Schmitz answered questions from Board members.

Meeting adjourned at 5:02 P.M.

Stacy Schroeder Busby  
School Board Secretary