

DAVENPORT COMMUNITY SCHOOL DISTRICT
ACHIEVEMENT SERVICE CENTER
JIM HESTER BOARD ROOM
1606 BRADY STREET
DAVENPORT, IOWA 52803
MONDAY, AUGUST 6, 2018
COMMITTEE OF THE WHOLE MEETING

The Board of the Davenport Community School District in the Counties of Scott and Muscatine, State of Iowa, met on Monday, August 6, 2018 for the Committee of the Whole Meeting. The meeting was held at the Achievement Service Center, 1606 Brady St., Davenport, Iowa, in said District. President Johanson called the meeting to order at 5:30PM. Present: Director's Johanson, Hayes, DeSalvo, Potts, Beck and Mayfield. Gosa was absent.

1. Actuarial Review

Dr. Tate explained the SBRC asked the district to conduct an actuarial review in order to learn how much the district can continue to rely on insurance holidays to help with budget cuts. Tim Kearns and Kyle Ray from TrueNorth Company presented the findings of the review. Mr. Kearns briefed the board on how the insurance fund has been used over the years. The health fund reserve became effective in March 2004 after a board vote in order to create an orderly accumulation of funds to meet the district's long term needs regarding claims. The purpose of the insurance fund is to cover the costs of what is called catastrophic years. This fund covers the costs of medical, vision and dental claims. Mr. Ray said their review analyzed five years and they are recommending not using any insurance holidays after the second year. Dr. Tate said his upcoming recommendations will reflect this information. DeSalvo asked what the average amount employees are paying in premiums and Mr. Kearns said approximately 7%. Johanson said his interpretation of what has been said is the district has been overfunding the insurance fund which has enabled taking the option of insurance holidays but that it is time to create a different approach and asked about a timeline for implementing a new process. Mr. Kearns said now would be the time to start creating a five year plan. Johanson said the board and superintendent have to represent these findings to the SBRC (School Budget Review Committee) and asked if the board can tell the SBRC that this approach is sustainable. Mr. Kearns said they will send out the scenarios they modeled to an independent actuary again and have them substantiated before the board presents to the SBRC.

2. Vision 2020 Update

Dr. Tate presented Plan A and Plan B for the board to review. He explained the main difference in Plan A and B is whether the board chooses to close a school or not. The administration has worked very hard to try and think of every possible reduction in order to provide a plan that is sustainable and a good foundation for budgeting and also provide a plan that will enable the SBRC to grant the district the spending authority needed for the negative unspent balance. Another difference in Plans A and B compared to what has been presented in the past is the number of insurance holidays and these recommendations are based on the results of the actuarial review presented this evening. He may also modify the plans to indicate insurance holidays and/or plan changes or contributions from employees. Some of the new items added in these plans are 5% reduction in departments and school site budgets, reducing overtime, a hiring freeze, and phase-in of outsourcing. He clarified phase-in means according to attrition with the goal of no one losing their job. Other items on the list include combining principals and increasing class sizes. In 2020-21 he is recommending converting from block to traditional

scheduling at the three largest high schools. Tate emphasized it is critical to understand the district cannot rely continually on insurance holidays. He clarified that Plan B does not include closing a school which would result in a zero balance spending authority in year 2022-23. The recommended spending authority is \$8 million dollars. Tate said the board needs to approve the presentation to the SBRC by the August 27th board meeting. If the board plans to close a school the first vote on this will have to be on September 10th. Dr. Tate recommended the board arrive at some type of consensus this evening on whether they want to close a school.

Beck asked how the information on consolidation fits into these plans. Tate said if the board decides not to close a school then the consolidation ideas will not be considered. Mayfield asked how the board has the best chance of going forward without closing a school considering the many unknowns within the plans. Tate said most of the numbers included in the plans are estimates and some will come under and some will go over and the SBRC understands that as well. Hayes asked what is included in the miscellaneous reductions and early retirement figures. Ms. Wood provided more details about miscellaneous reductions and Tate said the \$816,000 figure in early retirements is actual from the last school year and they will provide a more accurate number for next year. DeSalvo said in his memo he said he recommended Plan A if the board does not want to keep considering the possibility of closing a school in the future. Tate said that at the end of the five year plan there would be one million dollars unspent balance with Plan A and with Plan B a zero balance. Johanson said the board needs to offer guidance on closing a school since we are only a couple of weeks away from making this decision. DeSalvo said at this moment she is leaning toward Plan B. Mayfield asked about phase-in of outsourcing. Tate said it could be the HR Department or the Finance Department or it could be our Technology Department. He is not recommending any particular department but he has sent out a letter of interest to different companies and once these are received they can do an RFP, so they are waiting for these responses to see what is possible.

Potts said we started this process with acknowledging the physical capacities we have in the district and Plan B does not address this issue. The district has too much square footage per our enrollment. No one wants to close a school but that is not reality. He likes the idea of consolidating schools. The board has to do things we don't want to do because in the long run it is in the best interests of the school district. Potts said he is in favor of Plan A. Hayes said she understands that Plan B looks like we are kicking the can down the road once again, but when you think about all the open forums we have had and all the students and the response from parents and teachers that overall the community does not want to close school and said she is in favor of Plan B.

Beck said she is very concerned about kicking the can down the road but on the other hand we have heard from the community and we should think outside the box and find the option that disrupts the least number of people who are in places that can't handle disruption or have already been disrupted. Beck said she would be more inclined to go with Plan B at this point and not close a school. She thinks the district still needs to address declining enrollment and it doesn't matter what we pick if we don't work on the issue of declining enrollment. Mayfield said he never wants to close schools and the best change is to draw more students to the district and he agrees with Beck in that if the district doesn't turn enrollment around they will be in this same place in future years, so he is in favor of Plan B. DeSalvo added she thinks we can find additional funds by being creative and vigilant. Johanson said he has seen past boards consistently kick the can down the road and it is disheartening to him as a board member because kicking the can down the road has resulted, in part, to the situation we are now in.

He emphasized the difference between 1 million and 8 million unspent balance is significant. He believes the board should be looking to the future and trying to scrape by is not the right way. If the current board decides to put our goal at zero unspent balance he believes this a very low goal. No one likes to close a school, but he believes the administration has looked at everything. Johanson noted there were comments made about doing something about declining enrollment but this plan has to be submitted to the SBRC in October, which is only a couple of months away, and it is hard for him to imagine that the board or the administration will have an answer to this issue in a couple of months. He also mentioned how the legislature is considering eliminating diversity plans and if this happens it will put an incredible financial burden on this district and would add to enrollment issues. Johanson said he is strongly not in favor of Plan B and believes there has to be strong consideration given to Plan A. He said there were four board members who expressed a preference for Plan B and two board members have expressed a preference for Plan A, so the board consensus at this time seems to be Plan B.

Beck asked if some previous options that indicated not technically closing a school but closing a building and funneling K-8 is considered part of Plan A or B. Dr. Tate said it is not part of either plan currently but in discussions about the most efficient use of our facilities we may come back and talk about it, but this is still closing a school and there are still objections to this as well. Mayfield asked about repurposing Monroe and Johanson stated the board would have to agree this is where they want to go. Hayes asked that in order to consider the consolidation the board would have to be more in favor of Plan A and Dr. Tate said that was correct. Beck said she wants to keep the idea of consolidation on the table. Dr. Tate reminded the board that with the consolidation there are children in the neighborhood that will not go to those schools, namely Jefferson students, and Mayfield has said he wants students to stay in their neighborhood and this would not be possible with consolidation. Beck said this would be a compromise between moving all the students to a different elementary school vs. moving some of the students to a different elementary or intermediate school and this would save \$800,000 and Dr. Tate said this is Plan A, so maybe the board needs to take a consensus again. Johanson asked for additional discussion. DeSalvo asked if the first plan submitted to the SBRC specified a certain school and Tate said he would have to review that but he believed it indicated an attendance center. She asked how specific the plan needs to be for the SBRC in September and there was continued discussion about not actually indicating closing a particular school and telling the SBRC that the board is still discussing the idea and considering consolidation and presenting this to the SBRC. Johanson said he believes the SBRC will reject this proposal. Johanson reminded the board the final date for the board to make the decision to close a school for next year is September 10th, 2018. If the SBRC rejects whatever plan is presented then the board will have to come up with a different plan or the SBRC will come up with their own plan.

The meeting was adjourned 7:05PM.

Mary Correthers, Board Secretary/Treasurer