

**WISE COUNTY SCHOOL DIVISION
PLAN OF CONSOLIDATION
INFORMATION PACKET**

Organization

This packet has been created to help board members carefully study the various aspects of school consolidation and to use this information to make an informed decision on which way to proceed. Please read this information carefully and be prepared to ask questions about the various components. It is our hope that the following analysis will provide the Board with the necessary information to make the decision to keep its current model of consolidation or adopt a new one. This packet is divided into six primary sections. The following is a quick summary of each section.

Section I. Demographics and Construction Costs of Each Model

This section provides the various school model configurations, the total student enrollment in each school and the cost of construction.

Section II. Analysis of each Model

This section provides a brief narrative summary of each school model and provides an abbreviated analysis of the strengths and weaknesses of each model. This section deals individually with each of the eight options.

Section III. Construction and Operational Costs

This section provides a summary of the construction costs savings and operational savings associated with each of the school models. This section also provides a summary of the potential staff reduction scenarios including administrative positions, teaching positions, support positions, and coaching.

Section IV. Analysis of Inter-Divisional and Intra-Divisional Consolidation

This section provides a summary of the various inter-divisional and intra-divisional consolidation savings connected with consolidating our high school internally and a potential consolidation with the City of Norton.

Section V. Analysis of a Potential Funding Scenario

This section provides a summary of a potential funding scenario for the Board of Education and for the Board of Supervisors to consider.

Section I
Demographics and Construction
Costs of Each Model

Introduction

We have discussed a variety of options concerning the configuration of our consolidated high schools. Please note two important pieces of information concerning this summary. First, the numbers listed in the student enrollment figures include all current seventh, eighth, ninth, and tenth graders currently attending our schools. It is very likely that we will lose some of these students depending on the specific location and configuration of the schools. Second, all projected costs listed in these summaries are estimates. These estimates should not be considered to be firm numbers and could vary depending on a number of factors but they are relatively accurate. Costs could also be increased or decreased on any of these models depending on additions, deletions, or modifications to the current bids.

It is my understanding that the Board will adopt Option I (closing the three smaller schools and placing them into the larger high schools) if a decision concerning the high schools is not made by July 1, 2010. This analysis is divided into three primary sections. The first section deals with the basic demographics and financials costs associated with each plan. The second section provides a narrative of some of the strengths and weaknesses associated with each model. The third section provides an analysis of the financials associated with the benefits of an intra-divisional, as well as an, inter-divisional consolidation. This section also provides a possible funding scenario of how the county could pay for this project.

It is our hope that the Board will select the model that is the most appropriate for our school division and to declare this model, or models, as the new plan(s) of consolidation. This will trigger the statutory requirements to advertise a public hearing date which we have recommended as May 13 if the Board makes the decision on a plan at our April 12 meeting. A public hearing will need to be scheduled for approximately four weeks beyond this date. If the Board makes a decision on April 12, we recommend the Board hold a public hearing on May 13 and that a final decision be made following that hearing. During this time, we will speak with the Board of Supervisors and inform them of the costs associated with the plan(s) and to determine their level of interest in funding the project.

Table 1
Basic Demographics Associated with each Plan

Option I: Placing Students in Three Larger High Schools			
Line	Schools	Enrollment	Cost
1	PVHS/AHS in PVHS	724	\$18 million
2	PHS/KHS in KHS	715	\$18 million
3	SPHS/CHS in CHS	560	\$18 million
4	Total	1999	\$54 million
Option II: Current Plan			
5	PVHS/AHS	724	\$28 million
6	PHS/KHS	715	\$31 million
7	SPHS/CHS	560	\$31 million
8	Total	1999	\$90 million
Option III: Current Plan with Other Sites			
9	PVHS/AHS	724	\$28 million
10	PHS/KHS	715	\$28 million
11	SPHS/CHS	560	\$28 million
12	Total	1999	\$84 million
Option IV: Two Schools on Different Sites			
13	PVHS/AHS	724	\$28 million
14	PHS/KHS/ SPHS/CHS	1,275	\$40million
15	Total	1999	\$68 million
Option V: Two Schools on Same Site without Norton			
16	School A	999	\$34 million
17	School B	1,000	\$34 million
18	Total	1,999	\$68 million
Option VI: Two Schools on Same Site with Norton			
19	School A	1,132	\$34 million
20	School B	1,132	\$34 million
21	Total	2,264	\$68 million
Option VII: Two Schools with Traditional and Hybrid			
22	School A (PVHS/AHS)	724	\$28 million
23	School B-2 (PHS/KHS)	715	\$25 million
24	School B-1 (SPHS/CHS)	560 (825 with NC)	\$25 million
25	Total	1999	\$78 million
Option VIII: Three Schools on Same Site			
26	School A	667	\$24 million
27	School B	666	\$24 million
28	School C	666	\$24 million
29	Total	1999	\$72 million

Section II

Analysis of each Model

Option 1: Placing Students in Three Larger Renovated Schools

This option would not build new high schools but would renovate the three larger high schools which would involve KHS, PVHS, and CHS. Under this plan, Appalachia/Powell Valley would be placed in a renovated PVHS, Coeburn/St. Paul in a renovated CHS, and Pound/Kelly would be placed in a renovated KHS. The site for each of these renovations would be the existing school sites for each respective school. The total cost of these renovations is difficult to determine at this time. We have a wide-range of costs estimates that would depend on the extent of the renovations. We have selected what we consider to be a mid-range estimate of \$18 million. It is important to note that this estimate could be increased or decreased depending on the scope of work needed to renovate these buildings.

Line	School	Number	Cost
1	PVHS/AHS	724	\$18 million
2	PHS/KHS	715	\$18 million
3	SPHS/CHS	560	\$18 million
4	Total	1999	\$54 million

The advantages associated with this model would include the following:

- * Allow us to select the least expensive model
- * Maintain a single "A" athletic classification
- * Involve the less travel time to school
- * Keep schools in more of a local community
- * Provide equal student enrollment in two of the schools

The disadvantages associated with this model would include the following:

- * Maintain the old buildings and foundations
- * Could be inequitable curriculum
- * Would involve unequal student enrollment in all schools
- * Could be potentially unsustainable in the future
- * Provides poor flexible use of facilities in the future
- * Provides poor flexible use of staff
- * Provide less curriculum options
- * Provide less extra-curricular options
- * Involve the most operating costs
- * Create some difficulties with competing on equal basis among all schools
- * Create some issues associated with the history of each building
- * Prevent some of the more innovated approaches to teaching

Option II: Current Plan with Three Schools on Current Sites

This option would build three new high schools on sites that have already been identified. Under this plan, Appalachia/Powell Valley would be placed in one new school, Coeburn/St. Paul in one new school, and Pound/Kelly would be placed in a new school. The site for the AHS/PVHS would be behind the current PVHS. The site for the CHS/SPHS would be at the Bondchild property outside of Coeburn. The site for the PHS/KHS would be at the Apple House site. The total cost of these schools would be approximately \$84 million if we can limit site preparation to approximately \$3 million. It should be noted, however, that the current sites would not allow us to maintain this \$3 million site preparation limit and the costs associated with building three new schools on each of these sites would be closer to the \$90 million amount.

Line	School	Number	Cost
1	PVHS/AHS	724	\$28 million
2	PHS/KHS	715	\$31 million
3	SPHS/CHS	560	\$31 million
4	Total	1999	\$90 million

The advantages associated with this model would include the following:

- * Allow us to keep the current plan of consolidation
- * Maintain a single "A" athletic classification
- * Involve the less travel time to school
- * Keep schools in more of a local community
- * Provide equal student enrollment in two of the schools

The disadvantages associated with this model would include the following:

- * Could be the most expensive model
- * Could be inequitable curriculum
- * Would involve unequal student enrollment in all schools
- * Could be potentially unsustainable in the future
- * Provides poor flexible use of facilities in the future
- * Provides poor flexible use of staff
- * Provide less curriculum options
- * Provide less extra-curricular options
- * Involve the most operating costs
- * Create some difficulties with competing on equal basis among all schools

Option III: Three Schools on Different Sites

This option would be similar to the above mentioned plan but we would identify new sites that may be less expensive to build upon to reduce the entire cost. Under this plan, Appalachia/Powell Valley would be placed in one new school, Coeburn/St. Paul in one new school, and Pound/Kelly would be placed in one new school. The site for the AHS/PVHS would still probably be behind the current PVHS because it is relatively inexpensive site. The site for the CHS/SPHS would need to be revisited and another location identified. The site for the PHS/KHS would probably need to be located near the current JJ Kelly High School or on the central office property. The total cost of these schools would be approximately \$84 million if we can limit site preparation to approximately \$3 million.

Line	School	Number	Cost
1	PVHS/AHS	724	\$28 million
2	PHS/KHS	715	\$28 million
3	SPHS/CHS	560	\$28 million
4	Total	1999	\$84 million

The advantages associated with this model would include the following:

- * Allow us to keep a model most known by the community
- * Maintain a single "A" athletic classification
- * Involve the less travel time to school
- * Keep schools in more of a local community
- * Allow us to save some money from the current sites
- * Provides equal student enrollment in two of the schools

The disadvantages associated with this model would include the following:

- * Require us to revise the current plan of consolidation
- * Could be the most expensive model but
- * Could be inequitable curriculum
- * Would involve unequal student enrollment
- * Could be potentially unsustainable in the future
- * Provides poor flexible use of facilities in the future
- * Provides poor flexible use of staff
- * Provide less curriculum options
- * Provide less extra-curricular options
- * Involve the most operating costs
- * Create some difficulties with competing on equal basis among all schools
- * Require us to identify new sites

Option IV: Two Schools on Separate Campuses

This option would involve the construction of two new high schools. One school would be built behind PVHS and would consolidate PVHS/AHS into one school. The other school would be built somewhere in the Wise area and would consolidate KHS, PHS, SPHS, and CHS into one school. The PVHS/AHS would be in the 724 student range and would cost approximately \$28 million. The KHS/PHS/SPHS/CHS would be in the 1,279 range and would cost approximately \$40 million. The total cost associated with these two schools would be approximately \$68 million.

Line	School	Number	Cost
1	PVHS/AHS	724	\$28 million
2	PHS/KHS/ SPHS/CHS	1,275	\$40 million
3	Total	1999	\$68 million

The advantages associated with this model would include the following:

- * Allow us to save some money
- * Offer more academically in the schools
- * Allow us to work with MECC and UVA at Wise
- * Allow us to reduce operational costs
- * Provides us with reduced staff savings
- * Allows more flexible use of staff
- * Allow us to reduce transportation to vocational and alternative schools
- * Provide more curriculum options
- * Provide greater extra-curricular options

The disadvantages associated with this model would include the following:

- * Require us to revise the current plan of consolidation
- * Could be inequitable curriculum
- * Could involve more travel time
- * Would involve unequal student enrollment
- * Involve unknown site costs
- * Create some difficulties with competing on equal basis between the two schools
- * Require us to identify new sites

Option V: Two Schools on Adjoining Campuses without City of Norton

This option would involve the construction of two new high schools on adjoining campuses. The school configuration would be determined by the school board and we would not be forced to place any schools together based on geographical boundaries. This means that we would not be forced to place SPHS with CHS unless we felt that was the best configuration. It would be necessary for this site to be located centrally in the county. One of the most obvious locations would be where Highway 23 and 58 converge. The area behind the WalMart Shopping Center could be a possible location with another possible site somewhere in the Wise area near our vocational and alternative school which would help to lower operational costs. The schools would be approximately 1,000 students each and would cost approximately \$68 million.

Line	School	Number	Cost
1	School A	1000	\$34 million
2	School B	999	\$34million
3	Total	1999	\$68 million

The advantages associated with this model would include the following:

- * Allow us to save some money
- * Offer more academically in the schools
- * Allow us to conduct dual-enrollment classes inside the schools
- * Allow us to reduce operational costs
- * Provides us with reduced staff savings
- * Allows more flexible use of staff
- * Provide more curriculum options
- * Provide greater extra-curricular options
- * Allows us to offer equal programs
- * Create the most flexibility in the future
- * Provide a more neutral site
- * Allow us to receive staff funding for current un-funded positions
- * Provide specialized classes and programs
- * Eliminate community competition
- * Provide a more equitable curriculum
- * Would create more equitable student enrollment numbers
- * Create an equal athletic classification

The disadvantages associated with this model would include the following:

- * Require us to be a Double "A" classification
- * Require us to revise the current plan of consolidation
- * Could involve more travel time
- * Involve unknown site costs
- * Require us to identify new sites
- * Lose Norton ADM
- * Develop procedures to manage potential student conflicts
- * Lose some categorical funding
- * Require greater travel time for some students

Option VI: Two Schools on Adjoining Campuses with City of Norton

This option would be very similar to the Option 4. It would still involve the construction of two new high schools on adjoining campuses but would include the City of Norton. The school configuration would still be determined by the school board and we would not be forced to place any schools together on geographical boundaries. The schools would be approximately 1,128 students each and would cost approximately \$68 million.

Line	School	Number	Cost
1	School A	1,128	\$34 million
2	School B	1,128	\$34 million
3	Total	2,256	\$68 million

The advantages associated with this model would include the following:

- * Allow us to save some money
- * Offer more academically in the schools
- * Allow us to conduct dual-enrollment classes inside the schools
- * Allow us to reduce operational costs
- * Provides us with reduced staff savings
- * Allows more flexible use of staff
- * Provide more curriculum options
- * Provide greater extra-curricular options
- * Allows us to offer equal programs
- * Create the most flexibility in the future
- * Provide a more neutral site
- * Allow us to receive staff funding for current un-funded positions
- * Provide specialized classes and programs
- * Eliminate community competition
- * Provide a more equitable curriculum
- * Would create more equitable student enrollment numbers
- * Gain ADM/Local effort money from Norton
- * Freeze our local composite index
- * Create an equal athletic classification

The disadvantages associated with this model would include the following:

- * Require us to be a Double "A" classification
- * Require us to revise the current plan of consolidation
- * Could involve more travel time
- * Involve unknown site costs
- * Require us to identify new sites
- * Require time to work with City of Norton
- * Develop procedures to manage potential student conflicts
- * Lose some categorical funding
- * Require greater travel time for some students
- * Address all of the issues associated with inter-divisional consolidation
- * Placing a school inside City of Norton

Option VII: Two Schools with Traditional and Hybrid

This would involve the construction of two schools. One would be a traditional school which would house PVHS and AHS. This school would be built behind PVHS. The other would be a hybrid model and would be two schools on one campus. School A would house CHS/SPHS and School B would house KHS/PHS.

Line	School	Number	Cost
1	School A (PVHS/AHS)	724	\$28 million
1	School B (PHS/KHS)	715	\$25 million
2	School C (SPHS/CHS)	560 (825 with NC)	\$25 million
3	Total	1,999	\$78 million

The advantages associated with this model would include the following:

- * Allow us to save some money
- * Offer more academically in the schools
- * Allow us to conduct dual-enrollment classes inside the schools
- * Allow us to reduce operational costs
- * Allows more flexible use of staff
- * Provide more curriculum options
- * Provide greater extra-curricular options
- * Allows us to offer equal programs
- * Create some flexibility in the future
- * Provide a more equitable curriculum
- * Freeze our local composite index
- * Create an equal athletic classification
- * Remain single "A" athletic classification

The disadvantages associated with this model would include the following:

- * Require us to revise the current plan of consolidation
- * Could involve more travel time
- * Involve unknown site costs
- * Develop procedures to manage potential student conflicts
- * Lose some categorical funding
- * Require greater travel time for some students
- * Prevent us from receiving staff funding for current un-funded positions

Option VIII: Three Schools on Same Campus

This would involve the construction of three schools on the same campus. This is a variation of the two schools on one campus but would simply involve the construction of another wing to hold the third school. The school configuration would still be determined by the school board and we would not be forced to place any schools together on geographical boundaries.

Line	School	Number	Cost
1	School A	667	\$24 million
2	School B	666	\$24 million
3	School C	666	\$24 million
5	Total	1999	\$72 million

The advantages associated with this model would include the following:

- * Allow us to save some money
- * Offer more academically in the schools
- * Allow us to conduct dual-enrollment classes inside the schools
- * Allow us to reduce operational costs
- * Allows more flexible use of staff
- * Provide more curriculum options
- * Provide greater extra-curricular options
- * Allow us to offer equal programs
- * Create some flexibility in the future
- * Provide a more equitable curriculum
- * Freeze our local composite index
- * Create an equal athletic classification
- * Remain single "A" athletic classification
- * Keep some of the categorical funding

The disadvantages associated with this model would include the following:

- * Require us to revise the current plan of consolidation
- * Could involve more travel time
- * Involve unknown site costs
- * Develop procedures to manage potential student conflicts
- * Require greater travel time for some students
- * Prevent us from receiving staff funding for current un-funded positions

Section III

Construction and Operational Costs

**TABLE 2
ANALYSIS OF SCHOOL MODELS**

Line	Model	Construction\$	Operation\$	Enrollment	Cost/Child
Current Configuration Six schools					
1	AHS	0	1,909,869	193	9,895
2	PVHS	0	3,081,003	531	5,802
3	CHS	0	2,563,333	415	6,176
4	SPHS	0	1,689,090	145	11,648
5	KHS	0	2,835,963	476	5,957
6	PHS	0	1,945,828	239	8,141
7	Total	0	14,025,089	1,999	7,016
Option I: Three into Old Large Renovated Schools					
8	AHS/PVHS in old PVHS	18,000,000	3,751,648	724	5,181
9	CHS/SPHS in old CHS	18,000,000	3,498,727	560	6,247
10	PHS/KHS in old KHS	18,000,000	3,914,831	715	5,444
11	Total	54,000,000	11,165,208	1,999	5,582
Option II: Current Plan with Three School on Current Sites					
12	AHS/PVHS in old PVHS	28,000,000	3,751,648	724	5,181
13	CHS/SPHS in old CHS	31,000,000	3,498,727	560	6,247
14	PHS/KHS in old KHS	31,000,000	3,914,831	715	5,444
15	Total	90,000,000	11,165,208	1,999	5,582
Option III: Three schools on Different Sites					
16	AHS/PVHS	\$28,000,000	3,751,648	724	5,181
17	CHS/SPHS	\$28,000,000	3,498,727	560	6,247
18	PHS/KHS	\$28,000,000	3,914,831	715	5,444
19	Total	\$84,000,000	11,165,208	1,999	5,582
Option IV: Two Schools on Different Sites					
20	AHS/PVHS	\$28,000,000	3,751,648	724	5,181
21	CHS/SPHS/PHS/KSH	\$40,000,000	6,700,152	1,275	5,255
22	Total	\$68,000,000	10,451,800	1,999	5,225
Option V: Two Schools on Same Site without Norton City					
23	School A	\$34,000,000	5,042,366	999	5,047
24	School B	\$34,000,000	5,042,366	1,000	5,042
25	Total	\$68,000,000	10,084,732	1999	5,045
Option VI: Two Schools on Same Site with Norton					
26	School A	\$34,000,000	5,367,366	1,132	4,741
27	School B	\$34,000,000	5,367,366	1,132	4,741
28	Total	\$68,000,000	10,734,732	2,264	4,741
Option VII: Two Schools with Traditional and Hybrid Single A					
29	C – PVHS/AHS behind PVHS	\$28,000,000	3,751,648	724	5,181
30	B- SPHS/CHS on 1 campus	\$25,000,000	3,218,928	560	5,748
31	A - PHS/KHS on 1 campus	\$25,000,000	3,914,831	715	5,475
32	Total	\$78,000,000	10,885,407	1999	5,468
Option VIII: Three Schools on Same Site					
33	School A	\$24,000,000	3,605,069	667	5,413
34	School B	\$24,000,000	3,605,069	666	5,413
35	School C	\$24,000,000	3,605,069	666	5,413
36	Total	\$72,000,000	10,815,208	1,999	5,413

Table 3 provides a summary of the construction savings as compared to each of the models. This Table also provides the total operational savings associated with each model. All of these calculations are based on a 20:1 ratio. The cost savings will be greater if we increased this ratio to 25:1. It is important to note that Option VI takes into consideration the ADM and local effort from Norton City as estimated at \$2.3 million for just the high school. Table 4 provides an estimate of the number of staff members needed in each model. The number in parenthesis is the total reduction in that category. Table 5 provides costs savings associated with coaching.

**TABLE 3
OPERATIONAL SAVINGS for INSTRUCTIONAL STAFF**

Line	Option	Model	Construction Savings	Operational Savings
1	I	Renovated 3 old high schools	NA	\$2,859,881
2	II	Three on current sites	NA	\$2,859,881
3	III	Three on new sites	NA	\$2,859,881
4	IV	Two schools on different sites	\$22,000,000	\$3,573,289
5	V	Two schools on same site w/o NC	\$22,000,000	\$3,940,357
6	VI	Two schools on same site w/NC	\$22,000,000	\$4,940,357
7	VII	Two schools with traditional/hybrid	\$12,000,000	\$3,139,682
8	VIII	Three schools on same site	\$18,000,000	\$3,209,881

**TABLE 4
ANALYSIS OF STAFF REDUCTIONS**

Line	Option	Model	Adm.	Teachers	Electives	Support	Classified
1	0	Current Configuration	12	141	30	31	40
2	I	Renovated high schools	6 (6)	113 (28)	21 (9)	15 (16)	30 (10)
3	II	Three on current sites	6 (6)	113 (28)	21 (9)	15 (16)	30 (10)
4	III	Three on new sites	6 (6)	113 (28)	21(9)	15 (16)	30 (10)
5	IV	Two schools on different sites	4 (8)	110 (31)	16 (14)	11 (20)	25 (15)
6	V	Two schools/same w/o NC	6 (6)	103 (38)	18 (12)	8 (23)	24 (16)
7	VI	Two schools/same site w/NC	6 (6)	114 (27)	20 (10)	8 (23)	24 (16)
8	VII	Two schools/ trad./hybrid	6 (6)	109 (32)	23 (7)	14 (17)	30 (10)
9	VIII	Three schools on same site	6 (6)	110 (30)	18(12)	13 (14)	28 (8)

**TABLE 5
ANALYSIS OF COACHING SAVINGS**

Line	Option	Description	Total Cost	Total Savings
1	Option 0	Current Configuration Six Schools	419,221	0
2	Option I	Students in 3 Larger Schools	270,271	148,950
3	Option II	Current Plan	270,271	148,950
4	Option III	Current Plan with Other Sites	270,271	148,950
5	Option IV	Two Schools Different Sites	203,726	215,495
6	Option V	Two Schools Same Site W/O Norton	210,892	208,329
7	Option VI	Two Schools Same Site W/Norton	227,272	191,949
8	Option VII	Three Schools w/Traditional/Hybrid	270,271	148,950
9	Option VIII	Three Schools on Same Site	270,271	148,950

Section IV
Inter-Divisional and Intra-Divisional
Consolidation Savings

Introduction

Regardless if the school division participates in an intra-divisional consolidation (consolidation of high schools within the division) or an inter-divisional consolidation (consolidation of Wise and Norton), we will realize a number of operational savings. The following is summary of the major operational savings we will realize. This document provides an analysis of the intra-divisional savings first and then summarizes the inter-divisional savings. Table 6 provides a summary of the intra-divisional savings.

1. Inter-Divisional Savings

**TABLE 6
ANALYSIS OF TOTAL INTRA-DIVISIONAL SAVINGS**

Line	Category	Savings
1	Building administration and staff	3,139,682
2	Coaching	148,950
3	Operational savings	380,000
4	Transportation	0
5	Assistant Principals on SOQ positions	225,000
6	Total Intra-Divisional savings	3,893,632
Standards of Quality Freeze Savings for Five Years		
6	Standards of Quality freeze annual savings	945,000
7	Standards of Quality freeze over 5 years	2,835,000

a. Consolidation Savings

The Wise County School Division will be able to realize a significant operational savings with the consolidation of our high schools. In the least efficient model, we would save \$2.8 million and we would save \$3.9 million in the most efficient model (without the City of Norton). We would save approximately \$4.9 million in the most efficient model if the City of Norton comes into the project. This information is detailed in Table 3.

b. Standards of Quality Savings

State legislation allows a school division to receive the same level of SOQ funding for five years as if the schools were not consolidated. This means that we are able to request state funding for our new and more efficiently staffed schools at the same level that we requested funding when we had a larger staff. For example: Currently we bill the state for six principals at the high school level. Under this provision, we could still bill the state for these six positions for five years even if we had only three high school principals. Currently we pay approximately \$600,000 for the six principals. We would pay only \$300,000 if we consolidated to three schools but we could still bill the state for \$600,000 for five years. This would be a \$300,000 savings per year on just the principal positions which would translate into \$1.5 million over the next 5 years. This example is just on the principals' position and there are a number of other positions that we would benefit from. The total estimated savings from consolidated SOQ funding would be \$945,000 annually or \$4.7 million for five years. It is also important to note that the assistant principals will now become a permanent funded position and we will receive an additional \$225,000 a year. This information is summarized in Table 7.

**TABLE 7
ANALYSIS OF STANDARDS OF QUALITY FUNDING
SAVINGS FOR FIVE YEARS**

Line	Position	Description	Total Savings
1	Principal	Bill for three funded positions	300,000
2	Asst. Principal	Bill for three displaced assistant principals	225,000
3	Guidance	Bill for three displaced counselors	150,000
4	Librarian	Bill for three displaced librarians	150,000
5	Clerical	Bill for three displaced clerical	120,000
6	Total	Total Annual Savings for five years	945,000
7	Total	Total Permanent Savings	225,000

c. Coaching

The amount of savings dedicated to the athletic program will varied according to the model that the Board selects. We are estimating a savings ranging from \$148,950 to \$215,495. We can provide a more accurate number after the Board has made a decision on the school model. These details are listed in Table 5.

d. Facility Operational Savings

Until we are able to fully plan for the buildings and determine energy efficiency factors, it is difficult to determine the operational savings. We are confident, however, that we will be able to run three buildings more efficiently than six older buildings that are not energy efficient and not having to maintain six separate buildings. We would be able to save more energy if we consolidated into two buildings. We estimate that we would save approximately \$380,000 on operational costs.

e. Transportation

We believe that our net transportation costs will be neutral or a savings if we consolidate. Again, it is difficult to determine these savings until the board selects a model. Clearly we will have some increased costs associated with transporting students a further to their high schools but we believe these costs could be offset by fewer athletic competitions, fewer buses to the career/technical center, fewer buses to the alternative school, etc.

2. Inter-Divisional Savings and Financial Considerations

**TABLE 8
ANALYSIS OF TOTAL INTER-DIVISIONAL SAVINGS**

Line	Category	Annual Savings
1	Local composite index Wise (15 years)	\$2,000,000
2	Local composite index Norton (15 years)	\$573,000
4	Divisional operations	\$400,000
5	Total Annual Savings	\$2,973,000.00

a. Local Composite Index Savings (dependent on inter-divisional consolidation)

State legislation allows two school divisions to consolidate and assume the lowest local composite index number for 15 years. This legislation also states that the LCI would be frozen for 15 years. This would have two major benefits for Wise County and the City of Norton. First, it would allow the City of Norton to lower its LCI from .304 to .18 which would save them approximately \$573,000 a year on just the high school. Second, it would allow Wise County to maintain its current low LCI for 15 years. This is critical for us because the power plant will have some type of impact on our LCI. Mr. Cox is estimating that this change in the LCI may translate into a \$2 million increase in local effort. This would mean that we could keep our current LCI (reducing our local effort by \$2 million a year) and still benefit from the increased tax revenue of the power plant or any other economic development. This would amount to nearly \$30 million over the 15 year period. This is enough to pay for a third of the schools.

b. ADM and Local Effort (dependent on inter-divisional consolidation)

There are many different ways to analyze the financial impact of an inter-divisional consolidation of high schools with the City of Norton. The following analysis is a model attempting to capture the amount of savings associated with this inter-divisional consolidation. It would be possible to generate other models but we have attempted to be conservative with the following analysis.

(Need Federal Money)The following model assumes that Norton City would contribute 250 high school students to the consolidation of the new high schools. We would multiply the 250 students by the estimated state basic aid (\$7,000) which would produce a total state aid of approximately \$2 million. We would multiply the 250 students by the estimated local effort (18% instead of 30% which would equal \$1,200) would produce \$300,000. The total high school contribution from the City of Norton would be approximately \$2.3 million. The cost of educating these additional students would be \$650,000. This would produce a surplus of approximately \$1,650,000 to enhance the curriculum, commit to debt service, etc.

Utilizing the same model, we have estimated the savings associated with the elementary school. The following model assumes that Norton City would contribute 578 K-8 students to the consolidation. We would multiply the 578 students by the estimated state basic aid (\$7,000) which would produce a total state aid of approximately \$4 million. We would multiply the 578 students by the estimated local effort (18% instead of 30% which would equal \$1,200) would produce \$690,000. The total high school contribution from the City of Norton would be approximately \$4.6 million.

c. Divisional Services

The interdivisional consolidation of school divisions would save at least \$400,000 due to the merging of divisional services such as central office, transportation, food services, special education, etc.

d. Debt Service

Currently, the Norton City School Division has a total debt service commitment of \$8,172,900. The renovations to the elementary/middle school have a total of \$7,870,000 and the high school/retirement program has a total of \$302,900. The renovations to the elementary/middle school are currently on a bridge loan at 3.86%.

Section V
Analysis of a
Potential Funding Scenario

Introduction

Although the Board has not adopted an official plan of consolidation, it is difficult to provide an accurate funding model so we have used a number that we feel could be financially feasible for the Board of Supervisors. We estimate that we will need approximately \$70 million to build either of the two-school models or the three school with the traditional and hybrid model. This would be an inclusive number and would include all furniture, fixture, equipment, technology, technical fees, contingency fee, etc.

a. Cash Flow

Assuming a 4% bond rate and a \$70 million principle, the Board of Supervisor would need to fund approximately \$5 million a year for the consolidation of our high schools. Debt service would involve only interest during the 2010 – 2011 and 2011 – 2012 school year. Debt service would involve both interest and principle for the 2012 – 2013 school year. This amount would be decreased significantly if we received a lower interest rate or the QSCB funding.

b. Payment Scenarios

Assuming the Board of Supervisors would need to fund approximately \$5 million, the following funding formula could be utilized. The school division could sign a memorandum of understanding with the Board of Supervisors stating that we will commit \$1,500,000 of our consolidation savings to the debt service payment. We would also request that \$3,000,000 of the increase in property taxes (due to the power plant) be dedicated to the debt service payment. If we consolidate school divisions with Norton, it is important to remember that we will save approximately \$2,000,000 a year for 15 years on our LCI remaining the same.

c. Need to Act Now

There are a number of factors which would encourage us to move quickly to address our facility needs of the school division. The following is a summary of some of the more important economic incentives to act now.

Line	Description	Comments	Amount
1	Construction costs	20% reduction	\$14 million
2	Bond rates	2% reduction	\$17 million
3	QSCB rates	4% reduction	\$32 million
4	Local composite index freeze	LCI .18	\$30 million
5	Standards of Quality freeze	SOQ freeze	\$945,000