



ONE91
Burnsville · Eagan · Savage



Open Facilities Planning

2020-2021

September 24, 2020

**Presenters: Dr. Theresa Battle, Lisa Rider
and Stacie Kvilvang, Ehlers**

Future Ready. Community Strong.

Purpose

- Maximize the use of Property Assets while leveraging our resources as efficiently and effectively as possible
 - What are our district needs?
- Consider needs of our students, families and staff

ISD 191 is committed to:

- Students, student learning, and offering the best possible learning environments and opportunities
- Engaging our community in this process and hearing from many voices
- An open and transparent communication and decision-making process
- A cost effective use of our facilities and resources
- Avoiding the creation of inequities or racially and socioeconomically identifiable schools

Outcomes

To review:

- Board decisions and pending decision regarding open facilities
- Total financial picture for each property
- Legislative exception process and timeline

Outcomes (continued)

To share:

- Current reality for the commercial real estate market
- Eagan preferences for development
- Scope of work details about processes for broker
- Redevelopment process (including outlot sales)

To provide an update regarding:

- Discussions with 917 about Cedar School
- M.W. Savage and Sioux Trail usage
- BEST and Burnsville Alternative High School relocation

Agenda

- Recap of board decisions and pending decisions
- Redevelopment and broker process
- Update on current facilities usage and Cedar lease
- Summary of next steps for legislative request
- Current redevelopment/development outlook
- Finances of each location
- Board discussion

ISD 191 Board of Education

Has given direction for district properties:

- Keep Diamondhead Education Center (DEC)
- Lease Cedar School
- Leverage Sioux Trail and M.W. Savage either for internal or external partner use
- Sell River Ridge Education Center
- Sell outlots at Diamondhead (April 23 BOE workshop)

Pending decision:

- Metcalf (MMS) sell outlot or sell all 35 acres (June 18 BOE workshop)

Developer Proposal Process

Scope of Work:

- 1) Ehlers is not a broker, but as an independent advisor can help facilitate a redevelopment process through developer solicitation, identification and selection. Ehlers will help manage all aspects of the redevelopment process keeping the District's goals and best interests at the forefront.
- 2) Facilitate process to solicit development proposals from interested developers which include preliminary site plans, development program (units, sq. ft., etc.), proposed land acquisition price, development proformas, timing and identification of any financial assistance necessary for financial feasibility.
- 3) Ehlers and District staff will review the submittals jointly and provide comments for feedback to the developers. Ehlers will provide the comments to the developers so they can refine the site plans as appropriate. Ehlers will address any follow up questions from the developers.
- 4) Prepare staff reports summarizing proposals for review by Board for developer selection and attend meeting.
- 5) Provide project management, and developer negotiations to ensure the best financial outcome for the District.
- 6) Work with District's legal counsel to prepare purchase agreements, review off all necessary documents for sale of land and field questions from legal counsel and developer(s).

River Ridge Broker - Next Steps

Prepare Request for Proposals (RFP) from potential brokers.

Send out RFP and select broker through a district process with Board final selection of a broker.

Work with broker to identify potential buyers for River Ridge Education Center property with sale to occur after legislation is passed regarding use of proceeds.

Open Facility- Sioux Trail (ST) and Marion W. Savage (MWS)

Both MWS and ST have been and continue to be utilized for childcare needs for all day programming. We have just enough custodial staff to allow us to keep the MWS and ST space available without needing to add full-time custodial staff.

Should we move away from hybrid to distance learning; we expect to fully use both MWS and ST for childcare with a possible expansion of programming to address our 6th, 7th, and 8th grade students.

Internal or Leased Buildings

Internal or Leased use of Cedar/ MWS/ ST		
Use	General Fd Amount	Debt Fd Amount
Continued Lease of Cedar under current lease FY21	\$ 109,226	\$ 214,127
Continued Lease of Cedar under current lease FY22	\$ 112,471	\$ 217,371
Internal use of ST for Childcare FY21	\$ -	\$ -
Internal use of MWS for Childcare FY21	\$ -	\$ -
Net Financial Impact	\$ 221,697	\$ 431,499

Consideration of future uses depends on internal needs related to COVID-19

Cedar Lease renewal to be addressed in FY22 with possible expansion as part of consideration

Summary of Next Steps for Legislative Request

- MN Statute [123B.51, subd. 6](#). Proceeds of sale or exchange.
- Example of a district to make a similar transfer (see [SF4306](#)).
- Timeline:
 - After the November election - meet with our local representatives
 - December - meet with appropriate legislators to share our intent
 - January - bill introduced to E12 Committee.

At a committee hearing, the district makes a presentation and answers questions.

Current Redevelopment/Development Outlook from Ehlers

ISD 191 Open Facilities Planning

Summary of Open Facilities For Sale as of September, 2020

Assumptions	General Fd Amount	Debt Fd Amount
Sale Proceeds (River Ridge)	\$ -	\$ 1,000,000
Broker Fees (River Ridge)	\$ -	\$ (60,000)
River Ridge debt yet to be paid as of June 30, 2020	\$ -	\$ (2,785,237)
Moving Costs (BEST from River Ridge)	\$ (100,000)	\$ -
Retrofit (BEST) preferred at DEC	\$ (300,000)	
Net Financial Impact of Sale through Broker	\$ (400,000)	\$ (1,845,237)
Sale Proceeds (DEC outlot up to 4 acres)	\$ 2,400,000	\$ -
Possible costs for renovation necessary due to parking and access	\$ (400,000)	\$ -
Net Financial Impact - DEC Redevelop Land Sale	\$ 2,000,000	\$ -
Sale Proceeds (MMS outlot 10 acres)	\$ 1,000,000	\$ -
Net Financial Impact - MMS Redevelop Land Sale	\$ 1,000,000	\$ -
Sale Proceeds (MMS, capacity of 1,100 Building and 35 Acres)	\$ -	\$ 2,625,000
MMS Debt yet to be paid as of June 30, 2020	\$ -	\$ (8,208,514)
Net Financial Impact - Redevelop all of land & bldg	\$ -	\$ (5,583,514)
Total Financial Impact if all were completed as shown in examples	\$ 2,600,000	\$ (7,428,751)

** Please note that all sales proceeds are estimates at this time.

Implications in selling Metcalf Middle School

- Great location for redevelopment
- Needs to be rezoned from public facilities
- Like all One91 buildings, MMS has debt to consider as part of any sale
- More cost effective to use existing assets. No immediate reuse for Metcalf – eliminates ongoing operational costs
- Selling an asset (Metcalf) that the district may determine is needed later
- Sale proceeds may not address any long-term budgetary challenges
- Potential loss of assets that the district has invested in but still has to pay for
- It will take time to prepare for partial or full sale
- City of Eagan may not have demolition grant availability

TENTATIVE TIMELINE

September 2020: Board to finalize expectations and criteria with external consultant timeline and scope of work considered for both DEC acreage and MMS acreage

September - December 2020: Begin broker selection process and selection of broker for property sale with intention of sale after June, 2021

November 2020: Election results to determine who to work with for legislation proposal

January 2021 to May 2021: Legislation proposed and testimony at hearing

May 2021 to December 2021: Board actions on property options and implementation of board action

Next Steps: Board Discussion and Direction

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