



To: Attendees
From: Jacob Windschitl | JW
Date: April 3, 2023
Comm. No: 222105

Subject: Independent School District #761
Owatonna Existing High School Task Force Meeting
March 16, 2023 Meeting Minutes

Attendees:

Bob Olson, Director of Facilities
Jeff Elstad, Independent School District #761
Kory Kath, Independent School District #761
Bruce Paulson, Community Member
Jane Draheim, Community Member
Jodie Smith, Community Member
Julie Fiske, Community Member
Joel Hunt, Community Member
Josh Cosens, Community Member
Pat Heydon, Community Member
Troy Klecker, Community Member
April St. Martin, Community Member
Dan Gorman, Community Member
Matt C. Kottke, Community Member
Zachary Spinler, Community Member
Sal Bagley, Wold Architects and Engineers
Paul Aplikowski, Wold Architects and Engineers
Jacob Windschitl, Wold Architects and Engineers

Absentees:

Bret Hansen, Community Member
Emily Sherwood, Community Member
Laura Jensen, Community Member
David Swenson, Community Member
Gail Thompson, Community Member
Josephine Nguyen, Community Member
Kristen Petersen, Community Member
Quinn Meyer, Community Member
Breanna Weisbrud, Community Member
Marc Wiese, Community Member
Ashley Moriarity, Community Member
Danielle Theis, Independent School District #761

**Discussion Topics:**

- A. FOHS (Former Owatonna High School LLC) gave a presentation of their proposal for development of the existing High School building and site that the District would not keep:
1. The District is going to keep the C Tower, Gym, Vo/Ag Building, and north parking lot. This is what the task force suggested at earlier meeting so the District could use for several needs.
 2. FOHS is looking to split the remaining parts of the property into three separate parts with different functions.
 3. The current proposal would separate the building structure between the portions that FOHS would purchase and the portions the District would retain. Property lines would then be established between the structures. FOHS and the District would still need to negotiate the locations of the property lines:
 - a. FOHS and the District have both worked with their own architects to determine the impacts of separating the buildings.
 - b. The decision to separate the buildings had to do with various code implications of keeping the buildings connected. Either scenario would have a cost impact, but it was seen as a better solution for each party to separate the buildings.
 - c. There will also be utilities and services that would need to be separated between the different properties.
 4. FOHS present a diagram of the 1921 building and the proposed uses. Some of these uses include but are not limited to:
 - a. Owatonna Center for the Arts
 - b. Social Services Hub
 - c. Conference Center
 - d. Apartments
 5. FOHS presented concept plans and renderings the housing development of the green space on the south side of the site:
 - a. The focus would be on housing for people who are age 55 plus. It would look to accommodate empty nesters who are looking to downsize.
 - b. On the south side of the site, they would look to build approximately 15 cottage homes.
 - c. The homes would be a part of a Homeowners Association. The HOA would provide site related services for the residents.
 - d. Behind the cottage homes there would be a private ally and behind the ally there would be a multi-family apartment building with a parking lot.
 6. FOHS presented concept for G-Wing:
 - a. FOHS would like to remodel the G-Wing to lease to childcare providers. They would use what is called a pod model where multiple entities lease space under one roof to lower the cost of operation by sharing access to common amenities.
 7. FOHS has also been in discussions with the United Way or other community entities to lease space to provide a community center.
 8. FOHS outlined a number of funding sources that they are looking to tap into that are in the proposal:
 - a. OHS noted they want to try to get the 1921 building back on the historical registry and that would provide additional funding for renovation.



- B. The presentation was opened to questions from the group:
1. The group asked if the project is all or nothing:
 - a. The District and FOHS is going to want it to be all or nothing. FOHS explained the housing could start fairly quickly after going through the City's process for zoning and plan review. There needs to be more time for the District to move out of the portions of the building that would be sold and disconnection them before more work can proceed on these portions of the building.
 2. The group asked who would own all these parcels and run the three different developments:
 - a. The cottage homes would initially be sold to a housing developer. Once built the homes would be sold to the residents.
 - b. The remain portions would be owned and operated by various developers.
 3. The group asked how many cottage homes there will be and what the spacing between them is:
 - a. There will be 15 cottage homes, the PUD would determine what the spacing requirements are but it is looking to be smaller than the typical existing homes in the neighborhood.
 - b. There would be approximately 26 apartments in the 1921 building. These may be for seniors or market rate apartments depending on demand and financing available for the project.
 4. The group asked what the square footage of the apartments would be:
 - a. Most units look to be one bedroom between 800-1000 square feet. Some maybe multiple bedrooms up to 1500 square feet.
 5. The group asked the number of stories for the proposed new apartment building:
 - a. The developer is looking to do a two-story building, that is what is in their wheelhouse. FOHS explained they do not want anything taller than the existing High School because it would stick out.
 6. The group noted the construction schedule seems ambitious. There were concerns of a developers ability to renovate apartments in the 1921 building in four months and construction of the cottage homes in eight months:
 - a. FOHS explained this does not include design, planning, and bidding, it is just the construction period.
 7. The group asked what the acreage of cottage homes is:
 - a. Approximately six acres.
 8. The group asked for more explanation of the historical tax credits:
 - a. The federal program can give up to 20% of the total cost of the project to restore the 1921 building.
 - b. The state has a matching program that could fund another 20%.
 - c. Minnesota State Historical Preservation Office (SHPO) would determine if the project qualifies.
 - d. FOHS has had discussions with SHPO on getting the building back on the registry. SHPO would also look if the plaza additions would need to stay or be removed to qualify.
 - e. FOHS has several people that have experience with SHPO and have had success at getting project on the registry.
 9. FOHS noted they think the tennis courts would be donated to the City.



10. The group asked who would cover the whole in the side of the building when the structures are separated:
 - a. Negotiations would still need to be had for who is covering the costs of separating the buildings. The work to enclose each portion would fall onto each entity.
11. The group asked what would happen with A & B plaza and who would pay for the cost of the demolition:
 - a. FOHS noted they are still working with SHPO as to if it could be listed with the A & B Plaza still in place. SHPO has changed their minds on if it could be listed again without removing the plazas which would save money.
- C. The group discussed the presentation and proposal without FOHS present:
 1. The group asked how much the demolition cost is in the referendum:
 - a. There was \$3 million in the referendum in question one to demolish the whole building. Question two added additional funding to repurpose portions of the building.
 - b. The group noted they would want to have some type of security or escrow to be able to demolish the building if the developer fails to remodel the existing building. The group does not want the building to sit empty and become the City's or District's problem in the future:
 - 1) It was noted the current proposal does not have any additional bond or escrow as part of the purchase.
 - c. The group noted there is concerns of having an abandoned building in the neighborhood if the developer fails to remodel the existing building.
 - d. The group noted none of the proposal is official and guaranteed to happen.
 - e. The District does have time constraints on the bond money. The District would not have the money in the future for demolish unless they had another referendum.
 - f. It was noted the District does not need to use the money from Question one only for demolish. They can use the money for the renovations of the parts of the building they are keeping.
 2. The group discussed that this has been the only proposal to come forward to purchase the building:
 - a. The group noted the timeline in FOHS's presentation was the timeline that FOHS has been working on a proposal. But the chance for others to come forward to purchase the building has been since the referendum passed in 2019.
 3. The group asked if the District can retain the land do something with it in the future, such as a new building if there was a need for one:
 - a. Yes, the District could keep the green space for a future project.
 4. The group noted the funding in the proposal is nowhere a done deal. All of the different tax incentives or partnerships would still need to go through a process and get approval and that would take time.
 5. The group asked what would it cost per month to keep the building sitting empty:
 - a. This has not been studied as to what the buildings monthly costs are while sitting empty but while occupied utilities run around \$33,000 a month.
 - b. If FOHS buys it over multiple installments that would be a lot of cost for the District and nowhere in the proposal was there anything that FOHS would compensate the District.
 6. The group noted they do not want to undermine the possible uses of green space by the District and the community. It could also be used for future needs of the District.



7. The group noted that the City is currently working with another project and developer for a project to use tax increment financing (TIF). It would not be until after that project is done that FOHS could apply for the next round of TIF. The City currently gets an approved project about every four years.
 8. The group noted they have talked with the Little Theater of Owatonna and FOHS has said they would only get about two weeks in the theater for a production. This would not make sense for them to move out of a space that currently works for them.
- D. It was noted that the construction and demolish costs have gone up with inflation since the 2019 referendum:
1. It was noted that a large part of the project is knowing whether or the District is demolishing large portions of the building. Once this is determined the District can finalize the budget for the construction package and start moving forward.
- E. The group asked if FOHS go in front of the School Board for a presentation:
1. The School Board has decided to not hear a presentation but to only review a written proposal.
- F. It was noted that the fields, tennis courts, and track would remain for school and community use.
- G. It was noted any money coming from the sales of District property has restrictions. It may need to go to debt services to pay off old loans. There is something in the requirements that say it can go toward the replacement of a facility. The District is doing research on what restrictions would apply to the sales of the property in this scenario.
- H. The District would likely do a final goodbye at the end of the school year. They are still working on what this will be.
- I. The group discussed what it will recommend to the School Board:
1. The group noted the proposal lacks funding and a valid timeline for results.
 2. The group noted the timeline does not match what the District needs to do. FOHS trying to buy over a year and a half does not fit what the District needs to do for their project.
 3. The group noted that the original recommendation last year was to prioritize the District needs first.
 4. The group noted the District should turn the unused portions of the building into green space and give the School Board time to make a decision on future needs for the District on the site. And if someone came along with a reasonable offer they could always choose to sell.
- J. Recommendations:
1. The Task Force would like to thank Former Owatonna High School LLC for their effort on putting together a proposal to purchase the unused portions of the building and site. The Task Force would have like to have seen it worked out with all its benefits it would have had to the community. But for the following reasons the group feels it is best the School Board chooses to end negotiations with FOHS and retain the property:
 - a. The proposal lacked secured funding to ensure future success of the development of the existing high school building and the site. This has created concerns of a realistic timeline in which a project could happen and the potential of the building sitting empty for a number of years.
 - b. The proposal had no assurances if the development of the property did not happen that there would be funding to demolish it in the future and not pass the costs onto the City or the School District.



- c. The proposed phased purchase of the property would leave the District unable to proceed with their project until all portions of the building have been bought or not, all while the District incurred costs of maintaining the building. This will only increase the costs of the District's project the longer the process takes. This is putting all the risk on the District while the developer would have several opportunities to walk away.
 - d. The Task Force has concerns of FOHS selling the property to other developers without being held to the original proposed ideas.
2. The Task Force is recommending to the School Board to cease negotiations with FOHS and proceed with the District's project on their own timeline. The project should demolish the portions of the building that will not be used by the District and retain the green space. The Task Force suggests the School Board evaluate any future uses of the property with the Task Force's criteria outlined in previous recommendations on how to use the property to best serve the School District and the Community.
3. The Task Force would like to thank the School Board for hearing out the views of the Community and to know they feel optimistic and hopeful for the future of the site and its potential for growth in the future.
4. Demolish portions not used by the District.
5. In recommendation noting that the process of purchasing over a long time and the unrealistic expectation of construction schedule.
6. In recommendation it should state the District is occurring more cost holding on to it while the developer tries to purchase it.
7. The group noted the multiple purchase dates could be ways out for the developer and this could leave the District with portions.
8. Recommend the District to proceed with their project on their own timeline.
9. Consider retaining the green space for future District needs or development.
10. Cost to taxpayers.
11. The group feels optimistic and hopeful for the future of the space and the potential growth of it in the future.