

**The Commissioner of the Department of Education  
Review and Comment on the School Construction  
Proposal of South Koochiching Public School District, ISD #0363-01**

A review and comment must be provided on a school district construction project proposal before the district conducts a referendum, solicits bids, or issues bonds for the project. A project proposal has been submitted for review and comment according to requirements set forth in Minnesota Statutes, section 123B.71, subdivisions 9 and 10, and Minnesota Statutes, section 123B.72.

The district provides the following information:

1. The geographic area and population to be served:
  - a. preschool through grade 12 student enrollment for the past five years, and
  - b. student enrollment projections for the next five years.
  
2. A list of existing school facilities:
  - a. by year constructed,
  - b. their uses, and
  - c. an assessment of the extent to which alternate facilities are available within school district boundaries and in adjacent school districts.
  
3. A list of specific deficiencies of the facility:
  - a. demonstrating the need for a new or renovated facility to be provided,
  - b. the process used to determine the deficiencies,
  - c. a list of those deficiencies that will and will not be addressed by the proposed projects,
  - d. a list of specific benefits that the new or renovated facility will provide to students, teachers, and community users served by the facility.
  
4. A description of the project, including:
  - a. specifications of site and outdoor space acreage,
  - b. square footage allocations for classrooms, laboratories and support spaces,
  - c. estimated expenditures for major portions of the project,
  - d. estimated changes in facility operating costs, and
  - e. dates the project will begin and be completed.
  
5. A specification of the source of project financing, including:
  - a. applicable statutory citations,
  - b. the scheduled date for a bond issue or school board action,
  - c. a schedule of payments, including debt service equalization aid, and
  - d. the effect of a bond issue on local property taxes by property class and valuation.
  
6. Documentation obligating the school district and contractors to comply with the following items:
  - a. Minnesota Statutes, section 471.345 governing municipal contracts,
  - b. sustainable design,
  - c. school facility commissioning under Minnesota Statutes, section 123B.72, certifying the plans and designs for heating, ventilating, air conditioning and air filtration for an extensively renovated or new facility meet or exceed current code standards, including ASHRAE air filtration Standard 52.1,
  - d. American National Standards Institute (ANSI) acoustical performance criteria, design requirements and guidelines for schools on maximum background noise levels and reverberation times,
  - e. state fire code,
  - f. chapter 326B governing building codes, and
  - g. consultation with affected government units about the impact of the project on utilities, roads, sewers, sidewalks, retention ponds, school bus and automobile traffic, access to mass transit and safe access for pedestrians and cyclists.

**Description of Proposed School Construction Project**

South Koochiching Public School District, Independent School District #0363-01, is proposing a single-question bond referendum on April 13, 2021 that would authorize \$5,495,000 in bonding authority to finance roof replacements and HVAC upgrades at both school facilities.

Proposed projects would be scheduled for completion in calendar year 2022. Cost estimates by location/project component are as follows:

<b>Indus School</b>		<b>Northome School</b>	
Roof Replacement	\$460,000	Roof Replacement	\$585,000
HVAC Upgrades	\$1,540,000	HVAC Upgrades	\$1,810,000
Fees, Permits & Testing	\$200,000	Fees, Permits & Testing	\$240,000
Contingencies	\$200,000	Contingencies	\$240,000
	<b>\$2,400,000</b>		<b>\$2,875,000</b>
<b>Other Costs</b>			
Capitalized Interest	\$96,620	<b>TOTAL PROJECT COSTS</b>	
Bond Issuance	\$126,455		<b>\$5,498,075</b>
	<b>\$223,075</b>		

The district would capitalize (fund with bond proceeds) the FY 2022 interest payment on the bond issue and make an interest only payment in FY 2023 to minimize the tax impact on the Payable 2022 levy. The proposed HVAC upgrades are expected to save the district up to \$15,000 annually and appear to be in the long-term interest of the school district.

If the bond referendum is successful and bonds are sold, the debt service on the bonds will be eligible for debt service equalization under Minnesota Statutes, section 123B.53, subdivision 3, if the bond schedule is approved. The amount of debt service equalization aid, if any, the district receives is determined annually and dependent upon property wealth, student population, and other statutory requirements.

**Review and Comment Statement**

Based on the department’s analysis of the school district’s required documentation and other pertinent information from sources of the Minnesota Department of Education, the Commissioner of Education provides a positive review and comment.

**Additional Information is Available**

Persons desiring additional information regarding this proposal should contact the school district superintendent’s office.



Mary Cathryn Ricker, NBCT Commissioner  
February 19, 2021