

School Board Meeting/Workshop:

September 28, 2020

Subject:

Resolution Approving Joint Powers Agreement Relating to Financing the Acquisition, Renovation and Equipping of an Education Facility in Shakopee, Minnesota

Presenter:

Scott Thielman, Superintendent

SUGGESTED SCHOOL BOARD ACTION:

Recommend approval

DESCRIPTION:

- BHM School District is a member of SouthWest Metro Intermediate District No. 288 (SWMetro).
- SWMetro owns and leases space to provide special, alternative, career & technical and adult basic education along with mental health services for the learners from its member districts.
- SWMetro is at or very near full capacity in all of its current sites.
- Unlike the other Intermediate Districts and most educational cooperatives in Minnesota, SWMetro DOES NOT place eligible students on waiting lists or reject them because programs are full. This is often referred to as a “zero reject” model.
- The only way to retain a zero reject model is to have adequate space to add new programs as students are referred.
- A task force, including member district board members and superintendents, was convened and recommended purchasing an existing building located at 4601 Dean Lakes Boulevard in Shakopee to address space needs.
- Purchasing Dean Lakes would allow SWMetro to:
 - move all programs from the Valley Green Workforce Center in Shakopee to Dean Lakes and sell its interest in Valley Green,
 - move programs located in the Town Square Mall in Shakopee to Dean Lakes and not renew leases at the Mall, and
 - add additional space for growth well into the future thereby retaining the zero reject model.
- Member districts pay their share of lease and maintenance costs of SWMetro buildings through lease levy and long terms facilities maintenance levy. The

district share is calculated by annual use of SWMetro programs as measured by student attendance hours.

- Annual costs (lease and maintenance) associated with Valley Green and Town Square Mall will be re-directed to fully pay annual loan payments for the purchase of Dean Lakes.
- Local impact to member district taxpayers will be *zero net change*. That is, the current portion of local property taxes paid for buildings leased by SWMetro and their maintenance will not change.
 - While the lease levy will go up slightly to purchase Dean Lakes, this increase is offset by an equal reduction in facilities maintenance levy due to the reduced maintenance needs of a much newer building. Local tax statements reflect a single number combining both costs which will remain unchanged.
- While there is no local tax impact, students from member districts will be served in a remarkably better facility than currently used.
- Further, member districts will gain equity in a building owned versus paying for rented space at the Mall.
- In addition, SWMetro will have the space necessary to meet the needs of all eligible students for many years to come with additional space available to lease to other educational entities such as higher education.
- The purchase price for Dean Lakes is \$6.5 million dollars with an additional \$1 million dollars needed to retrofit the building for classrooms.
- By comparison, the other three intermediate districts have invested the following amounts in buildings since 2010:
 - Intermediate 287 = \$50,995,000
 - Intermediate 916 = \$82,455,000
 - Intermediate 917 = \$8,085,000
- During this same period, SWMetro Intermediate 288, has spent \$0.00.
- The Joint Powers Agreement commits the BHM School District to pay its share of the building as determined by annual usage of SWMetro programs and documents the ownership share of the building held by each district should the building be sold in the future.
- The below market value sale price of the building coupled with historically low interest rates allows SWMetro and its member districts to obtain greatly improved learning space, consolidate from two locations to a single location in Shakopee, and adds space for anticipated growth at no additional cost to member district taxpayers.

ATTACHMENT(S):

- Resolution