

School Board Meeting/Workshop Date:

May 11, 2009

Subject:

Montrose Early Childhood

Presenter:

Chuck Klaassen
Director of Finance and Operations

SUGGESTED SCHOOL BOARD ACTION:

Discussion, Direction

DESCRIPTION:

I will provide the Board with an update on discussions with Bauer Design/Build and others regarding the development of the Eden property next to Montrose Elementary School. Following our decision to pull out of the purchase agreement and project plans back in January, I was contacted by Mike Bauer of Bauer Design/Build in March about the project. Mike had previous conversations with Montrose city staff and believed that the project concept was worth pursuing. I visited with Superintendent Bauck and the other parties involved in the earlier discussions and planning. Everyone still believed the concept was worth taking another look at from a different angle, so a meeting was held with Mike and his staff to listen to their proposal. I believe the new plan is a really positive one that addresses current and future needs in a fiscally and educationally sound manner.

Project Proposal:

Expand Early Childhood Family and Special Education programs in Montrose by leasing a renovated building next to Montrose Elementary. The former Eden Electronics building is proposed to be renovated by Bauer Design Build in a way that would provide new classroom and support space for ECFE and ECSE and also shared space with Head Start and Little Feet Big Feet, a private daycare operation. Bauer Design/Build is in negotiations with the property owner, Village Bank, and the Montrose EDA and City regarding Bauer's purchase and re-development of the property into an early childhood center. Mike and his partners have indicated in recent conversations with me that they are proposing this development contingent upon the school district's involvement and would not be interested in pursuing it if we are not part of the plan. In that case, the property would revert back to the bank.

Background information:

Currently, ECFE/SE classes are held in one classroom at Montrose Elementary. The room is a former Kindergarten classroom and is also shared with KidKare before and after school and on non-school days. Parent classes are held in a small office (126 sq. ft.) next to the classroom which limits the group to just a handful of parents. Sibling care is held in the old elementary office space when that room is available and not being used for Special Ed or KidKare. Kid Kare is in the old office each afternoon with its Kindergarten group. Because KidKare's use of that space is limited to afternoon, all of those students are required to be in morning Kindergarten classes. Freeing up the classroom would open up options for Kindergarten placement and half-day KidKare to both morning and afternoon.

The ECFE/SE classroom is used for a school readiness preschool class three days a week and an ECFE parent/child class two days a week. ECSE (Special Education) students are mainstreamed into the classes. Because space limits the number of classes that can be scheduled, some Montrose ECSE students currently have to be served in Buffalo, which results in additional transportation and inconvenience. Slots for ECSE students in Buffalo have also been hard to come by and an increased load due to additional transported Montrose children would most likely necessitate private placements at higher costs. The increased ECFE programming that could come with additional space, along with the Head Start presence, would help us place EC Special Education students in Montrose.

If additional space were available, a family literacy program could be added in Montrose. This is generally 2 days a week for 4.5 hrs a day. Family Literacy involves ECFE and Adult Basic Education providing instruction for early childhood students and their parents, including basic skills/GED instruction. This program tends to serve the most in

need and hardest to reach families. It is truly an early intervention program which works to head off issues that the district would likely face in future years with these participants.

With a current census count of approximately 400 children age birth to 4 in the Montrose attendance area, the critical mass is there when we look at early children programs and services over the next 3-5 years and beyond. While Montrose has experienced the same economic downturn that other communities have, it is probably better positioned and ready to pick up when the housing market rebounds than our other district communities. Its mix of available housing and ready infrastructure should serve it well.

One of the concerns for our district when we look at Montrose right now is the real prospect of losing some of the Montrose students and families to schools further down Highway 12 to the east. With that road upgrade, it becomes an easier commute for residents working in the twin cities and consequently, easier for parents to open enroll their children into Delano, Orono, etc. Our district's reductions over this two-year period, combined with the easier commute, increase the likelihood that we will see some stress on our Montrose Elementary enrollment. We don't want to, and can't afford to, lose more open enrollment students to that scenario.

Partnership:

The shared space and collaboration between the school district, Headstart and the daycare should serve us very well in the Montrose community as we move forward. Getting our young families and children connected to the school system early will pay dividends both in terms of keeping those kids in our E-12 system and providing the seamless service and support to help those kids succeed in school.

At present, plans call for approximately 4,000 square feet of space to be dedicated to ECFE/SE programs with 1,000 square feet for Headstart and 4,000 square feet for the private daycare. The Headstart program would be an extended day one, providing services from 6:00 a.m.-6:00 p.m. The daycare would serve preschool age children ages 0-5. KidKare will continue to serve elementary age students in grade K-5 in the Montrose Elementary building. All three "tenants" in the EC Center would work together with scheduling, programming, playground/common space, etc.

Construction Overview:

Bauer Design Build is proposing to demolish the older, southern part of the former Eden Electronics buildings and completely renovate the main building, which includes approximately 9,000 square feet. Eric Hamilton and I have met several times with Mike Bauer and his associates regarding the project scope and design. Mike, his architects and others have been very easy to work with. They have listened to and addressed each and every suggestion, concern and comment we have given them.

I have attached several project construction-related pieces, The Design/Build Scope Document was developed by Bauer, with input from Eric and the potential program staff. This is an outline of the general specifications for the project. It is the basis for what would become detailed construction specs. The preliminary Site Plan and Floor Plan are also attached.

Financing and Terms:

Our part of the project would be funded with revenue from lease levy, the same mechanism we use for other facilities used, but not owned, by the school district. We currently use lease levy funding for such things as hockey arena rental, TIES building, Wright Technical Center, T-hut classrooms, storage units, etc. Our state approved maximum lease levy amount is currently \$1,051,000 and we are using \$193,000 or about 18% of the total allowable. This lease would add approximately \$50,000 to our annual total. The tax impact for this would be approximately \$3 per year (\$.25 per month) for an average value home in the district. I have met several times with Gary Olson from Ehlers and also visited with Bill Kiesow from MDE to review the process.

The lease would be set up for a 10-year term, with an option window for conversion to purchase at 5 years and again at the end of term. Standard change or termination language would allow changes due to needs or circumstances. For example, the daycare could grow rapidly and need additional space, either in this building or a new location. Likewise, our programs could grow and need additional space. There are several lease options available to us but I would recommend that the school district would hold the master lease for the entire property/building and would sub-lease to the other two tenants. This would enhance the district's owner-tenant position and allow us to make leaseholder decisions for the entire property/building.

Next Steps:

We do need to have some sense of direction from the Board on this new plan. The State's lease levy process dictates that we initiate the steps for that approval in June. The project design/construction timeline for Bauer also is holding at this point for a green light. I really believe this is a positive step forward for the district's future in a time when most of the news seems to be negative. My recommendation to the Board is that we move forward with the project planning with formal approval on the project itself at the May 26 Board meeting.

ATTACHMENT(S):

Project Scope
Preliminary Site Plan and Design Plan