

**Division of School Finance
1500 Highway 36 West
Roseville, MN 55113**

September 20, 2017

Mr. Matt Hillmann, Superintendent
Northfield Public Schools, ISD #659
1400 Division St S
Northfield, MN 55057-2799

Dear Mr. Hillmann:

Minn. Stat. § 123B.71 requires a review and comment statement on the educational and economic advisability of your proposed school construction project. Information supplied by your school district and from Minnesota Department of Education sources is the basis of this review and comment. With this positive review and comment, voter and board approval is required in order for Northfield Public Schools, ISD #659 to proceed with the proposed projects.

The district shall publish a summary of the review and comment statement (the final two pages) in the legal newspaper of the district at least 20 days, but not more than 60 days, prior to holding a referendum for bonds or soliciting any bids for the construction, expansion, or remodeling of an educational facility. The Department may request a statement certifying the publication, and require the submission, review, and approval of preliminary and final construction plans.

Minn. Stat. § 123B.71 requires the Commissioner include comments from residents of the school district in the review and comment. As of the date of this letter, no public comments have been received. In addition, Minn. Stat. § 123B.71 requires the school board hold a public meeting to discuss the review and comment prior to the date of the bond referendum election.

Minn. Stat. § 123B.72 requires that a school district, prior to occupying a new or renovated facility after July 1, 2002, must submit a certification prepared by a system inspector to the commissioner and the building code official that will provide an occupancy permit. The certification must verify that the facility's installed or modified heating, ventilation, and air conditioning system operates according to design specifications and code, a system for monitoring outdoor airflow and total airflow of ventilation systems has been installed, and any installed or modified heating, ventilation, or air conditioning system provides an indoor air quality filtration system that meets ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) Standard 52.1.

If you have any questions, please contact Chris Kubesh, Education Finance Specialist, at (651) 582-8319 or chris.kubesh@state.mn.us. Thank you for working with us to improve school facilities for Minnesota students.

Sincerely,



Dr. Brenda Cassellius
Commissioner

cc: Julie Pritchard, School Board Chair
Enclosure

**THE COMMISSIONER OF THE DEPARTMENT OF EDUCATION
REVIEW AND COMMENT ON THE SCHOOL CONSTRUCTION
PROPOSAL OF NORTHFIELD PUBLIC SCHOOLS, ISD #659**

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 Minn. Stat. § 123B.71, Subdivisions 9 and 10, and Minn. Stat. § 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 addresses 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,
 - 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 schedules 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. section 471.345 governing municipal contracts,
 - b. sustainable design,
 - c. school facility commissioning under section 123B.72, certifying the plans and
 - d. designs for heating, ventilating, air conditioning and air filtration for an extensively
 - e. renovated or new facility meet or exceed current code standards, including ASHRAE air filtration standard 52.1 and
 - f. ANSI acoustical performance criteria, design requirements and guidelines for schools on maximum background noise levels and reverberation times,
 - g. State fire code,
 - h. chapter 326B governing building codes, and
 - i. 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

Northfield Public Schools, ISD #659 is proposing a two question bond referendum on November 7, 2017. The first ballot question would revoke the existing operating referendum revenue authorization of \$1,497.17 per pupil and replace it with a \$1,967.32 per pupil authorization for a ten year period. The second ballot question would authorize \$109 million in bonding authority to finance a new high school and elementary school, additions and renovations at Bridgewater and Sibley Elementary schools and the repurposing of Longfellow and Greenvale Park. Passage of the second ballot question is contingent upon passage of the first (operating referendum) ballot question.

The two largest project components proposed are new facilities; a 90,000 square foot elementary school and a 255,000 square foot high school. The existing high school would be demolished and athletic fields would be rebuilt in its place. The new elementary school would be located on the Greenvale Park site, adjacent to the existing elementary school which would be repurposed to accommodate early childhood and adult basic education students. The Longfellow facility would be repurposed to house district administrative offices and provide space for staff development.

The existing high school was built in 1964 and has had subsequent building additions. Architectural and engineering analysis have found the building to be well maintained but with numerous deferred maintenance needs such as roof replacement, tuck-pointing and window replacement. Though HVAC upgrades were made to the high school in 2004, air handlers in the gymnasiums and music area, as well as HVAC controls, are in need of upgrading. Cost estimates to address deferred maintenance projects and disabled accessibility upgrades is in the \$8-\$10 million range.

The district has identified specific space deficiencies in the high school. Some of these include: the need for additional music and gymnasium space, a secure building entrance/administrative office relocation, locker room area improvements and a lack of a student commons area along with cafeteria space. The estimated cost of the desired additions and alterations is around \$12.5 million.

The estimated cost of the proposed new high school and associated site improvements is \$78.5 million. The cost of upgrading and repairing the existing high school is likely to be in the \$20-\$25 million range or around 30% of the cost of new construction. In comparing the cost of renovating an existing structure versus building new, the MDE's "*Guide for Planning New Construction*" uses the architectural guideline that when the estimated costs of renovating/improving a school facility approaches 60% of the cost of replacing the facility, a new facility should be considered. In Northfield's situation, the cost of improving the existing structure is significantly less than replacement cost.

There is little doubt regarding the academic advisability of a new building. A new school is eminently preferable, by staff and students alike, to an upgraded and repaired structure. However, it is much more difficult to make a case for the economic advisability of building new in this instance. The existing building is functional and, with proper maintenance, still has many years of useful life remaining. The taxpayers of the school district have funded not only construction costs but also the ongoing maintenance costs. In addition, a portion of \$6.3 million bond issued in 2005 funded HVAC upgrades at the high school. The debt service on those bonds goes through FY 2025. In other words, the new high school option would result in the school district having to make future bond payments for improvements to a building that has been demolished.

The district has indicated that substantial community support exists for the higher cost option of a new high school. Though the economic advisability of a new high school is in question, the school board desires to pursue that option by putting it before the voters.

The district has supplied cost estimates to operate and staff the additional building space and believes existing revenues will be sufficient to fund the operational cost increases associated with the proposed facility additions.

The proposed projects would be scheduled for completion in the 2018 – 2020 calendar years. Cost estimates by project type are as follows:

Greenvale Park Elementary		Sibley Elementary	
Renovations	\$543,000	Addition	\$2,076,000
Site Improvements	\$14,000	Renovations	\$383,000
Fees / Testing / Permits / Services	\$76,000	HVAC Upgrades	\$341,000
FF&E	\$56,000	Fees / Testing / Permits / Services	\$335,000
Contingency	\$61,000	FF&E	\$280,000
	\$750,000	Contingency	\$285,000
New High School			\$3,700,000
Construction	\$52,224,000	Bridgewater Elementary	
Site Improvements	\$7,438,000	Addition - Secure Entrance	\$1,000,000
Fees / Testing / Permits / Services	\$9,437,000	Renovations	\$231,000
FF&E	\$6,264,000	Site Improvements	\$131,000
Contingency	\$3,137,000	Fees / Testing / Permits / Services	\$171,000
	\$78,500,000	FF&E	\$136,000
New Elementary School		Contingency	\$131,000
Construction	\$16,584,000		\$1,800,000
Site Improvements	\$2,123,000	Longfellow ALC	
Fees / Testing / Permits / Services	\$1,983,000	Renovations - Admin. Space	\$697,000
FF&E	\$1,870,000	Contingency	\$53,000
Contingency	\$940,000		\$750,000
	\$23,500,000	Other Costs	
		Capitalized Interest	\$883,000
		Bond Issuance Cost	\$318,550
			\$1,201,550

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

REVIEW AND COMMENT STATEMENT

Based upon 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.



Dr. Brenda Cassellius

Commissioner

September 20, 2017