

INDEPENDENT SCHOOL DISTRICT 659
SPECIAL SCHOOL BOARD MEETING
August 1, 2022 ~ 6:00 p.m.
Northfield District Office Boardroom

Zoom Link: <https://northfieldschools-org.zoom.us/j/84863633353?pwd=akdFQUc0cFB4MG45QXIEUGVhRUZtQT09>
Passcode: 737896

AGENDA

1. Call to Order
2. Items for Discussion and Reports
 - a. Northfield High School facility plan
3. Adjournment

Executive Summary: The district has been researching and discussing potential pathways for developing a Northfield High School facilities plan. The purpose of this document is to synthesize the process so far and to help provide choices for the board’s consideration for a single pathway forward.

What’s been done so far?

- The district entered into a partnership with Wold Architects and Engineers. Wold conducted a comprehensive facility assessment between November 2021 and January 2022.
- Representatives from Wold Architects and Engineers helped conduct 13 stakeholder listening sessions in February.
- The district hosted a high school facility task force. The task force included over 30 students, staff, parents, and community members. The facility task force met four times in March/April. The high school task force was charged with creating recommendations to accommodate educational needs, enrollment and programs over the next 20 years that is financially sustainable.
- The board received the task force report in June. The board discussed this report in detail at two work sessions and two regular meetings this summer.

When does the district’s previous debt (excluding the 2018 bond referendum) expire?

Approximately \$40 million of the district’s existing debt expires in the Pay 2024 tax year. This debt included components of several projects that were approved by the voters before the successful 2018 bond referendum election. This means the first \$40 million of any new bonding would be “tax neutral” if passed before January 2024. While the debt is paid off in 2024, taxes collected in 2023 are used to make the final payment on those bonds. To be transparent, if the district does not pass another bond, taxes would go down for property owners when the debt is paid off.

What are the pathways forward?

While there are many permutations of how the Northfield High School facility issue could be addressed, this document highlights three potential pathways forward with the estimated costs. The board will also need to consider if it has interest in entertaining the City of Northfield’s formal request to include an ice arena as part of the high school facility plan.

<p>Pathway No. 1 “Renew, Renovate, Reinvest”</p>
<p>This pathway is closest to what the board has considered so far. In this pathway, several questions could be asked of the voters in priority order. The board could select some of the potential questions for voter consideration but not others. One example of this pathway could be:</p> <ul style="list-style-type: none">» \$40 million bond referendum question for infrastructure maintenance including but not limited to:<ul style="list-style-type: none">● HVAC systems, windows, and lighting.● Classroom and laboratory improvements for science, technology & engineering, family and consumer sciences, and potential agriculture education.● Furniture updates» \$20 million bond referendum question (voters would have to pass the first question for it to be considered) to update the academic and other spaces in the school. This could include, but is not limited to, creating more flexible learning spaces within the facility by strategically removing four classrooms, improving special education classrooms, and improving music classrooms. It would also include updating the auditorium and locker rooms.» Up to \$20 million for athletic and activity space expansion. (Voters would have to pass the first two questions for it to be considered.) These updates could include a fieldhouse, synthetic turf for Memorial Field, and a storm shelter.

Pathway No. 2

“Renew, Reinvest, Reimagine”

This pathway could include a substantial re-imagination of Northfield High School. In general, it could include:

» An \$80 million bond referendum question that could include:

- A new, multi-story academic house and cafeteria.
- Demolition of several of the oldest academic wings to preserve space on the campus.
- Infrastructure maintenance in parts of the existing building that remain in use.
- A storm shelter.

» Up to \$20 million to address athletic and activity space expansion. (Voters would have to pass the first questions for it to be considered.) These updates could include a fieldhouse and synthetic turf for Memorial Field.

Pathway No. 3

Continue planning, renew and expand capital projects levy

In discussions at work sessions and regular meetings, board members have wrestled with these three challenging questions:

1. What is the right plan to support high school students by addressing the building’s needs?
2. How much of an investment will the taxpayers support?
3. When would the right time be to bring a bond election to the voters?

I am proud of the board’s deliberations and efforts to come to a consensus on these questions. It is alright that we aren’t there yet. It is vital that the board be in alignment with a bond referendum election.

The urgency for placing a question on the November ballot is self-imposed. It may be a wise move for the board to relieve that pressure and take additional time to reach a consensus. There are five opportunities each year for the board to bring a bond referendum question to the voters: February, April, May, August, and November. Timelines for each of those election options are included in the board packet.

The administration would continue to help the board develop a plan by:

- Contracting for a paid randomized, stratified sample survey of district voters to judge their tax impact tolerance.
- Conduct a community feedback process to solicit questions about the proposed project.
- Conduct a focus group on what career technical education should look like at Northfield High School.
- Collaborate with other governmental agencies and business partners to determine if a public-private financial partnership is possible for the athletics portion of the plan.

Additionally, the board could authorize a ballot question in November 2022 to approve the renewal and expansion of the capital projects levy. The current \$750,000 per year capital projects levy expires in 2024. These funds help support addressing maintenance issues, purchasing curriculum, and maintaining district technology. State law allows for technology staff salaries to be paid for by operating capital funds. An expansion of the capital projects levy to fully pay for eligible current technology staff salaries would provide relief to the general fund. Expanding the capital projects by \$750,000 to \$1.5 million would increase taxes on a home valued at \$300,000 by \$61 **per year**. A capital projects levy campaign also offers the opportunity to preview a potential upcoming bond referendum for the high school.

Superintendent’s Recommendation: Pursue Pathway 3, renewing and expanding the capital projects levy to address the district’s general fund budget stability issues. While the board has worked hard to make progress on this vital community question, it is clear that consensus on a potential Pathway 1 or Pathway 2 option has not been reached yet. Pathway 3 would provide additional time to further solidify the consensus of the board on either Pathway 1 or 2. An election for the high school bond referendum would be targeted for February 2023.

Northfield High School Master Plan Election Timeline Options

	<u>November 8, 2022</u>	<u>February 14, 2023</u>	<u>April 11, 2023</u>	<u>May 9, 2023</u>	<u>August 8, 2023</u>	<u>November 7, 2023</u>
Community Surveying	N/A	August – September 2022	August – September 2022	September – October 2022 (or ASAP)	January – February 2023 (or ASAP)	March – April 2023 (or ASAP)
Board Work Session(s)	May – June 2022	August – September 2022	October – November 2022	November – December 2022	March – April 2023	May – June 2023
Board Finalize Proposal Regular Board Meeting	July __, 2022	October __, 2022	December __, 2022	January __, 2023	April __, 2023	July __, 2023
Submit Review & Comment to MDE 90 days before election	Before August 10, 2022	Before November 16, 2022	Before January 11, 2023	Before February 8, 2023	Before May 10, 2023	Before August 9, 2023
Adopt Formal Resolution 74 days before election	Before August 26, 2022	Before December 2, 2022	Before January 27, 2023	Before February 24, 2023	Before May 26, 2023	Before August 25, 2023
Early Voting Begins 46 days before election	September 23, 2022	December 29, 2022	February 24, 2023	March 24, 2023	June 23, 2023	September 22, 2023
Publish Review & Comment 20 days before election	Before October 19, 2022	Before January 25, 2023	Before March 22, 2023	Before April 19, 2023	Before July 19, 2023	Before October 18, 2023
Special Election	November 8, 2022	February 14, 2023	April 11, 2023	May 9, 2023	August 8, 2023	November 7, 2023

PRELIMINARY INFORMATION - FOR DISCUSSION ONLY

Northfield Public School District, ISD No. 659
Estimated Tax Impact of Potential Capital Project Levy Increase

May 26, 2022

	Amount Levied	Full Existing Authority	Potential Increase	Potential Increase	Potential Increase
Annual Revenue (Existing & New)	\$750,000	\$1,239,925	\$1,500,000	\$3,000,000	\$5,000,000
Additional Annual Revenue	\$0	\$489,925	\$750,000	\$2,250,000	\$4,250,000
Estimated Tax Capacity Rate Payable 2023 for Capital Project Levy*	2.104%	1.374%	2.112%	6.335%	11.965%

Type of Property	Estimated Market Value	Estimated Taxes Payable 2023*	Estimated <u>Additional</u> Annual Taxes Payable 2023*			
Residential Homestead	\$100,000	\$15	\$10	\$15	\$45	\$86
	125,000	21	14	21	63	118
	150,000	27	17	27	80	151
	175,000	32	21	32	97	184
	200,000	38	25	38	115	216
	250,000	49	32	50	149	281
	300,000	61	40	61	184	347
	350,000	72	47	73	218	412
	400,000	84	55	84	253	477
	500,000	105	69	106	317	598
600,000	131	86	132	396	748	
Commercial/Industrial #	\$100,000	\$32	\$21	\$32	\$95	\$179
	250,000	89	58	90	269	509
	500,000	195	127	195	586	1,107
	1,000,000	405	265	406	1,219	2,303
	2,000,000	826	539	829	2,486	4,696
Agricultural Homestead ** (average value per acre of land & buildings)	\$4,000	\$0.42	\$0.27	\$0.42	\$1.27	\$2.39
	5,000	0.53	0.34	0.53	1.58	2.99
	6,000	0.63	0.41	0.63	1.90	3.59
	7,000	0.74	0.48	0.74	2.22	4.19
	8,000	0.84	0.55	0.84	2.53	4.79
Agricultural Non-Homestead ** (average value per acre of land & buildings)	\$4,000	\$0.84	\$0.55	\$0.84	\$2.53	\$4.79
	5,000	1.05	0.69	1.06	3.17	5.98
	6,000	1.26	0.82	1.27	3.80	7.18
	7,000	1.47	0.96	1.48	4.43	8.38
	8,000	1.68	1.10	1.69	5.07	9.57

* The amounts in the table are based on school district taxes for the proposed capital project levy only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the homeowner's Homestead Credit Refund ("Circuit Breaker") program. Owners of homestead property may qualify for a refund, based on their income and total property taxes. This may decrease the net tax increase for those property owners.

+ For commercial-industrial property, the tax impact estimates above are for property in Rice and Goodhue counties. For commercial-industrial property in Dakota county, the tax impact would be less than shown above, due to the impact of the Twin Cities Fiscal Disparities program.

** Average value per acre is the total assessed value of all land & buildings divided by total acres. Homestead examples exclude the house, garage, and one acre, which has the same tax impact as a residential homestead.

PRELIMINARY ESTIMATES - FOR DISCUSSION ONLY

Northfield Public Schools - ISD #659

**Analysis of Tax Impact for Potential Bond Issue
November 8, 2022 Election**

May 26, 2022

Bond Issue Amount	\$40,000,000	\$55,000,000	\$70,000,000	\$110,000,000
Average Interest Rate	4.50%	4.50%	4.50%	4.80%
Number of Years	20	20	20	25

Type of Property	Estimated Market Value	Estimated Change in Annual Taxes from 2022 to 2023*			
Residential Homestead	\$100,000	\$5	\$28	\$50	\$87
	125,000	6	38	70	120
	150,000	8	48	89	153
	175,000	10	59	108	186
	200,000	11	69	127	219
	250,000	15	90	165	285
	300,000	18	111	204	351
	350,000	22	132	242	417
	400,000	25	153	280	483
	500,000	32	192	352	605
600,000	40	240	440	756	
Commercial/ Industrial #	\$100,000	\$10	\$58	\$106	\$182
	250,000	27	163	299	514
	500,000	59	355	651	1,120
	1,000,000	122	738	1,354	2,330
1,500,000	185	1,121	2,057	3,540	
Agricultural Homestead** (average value per acre of land & buildings)	4,000	-0.27	-0.08	0.11	0.42
	5,000	-0.34	-0.10	0.14	0.52
	6,000	-0.40	-0.12	0.17	0.63
	7,000	-0.47	-0.14	0.20	0.73
8,000	-0.54	-0.16	0.23	0.84	
Agricultural Non-Homestead** (average value per acre of land & buildings)	4,000	-0.54	-0.16	0.23	0.84
	5,000	-0.67	-0.19	0.29	1.05
	6,000	-0.81	-0.23	0.34	1.26
	7,000	-0.94	-0.27	0.40	1.46
8,000	-1.08	-0.31	0.46	1.67	

* Estimated tax impact includes principal and interest payments on the new bonds. The amounts in the table are based on school district taxes for bonded debt levies only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the homeowner's Homestead Credit Refund ("Circuit Breaker") program. Owners of homestead property may qualify for a refund, based on their income and total property taxes. This may change the net effect of the proposed bond issue for those property owners.

For commercial-industrial property, the tax impact estimates above are for property in Rice and Goodhue counties. For commercial-industrial property in Dakota county, the tax impact would be less than shown above, due to the impact of the Twin Cities Fiscal Disparities program.

** For all agricultural property, estimated tax impact for 2022 includes a 60% reduction and for 2023, a 70% reduction due to the School Building Bond Agricultural Credit. Under current law, the School Building Agricultural Credit will remain at that higher level. Average value per acre is the total estimated market value of all land & buildings divided by total acres. If the property includes a home, then the tax impact on the house, garage, and one acre of land will be calculated in addition to the taxes per acre, on the same basis as a residential homestead or non-homestead property. If the same property owner owns more than approximately \$1.9 million of agricultural homestead land and buildings, a portion of the property will be taxed at the higher non-homestead rate.