



CHISHOLM ISD 695  
COMPREHENSIVE PLANNING SUMMARY

Updated - April 20, 2022

**PROCESS:**

- The district has a current **Operating Levy** that is due to expire in fiscal year 2024.
- When communities support an **Operating Levy**, they are providing the district general funds to use for teachers' salaries, textbooks, co-curricular programs, transportation, computers, utilities, and the general operation of the district.
- To support continued operations, the district realized the need to at the very least renew the current levy in fiscal year 2023 however, needed to better understand district-wide challenges before determining the best direction.
- On December 20, 2020, the school board officially selected a consulting firm to lead the district through a **comprehensive process, comprised of 4 phases**, to assist the district in identifying needs.
- **The first phase** of this process was over a period of three months, February – April 2021, and included working with district stakeholders (administrators, teachers, staff and students) to **develop both an academic and financial plan**.
- On June 21, 2021, the district shared the results of both plans in a community engagement meeting hosted at the Vaughan Steffensrud School.
- The visions and goals developed in both strategic plans initiated **phase 2** of the process which included **analyzing district financials and identifying building needs**. On July 26, 2021, the board unanimously voted to continue the process for a potential **November Operating and Bond Election**.
- **Bond Referenda** provide districts dollars to make improvements to facilities and building infrastructure only. For example, bonds can be used for major construction such as renovation, building an addition, building new schools or for general building projects such as addressing deferred maintenance and ventilation deficiencies. Bonds however, cannot be used to hire teachers, buy textbooks, or for the operation of the district such as utilities.
- **Phases 3 and 4** of the process involves engaging all district stakeholders, including the community to **prioritize improvements and determine the best plan** for the district for an election.
- On February 23, 2022, the district hosted the first of 3 community engagement meetings to share the comprehensive process with the community. The district solicited feedback and names of those interested in joining a Planning Task Force. The objective of the task force is to assist the district in developing a plan that is supported by the community.
- The 23-member community task force formed (number excludes board members and administrators) met on March 15<sup>th</sup> and March 24<sup>th</sup> with the district to discuss assessment findings, preliminary options and financial scenarios to assist in formulating options to bring back to the community in a 2<sup>nd</sup> Engagement Meeting on April 20<sup>th</sup>.
- The Task Force will continue to review data and stakeholder feedback to recommend a final plan to the community in a 3<sup>rd</sup> engagement meeting anticipated for mid-May, 2022 and board in early June, 2022.

**Difference between Operating Levy and Bond Referenda Elections**

*When communities support an **Operating levy**, they are providing the district general funds to use for teachers' salaries, textbooks, co-curricular programs, transportation, computers, utilities and the general operation of the district.*

*On the other hand, **Bond Referenda** provide districts dollars to make improvements to facilities and building infrastructure only. For example, bonds can be used for major construction such as renovation, building an addition, building new schools or for general building projects such as addressing deferred maintenance and ventilation deficiencies. Bonds however, cannot be used to hire teachers, buy textbooks, or for the operation of the district such as utilities.*



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**NEEDS IDENTIFIED:**

***Vaughan Steffensrud***

The Vaughan Steffensrud School was built in 1958 and houses PreK-3rd grades.

- All grade levels and the Preschool classrooms are over the 90% recommended capacity. School is at full capacity, with no room for growth.
- Class sizes are limited due to the classroom size and number of lockers in the classrooms.
- There are ventilation and temperature control issues in the classrooms and the systems do not have dehumidification capabilities.
- Kitchen prep and storage areas are undersized.
- Some classrooms need new flooring and windows.
- Gym serves as cafeteria, limiting gym use for physical education during those hours.
- School built over swamp, resulting in flooding issues in basement.
- There is a lack of developed field space.
- There is a significant amount of Asbestos in flooring throughout the building.
- ***A total of over \$7M of deferred maintenance infrastructure needs was identified at the Vaughan.***

***Chisholm Elementary School***

The Chisholm Elementary School was built in 1913, and houses 4th-6th grades.

- There are many unused classrooms. The overall building utilization is at 44%, which is significantly under the recommended 90% standard.
- Most classrooms and workspaces are on the low end of MDE guidelines for square footage.
- The building entrance is a split level and is not a secure entrance by MDE standards.
- Kitchen and cafeteria serve both Elementary School students and High School students and is undersized based on MDE guidelines, creating scheduling and capacity issues.
- Parent drop-off and pickup is on city street causing congestion and issues during winter with snow buildup.
- Students must cross a street to access playground, causing safety concerns.
- Ventilation systems do not have distribution systems that effectively deliver ventilation to occupied spaces and do not have the ability to add more effective filtration due to existing equipment limitations. None of the systems have dehumidification capabilities.
- The plumbing system has significant sections that need replacement.
- The boiler plant serving the elementary and high school has elements that are original to construction and has experienced an increasing rate of leaks in old piping which is expensive to repair. Steam is less efficient and not as easy to operate when completed to modern hot water heating systems. Recently, the boiler plant controls failed due to a roof leak that shorted out controls in a panel. Classroom temps quickly fell into the low 50's . before the system was able to be brought back online.
- Temperature control is inconsistent and a top identified need of staff. The system is an old pneumatic type which makes finding replacements parts difficult as they are no longer readily available.
- Building envelope improvements are needed to keep the integrity of the exterior and keep water out of the wall and roof assemblies.



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***Chisholm Elementary School (Cont'd)***

- Structurally, the Elementary is in fair condition with limitations that make investing in mechanical/ventilation and plumbing system upgrades more costly.
- A total of over \$18M of deferred maintenance infrastructure needs was identified at the Elementary, this does not include space remodels to address any educational adequacy needs.

***Chisholm High School***

The Chisholm High School was built in 1924 and serves students in grades 7-12.

- Classroom utilization is at 88%, which is slightly over the recommended 80% standard.
- The High School has 3-4 classrooms that are underutilized and could an additional grade level if necessary.
- There is only one gym station that is significantly undersized based on MDE guidelines. Additional gym space is a priority.
- There is no kitchen cafeteria in High School, resulting in students having to walk to the Elementary School for meals. Addition of a kitchen cafeteria/commons space would be a priority.
- Site is significantly undersized and has no adjacent field space for physical education or athletics. Athletics are held at the field spaces owned by the city several blocks from the school. Students need to be bussed to the fields for any outdoor PE.
- Some classrooms need updates to flooring, windows, etc.
- The pool is unable to be used as a competitive pool as it is only 25 yards long and 4 lanes wide. There is no diving capability. There are issues with the filtration system.
- Ventilation systems do not have distribution systems that effectively deliver ventilation to occupied spaces and do not have the ability to add more effective filtration due to existing equipment limitations. None of the systems have dehumidification capabilities.
- Building envelope improvements are needed to keep the integrity of the exterior and keep water out of the wall and roof assemblies.
- Plumbing system components are at the end of service life and need replacement.
- Temperature control is inconsistent and a top identified need of staff and students. The system is an old pneumatic type which makes finding replacements parts difficult as they are no longer readily available.
- The boiler system serving the High School also serves the Elementary. The system is aging and is at the point of needing replacement. Recently, a vacuum pump failed leaving the building with only one remaining of the same age. Replace part lead times are out 6 weeks and if the remaining pump fails, the building will not be usable. Replacing the old steam system with a modern hot water heating system is recommended.
- Structurally, the High School is rated as “good” with life remaining that makes a case for investment. There are limitations but not as much as the Elementary.
- Approximately \$17.5M in high priority deferred maintenance scopes were identified at the High School.
- A potential single site solution that keeps the High School would allow for approximately \$6.5M in investment of the highest of these need which include addressing replacement of the steam boiler system, roofing, gutters, and tuckpointing, and required ADA upgrades. Any additional funds secured would be used to address ventilation and dehumidification upgrades and temperature control replacements. Addressing these major infrastructure needs would bring the existing High School up to current codes and extend its life for many years.



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**OPTIONS:**

- A number of example options were developed as part of the district’s comprehensive assessment process.
- Options shared are based on a November, 2022 election.
- Estimated costs for all options **include all soft costs and fees** (i.e. design, construction management, permitting, plan review, etc.) There will be no additional costs to the budgets outlined on the following pages unless scope is added by the district.
- **By MN law, projects must go out for bids.** If project bids come in over estimated costs, scope will be reduced to stay within budget. If project bids come in below estimated costs, the district can either execute additional projects or buy down debt.

**Please see “Initial Project Options Overview” for summary of all plans considered to date.**

**CURRENT FINANCIAL SITUATION:**

- Minnesota State Law (MN Statute 475.53) limits the amount of bonding capacity a district has for improvements. The Chisholm School district has approximately **\$32M remaining for bonding capacity** and must prioritize identified improvements and or renovations within this amount.
- Combining to a single site would “right-size” the district’s facilities and result in substantial **operational savings** in addition to providing modern, flexible educational space. Single-site annual operational savings have been conservatively estimated to be approximately **\$310,000**. These savings would be realized from **operating approximately 80,000 sq. ft. less space** than the district currently runs.
- The district has far more deferred maintenance needs than Long Term Facilities Maintenance Revenue (LTFMR) funds available. The district receives \$300,000 of LTFMR annually, however, \$200,000 of this budget is committed to current bonded facility projects leaving only around \$100,000 per year available until those bonds mature in FY39. The district has already spent more than \$100,000 in the past year on emergency repairs.
- The attached charts demonstrate estimated sources of payments for debt service on the proposed bonds over the life of the bonds. With equalization, the state’s responsibility accounts for **45%** of the principal **and** interest payment of \$56.5M for 21 years. In this scenario, the state would provide aid to the district of \$26M and the voters would be accountable for \$30M.
- Baird Financial, the district’s financial advisors are using an average home value of \$100,000.

**MN Statute 475.53 LIMIT ON NET DEBT**

*Except as otherwise provided by law, no school district shall be subject to a net debt in excess of 15 percent of the estimated market value of all taxable property situated within its corporate limits, as computed in accordance with this subdivision.*

**Please see financial tax charts for reference.**



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**POTENTIAL FUNDING SOURCES:**

***Potential State Support:***

- The district has pursued and was unsuccessful in securing funds through [IRRRB](#) as their collaboration fund balance is depleted. However, the district was informed that there may, be some IRRRB funds available through a different fund for demolition costs if needed.
- The IRRRB has supported the district in working with a lobbyist and pursuing a [bill in the current legislative session](#) that if passed, would create a new IRRRB fund and allocate \$7-8.5M to the district over the next ten years (2024 through 2034) to assist with needed improvements.
  - The legislation is authored by Senators Tomassoni and Tom Bakk, sponsored by representatives Dave Lislegard and Rob Ecklund, and was introduced into session on Monday, March 7, 2022. The legislative session is scheduled to end May 23, 2022. There is a possibility that the legislature will go into special session, however this is atypical in non-bonding years.
  - This bill requires a one-to-one match, so Chisholm must pass a referendum to receive the funding.
  - As of Thursday March 24, 2022, the bill passed through both the Senate and House Tax committees. The district anticipates knowing the outcome of this bill prior to both unveiling a final plan to the community and submitting the final plan to the MDE for review.
- There is also legislation in the current session, [HF3224](#), that will provide additional aid to districts with bonded debt. If successful, Chisholm's project equalization aid will increase from 46.5% to 57.2%. In this scenario, the state would provide \$32.2M, and the voters would be accountable for \$24M. The current session is scheduled to end on May 23, 2022. The district will wait on the session to end before deciding on a final plan and election direction.
- The district has submitted a grant request to the county for [COVID Relief Funds](#) in the amount of \$1.5 million to assist with ventilation and dehumidification projects. This fund is categorical and must be used only for operations expenses incurred related to COVID updates and modifications.
- The district submitted their name to the [Minnesota Head Start Association \(MHSA\)](#) list for \$2.9 million in financial support for new early childhood facilities. This will most likely be a competitive grant-based program. If approved by the legislature, the district will take the necessary steps to submit a grant for new early childhood facilities.

**NEXT STEPS**

- The district will continue to work with the task force through May, 2022 to review stakeholder feedback, assessment data, and preliminary options.
- The district and task force members will review feedback received from the April 20<sup>th</sup> engagement meeting. A third community engagement meeting is anticipated for mid-May to unveil the task force recommended plan to the community and receive feedback on election direction.
- The district anticipates receiving a final plan recommendation from the task force in early June, 2022. Contingent on community feedback, the district is tentatively planning a November 8, 2022, Operating Levy and Building Bond Referendum, and will submit a Review and comment to the Minnesota Department of Education in mid-June, 2022.
- A referendum website will be launched on Monday, April 25<sup>th</sup> and continually updated with referendum information.
- If the district receives a favorable review from the Minnesota Department of Education in August, the district, up until election day, will:
  - Schedule meetings within all district communities to provide option information and receive feedback.
  - Provide information using all communication avenues.