

Our mission is to inspire and prepare all students with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Agenda Items

1. Pledge of Allegiance
2. Additions to Agenda
3. Acceptance of Agenda
4. Audience Opportunity to Address the School Board
5. Property Committee Report - Kim Riesgraf 2
6. Action Item
 - A. Consideration of Offer from City of Osseo to Purchase Osseo Elementary School Located at 324 6th Avenue NE, Osseo, Minnesota.
7. Informational Items
 - A. Announcements
 1. Negotiation Strategies Meeting, Tuesday, August 17, 2010, 6:00 PM, Conference Room N-10, Educational Service Center. Closed to the Public
 2. Regular School Board Meeting, Tuesday, August 17, 2010, 8:00 PM, Board Room, Educational Service Center. Open to the Public.
8. Adjournment

July 13, 2010

LETTER OF INTENT

Independent School District No. 279
Attn: Superintendent Kate Maguire
11200 93rd Avenue North
Maple Grove, MN 55369

RE: Osseo Elementary School site, 324 Sixth Avenue NE, Osseo

Dear Superintendent Maguire:

This Letter of Intent is offered by the City of Osseo to Independent School District No. 279 declaring the intent of the City of Osseo to purchase the property known as the Osseo Elementary School site located at 324 Sixth Avenue NE, Osseo, in Hennepin County, Minnesota (as legally described in attached EXHIBIT A).

The City of Osseo will offer to purchase the property for a price of \$3,750,000 (determined by \$83.33 per square foot for approximately 45,000 square foot gross building area) less adjustments for deferred maintenance and other matters determined by due diligence.

With this Letter of Intent the City of Osseo makes a \$10,000.00 earnest money deposit, which shall be credited against the purchase price upon a successful closing of the purchase. The earnest money deposit shall be returned to the City of Osseo if the purchase fails to close for any reason. The City of Osseo will, within 30 days of acceptance of this Letter of Intent, submit a written purchase offer to Independent District No. 279 for purchase of the property.

Dated: 7-13, 2010



Mayor Steven Menth

Independent School District No. 279 acknowledges receipt of the foregoing Letter of Intent and the earnest money deposit of \$10,000.00.

Dated: _____, 2010

Independent School District No. 279

By: _____

July 14, 2010

The Honorable Steven Menth, Mayor
Councilor Rick Weber
Councilor Duane Poppe
Councilor Mark Schulz
Councilor Steve Parks
City of Osseo
415 Central Avenue
Osseo MN 55369

Dear Mayor Menth and City Councilors:

I am returning the check for \$10,000 that accompanied your letter dated July 13, 2010, expressing your intent to buy the school building that formerly housed Osseo Elementary School located at 324 6th Avenue NE in the City of Osseo (School Site).

As School Board Chair John Nelson stated at the School Board meeting on July 13, 2010, Osseo Area Schools has plans for the use of that site for School District educational programs, and the School District has no intention to sell the School Site.

The School District plan involves realigning our use of district-owned facilities to accommodate programs that are now housed in leased facilities. As part of that plan, the School District proposes to move the Osseo Area Learning Center (OALC) program to the School Site, which offers improved educational facilities for OALC students. In addition, use of the School Site will save the cost of leasing space for other educational programs.

In previous meetings, School District staff has provided representatives of the City with information about the School District's planned use of the School Site. We have also provided information about the ongoing maintenance of the School Site in preparation for its continued use as a school for ISD 279 students.

In accordance with our procedures, however, the City's offer to purchase the School Site will be referred to the School Board's Property Committee for its review. We will proceed to schedule a Property Committee meeting in the near future. Any recommendation by the Property Committee will be reported to the School Board at the subsequent School Board Meeting.

Dr. Kim Riesgraf, Assistant Superintendent Administration, will continue to stay in touch with City administrative staff regarding the School District's plans for the use of the School Site.

Sincerely,

Kate Maguire, Ed.D.
Superintendent

Enclosure

Key information about ISD 279's proposal to return the former Osseo Elementary site to active use as a school

CONTEXT FROM 2008 BUDGET REDUCTIONS

Osseo Elementary was one of two elementary schools closed in 2008 in order to save \$400,000 per school in annual operating costs.

- In 2008, the School Board reduced the operating budget by \$16 million.
- Factors taken into consideration during those difficult decisions were budget limitations, demographic and enrollment trends, existing facilities, and programs.
- Given the revenue available, the School Board determined the school district could afford to operate 17 elementary schools (out of 19 at the time). With the smallest elementary enrollment, Osseo Elementary's per-pupil operating costs were among the highest, making it a candidate for closure.
- The savings from reducing the number of elementary schools operated by the school district are compounding every year; for Osseo Elementary alone, the cost savings to date add up to more than \$800,000. If an existing program (such as the Osseo Area Learning Center) is relocated to the former Osseo Elementary site, the savings will continue to compound because they are related to the reduction in the total number of elementary schools operated by the school district.
- The annual operating cost savings from the closure of the two elementary schools are largely derived from reductions in the following: principal, secretary and other support staff, custodian, and some utilities.
- The district-wide reductions made in 2008 have led the school district to a positive financial position—enough so that formal expenditure reductions were not required for 2009-2010 or 2010-2011 and the reserve fund was healthy enough to provide additional support for schools in 2010-2011.

Deferred maintenance cost estimates were considered during the 2008 budget reduction discussions.

- The Spring 2008 budget reduction discussions took into consideration the estimates provided by an outside professional firm regarding the costs of two major deferred maintenance items at Osseo Elementary: roof replacement and wall repair, whose combined estimates at the time totaled about \$800,000.
- Actual costs have come in below those earlier estimates for two key reasons:
 1. Repairs were able to be postponed until the bidding climate was more advantageous. For example, the wall repair (tuckpointing) that was estimated in 2008 at \$226,000 came in at less than half that amount (\$108,000) in 2009.
 2. The roof is being repaired on a section-based approach vs full-roof replacement. Therefore, instead of a \$550,000 expenditure, costs to date have totaled less than \$20,000.

PROPOSED USE OF OSSEO ELEMENTARY

The proposal to relocate the Osseo Area Learning Center (OALC) to the former Osseo Elementary site is good for student learning and offers benefits for residents and taxpayers.

- The site offers improved educational facilities for students in the Area Learning Center program.
- The subsequent use of the current OALC building for other programs currently housed in leased space will save taxpayers money (approximately \$350,000 per year).
- The building will return to active use as a school and will again be available for community use during non-school hours.

Timing of the Osseo Elementary use proposal is tied to the expiration of leases on two other program sites.

- The expiration of leases on two other properties provides an opportunity to use district-owned facilities more efficiently, while saving taxpayers money.

Staff continually assesses programs and facilities to ensure the most efficient and effective use of taxpayer dollars.

- The proposal to relocate the Osseo Area Learning Center to Osseo Elementary derived from ongoing work outlined in the school district's strategic plan, which requires regular, intentional conversations about how to use district-owned facilities as effectively as possible.

SELLING OR LEASING THE PROPERTY

Selling the property would not bring any new support for classroom needs.

- By law, the proceeds from the sale of property must be used for capital costs; they cannot be used to help pay for teachers or to pay for educational programs.

Revenue from a charter school would not be sufficient to offset other costs.

- ISD 279 currently sponsors two charter schools within district boundaries and recognizes that they are a viable public education option. Charters come at a cost to local school districts, however, because a loss of student enrollment (and its related state funding) to charters results in less funding for the remaining public schools.
- If the former Osseo Elementary building were leased or sold to another party, the School District would still be obligated to pay approximately \$350,000 per year in lease and operating expenses for programs currently housed in leased facilities.
- Students coming from another school district to attend a charter school in the Osseo School District do not bring any additional dollars to the Osseo Area Schools.

ABOUT THE OSSEO AREA LEARNING CENTER

The Osseo Area Learning Center is a school that accepts students by application only.

- OALC students are not "sent there" for behavior reasons.
- **Admission is by application only;** students must demonstrate motivation to graduate and agree to meet all the requirements of the school.
- OALC students are capable of the academic work at a traditional high school, but sometimes feel lost in the crowd at our larger schools.
- Students often find that a smaller environment provides the support they need to reach their goal of graduation.

One-time remodeling costs to meet the needs of a high school program are estimated at approximately \$250,000.

- One-time remodeling to meet the needs of a high school program includes:
 - two science labs
 - an art room
 - one family and consumer science lab
 - doors on some restrooms
- Osseo Elementary offers other facilities that would be beneficial to the high school program, such as a cafeteria, gym, and media center.

ACTIVELY PRESERVING THE CAPITAL ASSET

Osseo Elementary is being maintained to preserve a valuable capital asset.

- More than \$3 million in building improvements were made following the voter-approved bond referendum in 2000. The building remains a valuable asset that can be used to serve students in another ISD 279 program.
- Water damage that occurred in December 2009 requires repairs to some floors, walls, and piping materials, which subsequently involves state-mandated asbestos abatement. The asbestos abatement has been completed. Other repairs will be done after the specific future use of the building has been determined (e.g., the type of flooring installed in classrooms will be dependent upon the specific use of each classroom).
- To preserve the capital asset, repairs would take place regardless of the proposal to use the site as another school.