



NORTHEAST METRO | 916
Intermediate School District
partners in education

How to Prevent a School From Making Needed Improvements:

Put Them in a Legislative Catch-22



So What's the Catch?

A series of legislative actions over the last decade(s) have left intermediate school districts in a Catch-22 regarding major building improvements. The challenge for making improvements is best told through the story of Capitol View Center, a building in the Northeast Metro 916 Intermediate School District, which requires deferred maintenance and significant improvements. While building new is allowed under current authority, the tax impact could double. This makes deferred maintenance the better economic option.

Due to the current limitations of law Northeast Metro 916 cannot pay for needed facility improvements.

How Did We Get Here?

Capitol View Center is home to six programs that serve 400 Area Learning Center (ALC) students and 140 special education students with cognitive and physical disabilities, autism, and emotional and behavioral disorders. Northeast Metro 916 has made improvements to Capitol View Center with limited reserves available. But that's simply not enough. Without changing legislation we can't meet health and safety needs or create the best and most appropriate learning environment.

Current needs at Capitol View Center:

- A fire safety sprinkling system (>\$500,000)
- Recover unusable learning space and remodel existing space, including increasing and improving health services spaces such as nurses' offices, restrooms, and diaper changing facilities (over 100,000 SF of space)
- Replace half-century old systems for improved energy efficiency and air quality (>\$500,000)

What are the Catch-22 Rules for Intermediates?

- Health & Safety projects over \$500,000 require Alternative Facilities funding, but the intermediates do not qualify.
- Limited, but very impractical authority to sell bonds exists from the original statute for intermediates; however, for Northeast Metro 916, it would require 11 member districts to pass concurrent bond elections.

<u>Funding Options</u>		<u>Can Intermediates Use This for Deferred Maintenance?</u>
Lease Levy		No. This is only allowed for new buildings or additions, not building improvements or deferred maintenance.
Health & Safety Levy		Not in the case of projects over \$500,000. Health & Safety projects over \$500,000 must use Alternative Facilities funding.
Alternative Facilities		No. Intermediates do not qualify for Alternative Facilities funding.
Hold Bond Referendum		Not realistically. Intermediates would have to hold an election of voters throughout member districts. For Northeast Metro 916, this would mean passing elections in all 11 member districts.
Sell Bonds		Not realistically. Intermediates do not have authority to sell general obligation bonds backed by full faith and credit of the State of Minnesota without holding a bond referendum of the voters of each member district. Other higher cost financing tools must be used.



The Capitol View Center story tells us...

Intermediate School Districts Need a Better Solution

- Provide authority for intermediate school districts to sell bonds to prevent one-year tax spikes to property tax payers
- Increase lease levy authority to support facility needs long-term

