

School Expansion Possibilities Committee Minutes  
Wednesday, January 29, 2020  
4:30 pm - 7:00 pm  
Room 8C

Members: John G, ~~Shannon F~~, Tom J, ~~Ken L~~, ~~Kirstin K~~, ~~Emily W~~, Dan E, Girish J, Jeff E, and Lisa A, Joell, Judy S (Leadership: Chair, with help from the BOD members and the Director)

Purpose: The purpose of the School Expansion Committee is to research possibilities for expansion. If the determination is made to expand, the committee will have to develop and implement a plan for expansion.

Remember: This is a BOD Committee, so we do have to abide by open meeting laws, therefore, agendas and meeting notes will be published. This Committee is open to the public.

**4:30 pm - 5:30 pm    Regular Meeting**

1. Prep for meetings with contractors -- information to be gathered
  - a. Wildamere: finds existing structures to help us fit our needs
  - b. Kou Vang: has worked with charter schools before
    - i. They also offer the maintenance side as well - HVAC, snowplowing..
    - ii. Because they represent many schools, they can get a better deal
    - iii. Will they will do an analysis for us, to include cost, number of students, size - it will be about \$5000 for the report
    - iv. Once you contract with them, then they will provide specific possibilities, but today just informational
    - v. Who provides the collaboration with the city? - We should ask them
    - vi. Does retrofitting this location work? What will we do with this location?
    - vii. Maybe we can stay here... but then we have to add elevators and that is costly
    - viii. The struggle if we stay here, we have to convince the city that traffic will not be worse?
    - ix. Are there any locations in Woodbury? If we buy Buildings C and D, then we can sell them, and they would go back on the tax roll.
    - x. Central location is probably the current location, but our goal is to stay in 833
    - xi. We could lose students in the northern parts (Oakdale, Maplewood), but gain students in the southern metro if we moved to Cottage Grove
    - xii. What/who are all of the people/groups/players that need to be involved? And who do those people represent? Who represents us?
    - xiii. Cyndi Blum might be able to help us with some elements?
    - xiv. Kou Vang worked on 8 other buildings and provided services
    - xv. What type of timeline are we looking at?

- xvi. We have no money to put down to buy property, so to get the bonds we have to have a plan. So how does that work? We probably have to push forward to get it rolling.
- xvii. We can't buy land because we can't prove we can make money off of it? Although the lottery will help prove that we can grow?
- xviii. How quick do we need to spend the bonds, once we get it? Probably 6-12 months
- xix. We don't have to pay on the bond, until we are in the new building. But we will have to overload before to be able to have some money
- xx. Gather steam pretty fast - so we should create a document depository? Most of the documents will be at the BOD level - so they will be public. We can create a team drive?
- xxi. The BOD has decided that we are expanding. Should we communicate to the new students? Maybe we can have a better idea of when this will happen in a few months. We will probably won't move until 3-4 years.
- xxii. 6 grade Information Night - We should provide some information about expansion at the end of March.

## 2. Review and discuss enrollment, staff, and financial scenarios

### a. Scenarios - no new students

- i. Revenues 2%
- ii. Expenditures 3%
- iii. With the current projection, you will have some natural growth so no deficit until the 26-27 school year
- iv. We might have to consider other issues (like accessibility to some of the rooms)
- v. Educational finances in Minnesota could be changed which might mean that we don't need no expand?
- vi. We need to do more marketing for 9th grade
  - 1. We have to expand the base in middle school
  - 2. Then we would not have to spend resources on helping the new 9th graders accumulate
  - 3. Current graduation is 60 and how do we keep the HS students here? But the current model says 80 in the near future if we retain them. But there is a wide variety of 20 students here - which is a lot of money and a wide swing.
  - 4. Look at the exit interviews to determine what we need for the new building to retain them
  - 5. Are there short term fixes that could be done to keep some of the High School students here?
  - 6. Parents need to understand how hard it is here, so some kids leave because they are unable to rise to the occasion. But some

leave just because they want something and we will never be able to keep them here.

7. Starting to see the effect of separate buildings, we need to be intentional about keeping the students together.
  - b. For next 5 years with reasonable rates?
  - c. When do we hit the ceiling?
3. Develop timeline for the rest of the school year (We did not get to this?)

### **Part Two of the Meeting:**

5:30 pm - 6:00 pm Shawn Smith (Wildamere) (worked at Leadership Academy) Barb Duvall is his partner but she could not be here:

#### A. Introductions

1. Owner and operator of commercial real estate and some multi-family
2. Started in 2009
3. They helped Golf Galaxy became Eagle Ridge
4. He worked with MDE to help Eagle Ridge
5. Real Estate Company of Colliers International
6. Works with 7 or 8 charter schools - each one is unique
7. They have a sister construction company
8. They usually bid out the work, and the sister company sometimes wins the bid or not
9. Duvall works with some of the financial aspects as well.
10. They have had a few different types of relationships with the different charter.

B. Jeff: We are looking at expanding - but all options are open. Hopefully one new location. But we are also looking for someone to see what else needs to be done, or what other options you might know of that we have not thought of.

#### C. Questions:

Q: How long does the process does it usually take?

- Winter plays a role
- Zoning- not a lot of places available in Woodbury, but we do have some other options - but the land with will be expensive. There are a couple of sites in Woodbury that might work, and we should at least look at those options.
- New versus existing charter schools: We are probably better off in that area because we are a known entity.
- Busing will be an issue

Q: Do some of the constraints get easier if you move outside of Woodbury to Cottage Grove, but stay in 833.

- Yes

Q: What does the Timeline look like?

- Conditional use permits, so schools are sometimes allowed in residential areas in Woodbury

- Traffic is the biggest issue that the City faces
- You have to meet with the City for the block maps (probably takes 3 mos to get approval)
- 1 month to get an architect (maybe from the school itself - but he knows some)
- Once you have the land, 3-5 mos for entitlements
- Construction 7-10 mos
- Does not include the site search
- Probably 2-3 years (that does not include financial contingencies)

Q: What unique skills/expertise has your company built with charter schools?

- The company can sometimes step up and provide temporary finances/ownership/Building Company
- They have relationships with architects - so timing
- Work with experts in the field and contractors, but he will still be the face at the meetings.

Q: What Construction company do you usually go with?

Wextford - we usually don't do general contract new construction

6:00 pm - 6:30 pm Kou Vang (JB Realty) with 2 other team members

A. Introductions

- Charter school work 2002
- Financing, Construction and Facilities management
- Do 70% of Charter School work in the state
- Worked with many charter schools, zoning, bought houses
- Took one charter school away from Wildamere and then added on to it
- But for WLA, they fired us when their BOD turned over, and they went to Wildamere

B. Presentation:

1. Step One: Facilities needs Analysis (Spreadsheet handout)

- 5 years of Growth
- Calculate lease aid (if not, then compensatory funds)
- Calculate Bonds
- Calculate size of building

2. Step Two: Budget example (Budget handout)

- This is based on the 16 million option on the spreadsheet (purple right option)
- (\$80 SF for renovation, \$185 for new)

3. Step Three: Geographic Prase (Zip Code Map)

- If we move a mile or less, probably fine
- If we move 4 or more miles, we might have to recruit from scratch
- But we are bifurcated by two school districts
- Woodbury is challenging because they protect their tax bases heavily
- But we are an asset to the community as well.
- Green fields to the south of Woodbury might be a good location, but sanitary and water are only available to to certain areas. South of Bailey does not have water and sanitary. Cottage Grove is probably fine - by the time you get to Jamaica Ave they have it.

### C. Questions

Q: What does the Timeframe look like?

- Hopefully 18 months in this location
- Refurb: Money by August, Construction started in October, done by the next August
- Codeunit bonds 90 days purchase
- If you move: think about the bonds that you already bonds... you might have parity bonds instead of refinance bonds? How will you sell this building to someone else? You will probably lose money. It is doable, but might be an issue to consider.

Q: Do you provide end-to-end service? Yes

- There will be some consultants
- But they will tell MSA if there are consultants and we can sit in on any bids and have a say if we wish too.
- They hold weekly contractor meetings, so they make sure that things stay on track.
- They even get people to do the moving!!!!!!

Q: Should the bonds be an important consideration?

- Yes, one of the first steps that you should look at.

KV:

- Once you engage us, our fees are not paid until the closing, except for any 3rd party consulting fees.
- Every one we have worked at, the school has closed so far - 18 in MN, many in Ohio, NM, Arizona and one other...

Q: What are your fees?

- They usually charge a 4% fee.

Q: The 4 Mile radius, how true is that?

- Woodbury is a little more homogeneous because of the demographics and the mobility of the families.
- We should do a scatterplot graph.
- A new shiny building sometimes cause an uptick in enrollment but then fades away.

Q: Will you look at the market area for their test scores and such?

- Yes, and Cottage Grove would love a new charter school
- He knows because of the conversations that he has had for WLA with Cottage Grove.

Q: Something about the Facility Max question (Sorry, I missed it?)

- We are lucky because rates are great right now!
- We have to increase the enrollment by 50 in 3 years to get the federal expansion funds.
- 15% of our kids are from Oakdale, Maplewood

Q: You also do maintenance as well? So how will the current maintenance be factored in as well?

- Usually no escrow for the first 3 years, then \$30,000-60,000, and then every 5 years a capital needs assessment. Sometimes the escrows can be capped.
- They can help us work on those parts.
- Most Charter School buildings are complicated enough to need someone, but not enough to hire a building engineer. So they contract someone to provide for many charter schools. They can access economies of scale that we cannot access.

6:45: Debrief

- What are the next steps?
- Find one more vendor?
- Talk to Woodbury Leadership Academy to see what happened?