



FREQUENTLY ASKED QUESTIONS

1) What is the difference between an operating levy and a building referendum?

Levies are for learning, bonds are for building. 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, a *Bond Referendum* provides 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.

2) Why the \$100,000 change in the operating levy referendum request?

The district will propose to renew our current referendum revenue authorization of \$519.62 per pupil unit, which is scheduled to expire in fiscal year 2022, plus propose an increase of \$150.65 per pupil unit, totaling \$670.27 per pupil. The proposed referendum revenue authorization would be applicable for ten years. The renewal will allow us to maintain existing programs and operations while the increase will enable us to rotate and expand our technology program for all grade levels throughout the district.

3) Why is the board recommending building new versus renovating?

Building a new Pre-K facility center will be more fiscally responsible to our tax payers over the long-term and also allow for private public partnerships, strengthening opportunities and access for our students as well as our community. For both evaluating deficiencies and developing project options, our consultants, administration and board used the *MDE Guide for Planning School Construction Projects in Minnesota* as a benchmark.

The Guide states "*MDE's facilities/organization team uses the architectural guideline that when the estimated costs of renovating/improving a school facility approach 60 percent of the cost of replacing the facility, a school district needs to seriously consider replacement of the facility. In the case of a proposal to renovate an existing school, the local school board must also consider other relevant factors in determining whether to renovate or build a new school. It is worthwhile to note that the construction cost of a facility is one-seventh to one-tenth of its cost during its life cycle. The remaining costs of a facility are operations and maintenance costs. Taxpayers are best served when school boards view long-term building decisions in such a manner; considering all the costs of building ownership, not just construction costs.*"

In evaluating building deficiencies, ISD 846 studied two options in addition to building a new Pre-K facility. The **first option**, "Option A", was to invest in both the existing elementary and high school. The total required investment at the existing elementary was identified to be \$20,642,929. This investment is approximately 79% of the cost of building a new elementary facility at \$26,250,000 (75,000sf * \$350/sf). The total investment at the high school was identified to be \$22,773,012 leaving the total investment of \$43,415,941 to address needs in both buildings.

The **second option** studied by the board, "Option B", proposed closing the existing elementary and adding a new elementary to the existing high school, while also addressing the infrastructure and space needs of the high school.



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The cost of adding a new elementary to the existing high school is 75.8% to that of a new Pre-K building with a bus garage at \$79,035,165. This drops to 71% if the existing debt of \$4,880,000 is included.

In analyzing the viability of “Option A”, the school board considered:

1. Investment amount of \$20,642,929 for addressing existing elementary needs
2. Cost of \$26,250,000 (75,000sf * \$350/sf) for building a new elementary
3. The cost of addressing existing needs relative to building new: renovating will be 79% of cost to build new
4. The total investment of \$43,415,941 to address needs in both buildings
5. The increased operating costs from excess square footage in the elementary
6. Community feedback. The community did not support investing in either building (via scientific survey and other engagement)

For “Option B”, the school board considered:

1. The investment amount of \$59,892,848 to add a new elementary to the high school
2. The cost of \$79,035,165 with a bus garage for a new pre-K facility
3. Adding an elementary to the high school and renovating high school would be 75.8% of the cost to build new
4. The existing high school site does not have space for a sheet of ice which is needed for our high school hockey programs

Based on the considerations outlined, the board selected to propose building a new Pre-K facility on a new site for \$83,290,000 (includes bonding costs and existing debt).

4) What would a new building include?

A new building will include:

- Career and technical education (“shop”) classrooms and labs to help train students for high-demand trades occupations in our area
- Updated extra- and co-curricular activity spaces for both the arts and athletics
- A 500-seat auditorium
- A dedicated cafeteria
- A walking track and additional gym space
- An one sheet ice arena for multipurpose use

5) Why are there 8 gym stations in the plan?

Additional gymnasium space will bring the district to an adequate level for all physical education requirements as well as provide additional space for after school activities, sports practices and community use. Due to lack of space, we currently have two sections with two instructors in our gyms at one time. Additional gym space will alleviate this issue as well as provide space for our students during the day to exercise in inclement weather, which occurs often during certain months in our region of MN. We have found great benefits for students when they increase their level of physical activity such as improving their memory, attention, and concentration while helping them stay on-task in the classroom. It is also vital for our students to not only complete homework but also have family time and get enough sleep. This becomes problematic when our teams must have "late practice"(start after 6p.m.), or practice before school (6 a.m. – 8 a.m.) as our current facilities do not have the space for our boys' and girls' basketball teams to practice at the same time after school. When spring sports start in mid-march, it is often difficult to practice outside



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due to inclement weather. The gyms proposed will be used for all programs when the weather is too poor to practice the activity outside.

Space for our middle school students is an additional need for practice and games after school. Currently, we run an elementary after school program for kids whose parents are at work and cannot leave their children at home unsupervised. This program is both academic and an opportunity for elementary kids to work on hand-eye coordination in the gymnasium doing various activities. Many of our young kids need to run around at the end of the school day before working on their academics. Our new facility will also include some community use space in the form of a larger gym with a walking track that can be used by community of all ages during non-school hours.

6) We do not currently have a sheet of ice. Why do we need one now?

Our district has an established boys hockey program in which we currently co-op with Wahpeton, North Dakota schools. This program plays under the rules of the MSHSL however, because there isn't any ice in Breckenridge, our team must practice and play all games at the one rink in Wahpeton. This is not ideal since all playoff games are against Minnesota teams. Additionally, as of FY 21-22, our girls' hockey will be moving from a club team to a sponsored team in the MSHSL.

There are many youth, in addition to varsity and junior varsity, who need access to ice, as with all hockey programs, creating the need for our district to need more than the one sheet located in Wahpeton. Although the proposed ice rink will primarily be for educational purposes for our students throughout the district in physical education classes, ice skating is an extremely popular recreational activity for many in our district and will be available for community use.

7) What will happen to our existing buildings?

The elementary school will be razed. However, the district is having ongoing discussion with entities, including our local parochial school, St. Mary's, and a developer for the purchase of our high school. The sale of our high school could potentially buy down our proposal for a new facility.

8) Was the community, staff and students involved?

Our process started in 2014 when the district completed a comprehensive facility study and approved a number of projects at both Breckenridge High School and Elementary School. In assessing the future of the district, the ISD 846 School Board elected to implement more improvements at the High School (1969 construction) as the facility would benefit from infrastructure upgrades. However, as the elementary showed more need (1934, 1949, 1957, 1996, 1998 build years), the district made a calculated decision to only address the highest priorities with a plan to re-evaluate in the next 5-10 years for either further investment or replacement.

In anticipation of the current Operating Levy expiring, the ISD 846 School Board, staying true to its commitment, gave approval in 2019 for district administrators to work with consultants and financial advisors to revisit the 2014 comprehensive facility study and walk through another process to identify both current facilities challenges and operating needs. The following facility vision was established to help guide and frame discussion throughout the process: ***"The Breckenridge Public School facility vision is to provide a student-focused, innovative educational environment for our future learners."***

The planning process included:



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- updating the district's facilities infrastructure and conducting an educational adequacy assessment conducted by professional firms with expertise in education and educational infrastructure (Firms include: MLA Architects, MBN Engineering, InSpec, and Larson Engineering)
- obtaining input from students, staff, administration and the community through facilitated small-group and public engagement meetings;
- working with the board and administration to review all deficiencies;
- engaging community through community engagement meetings to review facility and educational deficiencies and potential solutions;
- working with a community task force to review identified needs and proposed solutions;

9) How will the ice arena operate?

The board is currently pursuing several options including a potential agreement with a local nonprofit association to operate the arena. In this scenario, the district will own the ice arena and would have preference for any usage including PE classes and girls and boys sponsored hockey practices and games. As we would own the arena, the district would provide custodial and maintenance in this arrangement, however these discussions are ongoing and expected to be finalized prior to the election on November 2nd.

10) What additional operational costs will the district have?

Total facility operational cost **savings** for Question 2 are estimated to be \$222,287. Operating an ice arena for Question #3 would result in an increase in operational costs of \$120,624. Overall, for Question 2 and 3 combined, the District estimates that **\$101,662 in operational savings will be realized**.

11) Where will the new building be located? Why is the school board considering building north?

Building on the existing high school site is an option, however, while the site is better for walking and biking for students, there are other safety concerns such as increased vehicle traffic through the neighborhood with the elementary moving to the site. Additionally, the current high school site, would not be sufficient acreage for a sheet of ice. The existing buildings are located on a total of 34.4 acres, 8.4 at the elementary and 26.1 at the high school. The current elementary site is landlocked. The high school site includes a football/track stadium, Varsity and JV softball, Varsity and JV baseball and football practice/PE fields. Both existing sites are below the MDE guidelines of a recommended minimum of 40 acres for a combined K-12 site.

A preferred location would have the district purchase a minimum of 50 acres at a site on the north side of town adjacent to the St. Francis Medical Center and a property that a local community group, the Breckenridge Infinity Group, will be developing into a community center, potentially creating a local campus of a community center, new homes and our PreK-12 facility. This development, known as the "North Port Development" is part of a funded Richland Wilkin Joint Powers Authority (RWJPA) housing program that involves developing 5-10 homes a year in Breckenridge until the market is saturated. While this site is not ideal for student walking or biking, transportation will be provided for those students. The district would have a central location(s) in town where kids could ride their bike or skateboard or walk and a bus would bring them to the new site if it is north of town. Walking and biking trails, a potential frontage road as well as over or under passes are also being explored with our city.

This site would allow more green space for all of our students and also drive housing for the city of Breckenridge, which could potentially mean more kids for our district.



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12) What is the schools connection to the community center? Are we paying for this?

No, taxpayers will not pay for the Infinity Community Center. However, the new PreK-12 school will tentatively be co-located on the same site as the community center north of town.

13) How were costs determined for the new building?

Professional consultants estimated the costs for the proposed project based on recent bid/planning activity for similar projects, experience and state contract pricing. Costs include all construction and soft costs (plan review, permits, general conditions, design, commissioning, and construction management). Construction escalation is also included for planned bidding in 2022 and construction through 2024. Ultimately, the market will determine the final costs as all construction costs **must be publicly bid by law**. Any cost savings will be used to buy down debt which will lower tax payer's annual commitment.

14) Is the bond market still at favorable interest rates to borrow?

Yes, the current tax-exempt borrowing environment is very favorable. The average borrowing rate over the last thirty years has been a borrowing rate of 4.64% while today's current tax-exempt rate environment is at a 2.14%.

15) How will this impact me?

Please refer to the tax impact charts attached, provided by Baird, our financial advisors, to view your individual tax for the proposed three questions. Baird, our financial advisors, will also provide a tax calculator on our website that will also enable you to calculate your individual tax.

16) How does this affect the AG community?

The legislature successfully passed legislation in the 2019 session to increase the Ag2School credit for agricultural property from 40% to 70%, in a phased approach. It is now currently at 55% for Payable 2021 (2020 -2021 school year) and will go to 60% in Payable 2022, 70% in Payable 2023. This is permanent law and a tax credit. Tax credit applies to current and future referendums for all property classified as Agricultural (**excluding** the house, garage and one acre).

69% of our district is agricultural land. With Ag2School Credit, the state will pay for roughly 48% of our proposed project for our agricultural land owners, which is significant.

Baird, our financial advisors, will program a parcel specific website tax calculator link which can be accessed on the districts informational site for those who have agricultural land.

17) When is the vote?

The vote will take place on Tuesday, November 2, 2021. Residents will see three questions on the ballot:

Question one, proposes to renew the district's current referendum revenue authorization of \$519.62 per pupil unit, which is scheduled to expire in fiscal year 2022, plus propose an increase of \$150.65 per pupil unit, totaling \$670.27 per pupil. The proposed referendum revenue authorization would be applicable for ten years.



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Question two, totaling \$83,920,000, including bonding costs, will propose a new PreK-12 building in Breckenridge, MN.

Question three, totaling \$11,290,000, including bonding costs, proposes a single sheet ice arena to be connected to the new PreK-12 facility and will be contingent on question two passing.



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ISD 846 - Breckenridge

Tax Impact of all Referendum Questions

Date prepared/ revised: August 11, 2021

		BAIRD	Operating Levy Referendum Question	Bond Referendum Question(s)			November 2, 2021 Referendum Package
Type of Property	Estimated Market Value		Question #1	Question #2	Question #3	Question #2 + Question #3	TOTAL of all 3 Questions
			Proposed Annual Property Tax Impact				
Residential Homestead	50,000		17.51	115.71	16.83	132.53	150.04
	75,000		26.26	173.56	25.24	198.80	225.06
	100,000		35.01	276.92	40.28	317.20	352.21
	125,000		43.76	381.83	55.53	437.37	481.13
	150,000		52.52	487.12	70.85	557.97	610.49
	200,000		70.02	697.32	101.42	798.74	868.76
	300,000		105.03	1,117.72	162.57	1,280.29	1,385.32
	400,000		140.04	1,538.12	223.71	1,761.83	1,901.87
	500,000		175.05	1,928.44	280.48	2,208.91	2,383.96
Commercial/ Industrial	100,000		35.01	578.53	84.14	662.67	697.68
	500,000		175.05	3,567.61	518.89	4,086.49	4,261.54
	1,000,000		350.10	7,424.48	1,079.84	8,504.32	8,854.42
Ag Homestead*,** (average value per acre)	3,000		0.00	2.31	0.34	2.65	2.65
	4,000		0.00	3.09	0.45	3.53	3.53
	5,000		0.00	3.86	0.56	4.42	4.42
Ag Non-Homestead** (average value per acre)	3,000		0.00	4.63	0.67	5.30	5.30
	4,000		0.00	6.17	0.90	7.07	7.07
	5,000		0.00	7.71	1.12	8.84	8.84
Pay 2022 Year Ag2School Credit %				60%	60%	60%	
Ag Homestead*,** (average value per acre)	3,000		0.00	1.74	0.25	1.99	1.99
	4,000		0.00	2.31	0.34	2.65	2.65
	5,000		0.00	2.89	0.42	3.31	3.31
Ag Non-Homestead** (average value per acre)	3,000		0.00	3.47	0.50	3.98	3.98
	4,000		0.00	4.63	0.67	5.30	5.30
	5,000		0.00	5.79	0.84	6.63	6.63
Pay 2023 Year Ag2School Credit % and Beyond				70%	70%	70%	

* Ag Homestead examples exclude the house, garage and one acre which has the same tax impact as a residential homestead property

** The Ag2School Property Tax relief bill passed in May 2019 provides debt service tax relief of levy payments of 55% in 2021, 60% in 2022 and 70% for taxes payable in 2023 and beyond for qualifying agricultural and timber properties