

KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE

Topic: Acquisition and Site Development Costs Request from the Daviess County School District

Date: April 10, 2019

Action Requested: Review Action/Consent Action/Discussion

Assigned To: Full Board Curriculum, Instruction and Assessment
 Finance Operations Management

SUMMARY OF ISSUE BEFORE THE BOARD:

To approve the site acquisition and development costs for the proposed new middle school in Daviess County which exceed 10 percent of the project budget.

COMMISSIONER'S RECOMMENDATION:

The Commissioner recommends that the Kentucky Board of Education (KBE) approve the site for a proposed new middle school in Daviess County. The site is located south of the intersection of the Wendell H. Ford Expressway (US 60/KY 19) and Pleasant Valley Road (KY 603). It consists of two parcels which appear to historically have been used for agricultural purposes. These properties are located in an area that has seen significant development during recent years.

APPLICABLE STATUTE OR REGULATION:

702 KAR 4:050 and KRS 162.010

BACKGROUND:

Existing Policy: Sites for which the acquisition and site development costs exceed 10 percent of the maximum project require approval by the Kentucky Board of Education pursuant to 702 KAR 4:050, Section 5(1).

Summary of Issue: The current District Facility Plan (DFP), approved by the KBE in April 2017, notes in Priority 2.b.1 (New construction to replace inadequate spaces; expand existing or new buildings for educational purposes; consolidate schools; or replace deteriorated facilities) the construction of a new 900 student middle school. The issue with the proposed site is that the cost of the property and site development is 17.6% of the total estimated project cost.

The proposed site contains approximately 43 acres. The Daviess County Board of Education conducted a public Request for Proposal (RFP) process and received only three submissions. Because of the limited submissions, the board identified 11 additional prospective sites and considered all 14 sites. This list was narrowed down to six, then to four, and ultimately two sites within the school's service area. The board used a rubric to rate the various sites. Ultimately, most sites were removed from the list due to inadequate road access and traffic capacity as determined by city/county/state engineers. Some sites were deemed ineligible due to high voltage powerlines dividing the properties. The board also desired to purchase sufficient property to allow for the development of a future elementary school. The available and accessible

property in the service area is very costly and properties were selling at or above the per acre cost obtained in final selection. The property was purchased for \$5.9M which is below the appraised value of \$7.85M. The property selected is outside of the 100-year floodplain and has close access to all utilities, although sewer access must be brought to the site at a reasonable cost. It also has state and local roadway approved access. The project cost, site acquisition cost and engineer's estimate of site development costs are as follows:

Site Acquisition Cost	\$5,900,000
Site Development, including demolition, clearing and grubbing, drainage structures and rough grading.	\$2,385,750
Total, Site Acquisition & Estimated Site Development Cost	<u>\$8,285,750</u>
BG-1 Estimate of Total Project Cost	\$47,000,000
Site Acquisition & Site Development Cost / Total Project Cost = (17.6% exceeds permissible site acquisition costs of 10% or \$4.7M for this project)	17.6%

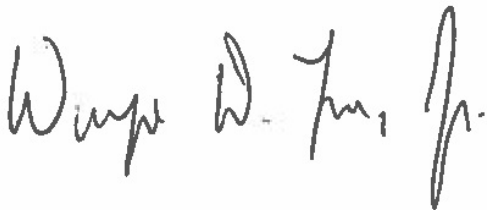
Budget Impact: Approval of this request has no budget impact on state funds.

GROUPS CONSULTED AND BRIEF SUMMARY OF RESPONSES:

The Daviess County Board of Education voted to acquire the property and requests, through the Superintendent, approval of the site acquisition.

CONTACT PERSON(S):

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Commissioner of Education

Category: <input type="checkbox"/> District Innovation <input type="checkbox"/> Strengthening Educators <input checked="" type="checkbox"/> Family/Community Involvement <input type="checkbox"/> Student/Family Supports <input type="checkbox"/> Student Interventions <input type="checkbox"/> Coursework Completion <input type="checkbox"/> Accountability Reporting
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