

**DULUTH**  
**INDEPENDENT SCHOOL DISTRICT # 709**

**PROPERTY VALUE ASSESSMENT**

***OVERVIEW***

**December 2006**

**JOHNSON  
CONTROLS®**

**Duluth Public Schools Property Value Assessment  
December 2006**

*Part of the Long Range Facilities Planning Process*

**The planning process so far**

The Duluth Public Schools' Long Range Facilities Planning Process began in Spring 2006, as a partnership between the schools, Duluth citizens and Johnson Controls, a nationally-recognized facilities management expert. Our shared goal is to do an in-depth analysis of school facilities and futures needs to ensure we're providing the very best for our community in the coming decades.

A Citizens Group, representing all aspects of Duluth, has been meeting frequently during the past few months to ask questions and provide input. The Citizens Group has also held dozens of meetings with groups all over the city to get further input on this important planning process.

During that same time, Johnson Controls conducted four thorough studies:

1. Analysis of how population changes will impact school enrollment in future
2. Analysis of the physical condition of all buildings and spaces, and what it would cost to upgrade them
3. Assessment of the market value of each school property
4. Analysis of the educational adequacy of all school buildings and spaces

The first two reports – on Duluth's population and school enrollment projections, and on the cost to upgrade all school property – were presented to the community in late November and early December. The third report, assessing the market value of each school property, is now complete.

**Why are market values of school properties being studied?**

Knowing each property's financial value provides another piece of important information in the long-range planning process. The recent report on needed upgrades to all school buildings identified realistic costs if all upgrades were to be done. This market value assessment allows the community to explore another potential option, in that the report identifies realistic values in case any properties were to be sold rather than upgraded. Thus the community, rather than speculating on what various school properties might be worth, now has solid data to use for planning purposes.

**Market analysis by nationally recognized, local real estate experts**

District properties were thoroughly analyzed Ramsland & Vigen, Inc., a nationally recognized real estate appraisal and consulting firm with offices in Duluth since 1972. Among the company's corporate clients are Federated Department Stores; General Growth; 3M; Nordstrom, Seattle; Nebraska Furniture Mart, Omaha; and Sears Roebuck & Company, Chicago. Ramsland & Vigen also does extensive work and consulting for government entities, including the City of Duluth, State of Minnesota, North Carolina Department of Revenue, the Washington State Department of Revenue and many others.

**Market analysis by nationally recognized, local real estate experts (continued)**

The lead appraiser of the school properties was Max Ramsland, Jr., MAI, CRE, whose affiliations include being a director of the Minnesota Taxpayers Association, former chair of the Minnesota Higher Education Facilities Authority, former chair of St. Luke's Hospital, and a former trustee of the College of St. Scholastica. Also participating in the Duluth schools appraisals were John Vigen, SRA, and Gary Battuello, MAI.

**Estimated market value of all school properties is nearly \$40 million**

As detailed in the complete property appraisal report, several proven formulas were used in its development. The appraisers identified three values of each property: 1) the value of the raw land; 2) the value of the property in use as schools by Independent School District 709; and 3) the alternate use – or, in lay terms, the market value.

While the total property in use as school facilities is valued at \$119,568,000, the market value of those same properties is \$39,978,000. The reason for the vast difference is that the current buildings were built to be schools or special purpose properties, complete with gymnasiums, cafeterias and the like. If those buildings are not used as schools, though, secondary or alternative uses are employed that result in deep discounts for their values as special purpose properties.

**Are these the amounts for which the properties would indeed be sold?**

Not necessarily. Just as in buying and selling a home, the cost is determined by a willing buyer and a willing seller. The school district is simply using the market values as realistic, and perhaps somewhat conservative, figures for long range planning purposes.

**What steps would be taken if some properties were indeed sold?**

It's still early in the information-gathering and options-consideration process, so it's not known if any school property will be sold. However, if that were to happen in the future, property would be sold in an open bidding process to ensure the highest return for Duluth taxpayers.

**How to review the entire report**

The entire market value assessment report can be viewed at [www.duluth.k12.mn.us](http://www.duluth.k12.mn.us), and also in Room 213 of Historic Old Central High School, at 215 N. First Avenue East.

**What are the next steps?**

On December 19, the final report will be presented to the community, related to the educational adequacy of all school buildings and spaces.

Then in January 2007, various community meetings will be held for citizens to review and ask questions about data from all four reports: the demographic study/school enrollment forecast; the facilities assessment; the market value analysis; and the educational adequacy report.

After that, in February, discussions will begin regarding possible long-range plans and financial implications.

We look forward to your continued, valuable input. Thank you.

*Doing the right things... for the right reasons... the right way!*

**ISD #709 PROPERTY VALUES**

PROPERTY	Bldg. Sq. Ft. Area	Land (acre)	Value-in-Use <sup>1</sup>	Land (sq. ft.) <sup>2</sup>	Land Value	Alternate Use Value <sup>3</sup>
Ball Field (old Chester site)		3.09	\$170,000	134,600	\$170,000	\$170,000
Bay View property (unused)		0.33	1,000	14,375	1,000	1,000
Central High School	299,980	76.84	30,300,000	3,434,270	8,000,000	13,700,000
Congdon Park Elementary School	69,101	4.69	3,000,000	204,296	576,000	380,000
Denfeld High School	258,798	13.15	16,400,000	572,814	450,000	1,400,000
public school stadium bldg (locker rooms/toilets)	7,562		250,000			250,000
East High School	200,340	12.71	14,000,000	553,648	765,000	1,100,000
facilities management (1889 fire hall)	23,390	0.48	500,000	20,909	150,000	500,000
Garfield Avenue building	33,356	1.35	800,000	58,806	150,000	800,000
Grant Elementary School	60,074	2.53	1,150,000	110,207	100,000	320,000
Grant Recreation Center, 9th Ave East & 11th Street	4,434	5.33	130,000	232,175	110,000	110,000
Hartley Field property (unused)		29.61	800,000	1,289,812	800,000	800,000
Historical Old Central High School	158,660	3.83	4,500,000	166,835	1,200,000	3,500,000
Homecroft Elementary School	48,126	6.69	1,000,000	291,416	140,000	350,000
Kensington Place property, Arrowhead Rd & Arlington Ave		26.51	600,000	1,154,776	600,000	600,000
Kenwood School (Edison)	43,387	4.29	760,000	186,872	110,000	270,000
Lakewood Elementary School	50,440	10.50	4,500,000	457,380	100,000	1,800,000
nature trails		6.42	40,000	279,655	40,000	40,000
Laura MacArthur Elementary School	155,406	3.83	2,300,000	166,835	100,000	550,000
Lester Park Elementary School	54,310	2.69	850,000	117,176	150,000	290,000
5301 Oneida	1,494		165,000	15,000		165,000
5305 Oneida	987		87,000	12,000		87,000
Lincoln Park Elementary School	170,596	2.75	3,600,000	119,790	160,000	610,000
Lowell Elementary School	98,873	19.94	4,000,000	768,586	500,000	2,100,000
Morgan Park Middle School	130,871	9.99	3,300,000	435,164	100,000	465,000
Undeveloped Site		2.23	35,000	97,139	35,000	35,000
Nettleton Elementary School	90,024	3.34	1,500,000	145,490	70,000	480,000
Ordean Middle School	138,068	26.00	7,500,000	1,132,560	1,000,000	3,000,000
Piedmont Elementary School	47,910	4.38	900,000	190,793	100,000	280,000
Rockridge Elementary School	30,671	13.03	1,780,000	567,587	325,000	875,000
Excess Land		5.46	150,000	237,838	150,000	150,000
Stowe Elementary School	79,232	8.90	7,300,000	387,684	150,000	2,300,000
Transportation Center	13,572	2.61	500,000	113,692	285,000	400,000
Woodland Middle School	120,207	17.72	6,700,000	771,883	700,000	2,100,000
	2,389,869	331.22	\$119,568,000	14,442,063	\$17,287,000	\$39,978,000

NOTES:

<sup>1</sup> Value-in-use to ISD 709

<sup>2</sup> Raw land values

<sup>3</sup> Market or alternate use, e.g., apartments, etc.

<sup>4</sup> Values not adjusted for environmental remediation, if necessary.