

SOUTH DAKOTA BOARD OF REGENTS

Planning and Resource Development

AGENDA ITEM: 5 – F

DATE: August 10, 2017

SUBJECT: South Dakota School for the Deaf Task Force Report

The work of the South Dakota School for the Deaf (SDSD) Task Force will be reviewed along with activity that has taken place since its initial meeting on March 21, 2017. A timeline has been created to guide the process to conclusion.

Attachments include the following:

- March 21, 2017 SDSD Task Force Meeting Minutes (Attachment I)
- SDSD Task Force Progress Report (Attachment II)
- SDSD Location Assessment Timeline (Attachment III)

INFORMATIONAL ITEM

Task Force on Deaf School Property
March 21, 2017

1. Attendance:
 - a. Members of the task force: Kevin Schieffer; Bob Sutton; Jim Morgan; Randy Schaefer
 - b. Others: Mike Rush; Marje Kaiser; Jim Abbott; Guilherme Costa; Ryan Brunner, Commissioner of School and Public Lands; Matt Clark and Tammy Otten, South Dakota Investment Council
 - c. Community: (See attached)
2. Superintendent Kaiser provided an overview of the school including services offered
 - a. The school works in partnership with Health Department for following up on babies who have been identified as deaf or hard of hearing
 - b. The school works in partnership with parent connection to host the summer school
 - c. Early intervention is essential – language development from birth on is a critical component of future success
 - d. The school currently serves approximately 520 students in outreach
 - e. Events held at the school
 - i. Sign language classes Spring and Fall; 16 weeks, one day per week – 60-80 people
 - ii. Activities for parents of deaf children
 - iii. Conferences and trainings from a variety of providers including training for school people who work with the deaf
 - iv. Meetings of the Deaf Community every week
 - v. Extensive auditory testing – over 700 tests per year
 - vi. Summer school in July for 30 deaf children
 - vii. Extended assessments lasting 3 days each for small groups of children involving multiple rooms and experts; These are conducted throughout the year.
 - viii. Meetings with deaf teens – once per month
 - ix. Students from the Augustana Interpretive program use the school as a training site
 - x. House the Deaf Association museum
3. The task force took a tour of the facility
4. Ryan Brunner, School and Public Lands and Matt Clark and Tammy Otten from the South Dakota Investment council presented information about the trust fund and options for sale or lease of the property. Guilherme Costa also provided information (see attachment).
 - a. The Commissioner acts as the real estate agent
 - b. The property is titled to the Dakota Territory and is a perpetual trust
 - i. The money cannot be used for another purpose
 - ii. Once the money enters into the trust, it cannot be used to build a new facility
 - iii. Income from the trust is limited to interest and dividends. The capital gains are reinvested in the fund.
 - c. Current overall growth in the fund is just less than 6%
 - d. Interest and dividends has most recently been 2.25%

- e. The school currently has 1.8 million in the trust. There is also some land managed by the Commissioner that generates lease income for the school. Finally, there is an administrative fund which has been invested and provides interest payments.
 - f. Current performance
 - i. 1.8 Million in fund currently devoted to the deaf school
 - ii. Pays out just over 40 thousand dollars in interest and dividends
 - iii. Earnings on account was 2.25% this past year. This would be 225,000 per year if the sale was 10 M. This fund is growing at 3% to 4% per year.
 - g. Other options besides an outright sale (see attachment)
 - i. Property exchange
 - ii. Hold money to use for another deaf related purpose – would require legislative permission
 - iii. Lease
5. Meeting with the Deaf community, USD and SDSU Extension
- a. Chair Schieffer introduced the input session
 - i. Emphasized that the intent of the task force members was to make the process as transparent as possible
 - ii. No decisions have been made and the task force is genuinely interested in doing a fair and open evaluation of the property. The primary motivation will be making sure the needs of deaf and hard of hearing children are met as per the Board of Regents constitutional responsibility.
 - iii. The immediate goal is to develop a report on the options. This report would be developed in time for the legislative session.
 - b. Deaf Community needs this facility to be used to support the deaf community.
 - i. A lot of deaf children are going to public schools and we must sure children have an appropriate education
 - ii. Mainstreaming is leaving a lot of students behind. SD is one of four states that does not have a residential school for the deaf.
 - iii. Are students succeeding in mainstream programs?
 - iv. Parents are not getting the information and all the support they need
 - v. Doing away with this place creates a situation in which we lose the Deaf identity
 - vi. Need an independent study from experts outside of the state
 - 1. Gallaudet University
 - vii. Students who have fallen through the cracks need attention
 - viii. Deaf and hard of hearing kids and families need to interact with others in the same situation.
 - ix. Deaf school is a symbol of a place where sign language is promoted and people can succeed.
 - x. Concerned about losing the public perception that the school is open and providing services if this site is closed
 - xi. Augustana University interpreter class has some good connections with this facility.
 - xii. SDAD also uses the facility quite a bit
6. Needs

- a. Place to educate local school people who are working with the deaf
 - b. Place that deaf students can identify with
 - c. Statewide guidelines for educating deaf students
7. Questions
- a. What are the implications of writing the leases into the sale?
 - b. How much has USD spent on retrofitting?
 - c. How much would it cost to replace the space used by USD?
 - d. How much would it cost to replace the space used by SDSU?



BOARD OF REGENTS

306 EAST CAPITOL AVENUE, SUITE 200
 PIERRE, SOUTH DAKOTA 57501-2545
 (605) 773-3455/FAX (605) 773-5320
www.sdbor.edu

OFFICE OF THE EXECUTIVE DIRECTOR

TO: Legislative and Community Members Interested in the Deaf School Property Discussion
 FROM: Kevin Schieffer, Chair
 DATE: July 7th, 2017
 TOPIC: Progress Report: SD School for the Deaf Property

The following members were appointed to the Task Force established by the SD Board of Regents:

- Regent Kevin Schieffer
- Regent Bob Sutton
- Regent Randy Schaefer
- Regent Jim Morgan
- Dr. Mike Rush, Executive Director
- Dr. Marjorie Kaiser, SDSD Superintendent

The Task Force met at SD School for the Deaf in Sioux Falls on March 21, 2017. The group toured the building and grounds and then met as a Task Force to detail the process for gathering the necessary information for their report. School and Public Commissioner Ryan Brunner was included in the meeting as were Matt Clark and Tammy Otten from the State Investment Council and Dr. James Abbott from USD. The Task Force also met with members of the Deaf community, including the president of the SD Association of the Deaf and SDSD personnel in a community forum. Dr. Kaiser provided the Task Force with the list of spaces necessary for SDSD to continue its mission to serve deaf or hard of hearing students. They also received copies of the space utilization plan prepared by Brad Hanson, Facilities Manager.

April 20, 2017 Dr. Rush met with Dr. Kaiser and Claudean Hluchy, SDSD Finance Officer. They discussed the process for attaining someone to complete the appraisal and to do the space analysis. They also reviewed the current lease payments and revenues.

The following activities have been completed:

- R. Brunner, Commissioner of School and Public Lands provided insight into the process pertaining to land held in trust by School and Public Lands
- G. Costa, BOR attorney, researched the options for A) Sale at public auction B) Conditional Sale for Public Purpose C) Lease exchange and D) Commercial Lease up to 99 years.



BOARD OF REGENTS

306 EAST CAPITOL AVENUE, SUITE 200
 PIERRE, SOUTH DAKOTA 57501-2545
 (605) 773-3455/FAX (605) 773-5320
 www.sdbor.edu

OFFICE OF THE EXECUTIVE DIRECTOR

- SDSD contracted with the architectural firm Dekker, Perich, Sabitini to work with SDSD personnel to evaluate the space needs for SDSD operations at the current location or at an alternate site.
- SDSD contracted with Shaykett to complete the appraisal of the SDSD property, including its separate components.
- Dr. James Shelketon drafted an RFI to attain input from local realtors relating to the SDSD property and other alternate properties that are available.
- Information was obtained from USD and from SDSU related to the cost of their renovations at SDSD and the costs associated with relocating.
- The SDSD Business Office reviewed of revenues produced through current lease agreements. The annual revenue for FY17 is shown in the table below.

Leasee	FY17 Payments to date
USD	\$ 26,469.96
SDSU	\$ 132,893.01
SDAD	\$ 300.00
Pool	\$ 24,771.90
Misc. Rental	\$ 1,976.75
Total	\$ 186,411.62

Next steps:

1. The Real Estate Community will be engaged as it responds to the RFI soliciting options dealing with the property.
2. The appraisal will be completed to provide the committee information on the property value.
3. The architect will collect information from staff at the school as well as from on-site visits. A final report from the architect will be available in September.
4. Conduct a cost analysis, to include current costs of operations for SDSD, one-time costs associated with relocating and on-going costs of operations on the current and alternate site, including SDSD and its current leaseholders.
5. The committee will meet and consider this information. A determination will be made as to whether a Request for Proposal is necessary.

SOUTH DAKOTA SCHOOL FOR THE DEAF LOCATION ASSESSMENT

TASKLIST

TIMELINE

- | | |
|--|----------------|
| 1. Engage the real estate community in exploring options for the school. | July/August |
| 2. Work with the architect to determine space needs. | July/August |
| 3. Appraiser to determine property value. | August 3rd. |
| 4. Analyze current revenues and facility expenditures | August 16 |
| 5. Final report from architect | Mid-September |
| 6. Final fiscal comparison based on information from architect, developers, and appraiser | September 22 |
| 7. Task Force meets to review and develop a menu of options for the facility | Late September |
| 8. Hold public meeting at SDSD | Late September |
| 9. Meeting with the Governor to review Task Force recommendations | Late October |
| 10. Develop an RFP for specific proposals | Late October |
| 11. Prepare final Task Force report based on best solution for the SD School for the Deaf. | November 10th |

Note: this plan depends on the interplay between the various tasks and proposals. The results of one will necessarily affect the direction and timelines for the others.