



# ROCHESTER COMMUNITY SCHOOLS

PRIDE IN EXCELLENCE

April 21, 2022

Dear RCS Families,

We remain thankful for the support of the greater Rochester Community who overwhelmingly voted to support the continuous improvement of our teaching and learning environments through the bond and sinking fund programs.

As we near the completion of our \$185 million bond program, we are providing our community with a brief summary of the critical technology and infrastructure improvements that have taken place over the past several years.

**Strategic planning and bond program provide foundation for long-lasting districtwide improvements.** Rochester Community Schools began strategic planning for districtwide improvements in 2014. Following a year of thorough research and input from community stakeholders, Rochester Community Schools adopted a strategic plan titled, *Pride in Excellence: Strategic Planning 2020*, to guide district initiatives. The plan stated: "Rochester Community Schools will become a world-class educational system by guaranteeing a viable, high-quality curriculum for all students." The framework had three key goal areas: curriculum, instruction and assessment; global awareness; and technology and infrastructure. The district has remained steadfast in its commitment to these goals.

Following the strategic plan release, a committee was formed to identify strategies in each goal area and to address technology and infrastructure needs through the year 2020. The committee was called TI2020. It included RCS parents, staff, community members, business leaders and bargaining unit representatives who reviewed and evaluated information, explored district buildings, participated in visible thinking activities, heard student perspectives, and shared thorough group discussions to evaluate needs across the district. The TI2020 committee identified the following six areas of need: school safety; building systems; athletics and fine arts; programs including pre-K and school-age care; classrooms; and technology.

Financial, architectural and technology experts performed a professional assessment of the district, examining everything from boilers to laptops in our buildings. They met with educators to explore possibilities and gather information about RCS learning environments. The experts

issued a Plante Moran CRESA facility assessment report that identified an estimated \$235 million in critical and deferred needs. This helped inform the TI2020 committee as they categorized the following six district priority areas: comprehensive infrastructure plan including technology, facilities, safety and security; flexible and collaborative learning environments; integrated instructional technology to support and enhance instruction; a sustainable business model to ensure long-term financial stability; comprehensive information systems for business and student data; and recruitment and retention of a highly qualified and diverse work force.

TI2020 community stakeholders determined there was an urgent need to address deficiencies in RCS technology and infrastructure systems to provide an adequate learning environment for students at every grade level. For example, chalk boards were still being used in many of the classrooms, where the buildup of dust could damage electronic devices. Additionally, the district lacked a systemic approach to technology as evidenced by 15 different types of projectors being utilized throughout the district. This created inequities between schools and caused challenges for staff supporting inconsistent technologies.

**2015 bond initiative.** It was determined that the cost of the scope of district needs could not be funded by state per-pupil operating revenue so the TI2020 committee recommended that the Board of Education consider a bond proposal to provide the financial resources necessary to address technology and infrastructure demands. (To learn more about how school funding works, please visit our website for a short [information video](#).)

The status of the district's bonded debt at that time was such that up to \$185 million in debt could be issued without raising the property tax millage rate. Michigan school districts have the option to qualify bonds with the State of Michigan, which provides access to the state's credit rating. As the district's financial position improved from 2013 to where the RCS credit rating was comparable to the state's credit rating, the district chose not to qualify the bonds. To that end, the Board of Education authorized a millage proposal to be placed on the November 2015 ballot for \$185 million to provide funding for technology and infrastructure needs.

The community approved the zero tax-increase proposal by a wide margin and the first of two series of bonded debt was issued in February 2016 for approximately \$128 million. Series II bonds were issued in April 2019 for approximately \$57 million.

The district's credit rating has been increased twice since 2013; the last increase occurred in 2018. The current credit rating is AA. Bond proceeds were invested according to a project draw schedule to generate interest earnings in the Capital Projects Fund.

A request for proposals was issued for architectural, construction management, and technology design services. Following proposal analysis, vendor interviews and negotiations, contracts were executed for these services to complete the RCS bond projects.

**Capital projects planning.** The district's obligation was to begin spending bond proceeds as soon as possible after the bonds were issued. An initial cabinet-level team comprised of the

superintendent, deputy superintendents, facility director, technology director, and communications director was formed to prioritize the most critical demands. Although \$235 million was identified in assessed critical and deferred needs, the bonds had produced only \$185, leaving a gap. The team prioritized the following goals: 1) address safety and security first; 2) prioritize infrastructure over cosmetic needs; 3) ensure adequate resources for projects in the last phase of construction; 4) address the needs of the oldest buildings first (or those that had been least recently renovated); and 5) address the central administration facility last.

**Construction cabinet.** The initial planning group was quickly expanded to a construction cabinet team, which added the expertise of the construction manager and architect. The team used the Plante Moran facility assessment report as a guide for budgeting project costs, keeping in mind that each building's estimated assessment was based on a high-level review and often did not reflect the actual infrastructure needs at each site. Plante Moran staff did not assess each building individually, but provided estimations given a building's age and type of construction. For example, if one building needed a new roof or new ceiling tiles, the assumption was that all buildings of that age and type of construction needed a new roof or new ceiling tiles.

The district determined that the initial Plante Moran estimation further required a detailed assessment of the existing structures and systems of each building individually. The architectural and construction management firms worked with experts and RCS to perform an in-depth evaluation of each facility to determine the true scope of work for each project. Third-party professionals evaluated the remaining useful lives of critical infrastructure components such as roofing and HVAC to make a recommendation for the timing of repairs and/or replacements as part of the project planning for each facility.

The construction cabinet team met on a weekly basis to review timelines, plans, drawings and budgets, and to engage in discussions and provide direction to vendors involved in capital projects. With critical priorities set, and an initial budget of \$128 million from the first bond series, the team organized projects into phases, considering physical limitations for how much work could be done concurrently.

Phase I began on March 7, 2016, with Board of Education approval of two technology projects and asbestos abatement. Phase I work included the renovation of eight building entrances to provide secure vestibules, including Internet Protocol (IP) intercom and access controls, at facilities where construction could be performed relatively easily. Buildings in this phase included Stoney Creek High School; Reuther, Hart, and Van Hoosen Middle Schools; and Long Meadow, McGregor, Meadow Brook, and North Hill Elementary Schools.

Phase I also included an addition and renovation of Rochester High School; additions and renovations to Musson and Hugger Elementary; and the demolition of the old Brooklands School, which had reached the end of its useful life and became a safety concern. At the time, the old Brooklands School housed the Rochester Adult Center for Education (RACE) and English as a Second Language (ESL) programs. RCS rented space from Avondale Schools for RACE and the ESL program was moved to other locations within our district. Technology projects included

network, wireless network, and cabling improvements, a virtual machine (VM) and storage area network expansion, and firewall addition.

As Phase I projects were underway, Phase II planning began and work started in FY 2016-17. Phase II projects included Stoney Creek High School and Hart Middle School track improvements; a West Middle School addition and renovations; Rochester High School athletics complex additions and renovations; additions and renovations at Baldwin and Hamlin elementary schools; the Adams High School roofing and skylight project; repairs and timing systems for high-school pools; and the purchase of an HVAC building automation system. Technology projects included the network video camera project, the VoIP telephone system, the purchase of interactive flat panels, new public address systems and clocks, and the network IP intercom video system.

Phase III projects began in FY 2017-18 and included the addition and renovation of the ACE facility; renovations at Adams High School, Hart Middle School, Brooklands, Long Meadow, and McGregor elementary schools; and the RCS Caring Steps Children's Center. Kilns in all the art rooms were also replaced.

Phase IV projects began in FY 2018-19 and included renovations at North Hill Elementary, University Hills Elementary, and the transportation facility.

Beginning with the Series I bond issue, other approved projects were completed, such as the purchase of school buses, that were not attached to a construction phase.

All projects funded with Series I proceeds were completed as of June 30, 2020. Audited financials were issued on January 6, 2021, for the 52 months ending June 30, 2020. As of the date of this communication, all of the projects funded with bond proceeds have been completed except for some technology and the administration building. All of the projects were completed on time and under budget.

**Administration building.** As promised, the district ensured that the buildings first addressed were those directly serving children. During the beginning of Phase IV, after the last school building projects were underway, RCS solicited proposals for qualified firms to assess the status of the administration building. The Kingscott Associates group, comprised of architectural, construction management, and real estate brokerage firms, conducted an in-depth study of the facility condition and functional adequacy. They were also contracted to assess: options and related costs for alternative sites, the values of the existing site, and the costs of temporary space for housing administrative staff during remodeling or construction. The facility needs assessment was issued in September 2019.

The Kingscott report evaluated the condition of the building which was last renovated in 1989. An excerpt from the summary states that, "The overall condition of the building is good, however there are major issues that will contribute to the overall financial viability of a renovation."

According to the report, the administration building had four significant structural needs including: a complete replacement of the roof and stone/precast parapets from years of weather damage to exterior walls; removal and rebuild of the 1989 lobby addition due to water infiltration through the skylight system, causing damage beyond repair; public restroom renovations and additions to meet barrier-free regulations and building codes; and stairway renovations and fire-rated doors in the freight elevator to meet current codes.

The Kingscott report also identified five options to address the current administration facility needs; three for renovating the existing building and two for new construction. One of the new construction options included the sale of the 501 W University site and the purchase of a new site. A summary of the estimated total cost of identified options is as follows:

- Option 1a. New windows, roof, mechanical and electrical systems, ADA upgrades, and atrium. Building vacated during construction. This option does not address any of the functional deficiencies identified in the report. Estimated cost = \$23,337,453 (\$208 per square foot).
- Option 1b. New windows, roof, mechanical and electrical systems, ADA upgrades, and atrium. Building occupied during construction. This option does not address any of the functional deficiencies identified in the report. Estimated cost = \$21,234,970 (\$217 per square foot).
- Option 2. New windows, roof, mechanical and electrical systems, ADA upgrades, and atrium; a new boardroom addition, and functional space reorganization (remodeling to address functional deficiencies). Building vacated during construction. Estimated cost = \$29,749,564 (\$309 per square foot).
- Option 3. Demolition of existing building; new building constructed on current site; separate central receiving and storage; no boardroom. Estimated cost = \$31,891,228 (\$454 per square foot).
- Option 4. Sale of existing site, purchase of new site; construct new building; separate central receiving and storage; no boardroom. Estimated cost (net) = \$26,230,071 (\$380 per square foot).

The original Plante Moran study did not adequately assess the facility needs of the current central administration site and assigned an estimated budget of approximately \$3.6 million, far less than it would cost to adequately address the scope of issues identified in the Kingscott report. While the Kingscott report provided a current assessment of the facility, the estimated total cost of the options was beyond what the district could afford.

Consequently, the district began a search for alternative office space to determine the viability of that option. A potential facility was identified, and with Board of Education support, a letter of interest was issued in August 2020 for the purchase of a 60,000-square-foot office building with an attached 30,000-square-foot warehouse space built in 1995, situated on 17.54 acres. Many months of negotiating ensued. During that time, the company that owned the facility was sold to a private equity firm, and negotiations slowed. Eventually, negotiations continued with the new ownership and purchase terms were agreed upon and approved by the board (which

included lease terms for the warehouse space). Due diligence was performed (Phase I and II environmental, etc.), and the sale of the property closed in April 2021 for \$7 million. Lease terms were for one year with an option for a second year.

After the sale closed, the district began the planning process that has been used since 2016 at the beginning of the bond projects. Architects began to study functional spaces within the new building and met with department staff to ensure the new design would meet both inter- and intra-departmental needs. Concurrently, the district began a more granular assessment of the facility including the HVAC systems, fire suppression systems, electrical and fiber systems, etc. Once the scope of the project was defined, estimated budgets were developed, and value engineering ensued to keep renovation costs as low as possible. Using the estimated budget of \$3.6 million from the Plante Moran report earmarked for the administration building, plus investment earnings of approximately \$1.8 million, the district's budget for the Dequindre renovation totaled approximately \$5.4 million for a total estimated cost of \$12.4 million, or about \$90.50 per square foot.

The renovation budget for the Dequindre site is as follows:

Architect / Consulting	\$438,000
Technology	\$1,152,656
FF&E	\$710,000
Construction	\$3,132,870
<b>Project Total</b>	<b>\$5,433,526</b>
 <b>Total Cost/SF</b>	 <b>\$90.56</b>

Using the final design, requests for proposals were developed and issued. All proposals were evaluated and award recommendations were made and approved by the Board of Education.

The following is a summary of the 2016 building and site bonds (Series I & II) as of February 28, 2022.

Item				Budget	Revised Budget*	Committed	% Committed	Remaining
Architectural Design				\$ 8,625,095.00	\$ 6,440,000.00	\$ 6,182,826.29	96.01%	\$ 257,173.71
Technology Design				1,050,000.00	1,050,000.00	806,328.40	76.79%	243,671.60
Other Professional Services				250,000.00	2,731,000.00	2,627,729.04	96.22%	103,270.96
Advertising for Bids				40,000.00	22,000.00	19,326.25	87.85%	2,673.75
Bond Issuance Costs				1,000,000.00	1,225,092.00	1,225,087.01	100.00%	4.99
Insurance (\$16,500/year)				60,000.00	85,000.00	73,210.50	86.13%	11,789.50
Moving Services				630,000.00	930,000.00	959,916.10	103.22%	(29,916.10)
Buses				6,653,800.00	7,967,053.00	7,966,571.47	99.99%	481.53
Furniture				3,841,900.00	3,016,900.00	2,923,433.61	96.90%	93,466.39
Computer Lab Furniture				648,900.00	300,000.00	186,191.88	62.06%	113,808.12
Cafeteria Tables				363,693.00	363,693.00	297,272.54	81.74%	66,420.46
Science Room Lab Tables				237,312.00	-	-		-
Commons Area Furniture				154,500.00	154,500.00	76,750.83	49.68%	77,749.17
Other Furniture				103,000.00	103,000.00	69,695.71	67.67%	33,304.29
Sound System in Parker Room				5,150.00	-	-		-
Instructional Equipment				1,545,000.00	1,545,000.00	580,638.18	37.58%	964,361.82
Signage				210,000.00	187,000.00	187,658.56	100.35%	(658.56)
Pool Equipment				51,500.00	8,734.00	8,634.85	98.86%	99.15
Athletic Equipment				231,750.00	231,750.00	247,659.68	106.87%	(15,909.68)
Facilities Maintenance Equipment				292,334.00	517,487.00	494,319.09	95.52%	23,167.91
Technology Projects*				31,783,210.00	29,983,470.00	25,542,450.35	85.19%	4,441,019.65
Reword \ Construction Management				126,219,448.00	128,875,013.00	125,008,786.36	97.00%	3,866,226.64
Network & Miscellaneous Cabling				500,000.00	215,900.00	192,604.51	89.21%	23,295.49
Landscaping				630,000.00	1,124,000.00	1,028,067.25	91.47%	95,932.75
Owner Construction \ Security \ Contingency				1,473,408.00	2,824,881.00	1,578,933.70	55.89%	1,245,947.30
				<u>\$ 186,600,000.00</u>	<u>\$ 189,901,473.00</u>	<u>\$ 178,284,092.16</u>	<u>93.88%</u>	<u>\$ 11,617,380.84</u>
* Includes investment income								

The bond and sinking fund programs are truly a point of pride for Rochester Community Schools. These strategic investments in our students have enabled us to make critical improvements to enhance teaching and learning environments across the district.

Thank you for your support.

Sincerely,  
Dr. Robert Shaner  
Superintendent