



**ROCHESTER**  
**COMMUNITY SCHOOLS**

PRIDE IN EXCELLENCE

## **Administration Building Frequently Asked Questions**

**Updated May 7, 2021**

On April 12, 2021, Gary Collins, principal of the Collins and Blaha law firm, joined Dana Taylor, RCS deputy superintendent for business affairs, at the Rochester Community Schools Board of Education meeting. They discussed the potential acquisition of a building, located at 52585 Dequindre Road, to replace the deteriorating RCS Administration Building, located at 501 W. University Drive.

The Dequindre Road facility, which was built in 1995, would accommodate district administrative offices; provide a permanent, secure location for the data center, head end, and technology operations; and accommodate districtwide shipping, receiving, and storage needs. The board voted to approve a resolution to authorize the purchase of the facility for \$7 million.

### **CURRENT ADMINISTRATION BUILDING, 501 W. UNIVERSITY DRIVE, ROCHESTER**

#### **A. Who determined that the current administration building is deteriorating?**

The district's current administration building dates back to 1889, with the last renovation in 1988, some 33 years ago. In Dec. 2018, the district initiated a request for proposal (RFP) and awarded a contract to Kingscott & Associates, an independent architecture, interior design, engineering and planning firm, to assess the building structure and outline deficiencies. The [2019 building assessment report](#) is located on our district website.

#### **B. What are the major infrastructure concerns with the current administration building?**

Kingscott identified four significant infrastructure, code, and Americans with Disabilities Act (ADA) compliance issues.

- Roof and parapet replacement.
- Demolition and reconstruction of the lobby atrium addition.
- Addition and repair of barrier-free public restrooms.
- Rebuilding internal stairways, guardrails, handrails and fire-rated doors, and renovating the elevators.

Additional concerns include damaged and leaking windows, as well as doors, stairs and stairways that do not meet ADA barrier-free codes.

**C. What are the district’s options to provide a safe work environment for administrative employees, a permanent, secure location for the data center, head end, and technology operations, and a site for shipping, receiving and storage?**

The district essentially had three options:

1. Renovate the existing building: Kingscott provided three options with costs ranging from \$21.2 to \$29.1 million. (Building and site costs range from \$208 to \$271 per sq. ft.)
2. Demolish the current structure and construct a new building: Kingscott provided two options with costs ranging from \$26.4 to \$31.4 million. (Building and site costs range from \$380 to \$454 per sq. ft.)
3. Acquire an existing building: The cost for purchasing the existing building located at 52585 Dequindre Road is \$7 million. After estimating necessary upgrades to lighting, flooring, masonry control joints, and the parking lot, the total estimated project cost for the building on Dequindre Road is \$10.48 million, which equates to a cost of \$109 per sq. ft.

**D. Are tax credits and grants available to reduce the cost of repairing the administration building?**

School districts do not pay taxes so a tax credit is not available. Grants are generally not available to school districts to repair or maintain their buildings.

**PURCHASE OF THE NEW BUILDING, 52585 DEQUINDRE ROAD, ROCHESTER**

**E. When was the decision made to purchase a purchase a new building, versus renovating the existing building?**

At the April 12, 2021, Board of Education meeting, the board voted to approve a resolution to authorize the purchase of the facility at 52585 Dequindre Road for \$7 million.

**F. Why did the board make the decision to purchase a new building, versus renovating the existing building?**

The Board of Education has a fiduciary responsibility as stewards of taxpayer dollars to act in the best interest of the community. Purchasing an existing building, versus renovating or constructing a new building, would provide the least amount of financial impact to the district.

**G. What are the features of the new property?**

The property at 52585 Dequindre was built in 1995 and encompasses 17.65 acres in the City of Rochester. It has remained occupied by the original owner. The 93,660 total sq. ft. building includes 64,620 sq. ft. of office space to accommodate district administrative departments, community meetings, and a permanent, secure location for the data center, head end, and technology operations. It also includes 29,040 sq. ft. of warehouse space to accommodate districtwide shipping, receiving, and storage needs.

**H. What is the condition of the new building?**

AKT PEERLESS Environmental Services inspected the condition of the building of interest. The following issues were identified in the integrated design solution findings:

- Replace parking lot and drives
- Repair control joints in masonry walls at overhead doors

- Replace flooring (carpet/vinyl composition tile)
- Replace atrium and parking lot light fixtures with LED bulbs
- Upgrade emergency and exit lighting

**I. What are the purchase agreement terms?**

The purchase price of the new building is \$7 million. The district will finance the acquisition with \$2 million from the general fund, \$2 million from the 2019 sinking fund, and a five-year \$3 million loan with an interest rate of 1.24 percent. Additionally, the district has \$3.6 million in remaining 2015 bond dollars budgeted for administrative building improvements that will address required parking lot, lighting, masonry control joints, and flooring replacements, repairs, and upgrades.

The current tenant has agreed to lease terms to continue to occupy a portion of the warehouse area of the building for one year with the option for an additional year. The tenant will pay the district \$25,900 monthly (\$310,800 annualized) in the first year. This equates to approximately one half of the expected loan payment during the first year.

**J. How does the total projected cost of acquiring the new building at 52585 Dequindre compare with the cost of renovating the current administration building at 501 W. University?**

The purchase price of the new building is \$7 million. After estimating necessary upgrades to lighting, flooring, masonry control joints, and the parking lot, the total estimated project cost for the building on Dequindre is \$10.48 million, which equates to a cost of \$109 per sq. ft.

By contrast, five varying renovation options for the administration building are as follows, ranging from least to greatest, depending on project scope: \$21.1 million at \$217 per sq. ft.; \$23.3 million at \$208 per sq. ft.; \$26.2 million at \$380 per sq. ft.; \$29.7 million at \$271 per sq. ft.; and \$31.8 million at \$454 per sq. foot.

**K. How much bond money has been budgeted for the administration building?**

The greater Rochester community generously approved a \$185 million bond in 2015. Most of those funds were prioritized and budgeted to support the safety, security, infrastructure, and technology needs in facilities that had a direct impact on children, such as school buildings and transportation. All of the budgeted school building bond construction projects have been completed on time and within budget, as of March 2021, except for the administration building, which was last renovated 33 years ago in 1988. Of the \$185 million, \$3.6 million has been budgeted for the administration building, which is the last site to be addressed and has critical needs in excess of \$21 million.

**L. Why acquire a building now?**

The current administrative office space is at significant risk for a building failure, based on age, evidence of ongoing structural damage, and the expired useful life expectancy of current infrastructure and building systems.

Employees at the administration building provide the necessary supports to ensure operations run smoothly within a school buildings. This ultimately ensures student success. It is the organization's obligation to take care of these employees and provide them with adequate working conditions.

**M. How many employees work in district administrative offices?**

Office space is required for approximately 120 employees who provide operational and administrative support to the district. This includes curriculum leadership, business services, technology, human resources, facilities management, community relations, athletics, enrichment, and more.

**N. Why couldn't updates be shared during the investigation of this acquisition?**

Mr. Collins explained that during sensitive commercial real estate investigations, confidentiality is often necessary to protect the buyer from price distortion and inflated value escalation. Disclosing the identity of RCS could have compromised negotiations and raised pricing by an expected 30-40 percent. Public disclosure from the district, within its limited boundaries, timeframe and criteria, could present a substantial barrier to fair pricing. RCS worked with real estate attorney Scott Frain of Henneke, Frain, and Dawes and real estate broker Rich Kuehnle of Kuehnle & Associates.

**O. How will RCS history be incorporated into the move?**

A citizens committee of community stakeholders will be established to make thoughtful recommendations about the property at 501 W. University Drive. Additionally, important components of the district's history will be incorporated into the new space, including treasured artwork, archives and artifacts.

It is timely that 2021 marks the 200th year of Rochester Schools providing education to students in this area. We are collaborating and anticipate recognizing this milestone achievement during the start of the 2021-22 school year.

**P. Who will serve on the citizens committee of community stakeholders? How can a community member get involved?**

We have already asked for a representative from the Rochester-Avon Historical Society and the City of Rochester to serve on the committee. As we move forward with the process, we will continue to solicit interest from other community stakeholders. Additional information will be provided as soon as it becomes available.

**Q. Where can a community member find additional information?**

Additional information is located on the district website at [www.rochester.k12.mi.us](http://www.rochester.k12.mi.us). The following documents are located under Facilities Management.

- [Facility Analysis and Recommendation - BOE Presentation, April 12, 2021](#)
- [Bond and Capital Fund Projects - BOE Presentation, March 22, 2021](#)
- [Bond Updates - BOE Presentation, September 14, 2020](#)
- [2019 Administration Building Assessment](#)