

# Special Board Meeting

October 11, 2022

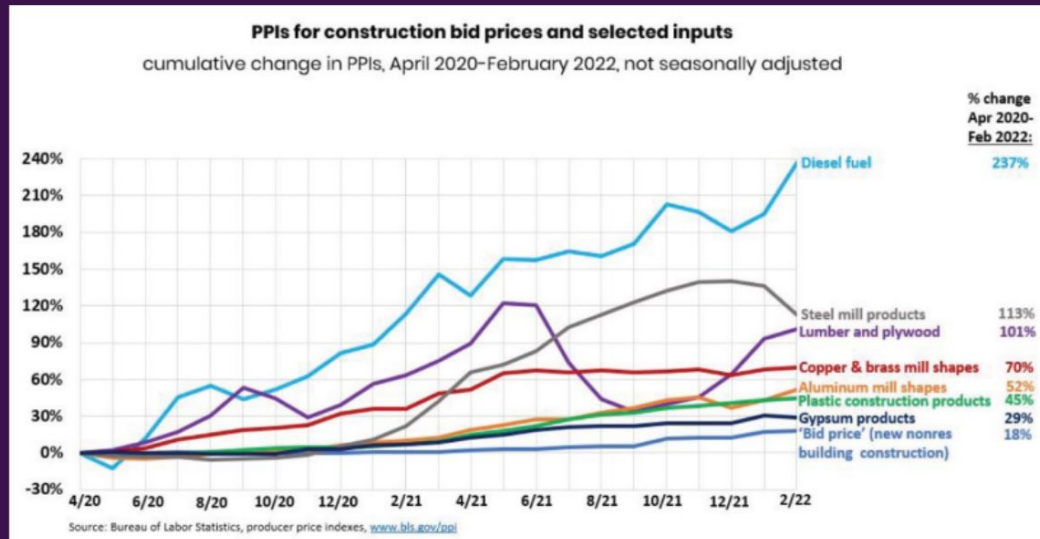




# Caledonia Community Schools 2020 BOND

Fall 2022 Update

## Cost Escalation - Increased by ~ 42%



## Key Takeaways

- Construction Cost Escalation is expected to continue to rise
- Other K-12 Districts are experiencing similar challenges

## BOND Potential

If the district decides to pursue a bond to complete all projects originally intended, under current inflationary costs, the district has the ability to go after a bond that **does not increase the annual debt millage of 7.0 mills**. The district has the capacity to go for a new bond of up to \$125 Million\* more.

This change must be approved by the Michigan Department of Treasury and voters. (\*Based on updated numbers as of 10/10/22)

## 2020 BOND PROJECTS TO COMPLETE

### NEW Dutton Elementary (Approx \$30.3 M)

- 4 Strand Building
- Full Cafeteria/Full Gymnasium
- Fully Accessible Playground
- Two Drives (One Patterson, One 76th)
- Original Budget was \$21.2 M

### 2020 BOND - Remaining Project LIST\*

- Classroom additions at Cal Elementary
- Playground additions / repairs at three Elementary Schools
- Interior doors and hardware updates at six Schools
- Improvements to the existing football stadium
- General Landscaping at six schools
- Interior signage at three Elementary Schools
- Monument signs at five schools
- Classroom furniture at six schools
- Connecting the High School campus (North/South)
- Flooring at the High School North
- Bleachers and mat hoists at the HS secondary gyms
- Site security gate behind the HS South
- Main entry door system replacement at Emmons
- Athletics training facility
- School bus covering structure

\*This project list was originally budgeted as \$8.3 M but is expected to rise by a minimum of 40% when rebid. (Estimated \$11 M- \$12 M)

Find more information at  
[www.calschools.org/2020-bond/](http://www.calschools.org/2020-bond/)

# Dutton Elementary

## Current Cost Model Program



Current construction cost is \$30,299,500

- Includes:
  - One Patterson Ave driveway
  - One 76th Street Driveway

Original Budget for the project: \$21,227,220

March 2022 accepted bid pack 1 for precast concrete: \$ 2,676,860

August 2022 accepted bid pack 2 for construction: \$26,384,724

The cost escalation through inflation & unavoidable additions = 42.75%





# BOND 2022

## Bond Projects Remaining

Approx: \$8.3 M vs 2022 Value Estimates



Project	2019 Value	2022 Value	Variation
Classroom additions at Caledonia Elementary	420,000	839,146	419,146
Playground additions / repairs at three Elementary Schools	742,500	928,125	185,625
Interior doors and hardware updates at Six Schools	160,000	208,000	48,000
Improvements to the existing football stadium	58,000	72,500	14,500
General Landscaping at six schools	220,000	253,000	33,000
Interior signage at three Elementary Schools	40,400	50,500	10,100
Monument signs at five schools	145,200	188,760	43,560
Classroom furniture at six schools	2,640,000	3,696,000	1,056,000
Connecting the High School campus (North/South)	594,000	557,219	(36,781)
Flooring at the High School North	270,000	644,193	374,193
Bleachers and mat hoists at the HS complex secondary gyms	285,000	313,251	28,251
Site security gate behind the High School South	11,000	13,750	2,750
Main entry door system replacement at Emmons Lake Elementary	100,760	146,102	45,342
Athletics training facility	2,200,000	3,231,282	1,031,282
School bus covering structure	453,000	838,050	385,050
Sub Total	8,339,860	11,979,878	3,640,018

# BOND 2022

## Bond Projects Remaining

Approx: \$8.3 M



The scope and specifications of several projects in the prior list have been significantly changed and/or reduced in the cost modeling provided by The Christman Company / PMC.

1. The High School Connection was changed to a wood frame structure with a shingled roof - originally envisioned as a matching or complimentary masonry structure.
2. Playground Equipment is reduced to “standard” equipment which is non-inclusive in play for all students and surfacing is non-ADA compliant wood chips safety surfacing.
3. The Athletic Training Facility is now envisioned as a block and metal panel building with 100% rubber flooring versus an interior synthetic turf area as planned.

The 2019 bond treasury application noted “parking lot/rework fields” with a value of \$1,250,000. This value and notation was used as the base for the change to “install a synthetic turf field at the (existing) stadium”.

The valuations of these projects was provided by The Christman Co. and Caledonia Community Schools Operations. The values are based on inflation trends as published and current costs of projects / supplies complete or in progress.

# BOND 2022

## Cost Reduction/ Revenue Enhancement Considerations as presented 9-26-2022



1. **Build as Planned** - Take \$5.5+ million from fund balance and zero out all other projects (8+ million in savings from all other canceled projects)
2. **Build new Dutton Cheaper** - Build a new Dutton Elementary within the money we have remaining. (Still cancels all other projects and building lifecycle will be less than other Cal facilities at approx. 25 to 50 years)
3. **Cancel Cal Community Center** - and dedicate funds to Dutton (loss of at least 10+ million as non-refundable)
4. **Renovate the existing Dutton** - Take approx. \$10-13 million to do a major renovation of Dutton on its current site. (This allows the district to do all/most other projects as planned - price escalations unknown as other projects haven't gone to bid).
5. **Reduce the Scope of new Dutton** - Create a "Phase II" list for a future funding source, reducing the construction of new Dutton by creation of a cafeteria or the reduction of a wing (see detail examples).
6. **Upgrade Systems at the existing Dutton** - Add air conditioning (with electrical upgrade) to bring air quality to par with all other schools and keep Patterson location for future Dutton. (District would need to go after a new bond to secure funds to completed Dutton as desired on Patterson site.)
7. **New Bond** - Keep all projects moving forward and seek another bond (approx. \$13-20 million) to finish Dutton and handle all other price escalations for Series II projects. (Concerns: if new bond is not approved, the district will be financially stranded with an unfinished project and insufficient funds to complete.)
8. **Sinking Fund** – Go after a sinking fund. (Regardless of amount, this will be a definite tax increase and upfront funding for projects will not be available).
9. **Seek bank funding** - Significantly squeeze all operational funds (using general fund) in multiple areas such as maintenance/operations, transportation, athletics, staffing, etc.

# BOND 2022

## Detail of Option #5 - Reduce Scope of New Dutton

<u>Current</u> construction cost is	\$30,299,500
Remove 76th Street Drive	-\$1,082,990
Removed wing	-\$1,561,623
Add Cafenadium space and remove gym	-\$1,000,000
Construction cost with all three reduction options	\$26,654,887





## 2020 BOND

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# BOARD OF EDUCATION BOND OPTIONS

## The NEW DUTTON as planned & BOND the LIST

# A

Zero Out all additional projects and use all remaining funds to build Dutton Elementary as planned \$30.3 M

- Use \$1.5 M (Public Improvement Fund)
- Use dedicated Land Sale \$1.2 M
- Use \$8.3 M from Remaining Projects
- Use \$5.5 M from General Fund
- Fund Balance could fall as low as 1.7% by the end of the 2024-2025 year

BOND for

- Remaining Projects List
- Anticipated Completion 2028

If BOND does not pass:

- All Remaining Projects List will not be done

NEW Dutton Opening Fall 2024

## Finish the LIST + BOND New Dutton

# B

Complete all remaining BOND projects except Dutton Elementary \$11.9 M

- Anticipated Completion 2025

Remaining Funds

- Restore items that were previously eliminated from original bond due to cost escalation

BOND for: New Dutton (DE)

- Build DE as planned
- No scope reduced
- NEW Dutton Opening 2026

If BOND does not pass:

- Use remaining funds from BOND 2020 to renovate existing DE
- Renovation Complete Fall 2025

## MODIFIED New Dutton & BOND the List

Use Remaining Funds plus \$2.7 M to build a modified Dutton

- Use \$1.5 M (Public Improvement Fund)
- Use dedicated Land Sale \$1.2 M
- Use \$1.8 M of General Fund

# C

MODIFIED NEW Dutton means

- Build 2.5 strand Building (2 wings)
- Cafenadium (No Stand Alone Gym)
- No 76th Entrance
- Modified NEW Dutton Opening Fall 2024

BOND for Additions to DE

- Build Classroom Addition
- Build Gym Addition
- Build 76th Entrance
- Anticipated Completion 2028

BOND for Remaining List which includes athletic upgrades

If BOND does not pass:

- All additional items will not be done
- Use \$1.8 M of Fund Balance
- Fund Balance could fall as low as 7% by the end of the 2024-2025 year

\*All costs are approximate. An update on costs will be given as we work towards possible ballot language.



## 2020 BOND

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# BOARD OF EDUCATION NON BOND OPTIONS

## CANCEL CAL Community Center

# D

Cancel construction of the Cal Community Center and dedicate all funds to NEW Dutton and Remaining Project List

- Estimated Loss of \$10+ Million
- Have to get approval from Department of Treasury for this option
- Was included original bond language and may cause legal ramifications (May not be allowed)
- New Dutton Complete Fall 2024
- Remaining Projects Complete 2025

## RENOVATE Existing Dutton - Finish the LIST - No New Bond

# E

RENOVATE Existing Dutton

- Use approx. \$10-13 M on major renovation
- Remaining Project List
- All projects complete - Fall 2024

\*All costs are approximate. An update on costs will be given as we work towards possible ballot language.

# Considerations after the Board Meeting - Hybrid

## RENOVATE Existing Dutton, REMAINING LIST, BOND NEW Dutton

# F

### RENOVATE DUTTON

- Upgrade electrical capacity and add AC to Existing Dutton

### Remaining LIST

- Add Turf at existing football stadium \$1.9 M
- Complete ALL of Remaining LIST with remaining funds

### BOND for New Dutton (DE)

- Build DE as planned/No scope reduced
- Approximately \$35-\$40 M needed if approved in May
- NEW Dutton Opening Fall 2026

### If BOND does not pass:

- Use remaining funds to further renovate Existing
- Renovation Complete Fall 2025

## MODIFIED NEW Dutton / TURF Field / BOND

# G

### To build a modified Dutton

- Use \$22.1 M Estimated Remaining Bond Funds
- Use \$1.5 M (Public Improvement Fund)
- Use dedicated Land Sale \$1.2 M
- Use \$1.8 M of General Fund

### MODIFIED NEW Dutton means

- Build 2.5 strand Building (2 wings)
- Cafenadium (No Stand Alone Gym)
- No 76th Entrance
- Modified NEW Dutton Opening Fall 2024

### Add Turf at existing football stadium

- Use \$1.9 M of General Fund

### BOND for Finish Completed Version of Dutton

- Build Classroom Addition
- Build Gym Addition
- Build 76th Entrance
- Anticipated Completion 2028

### BOND For Remaining List which includes athletic upgrades

### If BOND does not pass:

- All additional items will not be done
- Use \$3.7 M of Fund Balance
- Fund Balance could fall as low as 4.5% by the end of the 2024-2025 year

**Bond - Requires voter approval, State of Michigan Treasury approval, No increase to annual debt millage of 7.0 mills, Current bonding capacity is up to \$125 Million\*\* more.**

**\*All costs are approximate.** An update on costs will be given as we work towards possible ballot language.

**\*\*Numbers are based on updated information as of 10/10/22.**

# Special Board Meeting

## Questions & Answers



- At this time we will begin a Q/A session