

## **Building and Site Committee Minutes**

**January 27, 2010**

**Board Office, 5:30 p.m.**

**Attendees:** G. Anders Linell, Executive Director Business Services and Technology; Edward Pilcher, Citizen; Gary Briggs, Board Trustee; Marty Cardamone, Board Trustee; Jeffrey Brinker; Board Trustee; Daniel Stine, Citizen; John Houghton, Principal Keller Elementary; Arthur Watson, Director of Custodial and Transportation Services; William White, Director of Maintenance and Transportation Services

**Absent:** Bruce Anderson, Employee; Steven Rennell, Citizen; Kevin Russ, Citizen; Thomas Moline, Superintendent

**Guests:** John R. Schwartz, Executive Director Finance and Personnel Services

**Recording Secretary:** Margaret Martin

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### **1. MISEC Energy Program**

The MISEC Electric Program Projected Savings Summary (attachment #2) was distributed to committee members. The handout listed the projected savings for each District meter located at facilities. The projected annual electric savings was gained through longer guarantees of electric rates in December with a 2 year lock in. A second handout outlining the DTE Energy commercial electric rates at Royal Oak Middle School and Royal Oak High School (attachment #3) was also distributed. It provided a comparison between the two electric rates. The total cost for the Middle School was 12% lower and 13% lower for the High School. Estimated savings are on a calendar year basis with the new rates going into effect in January. Phone lines were installed for the new program during the last couple of weeks.

The District has purchased natural gas directly from the well head producer through MISEC, a non-profit group, for 20 years. This practice enables the pricing to remain lower. It is expected natural gas rates will come down this year.

### **2. Facility Needs Planning**

Mr. Linell provided a quick history of the October 28, 2009 Building and Site Committee meeting and the Facility Assessment sheets shared as part of the October discussion. At that time it was determined there was a need for a revenue string to fund these projects and it should be researched. The Finance Committee discussed possible options and settled upon a Sinking fund as the most viable means at this time. Right now, given the current real estate

market, using property sales to fund these projects is not viable. Using a voted millage, up to 5 mils can be assessed for 5 years with a maximum limit of 20 years, is possible however it has limitations on what the money can be used for. The purchasing of land and renovations are allowed, however it cannot be used for the purchase of technology, buses, or maintenance, as well as new square footage or air conditioning. The increase in taxes on homeowners for a \$1 million Sinking fund would be approximately \$50 per year on average. Currently Royal Oak has approximately a \$2 billion tax base. It was noted a target amount of \$1 million is 20 times greater than the current amount now spent. The District has the information on projected needs and will check with Michelle Kerns to see which amount \$1 million or possibly \$500,000 will cover those needs. An asset appraisal replacement cost with a 25/30/40 year amortization could also be used to estimate an amount needed to keep facilities from degrading. Right now many items are being deferred due to cost such as parking lots. Parking lot patching is being done to extend the life of current lots, however the cost of buying time does not provide any value other than buying time. It was also noted that if the District keeps up with projected needs with a Sinking fund, then the need for a future bond issue is lessened. A bond issue election costs the District little if it fails, however it usually means buildings are more run down than if a Sinking fund is used to keep buildings in better condition. Sinking fund money must be spent on stated purposes by the end of the years set. Money can be borrowed to repay the amount to be gained by a Sinking fund. Using money from the General fund is not an option. Right now the District is \$10 million short on property sales to make the General fund whole. The question now is when to take this millage before the voters. Waiting to see what happens in Berkley when they vote upon their bond millage in February was advised as Berkley already has a \$1 million Sinking Fund in place. It was noted that if the Berkley bond passes, they could become a huge competitor to Royal Oak Schools for enrollment. Currently Northwood Elementary is bringing in great interest for the school district from other districts.

### **3. Performance Contracting**

The RFP (request for proposal) will be for only buildings not touched in the last bond, Oak Ridge, Oakland, and Churchill. No word has been received on when the 2 year window for money will open. The money can be used for items to reduce energy costs such as extra insulation and replacement windows. Oakland's boiler is very old and to do that project would be a 6-8 year payback.

### **4. Other Matters**

**Custodial Update** – Mr. Watson provided an update on the team cleaning concept first year performance. During this first year of practice 6 gym floors were sealed, moving of furniture accomplished and the opportunity for custodians to take vacation time was achieved during break periods. During the most recent 1 day break, all filters in air-ducts in 3 buildings were changed. February break will allow for Northwood's gym floor to be sealed. Because it is new, it must have an oil based finish used for 3-4 years to build up a base for allow for the natural movement of the wood. This oil based process takes longer to cure than the water based since it requires sanding between coats to bond.

Cafeteria areas will be addressed during Winter break.

Carpeting will be removed at Oak Ridge from the Media Center to the control doors on the first level by the principal's request. It is hoped terrazzo will be under the majority of the carpet although there may be saw cuts. It was also noted that even the saw cuts look beautiful when finished as at the Middle School. In preparation for the terrazzo break work, 10' to 12' sections of carpeting are being removed each night. No solvents will be used, as at Keller which had an asbestos based glue, to remove glue under the carpeting.

Addams, Royal Oak High School and Royal Oak Middle School will remain open during Winter break. Other buildings not staffed will have the utilities set back.

The 3 elementary head custodians are working out very good. There have been few emergencies and the response time to them has been good. Everyone associated with the buildings have been cooperating to make the new system work. The team concept goes beyond just the cleaning, with the 3 head custodians rotating between the buildings. This brings an understanding of the needs if they are called upon to help at another building.

**Maintenance Update** - Mr. White presented an update on the preventative maintenance being performed. The new exterior doors at the High School have experienced difficulty with the sweep wearing down on the concrete and are being looked at. There was a fire suppression system leak in the High School auditorium. The leak stemmed from a salt rag trick used on an original leak that corroded the pipe and caused ceiling plaster to fall on auditorium seats. Should the system have a complete pipe failure, it will cause a flood due to it being a wet system preloaded under pressure. The fire protection vendor installed the system but this is not a warranty issue since it was not done right to begin with.

The District locksmith is going through buildings lubricating locks.

The HVAC system experienced problems with the Oak Ridge boiler going on and off, setting off alarms. Oak Ridge and Oakland are now checked every morning.

**Transportation Update** – 3 engines in buses were lost and needed repairs. 2 were Minator's at a cost of \$5,000 each and one International at \$9,000. It was noted at this time the District does not have any spare buses available.

**Further Consolidation of Facilities** – Mr. Briggs requested for consideration, looking into the possibility of the Board Office moving out of the current facility into Lockman or moving the Churchill programs into another building within the next year and a half, to down size District square footage. These changes would allow for the current Board Office and Churchill facilities to be sold and maximize space usage currently available in other buildings. The possible interest of the City of Royal Oak in acquiring Churchill for use as a community center was mentioned.

Currently Churchill houses the Alternative High School which is a large revenue generator for the District. Moving the program to another facility would entail making sure adequate space is available as well as parking. Lockman has minimal parking available and could be used to house an International Baccalaureate school to alleviate future middle school capacity issues.

It was noted by Mr. Linell that Lockman would require comparable work that was done at Keller, to prepare it for occupancy. Once a building is unoccupied it must be brought up to code before occupying it again. The electrical would need upgrading and the heating units are unit ventilators. The fire suppression must be connected to Keller if the Connector remains. Estimates were \$50-60 per square foot a few years ago with a total cost of \$2 million possible. It was also noted the savings of closing the Board Office building would be minimal compared to the closing of an elementary building. Currently the Board Office does not have a custodian so savings would be in utilities only. There would also be an excess of \$1 million cost to remove the asbestos in the building before the demolition or selling of the structure, however the new owner could discount the sale amount by the cost of removal. It was noted the District prefers to not leave a vacant building standing.

The Catalpa Voc Ed building is currently used for salt and equipment storage, however the sale of this facility is not recommended due to previous environmental issues at the site. Leasing of the site is possible.

The committee determined to put the further consolidation issue onto the next agenda and get estimates on the cost of asbestos removal and an analysis of available square footage.

#### **Future Meetings**

**The next meeting will be held on Wednesday, March 3, 2010 at 5:30 p.m., at the Board of Education.**

**Respectfully submitted,**

A handwritten signature in cursive script, appearing to read "GAL", is written in black ink on a light-colored background.

**G. A. Linell**

#### **3 Attachments**

**Sign-in #1**

**MISEC Electric Program #2**

**DTE Energy #3**