

**Bloomfield Hills Schools
Central Office Consolidation
Overview, Data and Recommendation**

Overview

Central office functions of the district are currently spread across three different locations within the district (approximately 50 positions in total):

1. 4175 Andover Road- Superintendent, Human Resources, Special Education and Communications (building full, about 19 positions)
2. Andover High School- Business Services (occupies one section of the school, about 8 positions)
3. Doyle Center- Instruction, Professional Development, Technology, Student Services and Recreation (about half-full, about 23 positions)

Consolidation of central office has been discussed on and off for many years within the district but has never been executed for various reasons. Declining population and per-pupil funding have recently caused the district to close two elementary schools and explore right-sizing of high school operations, leaving the district with several unoccupied or semi-occupied properties:

1. Doyle Center-see above
2. Hickory Grove- Model HS temporarily located in a limited portion of the building
3. Pine Lake- Was leased to Waterford Schools for a portion of 10-11- now vacant
4. Wabeek parcel on Long Lake Rd.- Vacant, for sale

In spring of 2011, administration began developing a plan for highest and best use of these properties, including consolidation of central office at one location. The goal of this plan and central office consolidation is to realize positive long-term financial impact by minimizing operational expenses, thus maximizing funds available for instructional use. Efficiencies and operational improvements of central office consolidation specifically include:

1. Fewer separate buildings to heat, cool and maintain and insure
2. Realignment of positions/cross training /sharing of staff across departments in ways not currently possible with departments in separate locations (estimated 3 positions)
3. Reduce interoffice mail delivery time
4. Reduced travel time for meetings and increased face-to-face communication
5. Previously underutilized properties become available for repurposing or sale
6. Convenient, 'one stop shopping' for families, community, staff or vendors needing to interface with the district

A review of all underutilized facilities was completed, including approximate land value, zoning, and suitability as a consolidated central office site. The top two central office sites were identified as Doyle and Hickory Grove. After a closer comparison between these two properties, the administration identified the Doyle Center as the property most suitable for central office relocation for the following reasons:

1. The district has already significantly invested in renovating two primary areas at the Doyle. It makes good sense to preserve that investment and little sense to abandon (and possibly demolish) these areas to re- renovate elsewhere:
 - a. The district technology department and head-end room. Fiber costs of relocating head-end room to Hickory Grove estimated at \$500k. Fiber relocation to Andover \$125k, but much is undecided about the Andover site, and this cost does not include construction of any office space. Current head-end equipment is not suited for remote operation, but if it were, it would necessitate maintaining an air-conditioned room, generator, etc. on the Doyle site, preventing the parcel from being sold in its entirety.
 - b. Professional development rooms A-D. This area is used extensively for internal and external groups. Finding suitable space elsewhere would require additional investment in renovation. Losing this space would mean forfeiting current lease revenue of about \$25k per year. This space also serves as a broadcast center for Board meetings. Costs would be associated with creating a broadcast-ready space elsewhere in the district.
2. Some of the currently renovated space in the Doyle can house additional staff, reducing the amount of square footage needing complete renovation
3. Parking and exterior amenities at Doyle are superior to Hickory Grove, requiring virtually no cost at Doyle
4. All current furniture can be re-used in Doyle renovation. Hickory Grove renovation would have used more open classrooms, thus requiring purchase of new office cubes and disposal of current furniture, which is still in great shape
5. Actual renovation costs given the layout and current state of Doyle and Hickory Grove favor Doyle as less new square footage would have to be remodeled or repurposed
6. Both sites equally saleable as a whole, but Doyle site layout would more readily allow for subdivision if building stayed in place
7. Doyle has no utility as a school given its location, years 'offline', and renovations to date. Doyle does not factor into any short or long term plans as a school site. Hickory Grove may be needed in the short or long term as part of the future high school solution. Hickory Grove can still be used as a school, and in fact is housing Model at the moment. Any plan involving Hickory Grove would mean finding at least another temporary home for Model, with attendant costs of moving the program.
8. The Doyle is currently the only stable, viable location for the P.R.E.P. program, which serves special education students from ages 18-26. This program requires 3,000-4,000 square feet.

Therefore, in August of 2011, the Board authorized the administration to work with French Architects and Barton Malow construction management to move forward with developing a more concrete plan, complete with estimated costs and payback period, for moving into the Doyle. Renovation costs are based on a detailed architectural analysis.

Concurrently, the administration gathered data on the total cost of potentially leasing central office space, including square foot costs, build-outs, furniture, maintenance, and all other relevant factors. Lease information was obtained in collaboration with various resident real estate professionals as well as other contacts. Since the terms of the lease, including rate, tenant improvement allowance and type of lease varies by property; certain assumptions were made for the attached analysis.

The analysis focuses on the core decision factors for leasing versus utilizing our existing building capacity at Doyle. Many other factors were reviewed and determined to be a net "wash" and not quantified in this analysis. For instance, consolidating staff will occur with either option and will yield savings from

increased productivity and realignment of duties. Moving costs will be incurred in either scenario as well. Per the attached analysis, renovating the Doyle Center is a more cost effective option than leasing over a ten or twenty year period of time when comparing the annual amortized costs. At the end of the ten year analysis, renovation of the Doyle is projected to be about \$700,000 less than leasing and about \$2 million using a 20 year period (in absolute dollars.)

Renovation costs for the central office consolidation will be paid for from the district's capital improvement fund. Districts generally try to utilize designated funds or reserves to address physical plants, so that operating monies can be preserved for delivering educational programs. Renovation fits this scenario better than leasing, although technically capital improvements funds could also be used to pay rental costs. As a lessor, the district would be on the hook for rental costs into the indefinite future beyond year ten, with no certainty about future rental costs.

A draft of this analysis is to be given to the Board of Education for review on September 9, 2011. On September 12th, it is to be reviewed at a joint meeting of the Community Partnership Committee for Financial Reporting and the Deficit Prevention Planning Task Force. Input from these meetings will be given to the administration for further refinement of the draft document, which will result in presentation of a final draft to the Board of Education for approval on October 20, 2011.

If approved, renovation will begin, with occupancy scheduled to begin the first week in April, 2012.

P.R.E.P. is a special education program for young adults 18 to 26 years of age. Due to the age of the students, it is not appropriate to house this program in one of our existing elementary or middle schools—nor do we have space to do so. As these students have recently graduated High School, it would not be appropriate to house the program at one of our high schools where we do have space. Therefore, the program has been housed for a number of years at the Doyle. The only other buildings that could possibly house the P.R.E.P. program would be Hickory Grove or Pine Lake, but it would make little sense to house a 4,000 sq. ft. P.R.E.P. program in a 40,000 sq. ft. building. Therefore, the administration recommends continued operation of the P.R.E.P. program at the Doyle Center.

Costs for renovating four P.R.E.P. classrooms (approximately 4,000 square feet) are broken out separately from the cost of central office renovation. Since this renovation directly affects students, administration recommends that sinking funds be applied to the P.R.E.P. renovation. Over the years we have not brought the P.R.E.P. classrooms up to the current district standard pending a resolution of its ultimate location. Although we have explored off-site locations and other options for P.R.E.P., it's now especially clear given this master plan that the Doyle is the best long-term location for the P.R.E.P. program. The fact that we now know specifically where P.R.E.P. will be located long-term within the overall layout of the Doyle makes it the appropriate time to invest appropriately in those classrooms.