**Regional School Unit 63**

*RSU 63 engages all students in high quality academic and co-curricular programs in a safe and supportive learning environment so they may succeed in school and reach their fullest potential in life.*

*TO:* RSU 63 BOARD of DIRECTORS
*FROM:* SUSAN SMITH, SUPERINTENDENT/DIRECTOR of CURRICULUM & INSTR.
*RE:* REPORT FOR SPECIAL BOARD MEETING
*DATE:* DECEMBER 2018

The following is to help clarify some questions that arose during the Workshop on Monday, December 10th and provide additional information regarding cost and potential next steps with ESG and/or Oak Point. I have focused this information on Option 2 (two buildings) and Option 3 (three buildings). Since the cost estimate for Option 1 (one building) is over \$27M, I feel it is not practical.

**<u>Using Only Oak Point</u>**
Moving forward with Oak Point only would require a 20-year bond and public vote (November 2019). The numbers provided by Tyler Barter and Sarah Smith are estimates based on recent conversations and the building inspections Oak Point completed in 2015. Tyler and Sarah are working on updating the comparison matrix so both versions of Option 2 (adding on at Holden or adding on at Eddington) include having the central office at the elementary school. This update will keep the comparison costs more equitable.

<u>Oak Point Only Cost Projections</u>

Two Schools:

Estimated bond for new construction and infrastructure renovations if going with only Oak Point and Option 2 (two schools, with new construction and infrastructure renovations at one of the elementary schools and infrastructure renovations at Holbrook) = \$18M-\$19M
Anticipated savings over the life of the bond (less staff and fewer buildings) = \$3M
Revenue from selling one of the elementary schools = ??

Three Schools:

Estimated bond for infrastructure renovations if going with only Oak Point and Option 3 (keeping all three schools) = \$12M-\$13M

**<u>Using ESG Only</u>**
Moving forward with ESG would require a 15-year lease agreement. Work would begin this spring and could include infrastructure renovations at all three schools. The cost of the lease would be incorporated into our budget. There would be substantial, immediate energy and other savings to help offset the cost of the lease. Both the ESG lease price and the energy savings would be exact promises from ESG (not estimates). Therefore, ESG would need to do more work between January 1 and March 1 to develop specific pricing, plans, and options.

In March, many options would be presented, allowing the RSU 63 Board to choose from different projects; weighing the economic benefit, facility performance, and educational enhancements (ventilation air, lighting). The Board would not enter into a lease agreement until these decisions were made – sometime in March. A final cost, to upgrade all three schools could be in the \$6M to \$7M range.

Please Note:
ESG has invested over $150,000 to date to study our buildings and the infrastructure issues. ESG is proposing to further invest in the development of specific plans and drawings, as a means to price the work from qualified subcontractors. This work would be targeted for a March 1st completion. It would involve more than fifty (50) personnel from engineering, construction, cost estimating, and project trades. On or about March 1st 2019, ESG will have developed a set of recommendations and options for each school facility that will allow RSU 63 to select which projects are we would like to implement. The additional investment ESG is proposing between January 1 and March 1 will easily exceed $200,000 due to the variety and complexity of the various infrastructure projects.

If sometime in March, RSU 63 decides not to enter into a lease agreement with ESG, we will be asked to pay $100,000 to ESG to partially reimburse them for their January to March efforts. The $100,000 repayment would be due and payable to ESG after all contractual and financial efforts have been exhausted—this is typically ninety (90) days after the March 2019 date.

Preliminary ESG Only Cost Projection

Three Schools:

I anticipate ESG infrastructure renovations on all three schools to cost approximately $6M-$8M over a 15-year lease. There would be immediate, substantial energy and other savings to help offset the cost. I cannot estimate those at this time. However, once ESG completes their proposals and calculations, the energy and some other cost savings would be guaranteed.

**Using Both Oak Point and ESG**

In going forward with two schools (Option 2), it would be possible to use Oak Point as the primary group to plan, renovate, and build on to one of the elementary schools and ESG as the primary group for infrastructure renovations, particularly at Holbrook.

Oak Point and ESG Cost Projection

Two Schools:

This scenario would require a 20-year bond for the Oak Point work at one elementary school (estimation) = $14M, and
a 15-year lease agreement with ESG for the infrastructure renovations at Holbrook and keeping the other elementary school going for the next few years = $4M - $6M

There would be immediate substantial energy and other savings to help offset the ESG cost. As stated above, I cannot estimate those at this time. However, once ESG completes their proposals and calculations in March, the energy and some other cost savings would be guaranteed.

Anticipated savings over the life of the bond (less staff and fewer buildings) = $3M
Revenue from selling one of the elementary schools = ??

Regardless of the final configuration of schools (two or three buildings) ESG would price work that would keep the school selected for closure open, functional, and operational for a period of 2 to 4 years. This would allow time for all of the required community and regulatory approvals (to close a school and add new construction). Investments in the school selected for closure would be minimal in the summer of 2019. The remaining schools selected for continued, long-term operation, would receive the bulk of our investment. In the event the plans for school closure and construction were voted down in November 2019, we could ask ESG to perform a more substantial upgrade for that school (in order to extend its functionality for the long-term).

**In closing,** our aging buildings have experienced a flurry of breakdowns this fall (heat, electricity, and leaking roofs). Several of these breakdowns nearly resulted in the temporary closure of school. The piecemeal approach we have used in the past has worked. However, as many of our systems have been pushed beyond the end of their lifespan, we are experiencing the inability to find parts, the need for holistic engineered solutions to our roofing troubles, and difficulty staying on top of the various needs and contractors to meet those needs. Based on the age of the our systems and the problems we have been having, I believe it is critical to get the infrastructure fixed at all three schools, whether or not one may be selected for closure in the future.