



plante moran | cresa

# K-12 Capital Planning for Today's Construction Market

Presented to: 68th Annual SWMSBO Conference

March 2023



# The Plante Moran Cresa *Difference*

## ❑ **Collective Expertise**

Planners, architects, engineers, construction experts, financial advisors and real estate professionals – dedicated to our clients

## ❑ **Full Service**

Ability to service K-12 clients from concept to completion

- Enrollment Projections – recognized by Dept. of Treasury
- Bond Planning / Feasibility Studies
- Program Management during design, construction, and close-out
- Real Estate Asset Positioning

## ❑ **Independent Advice**

Advisory services are provided without conflicts — our objective is your success



Accountants/CPAs



Architects



Attorneys



Construction Experts



Development Specialists



Engineers



Financial Analysts



Project Managers

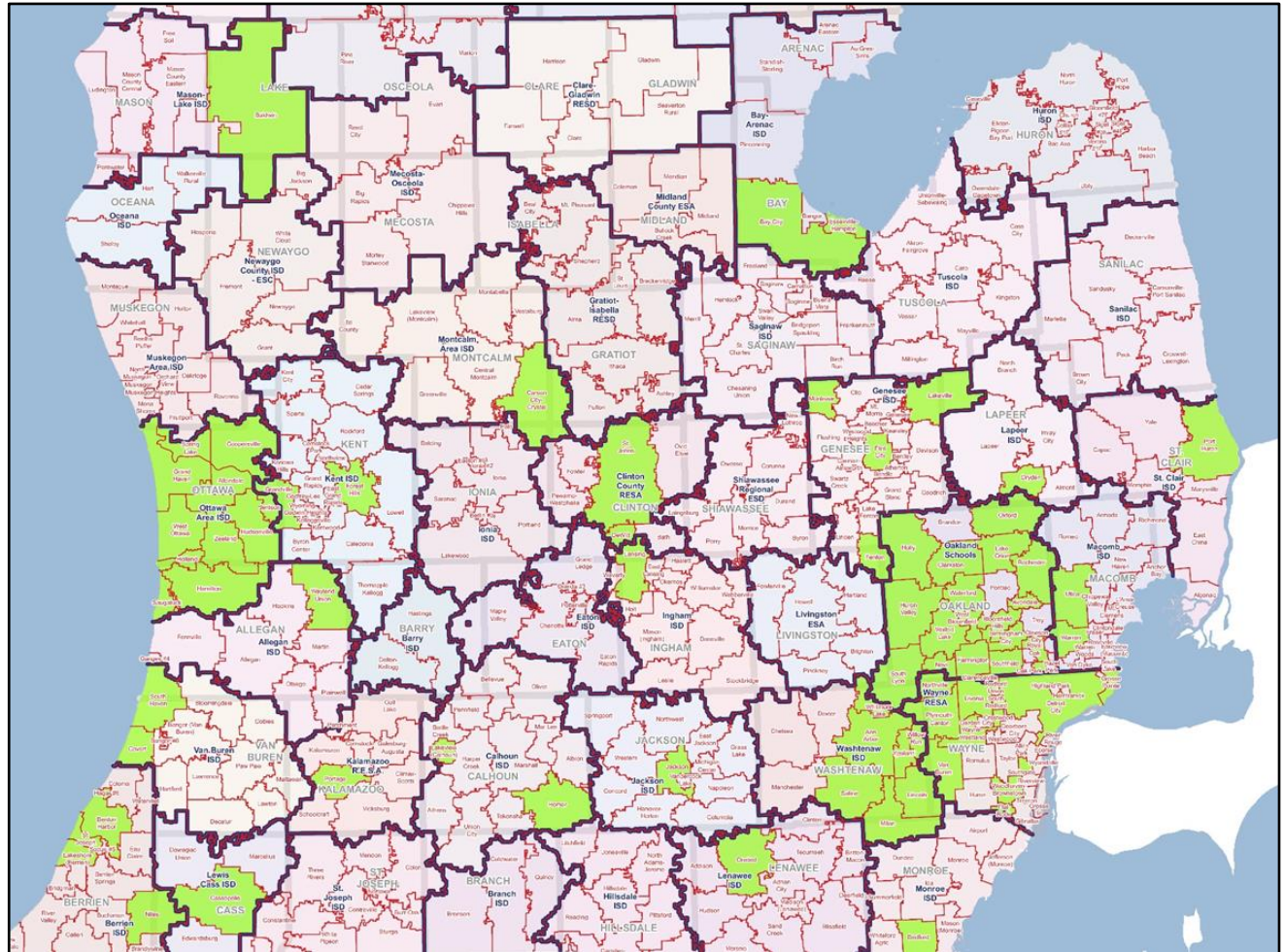


Real Estate Professionals



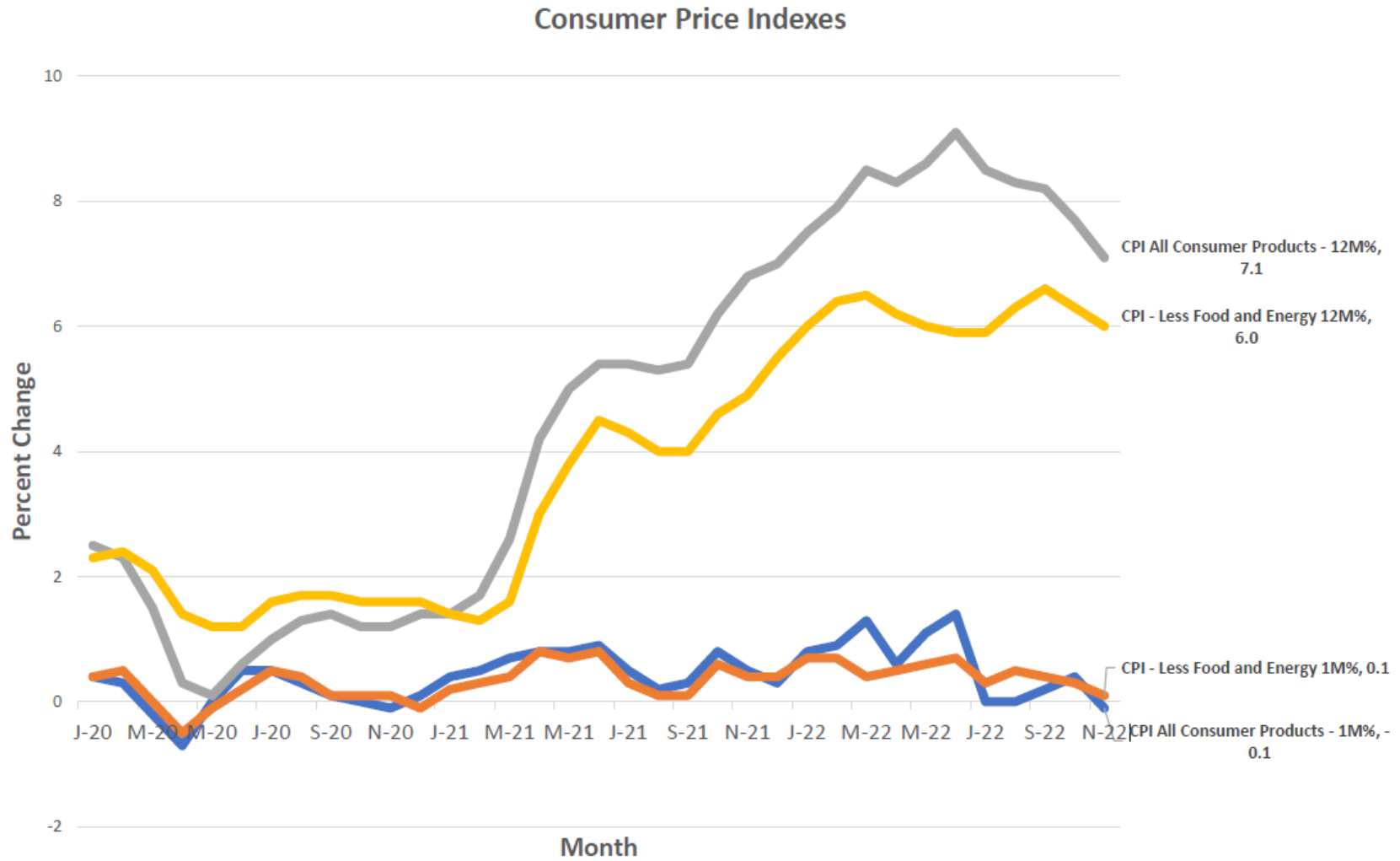
# Who are Plante Moran Cresa's Clients...A-Z

- Ann Arbor Public Schools
- Bloomfield Hills Schools
- Caledonia Community Schools
- Cassopolis Schools
- Dearborn Public Schools
- Farmington Public Schools
- Forest Hills Schools
- Grand Rapids Public Schools
- KRESA
- Lakeview School District
- Northview Public Schools
- Niles Schools
- Traverse City Area Public Schools
- Walled Lake Consolidated Schools
- Wayne-Westland Schools
- Warren Consolidated Schools
- Zeeland Public Schools





# Construction Trends in Michigan



Source: Bureau of Labor Statistics  
Producer Price Indexes  
[www.bls.gov/ppi](http://www.bls.gov/ppi)

- CPI All Consumer Products - 1M%
- CPI All Consumer Products - 12M%
- CPI - Less Food and Energy 1M%
- CPI - Less Food and Energy 12M%



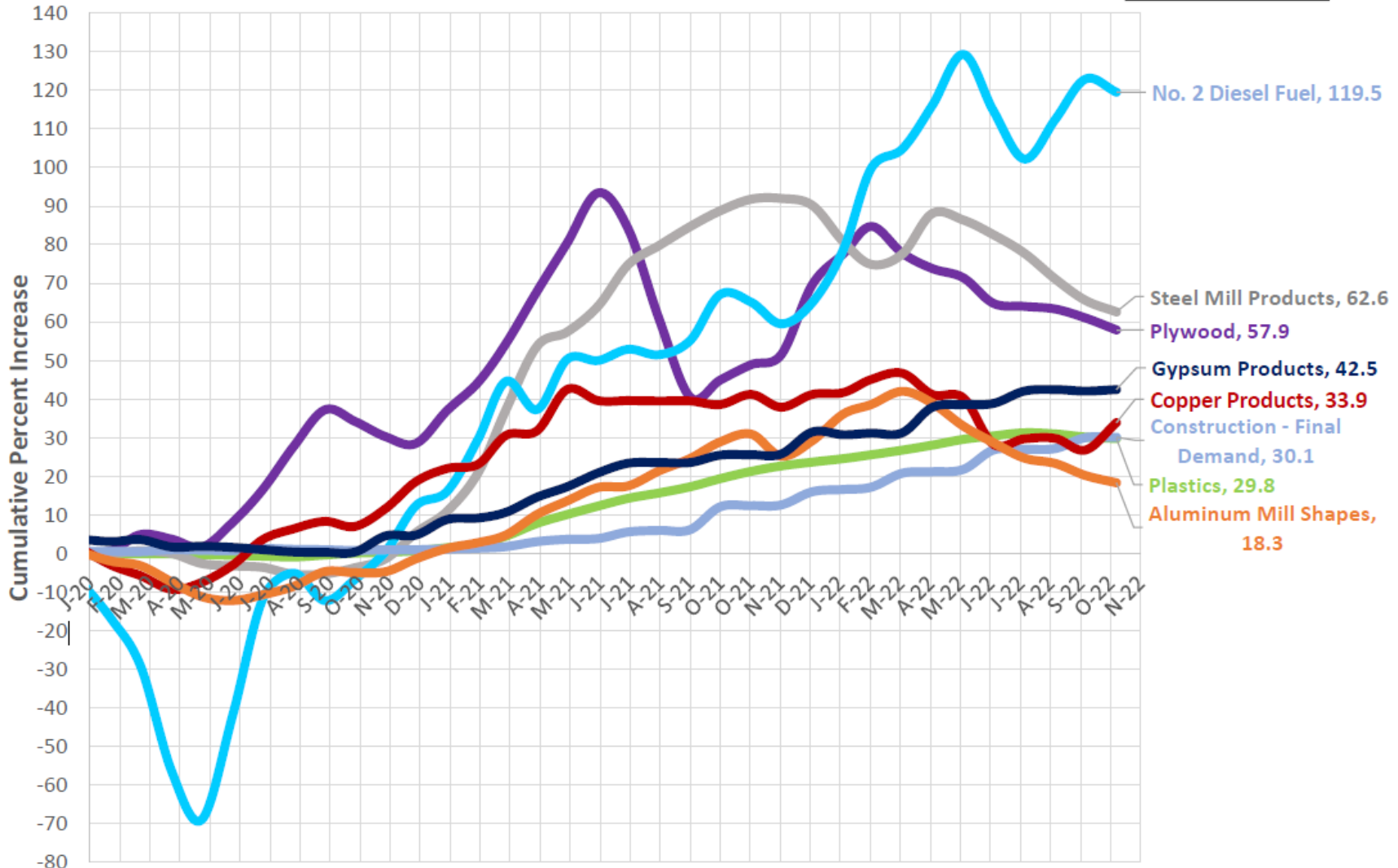


# Construction Trends in Michigan

## PPIs for Construction Inputs & Bid Prices

Cumulative Change in PPIs from January 2020 - November 2022

PPI Index, % Change

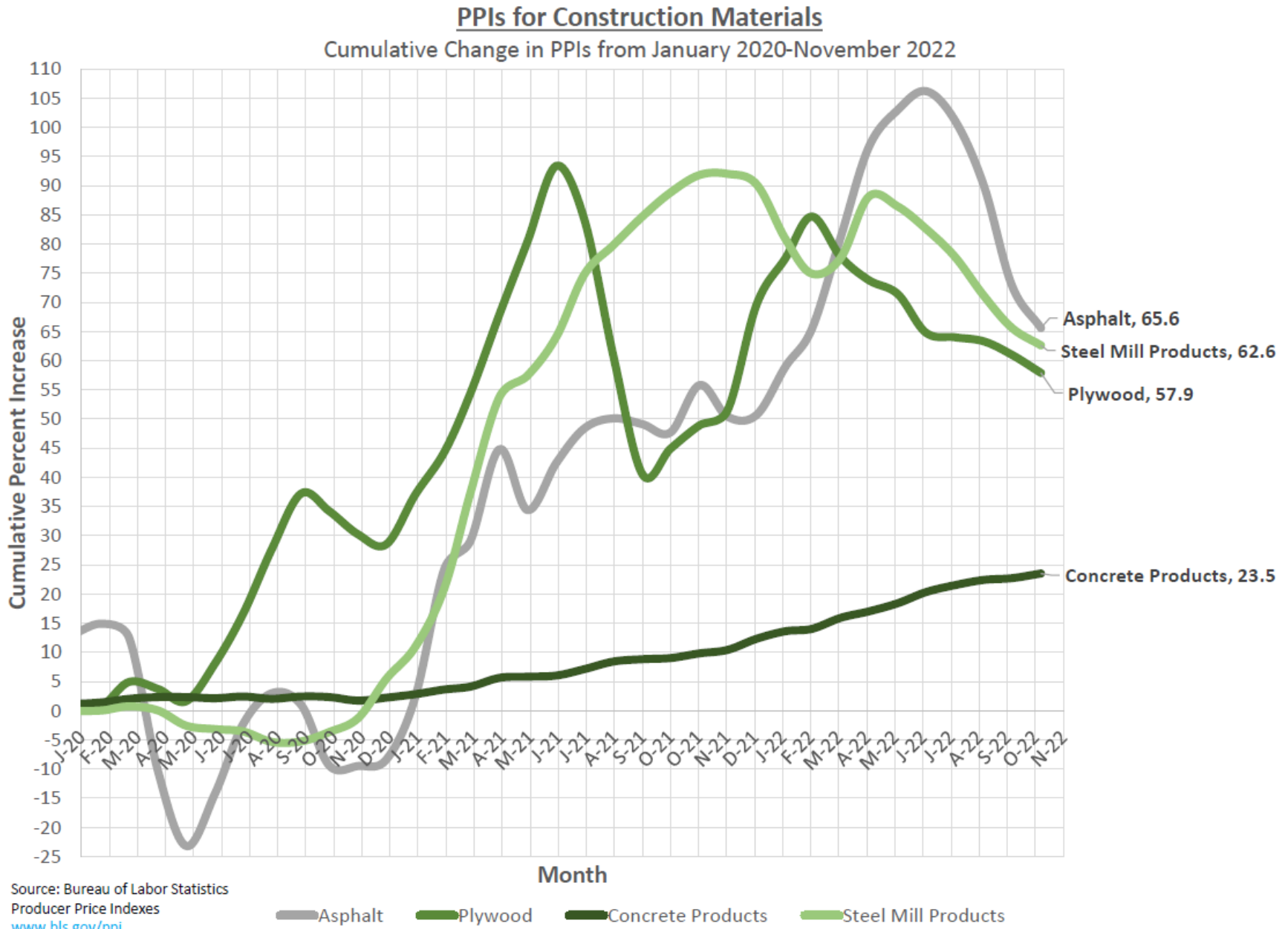


Source: Bureau of Labor Statistics  
Producer Price Indexes  
[www.bls.gov/ppi](http://www.bls.gov/ppi)

- Plastics
- No. 2 Diesel Fuel
- Aluminum Mill Shapes
- Plywood
- Construction - Final Demand
- Gypsum Products
- Steel Mill Products
- Copper Products

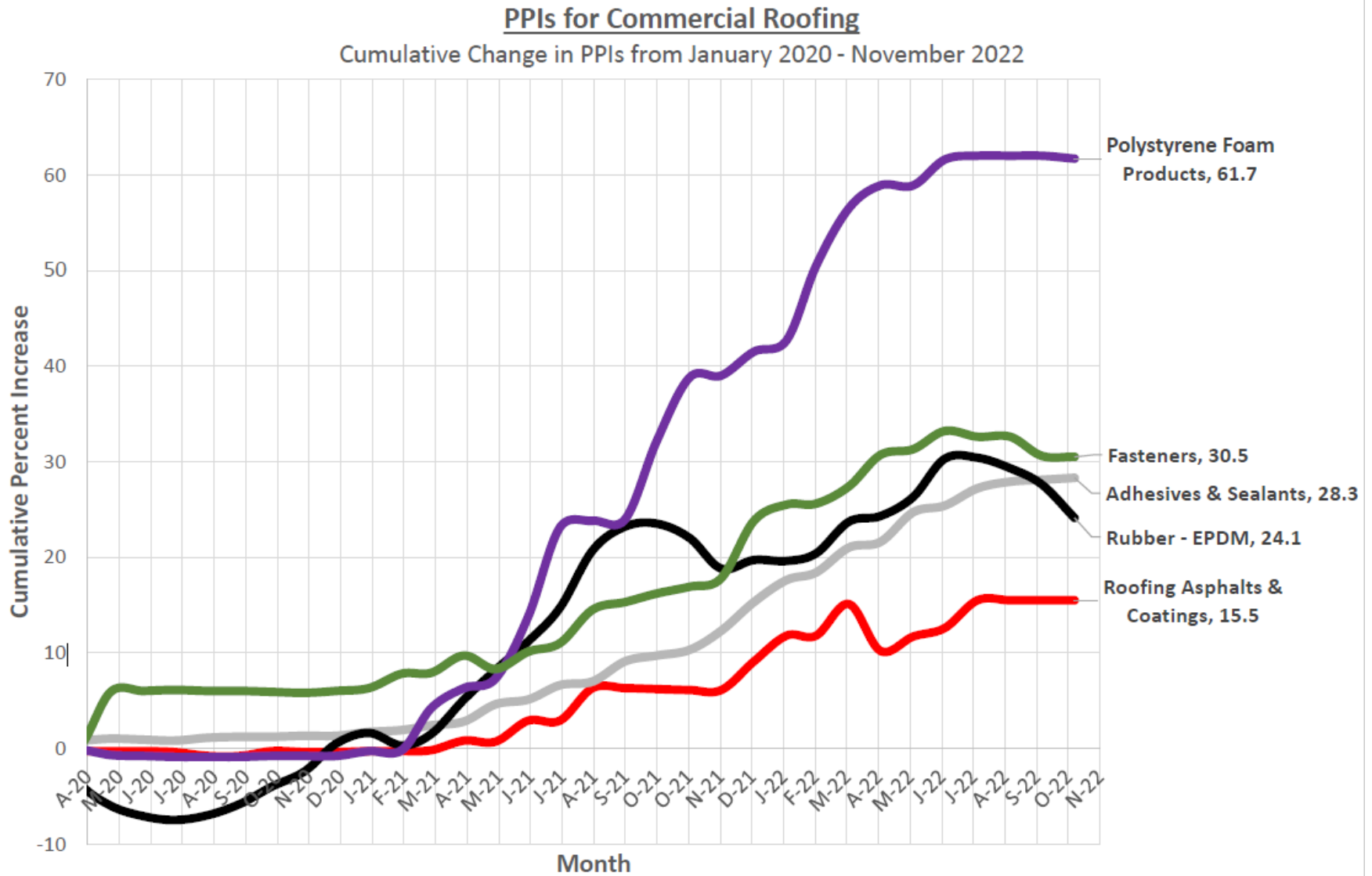


# Construction Trends in Michigan





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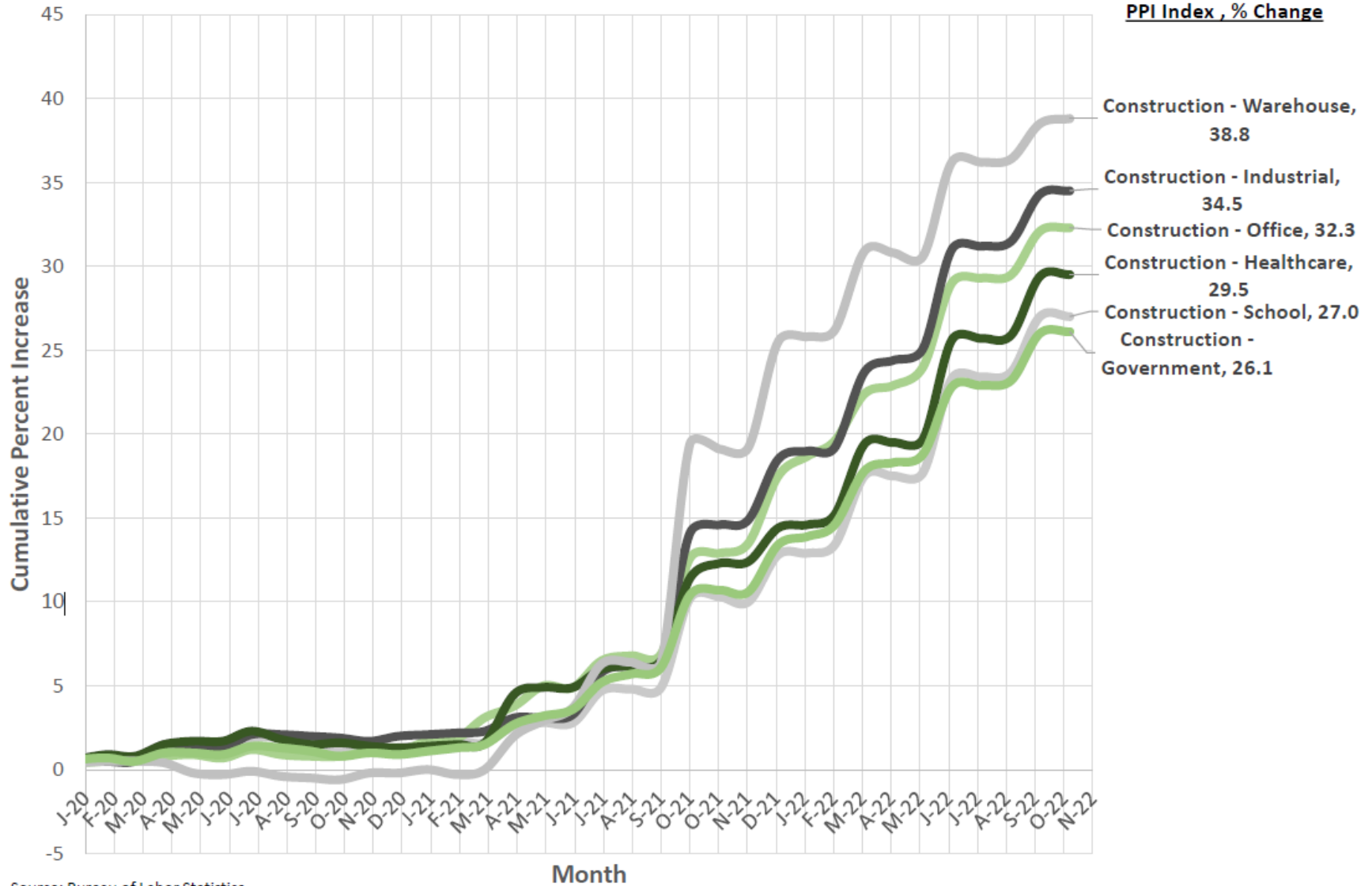
- Roofing Asphalts & Coatings
- Adhesives & Sealants
- Rubber - EPDM
- Polystyrene Foam Products
- Fasteners



# Construction Trends in Michigan

## PPIs for New Construction

Cumulative Change in PPIs from January 2020-November 2022



Source: Bureau of Labor Statistics  
Producer Price Indexes  
[www.bls.gov/ppi](http://www.bls.gov/ppi)

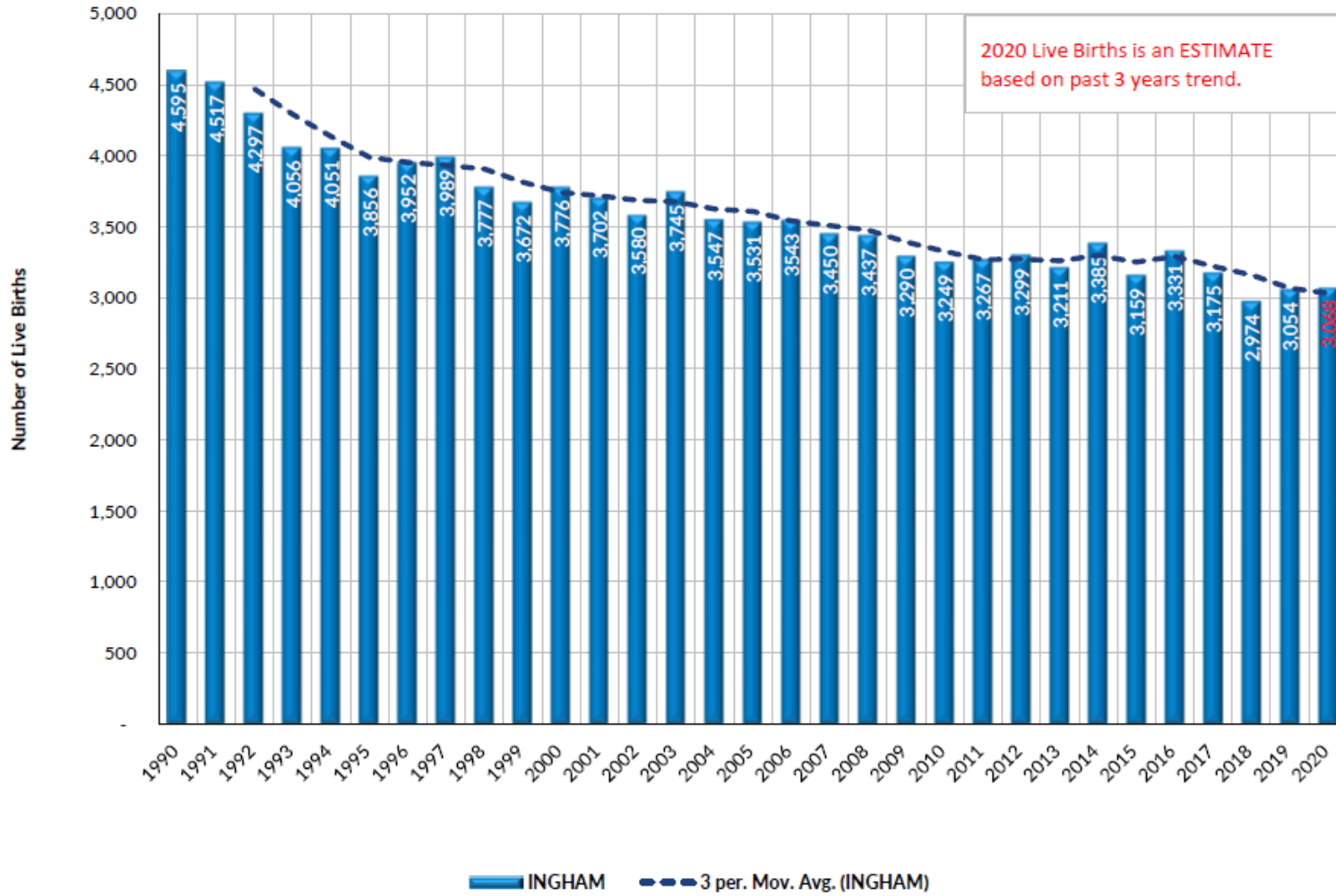
Construction - School  
Construction - Healthcare  
Construction - Office  
Construction - Warehouse  
Construction - Industrial  
Construction - Government





# Demographic Trends in Michigan

Michigan Live Births by County of Residence \*

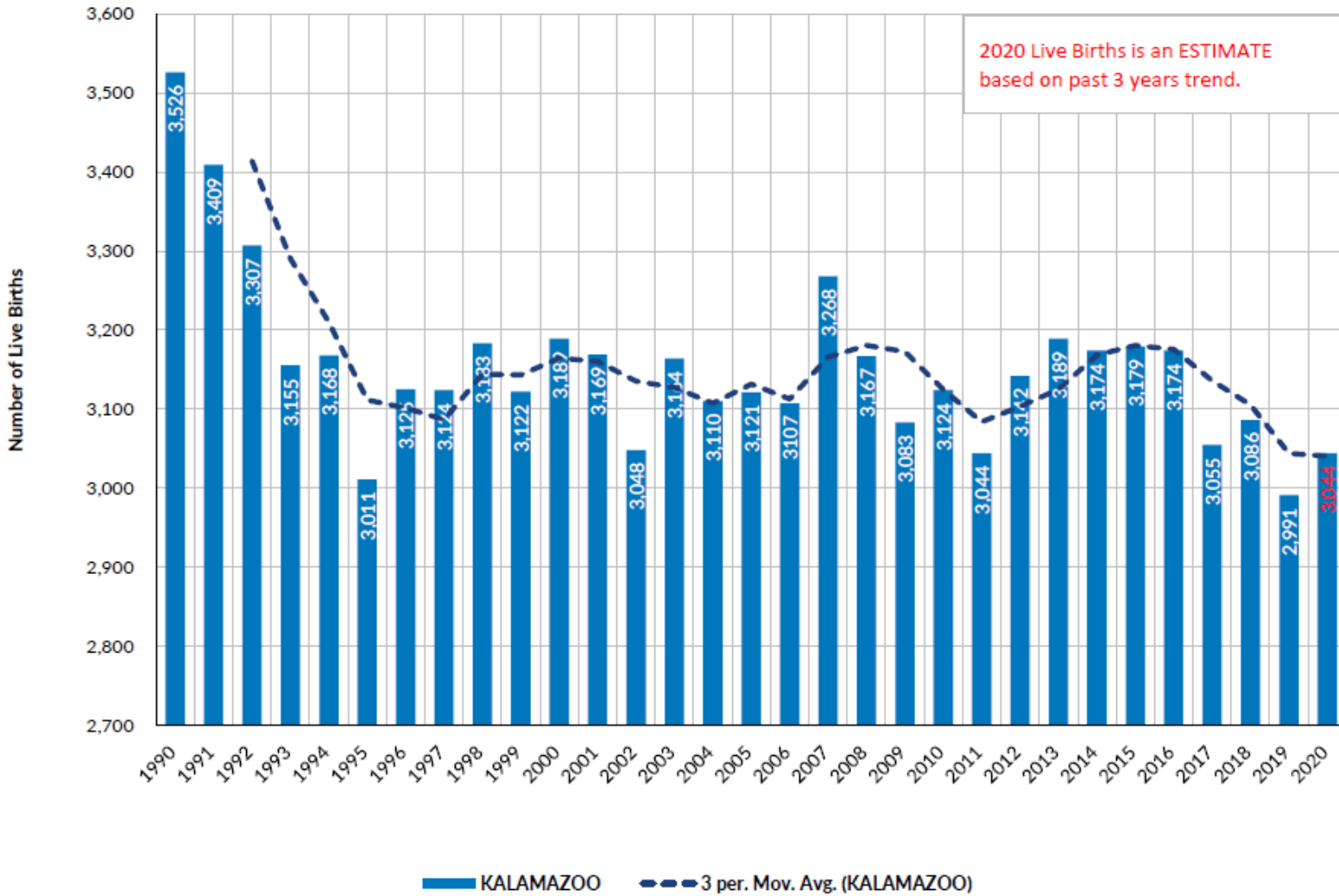


\* Source: Michigan Resident Birth Files, Division for Vital Records & Health Statistics, Michigan Department of Health & Human Services



# Demographic Trends in Michigan

Michigan Live Births by County of Residence \*

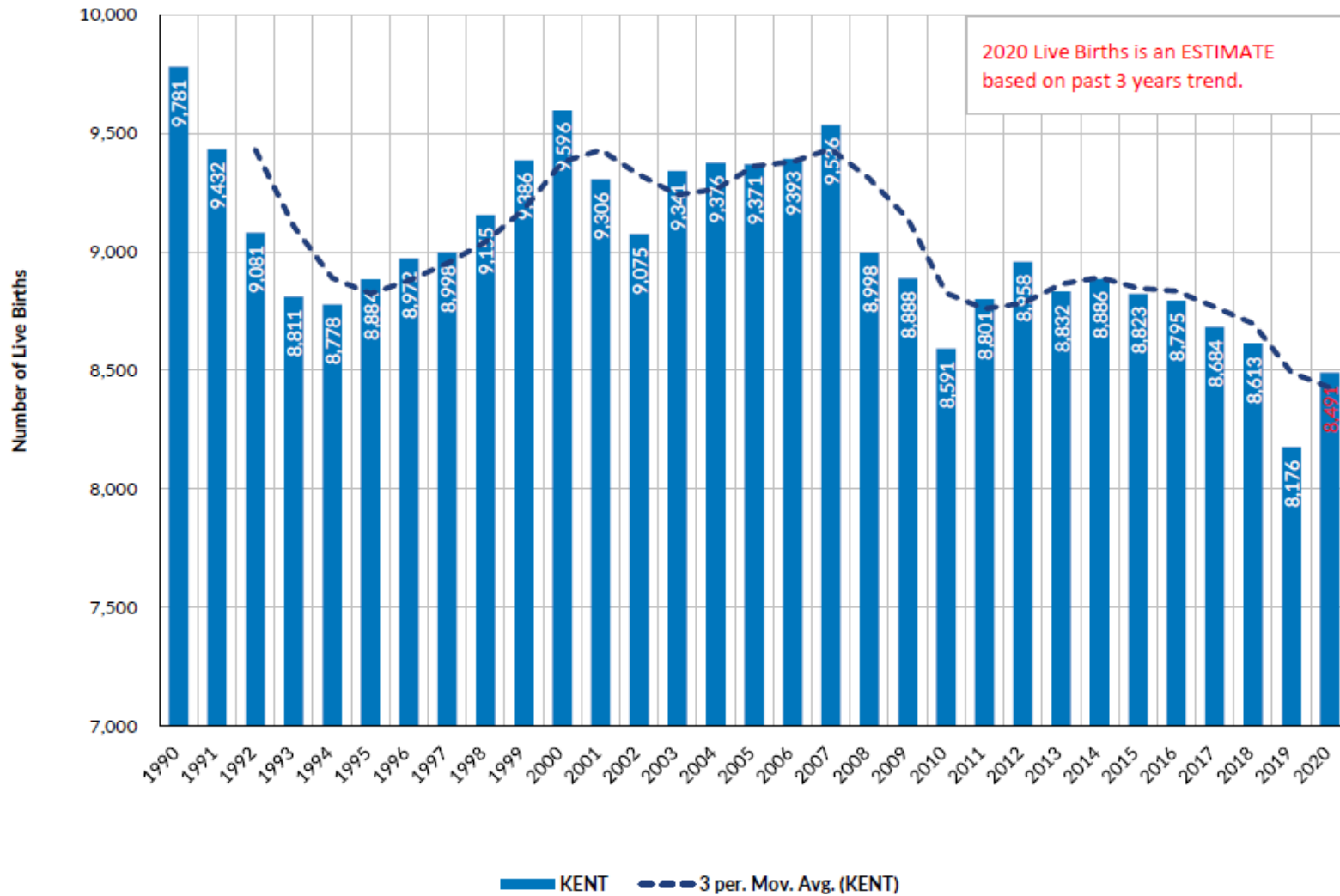


\* Source: Michigan Resident Birth Files, Division for Vital Records & Health Statistics, Michigan Department of Health & Human Services



# Demographic Trends in Michigan

Michigan Live Births by County of Residence \*



\* Source: Michigan Resident Birth Files, Division for Vital Records & Health Statistics, Michigan Department of Health & Human Services



# Demographic Trends in Michigan

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An independent study recently released a report detailing its 2045 forecast of school-age population in Michigan that forecasts a continued drop in school-age population.

Some highlights:

- School-age population has been declining since the early 2000's. The state has seen a 15% decline in 15 years (2000-2015).
- The number is forecast to drop another 10% by 2025.
- The impact has been seen in elementary and middle schools over the past 15 years. Going forward, the impact will be more prevalent in high schools and post-secondary education.
- At the individual school-district level, all but 12 of the 112 school districts in the report are forecast to experience declines in school-age children between now and 2025.
- By 2026, the senior population (65+) will outnumber children in Southeast Michigan.

Source: <https://maps.semco.org/SchoolDistrictForecast/>



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# Case Study #1 Lakeview School District





# Case Study #1 – Lakeview School District

## □ Capital Planning Process

- Maintain current millage rate
- \$47M bond program – May 2021
  - 2002 Bond - \$53.7M
  - 2016 Bond – \$30M
- Phased Approach
  - District-wide improvements
  - Middle School Focused
- Phase I
  - District-wide Improvements
    - Turf Field/Track
    - Classroom Casework
    - Toilet Rooms
    - Playgrounds



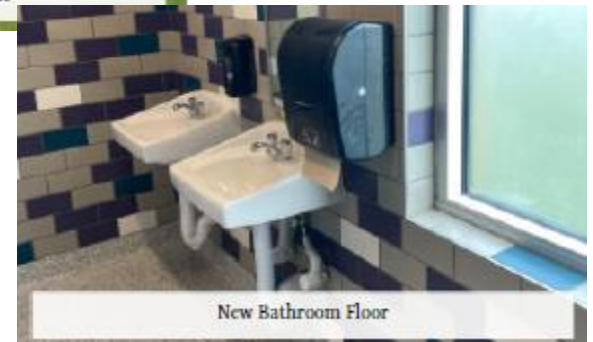
Aerial View of Stadium looking SW



New Playground Equipment



New Upper Casework



New Bathroom Floor



# Case Study #1 – Lakeview School District

## □ Capital Planning Process

- Phase II
  - Middle School Expansion
  - Built in 1961
  - Approximately 194,200 s.f.

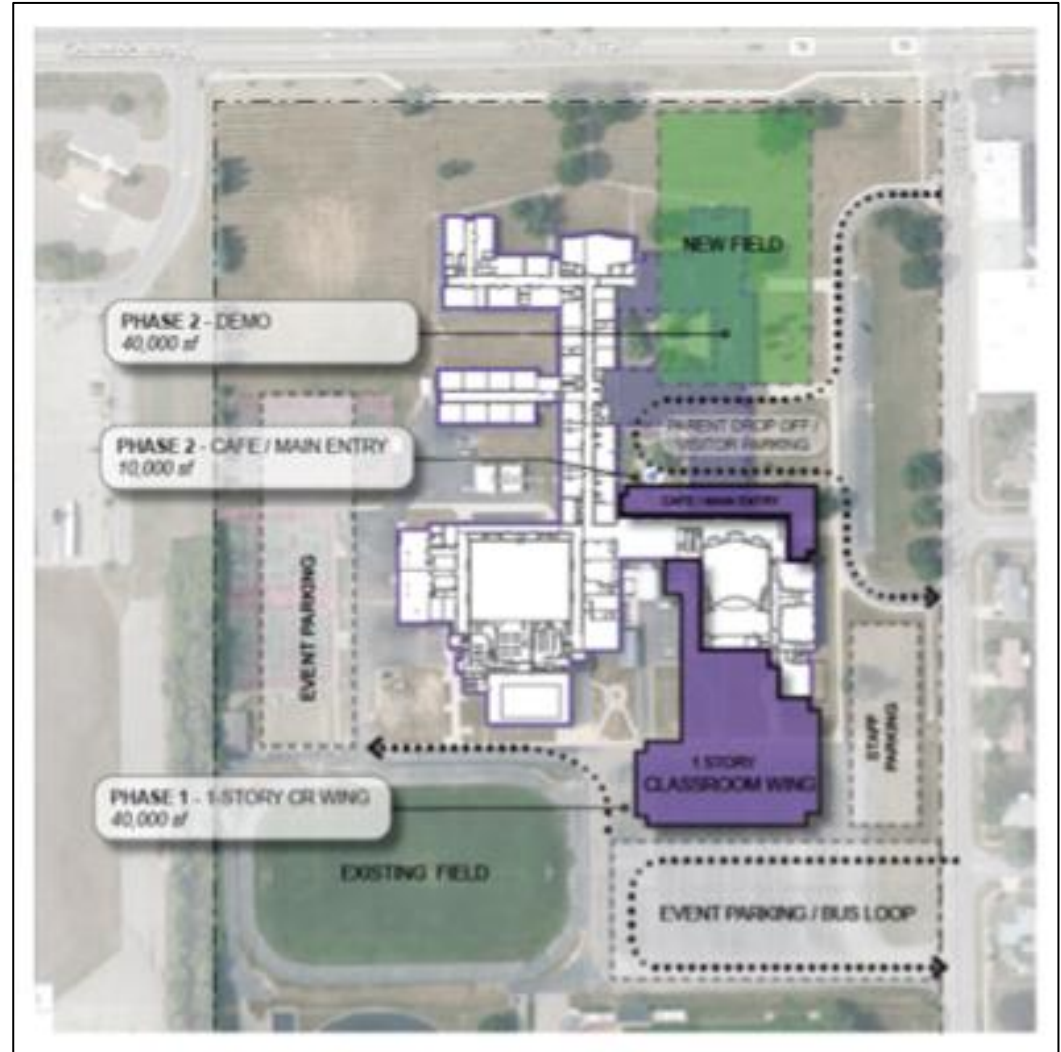




# Case Study #1 – Lakeview School District

## Capital Planning Process – Proposed Work

- New 40,000 s.f. Classroom Addition
- New 10,000 s.f. Cafeteria Addition
- Maintain 5-6 and 7-8 Cohort Separation
- Renovate existing gym, pool, lockers, etc.
- HVAC and Electrical Upgrades
- Site Improvement
  - Drop-off, Parking, etc



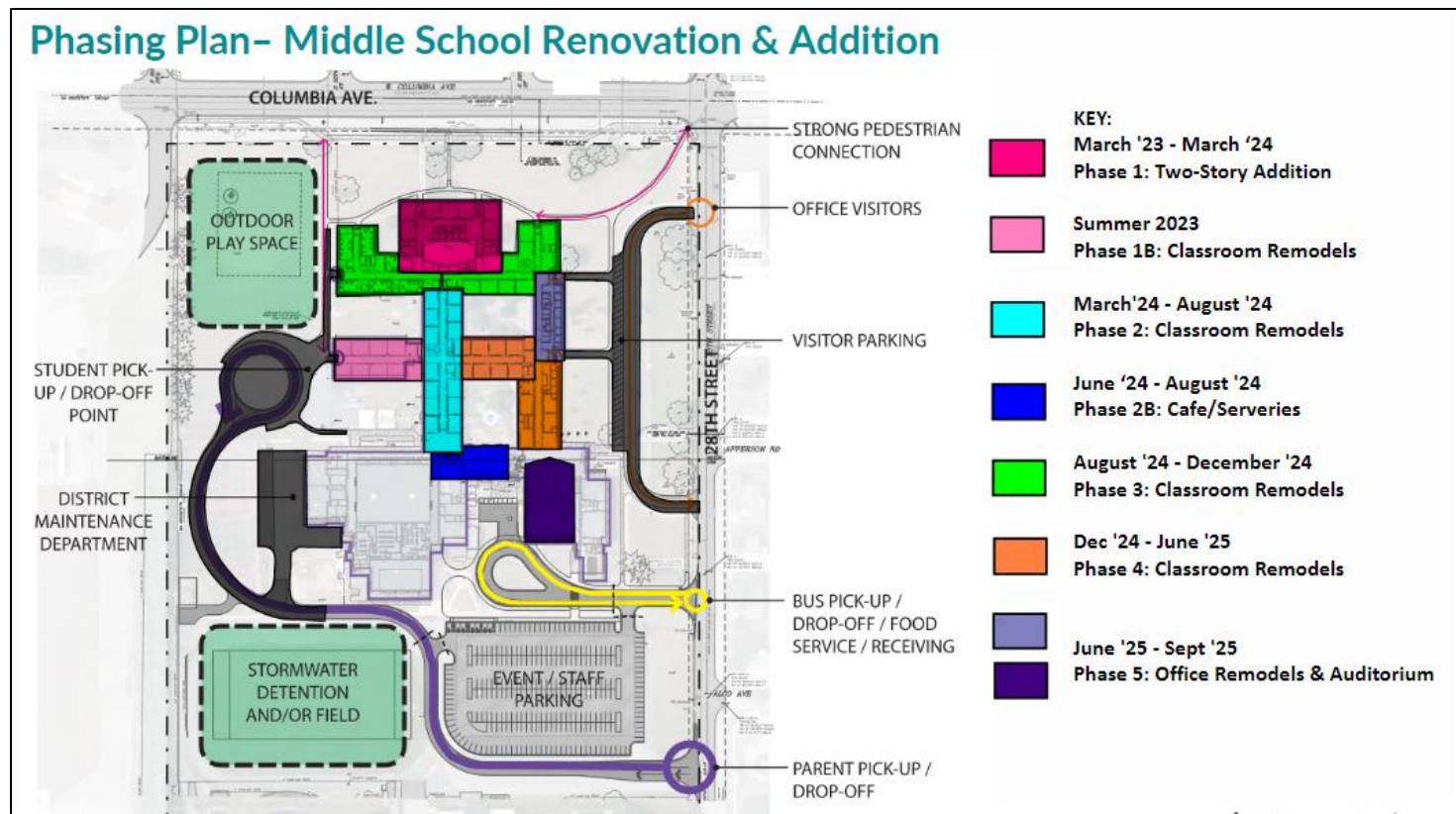




# Case Study #1 – Lakeview School District

## □ Planning Challenges/Opportunities

- Material Cost / Availability
- Reconfirmed “existing” spaces for renovation
- Reduced proposed “new” square footage by 20,000 s.f.
- Phased approach to allow for procurement, delivery, and installation
- Minimal impact to students, teachers, and community





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# Case Study #2

## Caledonia Community Schools

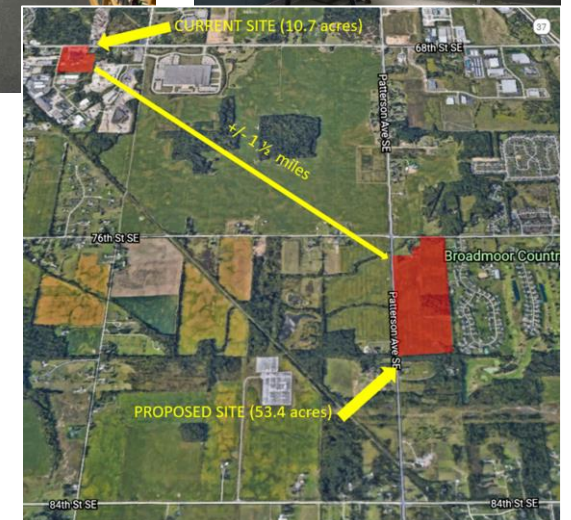
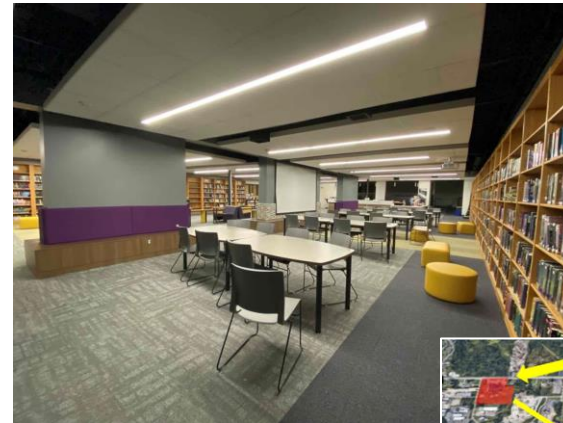




# Case Study #2 – Caledonia Community Schools

## □ Capital Planning Process

- Maintain current millage rate
- \$88M bond program – May 2020
  - 2000 Bond - \$45.7M
  - 2007 Bond - \$30.5M
  - 2014 Bond – \$41.0M
- Phased Approach
  - CCS – YMCA Facility
  - District-wide improvements
  - Update Elementary School





# Case Study #2 – Caledonia Community Schools

## □ Capital Planning Process

- Phase I - CCS/YMCA (\$35.0M)
  - Competition Pool/Rec. Pool
  - Indoor Track
  - Health/Exercise Rooms
  - Day Care
  - Senior Room



## □ Challenges/Opportunities

- Revised Exterior Envelope
- Pre-ordered HVAC, Electrical, and Plumbing well-ahead
- Revised Structural System
- Utilized approach to minimize cost increases/unknowns

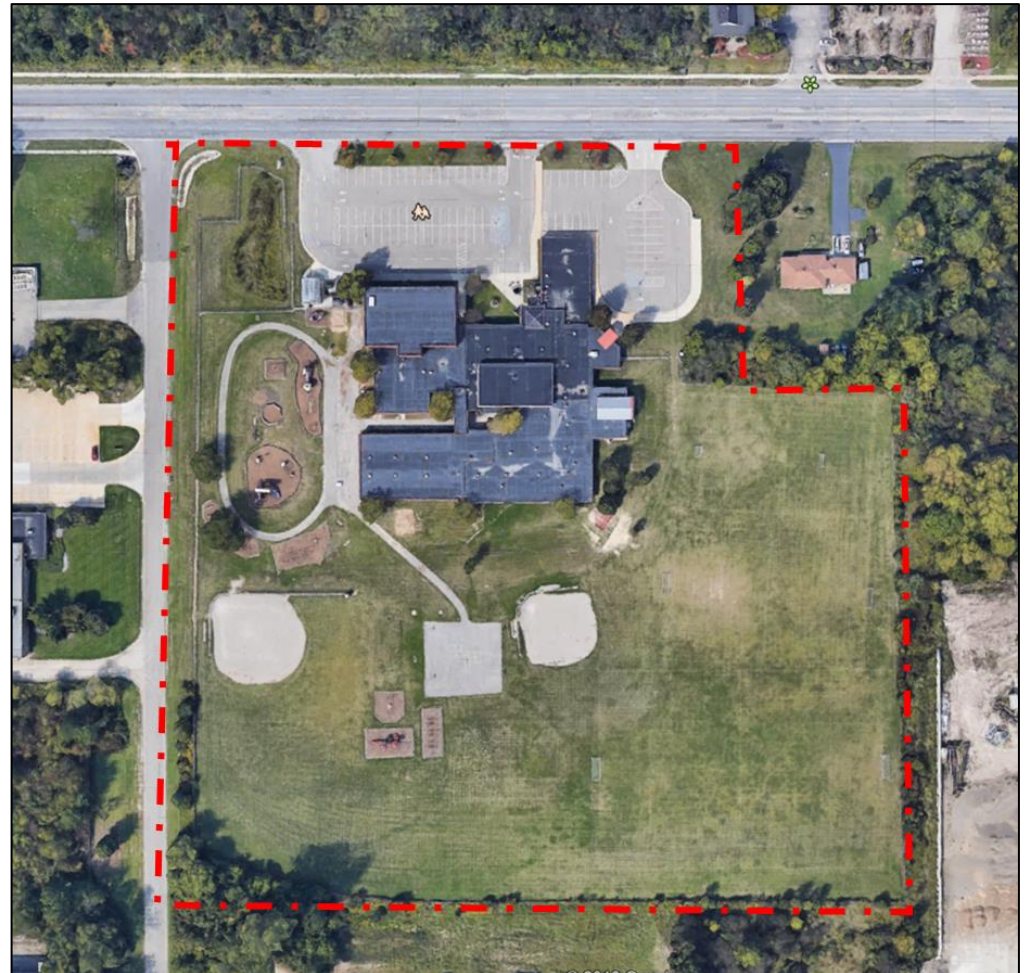




# Case Study #2 – Caledonia Community Schools

## □ Capital Planning Process

- Phase II – Dutton ES
  - Existing Built in 1956
  - Approximately 46,446 s.f.
  - Address the following;
    - Updated Classrooms
    - HVAC improvements
    - Electrical Upgrades
    - Improved Site Logistics





# Case Study #2 – Caledonia Community Schools

## Capital Planning Process – Proposed Work

- Purchase site for new construction
- 60,000 s.f. proposed facility
- Site Improvement
  - Drop-off, Parking, etc.
- Provide new classroom environment
- New cafeteria
- New gym
- New HVAC and Electrical Upgrades



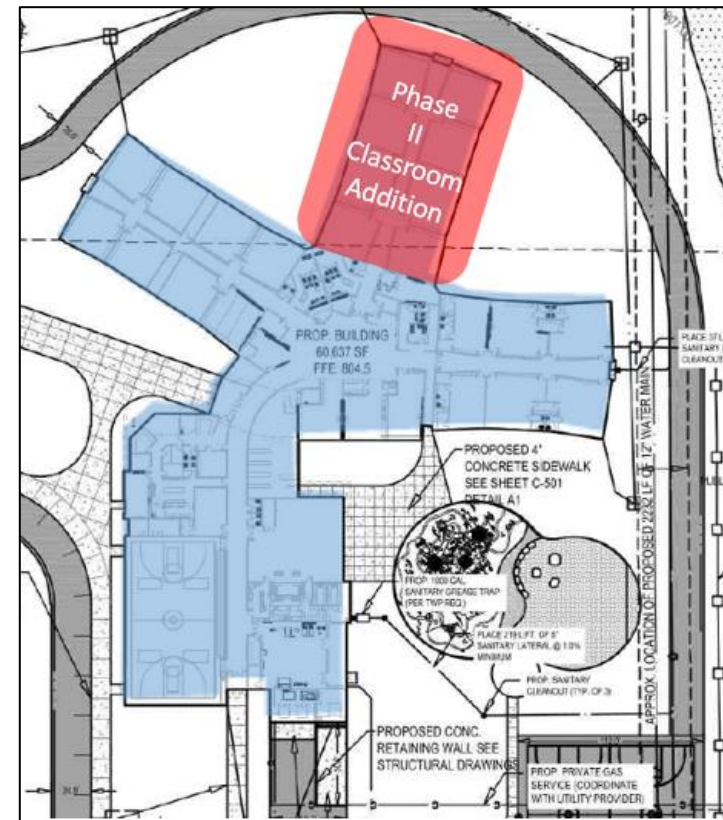
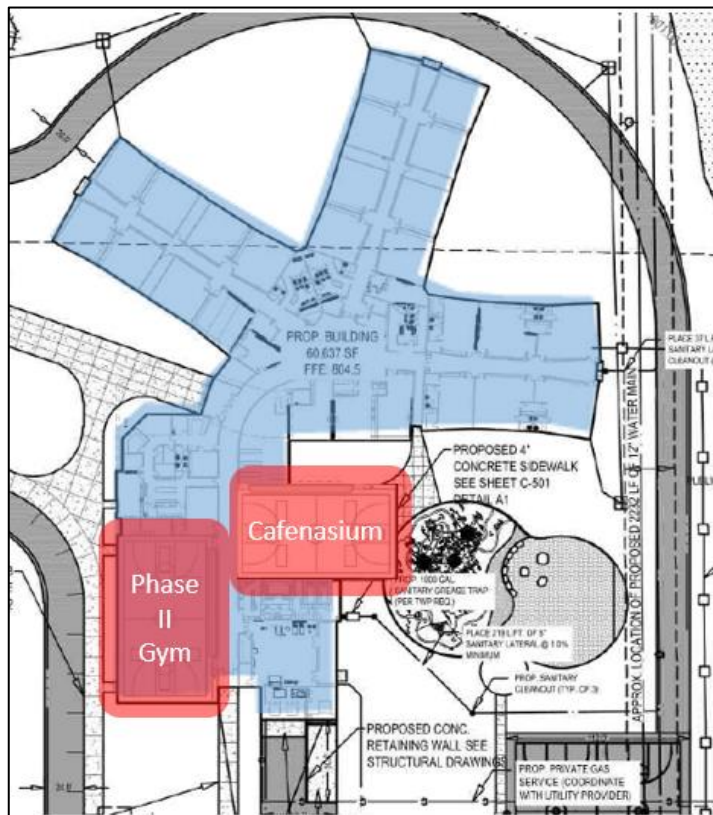




# Case Study #2 – Caledonia Community Schools

## □ Planning Challenges/Opportunities

- Bids received totaled \$26.0M in Fall 2022
- Reviewed Phased “Support” Spaces/Combining “Support” Spaces
- Reviewed Phased Classroom Spaces

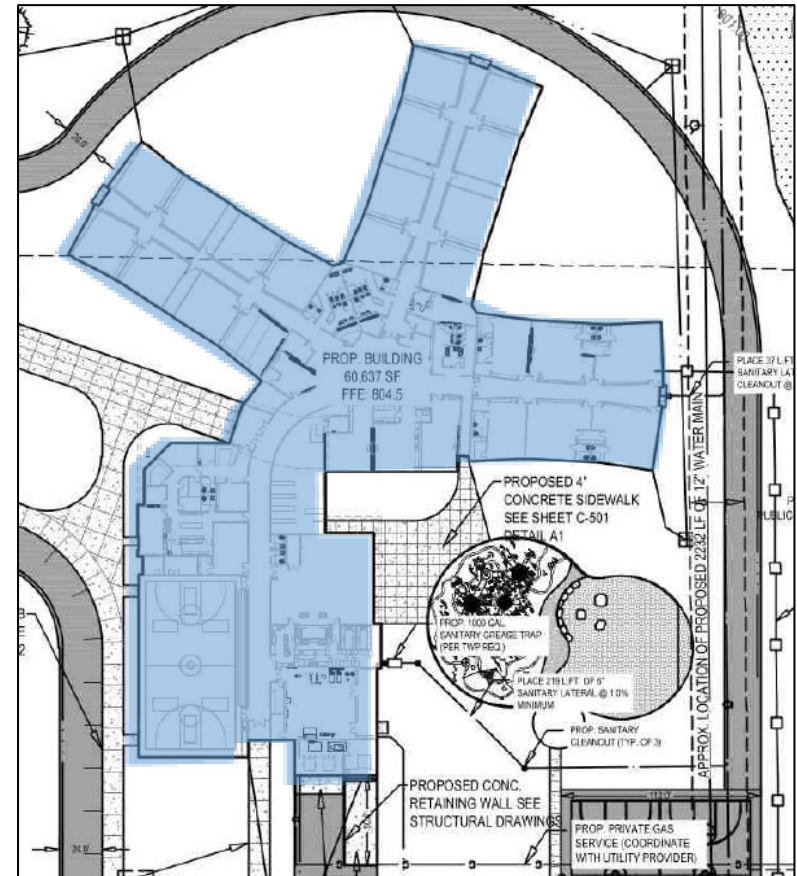






# Case Study #2 – Caledonia Community Schools

- ❑ Planning Challenges/Opportunities
  - Reviewed Alternative Structural Systems
    - Metal / Wood Stud with Masonry Exterior
    - Precast Concrete Panels

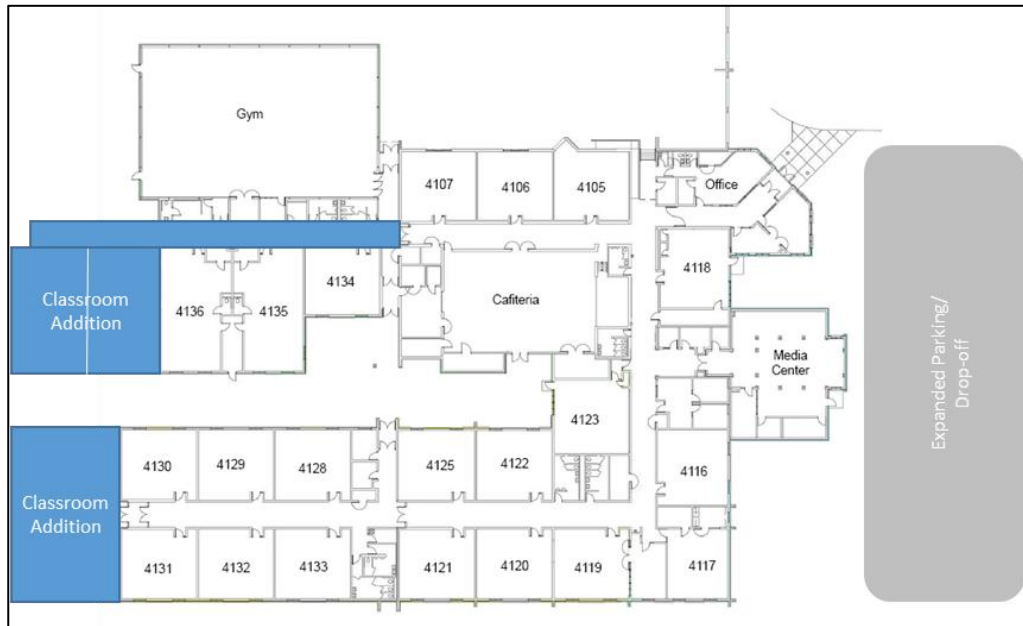




# Case Study #2 – Caledonia Community Schools

## □ Planning Challenges/Opportunities

- Renovate and expand existing building/site - \$13M vs. \$26M
- Reconfirmed “existing” spaces for renovation
- Addresses “Needs” assessment identified in pre-bond planning
- Phased approach to allow for procurement, delivery, and installation
- Minimal impact to students, teachers, and community





# K-12 Capital Planning Considerations/Take-Aways

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## ❑ What Does It All Mean?

- Have a deep understanding of the “all-in” costs for the program
  - Ensure you are receiving updates at the SD, DD, and CD stage prior to bid
- Understand schedule of proposed work/materials to align with District needs
- Confirm the “needs” vs. the “wants” in the proposed design with the stakeholders
- Where are the opportunities for phasing? Early purchase? Consortium?
- Where are the opportunities/constraints for additional funding?
  - Taxable values remain strong!
  - Future bond could be considered?
  - Future sinking fund could be considered?





# Helping to Plan the Future

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