

Report on Facility Assessment, Operations and Maintenance Spending, Bus Replacement, and Funding Utilization



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July 2024**

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Report on School Building Assessment and Funding Utilization - Parchment School District

I. Introduction

A. Purpose of the Report

1. In early February 2024, a proposal was submitted by Chris Rice of West Michigan Education Research and Development Foundation to Dr. Sarah Neumann, Superintendent of Parchment School District. The proposal included the following:
 - a) Assessment and prioritization of facility needs, identification of resources, financial opportunities, existing systems, fleet maintenance, and replacement schedules.
 - b) Development of strategies for addressing district needs.
 - c) Work closely with Tower Pinkster and OAK on the development of bond project strategy. Serve as a liaison between these organizations and the Parchment School District.

II. Executive Summary

A. Key Findings

1. As supported by the work of PSD Staff, Owen Ames Kimball, and Tower Pinkster the district has identified **\$43,676,135** (based on 2023 construction costs) in needs to address areas within all facilities that have been identified as being in “poor” condition via the 2023 facility assessment.
2. Interviews with each building administrator, central office administration, and operations staff identified those areas considered priorities. These priorities support the overall mission of providing environments that are “warm, safe, and dry”.
3. The following themes emerged from these interviews and site visits:
 - a) Roofs
 - b) Building Envelope
 - c) Safety and Security - building access

III. Detailed Assessment Findings

A. Condition of Buildings - [2023 Facility Assessment - OAK and Tower Pinkster](#)

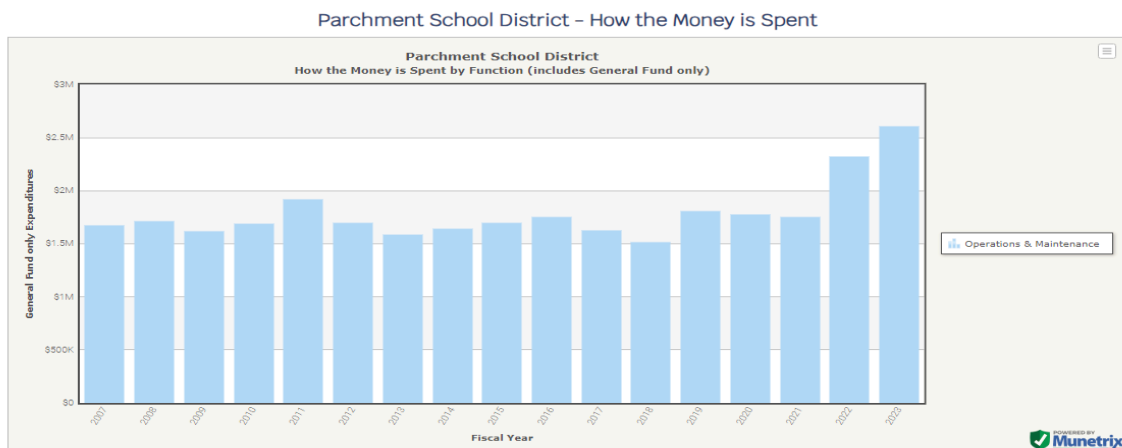
B. Individual Building Reports

- **Parchment Innovation Center (PIC) - FCI Index 117.7-128.4%**
- Northwood Elementary - FCI Index 48.4-52.7%
- **North Elementary - FCI Index 65.6-60.7%**
- **Central Elementary - FCI Index 66.7-72.7%**
- **Parchment Middle School - FCI Index 67.5-73.6%**
- Parchment High School - FCI Index 26.4-28.8%
- Transportation and Maintenance - while not included in the assessment, the condition of the main office is poor. Recommendation - replacement or relocation of the existing office building.

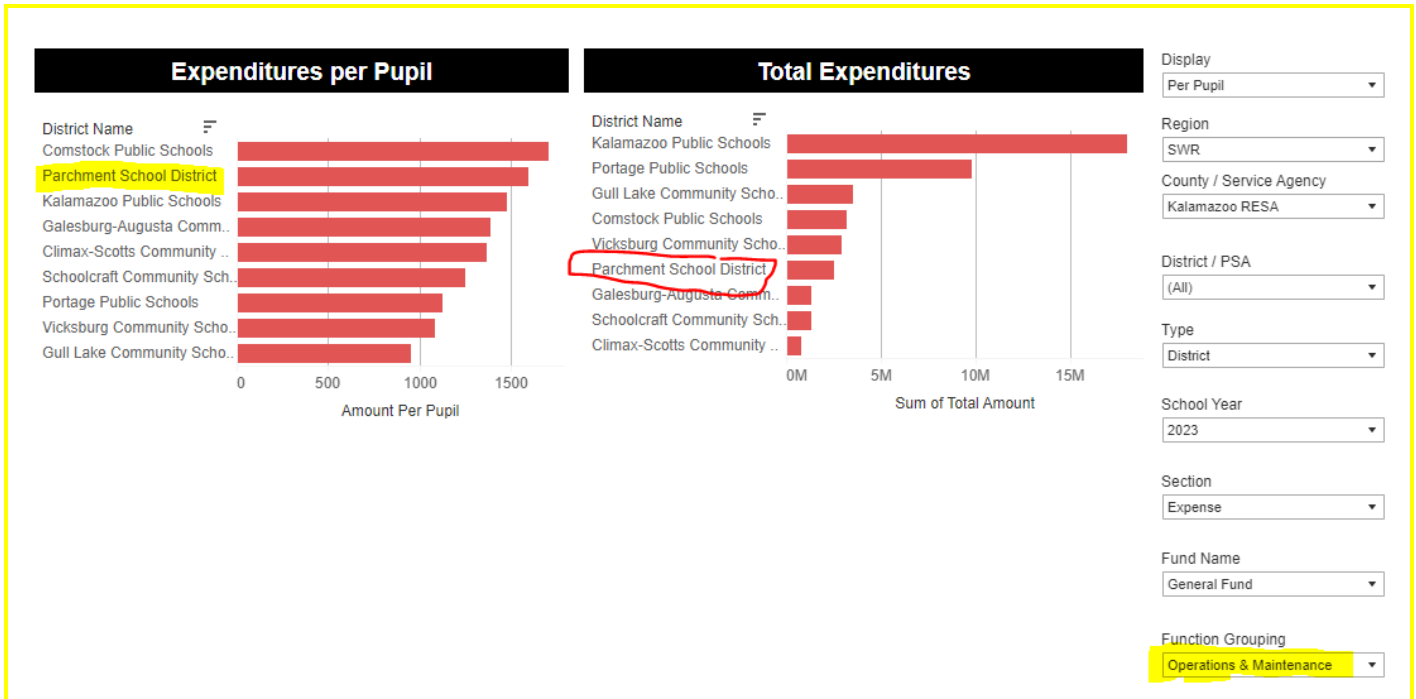
0- 10% FCI	Asset is in <u>good</u> condition
10-25% FCI	Asset is in <u>fair to good</u> condition
25-60% FCI	Asset is in <u>poor to fair</u> condition
60% + FCI	Asset is in <u>critical</u> condition

IV. Operations and Maintenance:

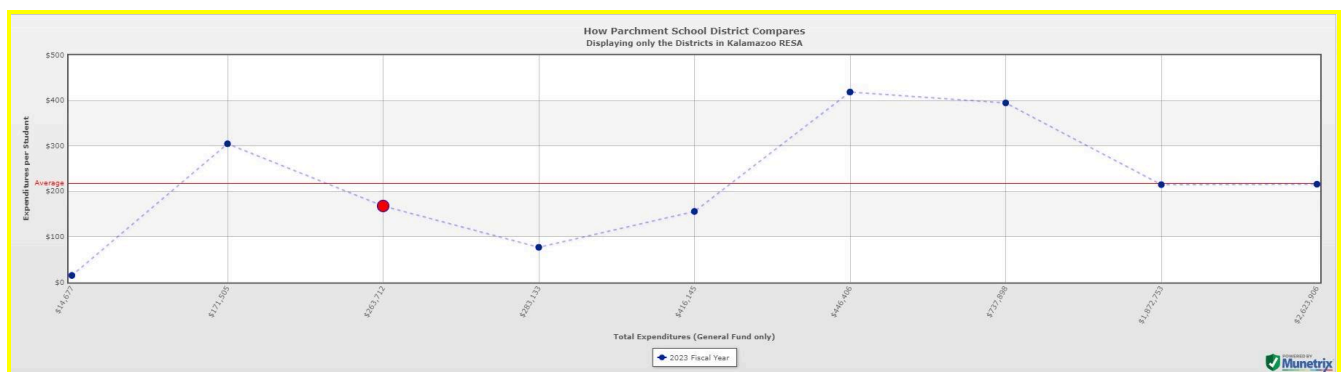
- A. Total Expenditures (all objects):** Of the 64 Districts within the Southwest Region, Parchment School District, with General Fund only Expenditures of \$2,610,915, places 23 in terms of total expenditures for fiscal year 2023. Spending \$1,660 per student ranks Parchment School District 16 in terms of Expenditures per Student which is \$289 more than the Region average of \$1,371. **NOTE: O&M spending in 2023 represented a \$1.1m over 2018.** [Link to Munetrix Graph.](#)



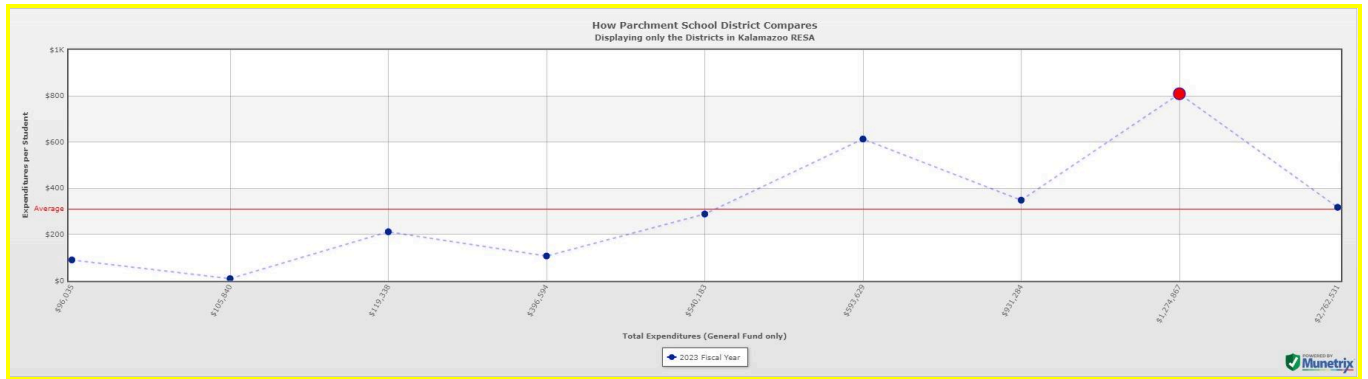
B. Expenditures per Pupil: Of the 64 Districts within the Southwest Region reporting data, Parchment School District, **places 23 in terms of total per pupil** for fiscal year 2023. With Operations & Maintenance expenditures of \$1659.8 per square foot, Parchment School District **places 49 in terms of Operations & Maintenance per square foot.** The Parchment School District 1659.8 per pupil is \$108 more than the region average of \$1,551.8.



C. Salaries and Wages: Of the 59 Districts within the Southwest Region, Parchment School District, with General Fund only Expenditures of \$263,712, places 31 in terms of total expenditures for fiscal year 2023. Spending \$168 per student ranks Parchment School District 36 in terms of Expenditures per Student which is \$50 less than the Region average of \$218.



D. Maintenance and Equipment: Of the 64 Districts within the Southwest Region, Parchment School District, with General Fund only Expenditures of \$1,274,867, places 9 in terms of total expenditures for fiscal year 2023. Spending \$810 per student ranks Parchment School District 6 in terms of Expenditures per Student which is **\$499 more than the Region average of \$311**. [Link to Munetrix Graph](#)



V. Funding Sources

A. Overview of Available Funding

1. General Fund
2. ESSER
3. Sinking Fund - approx. \$1.9 million
4. Bond Millage

VI. Recommendations for Funding Utilization

A. General Fund

1. Using a 3-5 year capital projects list, identify an annual amount that will be set aside as allocated fund balance to be used to meet needs.
2. Given the discrepancy between Operations and Maintenance total costs and salaries and wages, it is recommended that the district consider additional personnel support.
 - a. Current demands of the Transportation Director do not allow for maximum levels of operational efficiency.
 - i. Option 1: Hire a full-time Operations Director. Ideal but perhaps not cost effective at this point.

- ii. Option 2: Restructure existing staff to create a working supervisor role within the custodial, ground, and maintenance department. Given financial constraints, this option is recommended.
- iii. Option 2 may require the addition of an additional operations employee not to exceed 1.0 FTE.

B. ESSER

1. The district has developed a plan for the full utilization of ESSER funds prior to the September 2024 deadline.

C. Sinking Fund

1. Option 1 - utilize for most immediate needs as identified when the fund was first approved by voters (i.e. parking lot repair/replacement)
2. Option 2 - utilize for projects that can result in energy savings (i.e. electrical upgrades, HVAC, etc.)
3. Option 3 - defer all use of sinking funds until after the proposed May 2025 election. Advantages include - interest earnings, the use of funds to meet the most immediate needs.

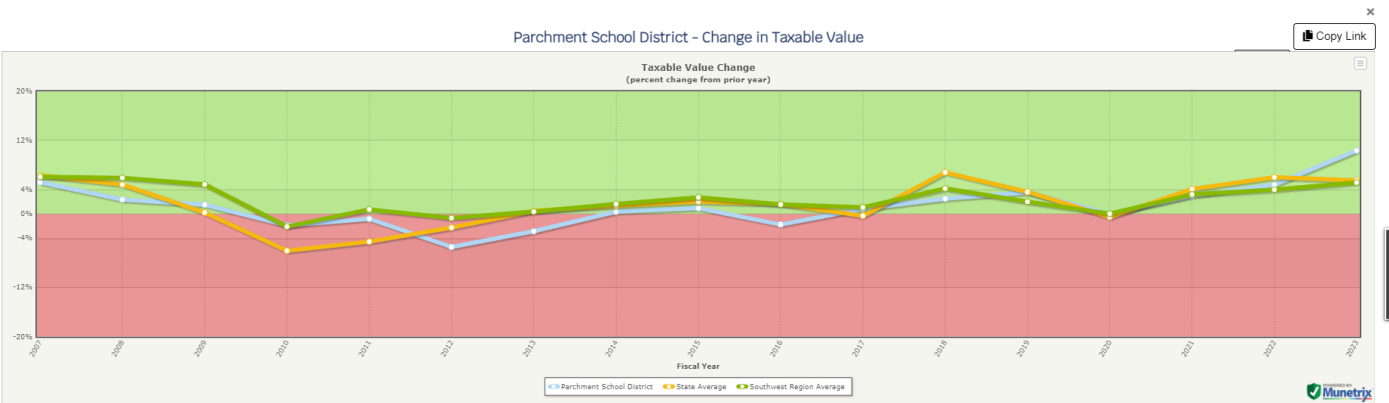
D. Bond Proposal

1. Continue to work with the community steering committee and Board of Education to identify needs, costs, and plans for meeting the needs.
2. Given that 4/6 school buildings have an FCI >60%, the district can justify asking voters to approve a proposal that would adequately address these needs. As previously indicated, these needs exceed \$40M.
3. The recent Epic MRA survey data indicated a surprising level of support for a tested \$38M project. Coupled with the expiring sinking fund, this proposal would result in a net increase of 2 mils bringing the district's total debt retirement millage to 9.01.
4. A long-term investment in facilities is a long-term investment in the children of Parchment and in the district's future. As indicated previously, district expenditures in Operations and Maintenance have increased significantly. One can assume that the condition of the buildings is a factor (if not the primary factor) for this increase.

Structurally sound and well-maintained schools can help students feel supported and valued. Students are generally better able to learn and remain

engaged in instruction, and teachers are better able to do their jobs, in well-maintained classrooms that are well-lit, clean, spacious, and heated and air-conditioned as needed. In contrast, when classrooms are too hot, too cold, overcrowded, dust-filled, or poorly ventilated, students and teachers suffer. Decades of research confirm that the conditions and qualities of school facilities affect students, teachers, and overall academic achievement. In their review of the peer-reviewed literature, researchers at the Harvard School of Public Health concluded that “the evidence is unambiguous — the school building influences student health, thinking, and performance” (Eitland et al., 2017). HOW CRUMBLING SCHOOL FACILITIES PERPETUATE INEQUALITY By Mary Filardo, Jeffrey M. Vincent, Kevin J. Sullivan | Apr 29, 2019 | Feature Article - KAPPAN

5. Taxable Values in the district have shown a steady increase since 2020 and in 2023 this increase outpaced both state and regional growth. There is a direct correlation between taxable value and the borrowing power of a public school district. [Link to Munetrix Graph](#)



Why it Matters: Much as with Enrollment Growth, there appears to be a relationship between declining Taxable Value of a School District and its fiscal health. Since many local governments rely heavily upon property taxes, it follows that decreases in Taxable Value will require major adjustments in expenditures. Two-year growth periods of Real Taxable Value for each district are computed. Units score a 1 if they demonstrate negative real growth and a 0 if they exhibit positive real growth. To compute Real Taxable Value, the current year Taxable Value is divided by the Adjusted Deflator. (n028) (p48)

Data Source: The school district financial data comes from two sources. Historic data is provided by downloads from the State Department of Education. Future data is loaded by the respective school district financial department. (n040)

VII. Transportation Report - [Link](#)

PARCHMENT SCHOOL DISTRICT																	Notes:
Model Year	Bus	Desc.	Bus #	Usage	Mileage	23-24	24-25	25-26	26-27	27-28	29-30	30-31	31-32	32-33	33-34	34-35	
2023	BLUE BIRD	GAS	24-3	REG		1	2	3	4	5	6	7	8	9	10	11	1. 7 regular routes
2023	BLUE BIRD	DIESEL	24-2	SPED		1	2	3	4	5	6	7	8	9	10	11	2. 1 reg/sped route
2019	INTERNATIONAL	DIESEL	20-7	REG		5	6	7	8	9	10	11	12	13	14	15	3. 2 sped routes
2019	INTERNATIONAL	DIESEL	20-14	REG		5	6	7	8	9	10	11	12	13	14	15	4. 5 spares (condition?)
2019	INTERNATIONAL	DIESEL	20-13	REG		5	6	7	8	9	10	11	12	13	14	15	5. 3 red tags (sell/scrap)
2019	INTERNATIONAL	DIESEL	20-10	SPED		5	6	7	8	9	10	11	12	13	14	15	
2019	INTERNATIONAL	DIESEL	20-1	REG		5	6	7	8	9	10	11	12	13	14	15	**Need titles for red tags
2015	INTERNATIONAL	DIESEL	16-9	SPARE		9	10	11	12	13	14	15	16	17	18	19	**Reduce (2-3) spares - maintain (2-3)
2015	INTERNATIONAL	DIESEL	16-8	SPARE		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	16-6	SPARE		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	16-5	SPARE		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	16-4	REG		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	16-15	SPARE		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	16-12	REG		9	10	11	12	13	14	15	16	17	18	19	
	THOMAS	DIESEL	11-A	SPED/REG		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	16-3	RED TAGGED		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	17-2	RED TAGGED		9	10	11	12	13	14	15	16	17	18	19	
2015	INTERNATIONAL	DIESEL	16-11	RED TAGGED		9	10	11	12	13	14	15	16	17	18	19	
Total Age						81	74	75	75	62	73	76	78	79	79	82	
Mean Age						6.88	6.54	6.00	6.15	5.31	5.62	5.85	6.00	6.08	6.08	6.31	
# > 10						0	0	3	2	0	0	3	2	1	2	1	
Annual Cost						\$135,000	\$270,000	\$140,000	\$280,000	\$145,000	\$145,000	\$150,000	\$150,000	\$155,000	\$155,000		
Replacement Year																	
Eliminate from fleet																	

VIII. Response to Honeywell Assessment:

- A. The Honeywell assessment revealed a very promising opportunity for the district to utilize existing Sinking Fund dollars supported by annual general fund contributions to effectively accomplish options 1 and 2 from VI.C above.
- B. Using \$1.5m of the approximately \$1.9m in sinking fund dollars, the district can:
 1. Complete a Phase II energy performance project that provides annual operational and utility savings. These savings effectively pay for the project in approximately 12 years.
 2. Utilize the remaining sinking fund funds for projects planned when voters approved the fund including much-needed improvements to parking lots.
 3. Reduce the overall scope/cost of a potential bond proposal.
 4. Demonstrate to the community that the district is using existing funding resources responsibly without overreliance on voters.

IX. Bond Process Recommendations and Next Steps (developed by district team supported by OAK and Tower Pinkster)

1. Move forward w/ 3 mil (1 mil net increase) ***Requires Board approval.*
2. Reduction from 4 mil options as shared in survey allows PSD to levy for a one-mil sinking fund and still stay at/under the 11 mil total that was supported through the survey.
 - a. This allows for incoming revenue on an ongoing basis
 - b. New sinking fund allows for bus purchasing, should we need that
 - c. Allows for revenue options in the time between now and 2032 when others fall off
3. Next Steps (w/ Board approval)

- a. August: PP article summarizing work thus far, and inviting community to Bond Forum (*Energy RFP?*)
- b. Sept: Bond Scope Refinement with Community Input (*Energy Bid Acceptance?*)
- c. October: Final Scope determination (*Energy Work Begins?*)
- d. November: Initial Campaign Planning
- e. December: Treasury finalized
- f. January: Final Campaign Planning/Launch
- g. April: Final Push Campaigning
- h. May 6, 2025: Vote
- i. May 7, 2025: Celebrate
- j. May 8, 2025: Start Planning for Phase I; Work Begins
- k. June 16, 2025: Large Scale Energy Work Begins