

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

BOARD OF EDUCATION SPECIAL MEETING

Monday, March 5, 2018
5:30 p.m.

Fisher Building
3011 W. Grand Boulevard, 12th Floor
Detroit, MI 48202

A G E N D A

- A. Call to Order
- B. Meeting Norms
- C. Moment of Silence
- D. Call for Special Board Meeting
- E. Approval of Agenda
- F. Michigan Association of School Boards (MASB) Region 8 Board of Directors Selection
- G. DPSCD Vacant Properties
- H. Real Property Sale
- H. Public Comment
- I. Adjournment

An Audience Participation Form may be completed by those wishing to address the Board. Members of the public are welcomed to address the Board at this time. Individuals are encouraged to identify themselves and fill out the comment card to leave with the Board Secretary, however, those individuals that do not want to identify themselves may address the board. Comments are generally limited to 2 minutes.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Special Board Meeting GTJ Consulting, LLC and Board-Up of Vacant Buildings March 5, 2018

Recommendation:

That the School Board approve a contract with GTJ Consulting LLC for the strategic board-up of vacant school buildings in the Not-to-Exceed amount of \$2,610,900 that are under consideration for demolition, reuse and/or sale.

Description and Background:

Founded in 1983, GTJ Consulting LLC is a property management company and a local distributor and installer of Secureview, an emerging “clear boarding” material like the material used in aircraft windows. In comparison to plywood alone, boarding done with Secureview on ground floors and plywood on upper, less accessible floors leaves properties with a more appealing outer appearance and offers increased security because of the strength of the materials and the ability to see inside the structure.

On January 22, 2018, this action item was recommended by the Finance Sub-Committee for approval. On February 13, 2018 at the Regular Board Meeting, the item was sent returned to administrative staff to be supplemented with additional information. Since that time, the District conducted initial cost analysis (i) to determine if certain buildings might be candidates for demolition and (ii) to compare the cost of using of plywood on all floors for buildings identified as candidates for demolition with the Secureview/plywood mix on all other buildings to the cost of using the Secureview/plywood mix on all buildings. Upon completion of that analysis, the District continues to support its recommendation to move forward with a Secureview/plywood mix on all buildings listed in Attachment A.

In addition, the District added several properties to the initial listing of properties to be secured: (i) the former Yost Elementary School located at 16161 Winston Avenue, in which the tenant was evicted via court order due to no-payment and lack of investment in the property; (ii) the former Phoenix Academy located at 7735 Lane Further, after Southwest Counseling Solutions abruptly ended its lease of classroom space; (iii) Old Marion Law located at 19490 Carrie; (iv) Foch Elementary School located at 2962 Fairview; and (iv) the former McNair Middle School located at 4810 Marlborough.

GTJ Consulting LLC and Board-Up of Vacant Buildings

Date: March 5, 2018

Gap Analysis:

In the last decade, closed District buildings were secured either using metal panels produced by a company no longer in business, plywood, or left without any security on the windows and doors. Many of these buildings have been compromised and have become an eyesore to neighborhoods and are vulnerable to criminal activity. Further, unmonitored entry leads to damage to the structure and may render a building unusable. By using GTJ Consulting, LLC to secure these properties with the Secureview material on the first floor and plywood material on all upper floors, the District will demonstrate to neighboring communities its commitment to responsible ownership and accountability and provide greater security for its assets prior to use or sale.

As previously stated, the District conducted additional cost and building condition analysis to determine the appropriate recommended action. Several buildings were identified as candidates for demolition; however, due to citations by the city of Detroit for blight and safety concerns all buildings must be boarded in some manner pending demolition. As demonstrated in Attachment A below, the cost of using plywood on all floors of buildings identified as candidates for demolition with the Secureview/plywood mix on all other buildings is \$2,481,800. After updating the list of buildings for boarding, the selected vendor quoted the cost of using the Secureview/plywood mix on all floors at \$2,610,900. Thus, use of plywood on all floors only provides a potential boarding cost saving of \$129,100 while also creating greater risk for liability due to the decreased security of the boarding material and its susceptibility to criminal activity.

Further, this assumes subsequent demolition of certain buildings. Total demolition cost for the buildings which the District identified as candidates for demolition is approximately \$4.46 million. In total, the cost of plywood boarding plus demolition, equals \$6.94 million, about \$4.3 million more than the cost of a Secureview/plywood mix for all buildings.

Previous Outcomes:

Previously the District incurred the cost of re-securing properties that had become compromised by vandals. In other instances, properties have not been secured and the District has received property maintenance fines from the City of Detroit for blight or what it has deemed to be condemned properties.

Expected Outcomes:

The District will secure these properties to eliminate dangerous and blighted conditions in neighborhoods. The goal is not only to preserve an asset until a decision can be made on its value and possible repurpose within the District, but to maximize the most value for the property if the decision is to sell. As demonstrated above, the Secureview boarding is also the most cost-efficient method of maintaining properties that may be intended for demolition or sale.

GTJ Consulting LLC and Board-Up of Vacant Buildings

Date: March 5, 2018

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

\$2,610,900 (General Fund)

RFP 18-0004 for Property Maintenance & Preservation Professionals for vacant property securing solutions and services for vacant buildings owned by the District was published on *DemandStar* on October 18, 2017. The District received two (2) bid response; GTJ Consulting LLC and Premier Group Associates, Inc.

Contact for Item:

Felicia Venable, Sr. Executive Director of Facilities. Maintenance and Auxiliary Services

Phone: (313) 218-2876

Email: felicia.venable@detroitk12.org

Supporting Documents/Attachments:

Attachment A

Contract

GTJ Consulting LLC and Board-Up of Vacant Buildings

Date: March 5, 2018

ATTACHMENT A

No.	Name of School	Status	Address	SF	Secureview / Plywood Mix	Secureview / Plywood Mix; Plywood Only for Buildings Subject to Demolition	Demolish Yes/No	Est. Demolition +Abatement Costs @ \$10.50	Municipal Blight Violation Fees
1	Beard Early Childhood Center	Vacant	840 Waterman	37,060	\$196,000	\$169,000	Yes	\$389,130	\$305
2	Biddle Primary	Vacant	4601 Seebaldt St	29,314	\$42,000	\$42,000	No	N/A	N/A
3	Brady Elementary	Vacant	2920 Joy Road	56,720	\$120,000	\$99,000	Yes	\$595,560	\$4,995
4	Cody 9 / Ruddiman	Vacant	7350 Southfield	84,763	\$3,000	\$3,000	No	N/A	\$1,355
5	Cooley High School	Vacant	15055 Hubbell	321,024	\$237,500	\$237,500	No	N/A	Dangerous Building Notice
6	Courtis	Vacant	8100 W. Davison	63,456	\$110,200	\$110,200	No	N/A	\$720
7	Duke Ellington or Former Rosa Parks	Vacant	8030 E. Outer Dr	82,954	\$105,000	\$85,000	Yes	\$871,017	Dangerous Building Notice
8	Foch	Vacant	2962 Fairview	125,500	\$ 213,900	\$ 213,900	No	N/A	N/A
9	Henderson Lower	Vacant	9600 Mettetal / 9505 St Marys	28,047	\$2,000	\$2,000	No	N/A	N/A
10	Kettering	Vacant	6101 Van Dyke	249,863	\$185,000	\$185,000	No	N/A	N/A
11	Lawton Building	Vacant	9345 Lawton Street	31,922	\$89,000	\$77,900	Yes	\$934,500	N/A
12	Lodge Elementary	Vacant	17450 Lenore	21,636	\$3,000	\$3,000	No	N/A	\$2,875
13	McCull Elementary	Vacant	20550 Cathedral Street	33,652	\$ 132,050	\$ 132,050	No	N/A	N/A

GTJ Consulting LLC and Board-Up of Vacant Buildings

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No.	Name of School	Status	Address	SF	Secureview / Plywood Mix	Secureview / Plywood Mix; Plywood Only for Buildings Subject to Demolition	Demolish Yes/No	Est. Demolition +Abatement Costs @ \$10.50	Municipal Blight Violation Fees
14	McNair, Ronald	Vacant	4810 Marlborough	151,688	\$ 224,250	\$ 224,250	No	N/A	N/A
16	Post Middle	Vacant	8200 Midland	106,586	\$237,000	\$209,000	Yes	\$1,119,153	N/A
17	Phoenix Academy	Vacant	7735 Lane	105,173	\$189,500	\$189,500	No	N/A	N/A
18	Robeson Early Childhood Center	Vacant	14900 Parkside	18,260	\$14,000	\$14,000	No	N/A	N/A
19	Rose Elementary	Vacant	5830 Field	30,500	\$11,000	\$11,000	No	N/A	N/A
20	Stark School of Technology Pk-5	Vacant	12611 Avondale	51,877	\$76,000	\$76,000	No	N/A	N/A
21	Marion, Law	Vacant	19490 Carrie	40,640	\$147,500	\$147,500	No	N/A	N/A
22	Turning Point	Vacant	12300 Linnhurst	52,768	\$ 141,000	\$119,000	Yes	\$554,064	N/A
23	Van Zile Elementary	Vacant	2915 E. Outer Dr	48,068	\$ 2,500	\$2,500	No	N/A	N/A
24	Yost Academy	Vacant	16161 Winston	29,824	\$129,500	\$129,500	No	N/A	N/A
TOTALS					\$ 2,610,900	\$2,481,800		\$4,463,424	\$ 10,250

Note: Estimated Demolition cost includes an estimate for \$3.00 per SF for asbestos abatement and \$7.50 per SF for demolition costs.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Regular Board Meeting Sale of Property Parcels March 5, 2018¹

Recommendation:

That the School Board approve the Sale of 1.34 acres of vacant land located at 5300-5330 Russell and 1457 Frederick to Beaubien Associates LLC for \$220,000.

Description and Background:

5300-5330 Russell and 1457 Frederick are vacant land consisting of approximately 1.34 acres of industrial land located on Russell street, one block east of I-75 and two blocks south of I-94. The property was originally purchased by the District in 1994 to be used for additional parking for the District warehouse located at 1425 E. Warren Avenue in Detroit, MI. The District has never developed or used this property.

In September 2017, the property appraised for \$130,000. In October 2017, the District was approached by Wayne County, who expressed interest in the parcels in connection with the property swap deal between the City of Detroit and Wayne County for development of the Wayne County Justice Center. The District determined to open a request for bids to market and sale the property.

After consultation with Wayne County's administration, Beaubien Associates LLC ("Beaubien"), an affiliate of Bedrock Management Services LLC, was formed to bid on the property. Subsequently, Beaubien was selected as the winning bidder. Beaubien intends to use the property in a manner that is complementary to the proposed Wayne County Justice Center.

Gap Analysis:

The District owns vacant property and does not intend to develop or use the property. With no plans for District use of the property and with a defined need by a City partner, the District believes it is in its best interest to monetize the property and use the funds for other purposes.

¹ On January 22, 2018, the Finance Sub-Committee reviewed this action item at a purchase price of \$200,000 and recommended the item for the full Board's review. On February 13, 2018, the Board did not approve the sale for \$200,000.

5300-5330 Russell and 1457 Frederick Street Vacant Land Sale

Date: March 5, 2018

Previous Outcomes:

Previously the District incurred an annual holding cost of approximately \$4,000 for grass cutting, tree trimming and the continual potential liability cost associated with the unfenced subject property.

Expected Outcomes:

The District will be relieved of the responsibility of maintaining the subject vacant land and receive approximately \$220,000 in revenue on or before June 2018.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

Receipt of \$220,000.

These parcels were marketed by the District's Real Estate Department through DemandStar, Co Star, LoopNet, and email blast. There was only one bid offer from Beaubien Associates LLC although there was expressed interest by one other party who previously offered \$88,000 for the property in 2016. No formal bid was received from this party on or before the bid deadline December 27, 2017.

Contact for Item:

Felicia Venable, Sr. Executive Director of Facilities, Maintenance and Auxiliary Services

Phone: (313) 218-2876

Email: felicia.venable@detroitk12.org

Supporting Documents/Attachments:

Addendum to Purchase Agreement

ADDENDUM TO PURCHASE AND SALE AGREEMENT

This Addendum to Purchase and Sale Agreement (“Addendum”) is made and entered into as of this ___ day of _____, 2018, and is attached to and made a part of that certain Purchase and Sale Agreement dated as of even date herewith (“Agreement”) by and between DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT, a Michigan statutory body (“Seller”), and BEAUBIEN ASSOCIATES LLC, a Michigan limited liability company (“Purchaser”).

1. Title Company. The Title Company selected by Seller shall utilize Title Source, Inc. to write the owner’s policy of title insurance to be issued to Purchaser pursuant to the Agreement.

2. Section 1.4. Section 1.4 of the Agreement is deleted in its entirety and replaced with the following:

“Section 1.4 Purchase Price. Seller is to sell and Purchaser is to purchase the Property for the sum of TWO HUNDRED TWENTY THOUSAND AND 00/100 DOLLARS (\$220,000.00) (the “Purchase Price”).”

2-3. Section 5.7. The second sentence of the first paragraph of Section 5.7(a) of the Agreement is deleted in its entirety and replaced with the following:

“Prior to the expiration of the Inspection Period, in the event that such reports, tests or studies indicate that additional investigation may be required, either Seller or Purchaser may request (at the cost of the party requesting same) that such additional investigation be undertaken provided that neither Seller nor Purchaser shall be obligated to undertake any such additional investigation. Notwithstanding the foregoing, in the event that a Phase II environmental survey is determined to be necessary, neither party shall have the right to terminate the Agreement for any reason relating to the result of the Phase II environmental survey. ”

3-4. Section 6.2. Section 6.2 of the Agreement is deleted in its entirety and replaced with the following:

“Default by Seller. In the event that Seller fails to perform any of its obligations under this Agreement for any reason other than Purchaser’s default or the permitted termination of this Agreement by Seller or Purchaser as herein expressly provided, Purchaser, after providing Seller with 10 days’ notice and an opportunity to cure, shall be entitled, to either (i) receive the return of the Earnest Money, subject to any costs for a title commitment as set forth in Section 2.1, which return shall operate to terminate this Agreement and release Seller from any and all liability hereunder; or (ii) seek specific performance of Seller’s obligations under this Agreement.”

4-5. Section 10.1. Notwithstanding the terms of Section 10.1 of the Agreement, Purchaser may disclose Inspection Material to Wayne County (or an affiliate of Wayne County),

solely for the purpose of determining whether it desires assignment of the Agreement and the transaction contemplated thereby.

5.6. Section 10.4. Notwithstanding the terms of Section 10.4 of the Agreement, Purchaser may assign its rights under the Agreement to Wayne County (or an affiliate of Wayne County) without obtaining Seller's consent, provided that Purchaser promptly provides notice to Seller of such an assignment.

6.7. Conveyance to Wayne County. Notwithstanding anything to the contrary contained in the Agreement (including, but not limited to, Sections 5.7(b) and 5.7(c) of the Agreement), Seller acknowledges and agrees that (a) Purchaser may convey the Property to Wayne County (or an affiliate of Wayne County) after the Closing as part of a larger transaction, or (b) Wayne County (or an affiliate of Wayne County), may return and re-convey the Property to Purchaser (or an affiliate of Purchaser) after the Closing if the Property is no longer required for the larger transaction and any such conveyances in clauses (a) and (b) shall be permitted and shall not be subject to any provision in the Agreement that restrict conveyances (including, but not limited to, Sections 5.7(b) and 5.7(c) of the Agreement); provided however that any subsequent conveyance by the Purchaser, Wayne County (or an affiliate of Wayne County), as applicable, within the periods stated within Sections 5.7(b) and 5.7(c) shall be subject to Sections 5.7(b) and 5.7(c).

7.8. Post-Closing Remedies of Seller. Seller acknowledges and agrees that Seller's remedies due to a breach by Purchaser (or by the then-current owner of the Property) of the terms of the Purchase Agreement (or the terms of any other documents executed in connection with the purchase and sale of the Property) after the Closing are limited to Seller's right to seek specific performance pursuant to Section 6.1 of the Agreement.

8.9. Miscellaneous. In the event of any conflict between this Addendum and the Agreement, the terms of this Addendum shall control. Except as otherwise provided herein, the Agreement remains in full force and effect. This Addendum may be executed in counterparts, each of which shall constitute an original although not fully executed, but all of which when taken together, shall constitute but one agreement. Delivery by facsimile or electronic mail of this Addendum or an executed counterpart hereof shall be deemed a good and valid execution and delivery of this Addendum.

[SIGNATURE PAGE FOLLOWS.]

[SIGNATURE PAGE TO ADDENDUM TO PURCHASE AND SALE AGREEMENT BY AND BETWEEN DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT AND BEAUBIEN ASSOCIATES LLC]

Seller and Purchaser have executed this Addendum to Purchase and Sale Agreement as of the date first set forth above.

SELLER:

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT, a Michigan statutory body

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

Name:
Title:
Office of the General Counsel
Detroit Public Schools Community District

Date: _____

PURCHASER:

BEAUBIEN ASSOCIATES LLC,
a Michigan limited liability company

By: _____
Name: _____
Its: _____