

July 1, 2025

Ms. Keegan Platte
Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

RE: Lake Orion Community Schools Application for Preliminary Qualification of Bonds – Opinion Regarding Cost Estimates

Dear Ms. Platte:

We note the anticipated cost per square foot of projects at Lake Orion Community Schools exceeds the value defined by The School Bond Qualification and Loan Program's current cost per square foot parameters. This is the result of the following factors:

- Prior to 2020, we typically applied a 2-3% annual escalation factor for estimating purposes. However, in response to post-2020 market conditions, including rising inflation, increased labor and material costs, and extended lead times, these elevated costs have persisted over the past several years and continue to be reflected in bid results across the state.
- The uncertainty of tariffs on imported materials, like steel, aluminum, and lumber, can significantly increase construction costs, making building projects more expensive.
- Early Childhood Center Addition: 1) has a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some "after hours" labor rates & temporary protection measures, 3) and construction is not scheduled to start until 2031 all contributing to an escalation factor on the cost per square foot.
- Carpenter Elementary Additions: 1) have a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some "after hours" labor rates & temporary protection measures, 3) the addition includes a kitchen & restrooms with elevated complexity, 4) and construction is not scheduled to start until 2031 for a portion & 2035 for the remainder, all contributing to an escalation factor on the cost per square foot.
- Orion Oaks Elementary Additions: 1) have a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some "after hours" labor rates & temporary protection measures, 3) the addition includes a kitchen with elevated complexity, 4) and construction is not scheduled to start until 2031 for a portion & 2035 for the remainder, all contributing to an escalation factor on the cost per square foot.
- Paint Creek Elementary Additions: 1) have a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some "after hours" labor rates & temporary protection measures, 3) and construction is not scheduled to start until 2031, all contributing to an escalation factor on the cost per square foot.
- Stadium Drive Elementary Additions: 1) have a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some "after hours" labor rates &

temporary protection measures, 3) the addition includes a kitchen with elevated complexity, 4) and construction is not scheduled to start until 2031, all contributing to an escalation factor on the cost per square foot.

- Webber Elementary Additions: 1) have a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some “after hours” labor rates & temporary protection measures, 3) the addition includes a kitchen with elevated complexity, 4) and construction is not scheduled to start until 2031 for a portion & 2035 for the remainder, all contributing to an escalation factor on the cost per square foot.
- Scripps Middle School Additions: 1) have a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some “after hours” labor rates & temporary protection measures, 3) the addition includes a kitchen with elevated complexity, 4) and construction is not scheduled to start until 2027, for a portion, 2031 for a portion & 2035 for the remainder, all contributing to an escalation factor on the cost per square foot.
- Waldon Middle School Additions: 1) have a very small economy of scale, 2) construction will occur while students are in the existing facility which will require some “after hours” labor rates & temporary protection measures, 3) the addition includes a locker room with elevated complexity, 4) and construction is not scheduled to start until 2031 for a portion & 2035 for the remainder, all contributing to an escalation factor on the cost per square foot.
- Lake Orion High School Additions: 1) have a small economy of scale, 2) construction will occur while students are in the existing facility which will require some “after hours” labor rates & temporary protection measures, 3) the addition includes STEAM & Robotics labs with elevated complexity, 4) and construction is not scheduled to start until 2027 for a portion & 2035 for the remainder, all contributing to an escalation factor on the cost per square foot.
- Community Education Resource Center Additions: 1) have a small economy of scale, 2) construction will occur while students are in the existing facility which will require some “after hours” labor rates & temporary protection measures, 3) the addition occurs in the location of an existing wing to be demolished giving it elevated complexity, 4) and construction is not scheduled to start until 2027, all contributing to an escalation factor on the cost per square foot.

The combination of these factors results in higher costs per square foot than allowed by the Department of Treasury. It is our professional opinion, and that of the construction manager Frank Rewold & Sons, that the estimate provided represents the potential cost of the scope of the work described in the application.

If you have any questions, please contact us.

Sincerely,

GMB



Tom VanDeGriend, AIA, LEED AP
Educational Planner

FRANK REWOLD & SONS



Mike Gagnon
Vice President