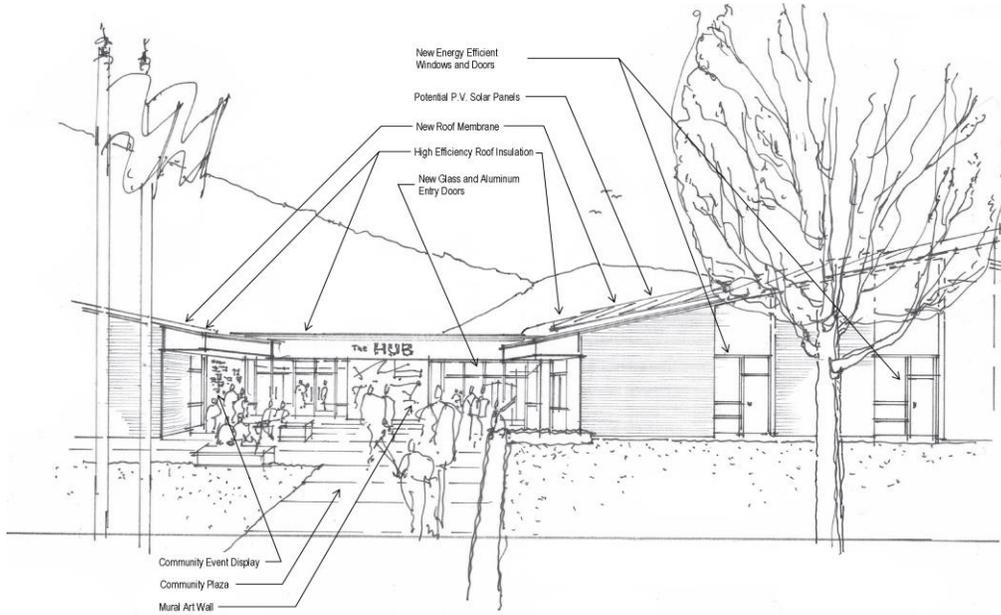


Feasibility Study for the Reuse of the Former High School Building, ROCHESTER, VERMONT



July, 2022

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Feasibility Study, Reuse of former Rochester High School Building

I. Introduction & Project Overview

Summary of Key Findings

For the past 2 years, the Town of Rochester has been exploring the possibility of reusing the former Rochester High School building as a center for culture and community life. This feasibility study is one step in an ongoing process to determine whether and how this goal can be realized. The study has examined the possibility of creating a financially self-sustaining center in the former High School. The results are detailed in the pages which follow. At the end of this study, four key findings have emerged:

- Completing this project (regardless of its final outcome) will be a lengthy and complex process requiring close cooperation between the Town, School District and the many partners that have already offered assistance.
- Arranging financing and overseeing the renovations will be a multi-faceted endeavor that will require professional project management.
- It will be important to carefully consider the ownership structure for the facility (e.g., municipal ownership versus not-for-profit ownership) in terms of managing liabilities, funding opportunities, etc.
- Getting to operational financial sustainability will not be easy. But, as described in the body of this report, there is a way forward to achieve this goal.

The Purpose of this Feasibility Study

In cooperation with the Rochester Stockbridge Unified District (RSUD), the Town of Rochester seeks to repurpose the former Rochester High School building to meet important local and regional needs. This report examines the feasibility of repurposing the building to meet needs that may include (but are not limited to) childcare and adult daycare, local job creation and economic development, community-based arts and learning activities, as well as other complementary uses that meet community needs.

Specifically, this analysis examines the extent to which the building can be repurposed in a financially self-sustaining manner. It uses best available information to determine if reusing the RHS can be financially feasible. The results are intended to answer three questions:

1. Is the concept of a financially self-sustaining facility possible?
2. If so, what would that look like? What are the types of activities found there? What are the projected costs and revenues?
3. What are critical success factors? What are the factors that need to be addressed in order for this project to be feasible.

The work seeks to use assumptions that are reasonable, given the conditions in the local market at any particular time. However, it takes a conservative approach to establishing feasibility. That is to say, in any areas of uncertainty, it uses assumptions that make it more difficult to succeed (e.g., projected revenues are underestimated and projected costs are overestimated).

In addition, a study like this provides potential investors and funders with a rationale for supporting the project. This audience includes the citizens and taxpayers of the Town of Rochester along with federal,

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state and private organizations that may provide financial support and other types of assistance to this effort.

Finally, it must be recognized that this is just the starting point. As work on the project goes forward, the projected results will be refined by experience. This report is a starting point and a guide for future decision-making.

Background

The repurposed facility is intended to serve a rural region known as the Quintown area, which runs along historic VT Route 100 in the winding corridor of the White River valley, and includes the towns of Granville, Hancock, Rochester, Stockbridge, and Pittsfield. According to the 2020 Census, the population for Rochester was 1,099 and 2,981 for the Quintown area. Rochester and the Quintown area also have a significant second home (seasonal) resident population that is not reflected in Census data, but greatly impacts its economy from April to November.

The Rochester High School (RHS) graduated its last class in 2018. The Rochester Stockbridge Unified District (RSUD) closed the RHS building during the pandemic and subsequently determined it is no longer needed for educational purposes, closing the building for educational purposes.

In 2019, the Rochester Stockbridge Union District Board commissioned Black River Design Architects of Montpelier to prepare a Facilities and Functional Analysis report on the District's physical plant, including the Rochester High School building. The Black River report was completed in October, 2019, assessing the condition of the physical plant and identifying needed capital improvements for all school properties within the RSUD.

In February 2020, a volunteer RHS Repurposing Committee formed and by late spring began to meet regularly to explore repurposing options for the building into a multi-use facility, designed to meet community identified local and regional needs. The work has been done with consent from the Rochester Select Board and RSUD Board. The goal of this community-led effort is for the RHS building to be upgraded and repurposed into a multi-use facility that will become a financially viable and sustaining operation, serving this region and beyond.

On behalf of the Town of Rochester, in April 2021 members of the committee wrote and submitted a planning grant to the VT Department of Housing and Community Development, to fund a feasibility study of a repurposed RHS building. This grant was awarded in the amount of \$50,000, with which the Town retained the services of Fairweather Consulting of New Paltz, NY, and gbA Architects of Montpelier, VT. The results of the feasibility study will be presented at a Special Town Meeting on July 13, 2022 at 7PM.

Space:	Square Footage
Shop Area	2,618
Art Room	870
Music Classroom	1,186
Auditorium/Stage	8,718
Band/Chorus Area	1,183
Main Office Area	1,767
SPED Office Area	730
9 Classrooms	7,108
Central Space	2,302
Other spaces (corridors, toilets, mechanical rooms, etc.)	4,200
TOTAL	30,700*
*Totals may not "foot" due to rounding.	

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At the Town's request, Senator Sanders has included substantial funding in his Congressionally Directed Funds (CDF) for the upcoming fiscal year, pending Congressional approval. These funds are dedicated to the preliminary work to upgrade the building. Presently, the committee is pursuing additional funding for the building upgrade. The Town is also beginning the environmental review processes required for the Town to be eligible for Federal and State funding should it take possession of the building.

Property Description

Situated on approximately 4.5 acres, the former high school building consists of 30,700 square feet of enclosed space.

The former high school parcel is bounded on the south by the Rochester Elementary school property. It is bounded to the north, east and west by private properties. The school district currently maintains easements on the high school property to facilitate the circulation of school buses and the disposal of plowed snow. The property overlooks (but does not abut) the White River.

The site is currently accessed off of Route 100 (a designated Scenic Byway) via an easement through the Elementary School property and is located less than a five-minute walk (approximately 500 yards) south of the center of the Rochester village. Behind the school is a Little League baseball field, bicycle pump track and skating rink and the nearby Town recreation field contains softball and baseball fields, tennis courts and soccer fields.

Zoning

The parcel in which the former high school sits is the Business-Residential zoning district. Upon issuance of a zoning permit by the administrative officer, the following uses are allowed:

- Bank or financial institutions
- Community centers, halls, lodges, clubs, parks, playgrounds, theatres
- Drive-in Stands
- Educational, cultural and religious establishments
- Home occupations
- Hotels, tourist homes, restaurants, or similar establishments letting rooms, serving meals or both
- Multi-family dwellings
- Non-retail studios or workshops
- Office buildings
- Professional or personal business offices or studios
- Retail, wholesale, or service establishments
- Single-family dwellings
- Accessory uses customarily incidental to the permitted use

Other uses such as light manufacturing are possible in the Business-Residential district upon issuance of conditional use approval by the Board of Adjustment.

Infrastructure

Water: According to the Black River report, "the building is provided with 4" water service [from the

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Town water system] which serves both domestic water and a limited area sprinkler system for the Shop. The Stage is provided with a separate 4" water service which serves fire standpipes in the stage."¹ There is an additional sprinkler system in the mezzanine above the open former library space.

Sewer: The building is served by existing on-site treatment facilities. The Black River report noted that "the building sanitary waste drainage systems are original to the building and appear to be functional and operational."²

Site Constraints

The White River floodway extends to the west property line of the site and the flood plain extends onto the west portion of the property. As shown in the map at the end of this document, a portion of the RHS building extends into the flood plain.

The RHS building also has a buried fuel oil tank of unknown condition.

Facility Condition

The Black River report identified needed upgrades for the RHS building of several million dollars, depending on the intended use (e. g., if it were to remain a school building). The consulting architect has reviewed the Black River report, toured the building, and advised that the high school building will need capital improvements of at least \$2 million to address issues such as boiler replacement and other heating system components, replacement of the electrical panel, and ventilation system improvements, among others. The full Black River report is available on the Town web site at <http://rochestervermont.org/wp-content/uploads/2022/01/Black-River-Study-RSUD-Facility-and-Functional-Analysis-Report.pdf>

II. Market Analysis

This analysis provides an overall assessment of the market area surrounding the former Rochester High School (RHS). It reviews demographic and economic information to assess the potential for various types of programming at the site. Unless otherwise specified, the data are derived from ESRI Business Analyst, a commercial data service which provides estimates of data by geographic area for the purposes of evaluating sites for various uses. The tables provide data in three geographic segments: areas within a 10-minute drive time, 20-minute and 30-minute drive time of the RHS site. (A map of the drive times is found in Figure 1 at the end of this document.)

As detailed below, the data suggest that, although the market is small in size in the immediate vicinity of the site (i.e., the 10- and 20-minute drive times), it is a population that has interests in a variety of activities that could be hosted at the former High School building, ranging from adult education to music performance to crafts and hobbies. The question is whether activities held at the site would be able to command sufficient volume of participants to cover the operating costs of the building.

¹ Black River Design Architects, *Rochester/Stockbridge Unified School District Facilities & Functional Analysis*, October 1, 2019, p. 56.

² Ibid.

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At the same time, a review of health-related data for the area suggests that Rochester and the Quintown area could benefit from an enhanced presence of health-care-related activities in the area, ranging from expanded clinical activities to adult day programming. This is detailed below.

The overall conclusion of this analysis is that, while there is interest in the Rochester area in recreational and cultural activities, there is unlikely to be sufficient interest in those activities such that they alone could sustain the operating costs of the former High School building. This suggests an approach of bringing in tenants (or a buyer for the building) that are enterprises that could generate enough revenue to cover the rents required to meet the operating costs of the building. If this could be done in a manner that kept important community facilities available for public use (e.g., the auditorium, music room, etc.), that could be a path toward re-using the facility so that it is self-sustaining while maintaining its role as an important community asset. As indicated in the business plan below, if the Town were to relocate its offices into the building, the viability of this project could be substantially improved.

Demographic Overview

Table 2 below provides an overview of demographics, housing and income for the town of Rochester, the five-town Quintown area (Rochester, Granville, Hancock, Pittsfield and Stockbridge) as well as for the areas within 10-minute, 20-minute and 30-minute drive times from the RHS site. A map at the end of this document shows the extent of each of these three drive times.

Rochester is the population center for the Quintown area, with a slightly older but somewhat better educated population. Incomes in Rochester are slightly below those in the Quintown area, but generally comparable to the surrounding region. Note that there is a long-term decline in population across the Quintown area. This suggests that particular care should be taken in recruiting a tenant mix for the RHS facility. If the mix includes only local service providers or local programming, it may become increasingly difficult to keep the facility at full occupancy in the face of declining population.

Table 2. Overview of Demographic, Housing & Income Data	Rochester	Quintown	By Drive Time from RHS site*		
			10 minutes	20 minutes	30 minutes
OFFICIAL POPULATION COUNTS, 2020					
Population, 2020	1,099	2,981	738	2,772	13,795
Change from 2010	-40	-67	-31	-41	-145
% Change	-3.5%	-2.2%	-4.0%	-1.5%	-1.0%
DETAILED POPULATION ESTIMATES, 2021					
Household Population	1,037	2,998	734	2,764	13,707
Family Population	776	2,206	543	2,050	10,170
Population Density (Per Square Mile)	18.3	14.1	40.9	28.1	43.2
Educational Level					
Population Age 25+: Bachelor's Degree (%)	20.4%	24.8%	20.2%	22.8%	21.7%
Population Age 25+: Graduate/Professional Degree (%)	17.6%	11.2%	15.7%	12.6%	13.6%

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Table 2. Overview of Demographic, Housing & Income Data	Rochester	Quintown	By Drive Time from RHS site*		
			10 minutes	20 minutes	30 minutes
Median Age & Population by Generation					
Median Age	51.4	50.4	50.9	50.6	48.7
Generation Alpha Population (Born 2017 or Later) (%)	4.0%	3.8%	4.1%	3.9%	4.3%
Generation Z Population (Born 1999 to 2016) (%)	16.1%	16.1%	15.9%	16.1%	17.3%
Millennial Population (Born 1981 to 1998) (%)	18.0%	18.5%	18.3%	18.4%	19.5%
Generation X Population (Born 1965 to 1980) (%)	19.5%	21.7%	20.6%	21.4%	20.7%
Baby Boomer Population (Born 1946 to 1964) (%)	32.9%	31.6%	32.3%	31.9%	30.3%
Silent & Greatest Generations Population (Born 1945/Earlier) (%)	9.7%	8.4%	8.8%	8.5%	7.9%
Housing					
Total Housing Units	795	2,331	559	1,996	8,413
Owner Occupied Housing Units	392	1,147	283	1,048	4,735
Vacant Housing Units (includes seasonal homes)	304	931	212	729	2,265
Income					
Median Household Income	\$53,615	\$57,247	\$54,888	\$57,542	\$57,775
Per Capita Income	\$33,763	\$35,989	\$34,246	\$35,804	\$33,566
Average Household Income	\$75,383	\$78,537	\$76,094	\$78,877	\$75,554
Source: 2020 Data from US Census Bureau. All other data estimates from ESRI Business Analyst. *Drive Time population data are 2021 estimates from ESRI Business Analyst.					

The Market for Cultural/Recreational Activities

Table 3 has data on participation in cultural/recreational activities by each of the three drive times. It contains overall participation for each activity, that number expressed as a percent of the overall population of the drive time, as finally, as an index, with a score of 100 indicating a level of activity equivalent to the US as a whole (with indices over 100 indicating higher levels of activity than the US average and indices under 100 indicating activity lower than the US average).

First, it is worth noting that, for all activities listed in Table 3, all three drive times have indices above 100, indicating greater interest in these activities on the part of the population than for the US as a whole. On the other hand, the overall numbers participating in each activity are small. Cooking and baking for fun are the only activities that garnered more than 100 participants within a 10-minute drive time. This is an indication that the community would certainly be receptive to certain kinds of cultural/recreational activities. The concern is that, given the population constraints, there may not be sufficient demand to enable such activities to be economically sustainable.

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Table 3. Projected Cultural/Recreational Activities in 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Attended Adult Education Course	65	252	1,027
% of Population	10.47%	10.77%	8.98%
Index (100=US Avg.)	127	130	109
Attended Classical Music or Opera Performance	27	106	444
% of Population	4.35%	4.53%	3.88%
Index (100=US Avg.)	113	118	101
Attended Country Music Performance	44	169	811
% of Population	7.09%	7.23%	7.09%
Index (100=US Avg.)	108	111	108
Cooked For Fun	132	505	2,295
% of Population	21.26%	21.59%	20.06%
Index (100=US Avg.)	106	108	100
Did Baking	167	643	2,926
% of Population	26.89%	27.49%	25.58%
Index (100=US Avg.)	116	119	111
Did Birdwatching	56	218	876
% of Population	9.02%	9.32%	7.66%
Index (100=US Avg.)	197	203	167
Did Furniture Refinishing	33	129	558
% of Population	5.31%	5.52%	4.88%
Index (100=US Avg.)	131	136	120
Did Painting or Drawing	63	238	1,090
% of Population	10.14%	10.18%	9.53%
Index (100=US Avg.)	119	120	112
Did Photo Album or Scrapbooking	32	123	543
% of Population	5.15%	5.26%	4.75%
Index (100=US Avg.)	128	131	118
Did Photography	85	334	1,361
% of Population	13.69%	14.28%	11.90%
Index (100=US Avg.)	150	157	131
Did Woodworking	51	195	835
% of Population	8.21%	8.34%	7.30%
Index (100=US Avg.)	167	170	149
Participated in Yoga	53	206	919
% of Population	8.53%	8.81%	8.03%
Index (100=US Avg.)	95	98	89
Participated in Aerobics	36	136	653
% of Population	5.80%	5.81%	5.71%
Index (100=US Avg.)	80	80	78

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Table 3. Projected Cultural/Recreational Activities in 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Participated in Skiing(Downhill)	29	115	426
% of Population	4.67%	4.92%	3.72%
Index (100=US Avg.)	173	183	138
Participated in Bicycling (Mountain)	37	144	549
% of Population	5.96%	6.16%	4.80%
Index (100=US Avg.)	159	164	128
Participated in Bicycling (Road)	66	253	1,164
% of Population	10.63%	10.82%	10.17%
Index (100=US Avg.)	112	114	107
Participated in Hiking	104	407	1,655
% of Population	16.75%	17.40%	14.47%
Index (100=US Avg.)	131	137	114
SOURCE: ESRI Business Analyst.			

The data in Table 4 reiterates the concern that recreational/cultural activities may not be able to provide a self-sufficient revenue stream for the former High School building. For each drive time, that table shows total spending by activity, average spending and an index of average spending, where, as before, average spending equivalent to the US is scored as 100. NOTE: the categories of activities vary from Table 2 to Table 3. The original data in ESRI Business Analyst is organized different for participation versus spending and does not allow for consistent comparison of categories.

The first category in Table 4 is All Entertainment/Recreation. Across all three drive times, estimated average annual spending for 2021 ranges from \$2,700 to \$2,800 per year. This is about 85 percent of the US average. This trend of below average spending holds for all activities in all drivetimes in Table 3. The one exception is for spending on Winter Sports Equipment. In that category, the spending index across all three drive times is above 100, indicating average spending higher than the US average. But even in that category, average spending runs between \$6 and \$8 per year, not a lucrative sector locally.

Table 4. Estimated Spending on Selected Recreational Activities, 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
All Entertainment/Recreation	\$948,946	\$3,579,580	\$16,881,623
Average Spending	\$2,734.71	\$2,825.24	\$2,745.87
Index (100=US Avg.)	85	87	85
Entertainment/Recreation Fees & Admissions	\$202,571	\$778,671	\$3,523,644
Average Spending	\$583.78	\$614.58	\$573.14
Index (100=US Avg.)	79	83	77
Membership Fees for Social/Recreation/Health Clubs	\$67,512	\$258,831	\$1,186,823
Average Spending	\$194.56	\$204.29	\$193.04

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Table 4. Estimated Spending on Selected Recreational Activities, 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Index (100=US Avg.)	78	82	78
Fees for Participant Sports Excluding Trips	\$31,623	\$121,812	\$552,088
Average Spending	\$91.13	\$96.14	\$89.80
Index (100=US Avg.)	79	83	78
Tickets to Theatre/Operas/Concerts	\$22,202	\$85,245	\$387,320
Average Spending	\$63.98	\$67.28	\$63.00
Index (100=US Avg.)	79	83	78
Fees for Recreational Lessons	\$39,912	\$154,878	\$667,249
Average Spending	\$115.02	\$122.24	\$108.53
Index (100=US Avg.)	82	87	77
Toys/Games/Crafts/Hobbies	\$31,459	\$117,963	\$574,277
Average Spending	\$90.66	\$93.10	\$93.41
Index (100=US Avg.)	78	81	81
Sports/Rec/Exercise Equipment	\$55,432	\$209,967	\$970,915
Average Spending	\$159.75	\$165.72	\$157.92
Index (100=US Avg.)	89	92	88
Bicycles	\$8,888	\$33,757	\$153,392
Average Spending	\$25.61	\$26.64	\$24.95
Index (100=US Avg.)	86	90	84
Winter Sports Equipment	\$2,707	\$10,612	\$41,913
Average Spending	\$7.80	\$8.38	\$6.82
Index (100=US Avg.)	106	113	92
Rental/Repair of Sports/Recreation/Exercise Equip	\$855	\$3,317	\$14,250
Average Spending	\$2.46	\$2.62	\$2.32
Index (100=US Avg.)	86	91	81
SOURCE: ESRI Business Analyst			

Health Related Characteristics of the Population

Tables 5 and 6 below provide summary data on health-related aspects of the population in the vicinity of the Rochester RHS site (i.e., the former high school building). The tables contain overall numbers for each indicator, that number expressed as a percent of the overall population of the drive time, as finally, as an index, with a score of 100 indicating a level of activity equivalent to the US as a whole (with indices over 100 indicating higher levels of activity than the US average and indices under 100 indicating activity lower than the US average).

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Dietary Practice as a Reflection of Health Needs: Table 5 provides indicators of resident health by the presence of a disabled person in the household as well as the dietary practices of residents within the respective drive times. Note that within all three drive times, the share of the population controlling diet for blood sugar, food allergies and cholesterol have indices above 100, meaning the incidence of this behavior is higher in the drive times than in the US as a whole.

The Burden of Caregiving: Table 6 shows the prevalence of individuals acting as caregivers or caretakers. In every instance, the populations within the 3 drive times have a much higher incidence of acting as a caretaker than the US as a whole.

Table 5. Indicators of Health by Disability Status and Diet, 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Households with 1+ Persons with a Disability (2019)	100	314	1,725
% of Households	28.57%	26.10%	29.38%
Control Diet for Blood Sugar Level	75	279	1,395
% of Population	12.08%	11.93%	12.19%
Index (100=US Average)	106	105	107
Control Diet for Cholesterol Level	72	277	1,303
% of Population	11.59%	11.84%	11.39%
Index (100=US Average)	104	106	102
Control Diet for Food Allergies	17	63	298
% of Population	2.74%	2.69%	2.60%
Index (100=US Average)	125	123	119
Control Diet to Maintain Weight	66	255	1,129
% of Population	10.63%	10.90%	9.87%
Index (100=US Average)	110	113	102
Control Diet for Physical Fitness	74	285	1,252
% of Population	11.92%	12.18%	10.94%
Index (100=US Average)	113	116	104
Control Diet for Salt Restriction	21	79	417
% of Population	3.38%	3.38%	3.65%
Index (100=US Average)	88	88	95
Control Diet for Weight Loss	91	346	1,723
% of Population	14.65%	14.79%	15.06%
Index (100=US Average)	92	93	95
Use Doctor's Care or Diet for Diet Method	16	62	300
% of Population	2.58%	2.65%	2.62%
Index (100=US Average)	99	102	101
Source: ESRI Business Analyst.			

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Table 6. Caregivers/Caretakers, 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Provide Services as a Primary Caregiver or Caretaker	54	197	1,001
% of Population	8.70%	8.42%	8.75%
Index (100=US Average)	120	116	121
Assist With Chores as Caregiver/Caretaker	34	126	624
% of Population	5.48%	5.39%	5.45%
Index (100=US Average)	132	129	131
Assist With Personal Care as Caregiver/Caretaker	34	125	595
% of Population	5.48%	5.34%	5.20%
Index (100=US Average)	149	146	142
Give Medication as Caregiver/Caretaker	28	102	514
% of Population	4.51%	4.36%	4.49%
Index (100=US Average)	133	128	132
Make Doctor Appointments as Caregiver/Caretaker	30	109	566
% of Population	4.83%	4.66%	4.95%
Index (100=US Average)	113	109	116
Provide Transportation as Caregiver/Caretaker	33	118	633
% of Population	5.31%	5.04%	5.53%
Index (100=US Average)	116	110	120

Source: ESRI Business Analyst.

A Focus on Adult Caregiving: Table 7 provides more detail about the caregiving/caretaking role of the population. It shows the ratio of the dependent-age population (i.e., those under 18 or over 65) to the working age population. The index for “Age Dependency Ratio” is well above the US average for all three drive times. Note that the index for child dependency is well below the US average, while the index for senior dependency is from 40 to 60 points above the US average.

Table 7. Population Dependency, 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Total Population	738	2,772	13,795
Child Population (Age <18)	117	433	2,355
Working-Age Population (Age 18-64)	426	1,631	8,126
Senior Population (Age 65+)	195	708	3,314
Age Dependency Ratio	73.2	70.0	69.8
Age Dependency Ratio Index (100=US Avg.)	114	109	109
Child Dependency Ratio	27.5	26.5	29.0
Child Dependency Ratio Index (100=US Avg.)	77	74	81
Senior Dependency Ratio	45.8	43.4	40.8
Senior Dependency Ratio Index (100=US Avg.)	162	153	144

Source: ESRI Business Analyst.

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Healthcare Spending Patterns: Table 8 contains estimates of health care spending by households in each of the three drive times. Note that, across all categories of spending, the indices are well below 100 in each drive time, indicating levels of spending below the US average, due to the relatively lower cost of healthcare available in Vermont. Nonetheless, within the 10-minute drive time, households were estimated to spend \$1.8 million on healthcare, most of it—as would be expected—on health insurance (\$1.2 million). This averaged to about \$5,400 per household for healthcare, \$3,500 of which went to insurance. This per-household level held across all three drive times. The data in the table also show spending on services, ranging from physician services (about \$200 per household in each of the three drive times) to dental services (at over \$350 per household, probably reflecting the relative scarcity of dental insurance), to about \$300 per household for personal care services.

Table 8. Household Spending on Healthcare in 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Health Care	\$1,871,352	\$7,045,288	\$33,551,277
Per Household	\$5,392.95	\$5,560.61	\$5,457.27
Index (100=US Average)	86	89	88
Health Insurance	\$1,237,777	\$4,660,893	\$22,182,343
Per Household	\$3,567.08	\$3,678.68	\$3,608.06
Index (100=US Average)	86	89	87
Physician Services	\$69,109	\$260,499	\$1,265,441
Per Household	\$199.16	\$205.60	\$205.83
Index (100=US Average)	79	81	81
Dental Services	\$126,635	\$482,796	\$2,189,452
Per Household	\$364.94	\$381.05	\$356.12
Index (100=US Average)	91	95	88
Eyecare Services	\$18,812	\$70,491	\$348,326
Per Household	\$54.21	\$55.64	\$56.66
Index (100=US Average)	79	81	82
Non-Physician Services Inside Home	\$23,502	\$90,116	\$406,454
Per Household	\$67.73	\$71.13	\$66.11
Index (100=US Average)	85	89	83
Non-Physician Services Outside Home	\$12,096	\$45,471	\$225,441
Per Household	\$34.86	\$35.89	\$36.67
Index (100=US Average)	77	79	81
Lab Tests/X-rays	\$20,031	\$75,338	\$364,033
Per Household	\$57.73	\$59.46	\$59.21
Index (100=US Average)	84	86	86
Convalescent/Nursing Home Care	\$9,403	\$35,685	\$165,722
Per Household	\$27.10	\$28.16	\$26.96
Index (100=US Average)	81	84	80
Other Medical Services	\$9,190	\$34,975	\$156,559

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Table 8. Household Spending on Healthcare in 2021	By Drive Time from RHS site		
	10 minutes	20 minutes	30 minutes
Per Household	\$26.48	\$27.60	\$25.47
Index (100=US Average)	92	96	89
Personal Care Services	\$106,425	\$404,612	\$1,913,799
Per Household	\$306.70	\$319.35	\$311.29
Index (100=US Average)	77	80	78
Source: ESRI Business Analyst			

III. Stakeholder Outreach

As part of the research for this project, twenty interviews were conducted with stakeholders from Rochester, as well as from across the Quintown area and the state. These included representatives of organizations that have used the high school building in the past, organizations that had expressed an interest in using the building for various purposes as well as representatives from state and local organizations that are involved or could potentially become involved in activities related to the reconditioning and/or re-use of the building. The list of those interviewed is found below.

- Ethan Bowen, Chair Rochester Stockbridge Unified School District
- Sadie Brightman, Director Middlebury Community Music Center
Robert Gardner, Gardner Films
- Will Gardner, Alma Del Mar Schools
- Sandy Haas, a Vermont lawyer, retired innkeeper, former 8-term Windsor-Rutland Representative, and member of the RHS Repurposing Committee
- Josh Hanford, Commissioner VT Housing and Community Development
- Erika Hoffman Kiess, Exec. Dir. of Green Mountain Economic Development Corp (GMEDC)
- Cynthia Huard, Artistic Director of Rochester Chamber Music Society (RCMS)
- Doon Hinderyckx, Chair Rochester Select Board, owner Green Mountain Bikes
- Jamie Kinnarney, Superintendent of the White River Valley Supervisory Union
- Daniel Lang, Executive Director, Reclaimed Makerspace, Poultney, VT
- Angus McCusker, Executive Director of Ridgeline Outdoor Collective
- Carrie McDonnell, Director of One Planet Afterschool and Summer Camp Programs
- Annie Mackay, owner BigTown Gallery/BigTown Projects
- Pam Reit, Director of Green Mountain Suzuki Institute (GMSI)
- Larry Straus, former Chair Rochester Select Board
- Grace Vinson, Environmental Officer, Agency of Commerce and Community Development
- Dan Voisin, Stone Environmental
- Nancy Wooley, Town of Rochester Resident
- Sarah Wraight, Regional Planner, Two Rivers Ottauquechee Regional Commission

There were several key findings from these interviews. First, it was clear that there was widespread support for the idea of repurposing the high school. Second, there was an equally widespread belief that such repurposing must be self-sufficient, i.e., that the repurposed building should not be a financial liability for Town government. Finally, it became clear that the not-for-profit and arts-related uses originally highlighted for the building were very unlikely either to have or generate sufficient funding to enable the building to achieve financial self-sufficiency solely through arts programming.

In addition, this analysis was supplemented by work done by members of the Rochester community.

Fifty people participated in the Community Engagement event that launched the project that launched the RHS Repurposing project in February 2020. Thirty-six community members actively engaged in the planning process for the RHS Repurposing project, working within multiple committees related to each component identified in the re-use proposal. Forty-eight respondents expressed interest in Makerspace

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membership, with 14 respondents wanting to teach and/or mentor in the Makerspace classes.

Thirty respondents to a survey on childcare needs stated their need of a Childcare facility. A survey on the need for an Adult Day Center (ADC) and Lifelong Learning Center had 97 respondents, ages ranging in age from 35 to 96 years of age. In that survey:

- 20% self-identified as vulnerable adults who stated they would attend ADC on a weekly basis
- 35% stated they would benefit from an ADC located in Rochester, with most indicating 3 to 5 days per week of participation
- 42% stated they would benefit from having a primary care practice located in or near the building
- 43% state they would benefit from physical therapy in the building
- 59% state benefit from having a senior meal site in the same building
- 68% of the respondents state a desire for exercise and movement classes
- 69% desired arts and crafts workshops
- 71% indicated want to attend talks on various subjects

IV. Conclusions from the Research

The market analysis identifies several critical success factors for the economic sustainability of the former Rochester High School building. They are:

- 1. Arts groups and small not-for-profit organizations are not, by themselves, the path to sustainability.* These organizations all operate with limited budgets and are typically unable to pay for space in a manner that would fill the RHS and generate enough revenue to cover its operating costs. This is particularly true given that, as this market analysis has shown, the Rochester area market is not likely to generate enough fees for services and/or admissions for programming to enable such organizations to generate sufficient revenue to cover the costs of the RHS facility.
- 2. Economic sustainability for RHS requires a diverse tenant base.* In order for the RHS building to be self-sustaining, the tenant base is likely to need profit making enterprises and/or larger not-for-profit organizations, both of which would have the capacity to pay market rate rents necessary to sustain the facility economically.
- 3. One or two “anchor tenants” are required to achieve sustainability.* The RHS facility has over 12,000 square feet that can be rented in some form or another. That could require up to 12 tenants were the building to be filled by smaller tenants at 1,000 square feet each. Administering such a situation would be very complex, requiring additional management capacity and thereby adding to the costs of the building. The path to sustainability involves attracting at least one tenant that could occupy at least 4,000 square feet. This would bring stability to the cash flow of the building, while simplifying the management of the facility itself.

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Current Prospective Tenants

It is intended that the facility will host a number of tenants serving various community needs. The following are a list of the types of potential tenants who have already expressed an interest in locating their business, practice and/or service in the RHS building:

- childcare services
- light manufacturing
- healing arts practitioners/equipment distributors
- a small health-care-related practice
- a senior services organization
- an outdoor recreation program operator

A schematic diagram illustrating how such uses could be accommodated in the building is found in the appendices to this report.

V. Business Plan

The business plan outlines the approach that can be taken to achieve operating financial sustainability for the former High School building. This section estimates potential operating costs and revenues and identifies an approach most likely to lead to sustainability.

As part of putting together a business plan for the former High School building, the costs of operating the building were estimated. These were then compared to the expected revenues associated with operating the building under several scenarios for rental rates for the building. Since the building's mechanical systems serve the entire structure, associated costs of occupancy such as utilities, general maintenance, plowing, etc. are included in these rental rates. The four scenarios for rental rates were:

- Break-even: this analysis calculates the rental rates that are required to cover the operating costs of the building.
- Not-for-profit: this analysis is presented as a “worst case” scenario for re-using the building, showing the outcome if tenants all pay a minimal rent. It provides an estimate of the financial viability of operating the building with a tenant base that pays only a typical rental rate for a not-for-profit entity.
- Professional office: this analysis seeks to reflect the revenues possible if the space in the high school were rented at the market rate for professional office space. This is a highly unlikely “best case” scenario.
- Anchor tenant(s): This analysis assumes that the high school has 4,291 square feet rented to one or two anchor tenants. (See Table 13 below for details.)

These will be further defined in the section below containing the revenue estimates.

Estimating Operating Costs

The costs for operating the former high school building were estimated by gbA Architects and Planning based upon the facilities analysis conducted by Black River Design for the Rochester/Stockbridge Supervisory Union³ as modified by their own experience in repurposing similar facilities. These estimates were inflated by 7 percent to bring them to current dollars.

The estimates of operating costs are provided below in Table 9. In addition to estimating the costs of the physical facilities, two other items were added to the operating budget:

1. The cost of property management person to oversee the building, recruit tenants, arrange for maintenance, etc. Based upon consultation with Selectperson Pat Harvey and her extensive background in real estate and property management, the cost of securing this service has been estimated at 10 hours per week at \$25 per hour or \$12,000 per year, inflated by 7 percent to \$12,840 per year (7 percent being the change in the Consumer Price Index for New England for the year ending April, 2022).
2. The cost of ongoing capital improvements to ensure the building remains in top operating condition. These were assumed to be \$50,000 per year. The analysis is being conservative with

³ Black River Design Architects, *Rochester/Stockbridge Unified School District Facilities & Functional Analysis*, October 1, 2019.

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this assumption. That is to say, we are using a figure that may be higher than what is actually required. This is being done for two reasons. First, as indicated, this is to produce a conservative estimate of sustainability, to deliberately provide a high-end estimate of this cost to ensure that the resulting surpluses or deficits must pass a high test to reach sustainability. Second, demonstrating ample capacity to take on capital projects by setting aside \$50,000 each year sends a signal to tenants that they can depend upon the facility being maintained to the highest standard. And as you will see in this analysis, securing high-quality tenants is key to this project's success.

As shown in Table 9, the estimate for annual operating costs for just the facility were \$97,370. Adding the property management function raises the estimate to \$110,210 per year. Including \$50,000 for capital improvements raises the estimated annual operating costs to \$160,210. In the next section of the report, these estimates will be used to determine the extent to which estimated revenues will be able to offset expected estimated costs.

Table 9. Estimated Annual Operating Costs, former High School Building		
Item	Initial Estimate	Adjusted for Inflation
Electric	\$ 20,000	\$ 21,400
Propane	23,500	25,145
Janitorial	15,000	16,050
Telephone/Internet	3,500	3,745
Computer	3,500	3,745
Mowing/plowing	8,000	8,560
Trash/recycling	7,500	8,025
Insurance	4,000	4,280
Water/sewer	1,000	1,070
<u>Misc. Maintenance</u>	<u>5,000</u>	<u>5,350</u>
Total:	\$ 91,000	\$ 97,370
Staffing:	\$12,000	\$ 12,840
Total:		<u>\$ 110,210</u>
Capital Projects:		\$ 50,000
Total:		\$ 160,210
Initial estimates compiled by gbA. Inflation adjustment of 7 percent, reflecting annual change in New England Consumer Price Index for year ending April, 2022. Electric & Propane costs derived from Energy Efficiency Investment Report for Rochester, VT, October, 2021, Option 2 and comparable gbA projects.		

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Estimating Operating Revenues

In order to ensure that revenue estimates were not overly optimistic, the following assumptions were made:

1. Those spaces configured for arts- or crafts-related uses (i.e., the Shop, Art Room, Music Classrooms, Auditorium or Band/Chorus space) are not included in the leasable space. Since these spaces are unlikely to generate revenue through long-term rentals, they are set aside for short-term use for special events, training programs, etc. Assuming no income from these spaces is another example of the conservative approach used in this analysis.
2. It is assumed that the building will have an ongoing vacancy rate of twenty percent. Thus, of the 11,907 square feet available for long-term rental, only 9,526 feet are occupied at any one time.
3. While the arts- and crafts-related spaces are not programmed for use in this analysis, proposals will be considered for activities if the tenant occupying that space is willing to assume monthly rent. For example, it may be possible to have a maker space in some of this space if an individual or entity agrees to lease the space and take on the costs of outfitting and operating the maker space.

The four scenarios for rental rates were:

Scenario 1. Break-even: this analysis calculates the rental rates that are required to cover the operating costs of the building. This break-even analysis provides an indication of the level of rents that would be necessary if the building were to sustain itself economically.

Scenario 2. Not-for-profit: this analysis provides an estimate of the financial viability of operating the building with a tenant base that pays only a typical rental rate for a not-for-profit entity. Based on interviews, it is assumed that this would involve a rent of \$600/month for 1,000 square feet, or \$0.60/square foot per month.

Scenario 3. Professional office: this analysis seeks to reflect the revenues possible if the space in the high school were rented at the market rate for professional office space. This rental rate was derived using rental rates associated with the medical practice operated by Gifford Medical Center in the building across the street from the high school building. After adjusting for difference in the terms of the rent (e.g., including estimated utility costs in the rental rate), the rate used was \$1.30 per square foot per month or \$1,300 per month for 1,000 square feet.

Scenario 4. Anchor tenant(s): This analysis assumes that the high school has 4,291 square feet rented to one or two anchor tenants at a rate of \$1.30/ square foot per month or \$5,578 per month. Note also that this analysis assumes that the space occupied by the anchor tenant(s) is fully occupied, while the remaining space for rent averages a 20 percent vacancy rate. The results of each of these scenarios is presented in the tables below.

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Scenario 1. Break-even

Table 10 provides a summary of the “break-even” scenario for the former High School building. It shows that, given the costs outlined in Table 9, the rental rate required to cover the costs of merely the facility operations is \$0.85 per month per square foot (or \$970 per month for 1,000 square feet). Adding the \$12,840 required to cover the cost of property management services brings the break-even rental rate to \$0.96 per month per square foot. Adding the \$50,000 in capital improvements to the costs brings the break-even rental rate to \$1.40 per square foot.

NOTE: as throughout this analysis, it is assumed that, with the exception of the arts classroom, the “arts/crafts-related” spaces are set aside for special events/training. The extent to which these spaces can generate revenue, the break-even rental rate would be reduced.

Table 10. Revenue Estimate, “Break-Even” Scenario				
		Avg. Monthly Rent per Square Foot		
		Facility Only	With Management	Management & Capital Budget
Rental Rate/Square Foot/Month		\$ 0.85	\$ 0.96	\$ 1.40
Existing Configuration of Space:	Square Footage	Revenue Generated		
TOTAL	30,700			
Shop Area	2,618			
Art Room	870			
Music Classroom	1,186			
Auditorium/Stage	8,718			
Band/Chorus Area	1,183			
Main Office Area	1,767	\$ 1,505	\$ 1,704	\$ 2,477
SPED Office Area	730	\$ 622	\$ 704	\$ 1,023
Classrooms				
	1,047	\$ 892	\$ 1,009	\$ 1,467
	826	\$ 704	\$ 796	\$ 1,158
	680	\$ 579	\$ 656	\$ 953
	650	\$ 554	\$ 627	\$ 911
	578	\$ 492	\$ 557	\$ 810
	510	\$ 434	\$ 492	\$ 715
	775	\$ 660	\$ 747	\$ 1,086
	1,170	\$ 997	\$ 1,128	\$ 1,640
	872	\$ 743	\$ 841	\$ 1,222
Central Space	<u>2,302</u>	\$ 1,961	\$ 2,219	\$ 3,226
Total Space	26,482	\$ 10,143	\$ 11,480	\$ 16,689
Leasable Space	11,907			
"Event" space	14,575			

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Table 10. Revenue Estimate, "Break-Even" Scenario			
Total Annual Revenue, All Space	\$ 121,713	\$ 137,763	\$ 200,263
Total Annual Revenue, 20% Vacant	\$ 97,370	\$ 110,210	\$ 160,210
Additional Cost for Each Option:	\$ 0	\$ 12,840	\$ 50,000
Surplus/Deficit	\$ 0	\$ 0	\$ 0

This analysis provides a benchmark against which to compare the other three scenarios included here, in terms of their abilities to financially sustain the former High School building.

Scenario 2. Not-for-profit

As indicated above, the Not-for-profit scenario provides an estimate of the financial viability of operating the building with a tenant base that pays only a typical rental rate for a not-for-profit entity. As shown in Table 11, this scenario compares the potential revenues attainable with a not-for-profit rental rate of \$0.60 per month per square foot (or \$600/month for 1,000 square feet of space).

Table 11. Revenue Estimate, "Not-for-Profit" Scenario				
		Facility Only	With Management	Management & Capital Budget
Rental Rate/Square Foot/Month:		\$ 0.60	\$ 0.60	\$ 0.60
Existing Configuration of Space:	Square Footage	Revenue Generated		
TOTAL	30,700			
Shop Area	2,618			
Art Room	870			
Music Classroom	1,186			
Auditorium/Stage	8,718			
Band/Chorus Area	1,183			
Main Office Area	1,767	\$ 1,060	\$ 1,060	\$ 1,060
SPED Office Area	730	\$ 438	\$ 438	\$ 438
Classrooms				
	1,047	\$ 628	\$ 628	\$ 628
	826	\$ 496	\$ 496	\$ 496
	680	\$ 408	\$ 408	\$ 408
	650	\$ 390	\$ 390	\$ 390
	578	\$ 347	\$ 347	\$ 347
	510	\$ 306	\$ 306	\$ 306
	775	\$ 465	\$ 465	\$ 465
	1,170	\$ 702	\$ 702	\$ 702

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Table 11. Revenue Estimate, "Not-for-Profit" Scenario				
		Facility Only	With Management	Management & Capital Budget
	872	\$ 523	\$ 523	\$ 523
Central Space	<u>2,302</u>	\$ 1,381	\$ 1,381	\$ 1,381
Total Space	26,482	\$ 7,144	\$ 7,144	\$ 7,144
Leasable Space	11,907			
"Event" space	14,575			
Total Annual Revenue, All Space		\$ 85,730	\$ 85,730	\$ 85,730
Total Annual Revenue, 20% Vacant		\$ 68,584	\$ 68,584	\$ 68,584
Additional Cost for Each Option:		\$ -	\$ 12,840	\$ 50,000
Surplus/Deficit		\$ (28,786)	\$ (41,626)	\$(91,626)

Note that under the "facility only" option, this scenario produces a \$29,000 deficit, which increases to \$42,000 under the "with management" option and to \$92,000 if the \$50,000 in capital improvements is included. As noted above, if the arts/crafts-related spaces can generate revenue for events, workshops, etc., those deficits could be reduced. For example, if those spaces could average \$2,500 in month in net revenue (an admittedly extremely aggressive goal), the facility could reach break-even. Generating \$3,500 in revenue per month (an even more difficult attainment) would enable it to break even, even including the cost of property management.

Scenario 3. Professional office

Scenario 3 looks at the possibility of leasing the facility at the rate associated with professional office space (\$1.30 per month per square foot). As noted above, this is intended to be comparable to the lease rate that Gifford Medical Center pays for the facilities it leases across the street from the former High School building. Table 12 summarizes the results of this scenario.

Table 12. Revenue Estimate, "Professional office" Scenario				
		Facility Only	With Management	Management & Capital Budget
Rental Rate/Square Foot/Month:		\$ 1.30	\$ 1.30	\$ 1.30
Existing Configuration of Space:	Square Footage	Revenue Generated		
TOTAL	30,700			
Shop Area	2,618			
Art Room	870			
Music Classroom	1,186			
Auditorium/Stage	8,718			
Band/Chorus Area	1,183			

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Table 12. Revenue Estimate, "Professional office" Scenario				
		Facility Only	With Management	Management & Capital Budget
Main Office Area	1,767	\$ 2,291	\$ 2,291	\$ 2,291
SPED Office Area	730	\$ 947	\$ 947	\$ 947
Classrooms				
	1,047	\$ 1,358	\$ 1,358	\$ 1,358
	826	\$ 1,071	\$ 1,071	\$ 1,071
	680	\$ 882	\$ 882	\$ 882
	650	\$ 843	\$ 843	\$ 843
	578	\$ 750	\$ 750	\$ 750
	510	\$ 661	\$ 661	\$ 661
	775	\$ 1,005	\$ 1,005	\$ 1,005
	1,170	\$ 1,517	\$ 1,517	\$ 1,517
	872	\$ 1,131	\$ 1,131	\$ 1,131
Central Space	<u>2,302</u>	\$ 2,985	\$ 2,985	\$ 2,985
Total Space	26,482	\$ 15,441	\$ 15,441	\$ 15,441
Leasable Space	11,907			
"Event" space	14,575			
Total Annual Revenue, All Space		\$ 185,291	\$ 185,291	\$ 185,291
Total Annual Revenue, 20% Vacant		\$ 148,232	\$ 148,232	\$ 148,232
Additional Cost for Each Option:		\$ -	\$ 12,840	\$ 50,000
Surplus/Deficit		\$ 50,862	\$ 38,022	\$ (11,978)

At the "professional office" rental rate, the revenues generate a net gain of \$51,000 over the expenses associated with the facility only. That rental rate also produces a \$38,000 surplus over the expenses including the facilities management expense of \$12,840. The only option for which there is not a surplus of revenues over expenses is the one that includes both the management expense along with \$50,000 in capital improvement. It results in an operating deficit of \$12,000.

While these results are encouraging, it must be remembered that this is a "best possible case" scenario. Very few tenants—particularly in the not-for-profit and arts sectors—have the capacity to make rental payments at that rate. Thus, there is little likelihood of finding a sufficient number of such tenants to lease 10,000 square feet in the Town of Rochester. Consequently, this scenario, while illustrating a possible path to financial sustainability, should not be used as a basis for planning for the future operations of the former High School building.

Scenario 4. Anchor tenant(s)

The final scenario included in this analysis involves the recruitment of one or two "anchor tenant" to the building. As described above, this scenario assumes that approximately 4,000 of the

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10,000 square feet of leasable space will be leased to tenants who would be willing and able to pay up to \$1.30 per month per square feet for space in the former High School building. Again, as noted above, this scenario assumes that the space occupied by the anchor tenant(s) is fully occupied, while the remaining space for rent averages a 20 percent vacancy rate.

Table 13. Revenue Estimate, "Anchor tenant(s)" Scenario				
		Facility Only	With Management	Management & Capital Budget
Rental Rate/Square Foot/Month:	Regular Tenants for 7,616 square feet	\$ 0.60	\$ 0.60	\$ 0.60
	Anchor Tenant(s) for 4,291 square feet	\$ 1.30	\$ 1.30	\$ 1.30
Existing Configuration of Space:	Square Footage	Revenue Generated		
TOTAL	30,700			
Shop Area	2,618			
Art Room	870			
Music Classroom	1,186			
Auditorium/Stage	8,718			
Band/Chorus Area	1,183			
Main Office Area	\$ 1,060	\$ 1,060	\$ 1,060	\$ 1,060
SPED Office Area	\$ 438	\$ 438	\$ 438	\$ 438
Classrooms				
Anchor Tenant	\$ 1,358	\$ 1,358	\$ 1,358	\$ 1,358
	\$ 1,071	\$ 1,071	\$ 1,071	\$ 1,071
	\$ 882	\$ 882	\$ 882	\$ 882
	\$ 843	\$ 843	\$ 843	\$ 843
	\$ 750	\$ 750	\$ 750	\$ 750
	\$ 661	\$ 661	\$ 661	\$ 661
Other Tenants	\$ 465	\$ 465	\$ 465	\$ 465
	\$ 702	\$ 702	\$ 702	\$ 702
	\$ 523	\$ 523	\$ 523	\$ 523
Central Space	\$ 1,381	\$ 1,381	\$ 1,381	\$ 1,381
Total Space	26,482	\$ 10,134	\$ 10,134	\$ 10,134
Leasable Space	11,907			
"Event" space	14,575			
Total Annual Revenue, All Space		\$ 121,610	\$ 121,610	\$ 121,610

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Table 13. Revenue Estimate, "Anchor tenant(s)" Scenario				
		Facility Only	With Management	Management & Capital Budget
Total Annual Revenue, 20% Vacant		\$ 110,642	\$ 110,642	\$ 110,642
		\$ -	\$ 12,840	\$ 50,000
Surplus/Deficit		\$ 13,272	\$ 432	\$ (49,568)

As shown in Table 13, the presence of anchor tenants paying premium rents improves the financial sustainability considerably. When considering the facility costs exclusively, the scenario produces a \$13,000 operating surplus. With the facility management function included in the costs, the scenario essentially breaks even with a \$400 surplus. NOTE: as shown in the final column, the scenario would produce sufficient revenue to cover all costs except funds for capital improvements (estimated at \$50,000 for this analysis). Such a shortfall could be made up with a combination of fundraising and generating additional revenue from the arts- and crafts-related spaces in the building.

This suggests that recruiting anchor tenants may enable the former High School building to reach financial sustainability. Note however that this scenario depends upon the anchor tenant(s) paying a rate of \$1.30 per month per square foot, while the other tenants were charged \$0.60. In fact, the success of this scenario depends upon the average rent charge all tenant to equal or exceed \$1.10 per month per square foot, the "break-even" rent established under Scenario 1. Achieving this will require will require a highly focused effort to recruit and retain tenants at that blended rental rate. But, if that challenge can be met, the former High School building can achieve long-term financial sustainability.

The Town as a Potential Tenant

Throughout the course of this study, there has been discussion about moving the Town of Rochester offices to the former High School building to improve the prospects of achieving financial sustainability. While Town officials have made no formal decision about this either way, discussions suggest that it would only make sense for the Town to make the move if it did not increase the space costs for Town government. According to the Town's 2021 budget, its space costs are \$4,639 per year for an average of \$386 per month. If the Town were to lease space in the facility at the "break-even" rate of \$0.96 per month per square foot, its current level of spending would enable it to lease 400 square feet in the building. This would not be sufficient space for the Town offices, nor would the "break-even" rate bring any greater financial stability to the project. Thus, under these terms and conditions, the Town is not an attractive tenant for the facility. However, this calculus may change should the Town adopt a position to lease space in the facility at a cost above its current space costs.

VI. Findings of the Feasibility Study

The implications of this market research are clear. It is possible for the former Rochester high school building to be repurposed in an economically sustainable way. But, the path to get there will not be easy. In fact, this is the beginning of what is likely to be a multi-year process to determine the best use and configuration for the building.

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Economic sustainability for RHS requires bringing in tenants (or a buyer for the building) that can generate enough revenue to cover the rents required to meet the operating costs of the building. The focus needs to be on recruiting one or two large anchor tenants (or a buyer for the building), while continuing local outreach to find smaller tenants to fill in the available space around the anchor(s).

To date, the recruitment of local prospective smaller tenants includes a manufacturing start-up, a distributor of wellness related products and a health services practitioner (c.f., Section IV of this report). If the Town changed its position and was willing to serve as one of the anchor tenants for the building, the path to economic sustainability would be eased considerably. But—as noted above—this would require the Town to be willing to make a financial contribution to the project that is above what it is currently paying for its own office space.

The committee has also drafted a Request for Expressions of Interest for the RHS site and is working with the Green Mountain Economic Development Corporation to distribute it to economic development and cultural organizations throughout Vermont and New England. The preference is to find organizations willing to rent space in a facility owned by the town or a not-for-profit organization established for that purpose. On the other hand, if a purchaser for the building could be found who would agree to keep important community facilities available for public use (e.g., the auditorium, music room, etc.), that could be a path toward re-using the facility so that it is self-sustaining while maintaining its role as an important community asset.

Long-term Ownership of the Building

One of the key questions regarding the future of the former High School building is its ownership. While the Town is considering acquiring the building from the Rochester-Stockbridge Supervisory Union, it may be beneficial for the facility to be owned by a 501(c)3 non-for-profit organization.

As indicated in the analysis of expenses and revenues, it may be possible for rentals to cover *most* of the operating costs. However, all indications are that those revenues will need to be supplemented by other sources of funds, most likely grants and donations. Operating the facility through a not-for-profit corporation will position it to pursue such opportunities. Communities throughout Vermont have facilities owned and operated by not-for-profits, ranging from general stores in communities such as Elmore and Barnard to the Black River Innovation Campus (a former elementary school) in Springfield.

Another factor to consider is the complexity of operating the facility. It will require property management, including such tasks as basic maintenance (e.g., snow plowing, mowing, etc.), recruiting tenants and responding to their needs. It will also involve taking on capital improvement projects as necessary. Carrying out these functions in the context of the Town budget could prove burdensome, given the extra layer of reporting and accountability associated with municipal budgets. While such work can be carried out through the Town budget, it may prove simpler to have the entire operation managed by a separate not-for-profit entity.

Feasibility Study, Reuse of former Rochester High School Building

In any case, the decision of facility ownership should be weighed carefully. If the Town eventually decides to locate its offices in the facility, town ownership could be an option. This could be supplemented by a “friends” group created as a not-for-profit to seek grants and donations to enhance the facility. This is an issue that should be raised with potential major donors to the project to ensure that whatever decision is reached will best position the former High School building to secure the resources it needs to attain financial sustainability.

VII. Next Steps

As the committee continues to recruit potential tenants for the former High School building, the following two tasks need to be continued:

1. Complete environmental review required to be eligible for federal funding: The Town and School District are cooperating to ensure that the facility has the environmental reviews required to be eligible for federal and state funding. This process is expected to continue to at least the end of 2022.
2. Continue to raise money to finance the capital improvements required to reopen the building and to configure the space in the building for tenants. Capital improvements are currently budgeted at \$3.105 million. (See the appendix to this document). Pending final Congressional approval, the committee has secured a commitment of \$1.5 million from Senator Sanders’ Congressionally Directed Funds that comes with a requirement of matching funds.

The importance of Professional Project Management

The tasks required to bring this project to fruition are complex: tenant recruitment, fundraising, stewarding the property through the required reviews required to receive Federal and State funding, etc. And, as indicated above, completing this effort will be a multi-year effort.

This will require skilled professional project management services. The committee has already begun the process of recruiting project management services. As this project moves forward, efforts should continue to secure and fund professional project management services. For example, as the Town seeks implementation funding from the Agency for Commerce and Community Development, among other sources, a portion of that money should be earmarked to pay for professional project management.

Appendix 1: Estimates for Required Capital Improvements

PRELIMINARY FINANCIAL ASSESSMENT OF BUILDING UPGRADES

Our consulting architect states that RHS building "has good bones", and requires significant financial investment to upgrade the building envelope for maximum energy efficient. Commissioned by the RSUD Board, the Black River Design Facilities and Functional Analysis report, completed in Oct 2019, identified capital improvements for all school properties within the RSUD, including projected costs for RHS building upgrades of several million dollars, depending on the intended use. That report is available on the Town of Rochester website.

The consulting architect reviewed the Black River report, toured the building, and has advised that the high school building will need capital improvements of at least \$2 million to address issues such as boiler replacement and other heating system components, replacement of the electrical panel, ventilation system improvements, among others. Additionally, pre-construction funds are needed to complete an environmental assessment of the property, at an estimated cost of \$30,000.

As the town has not yet acquired the building, committed funding cannot be identified, but funding sources are being discussed with the following: VT Department of Housing and Community Development, Green Mtn Economic Development Corp, Two Rivers Ottauquechee Regional Commission, and VT Arts Council.

What follows are recommended capital improvements for Phase 1 of the project to get the building occupant ready, with updated cost estimates that are adjusted for current rates of inflation. If the Town votes to acquire the building a capital fund drive will commence. Additionally, government funding, grants, and philanthropy would be pursued to fund building improvements.

Phase 1 Building Upgrade to prepare the building for occupancy, subject to further specialized renovations

Accessibility:

Door hardware to meet code	\$7,500
Single user bathrooms	60,000
Classroom door clearances	<u>12,500</u>
	\$80,000

Building Envelope:

Roof and Roof Insulation	\$614,840
Replacement windows	126,000
Replacement exterior doors	12,500
Air Sealing	<u>25,000</u>
	\$778,340

Electrical:

Panel boards	\$60,000
Lighting	11,000
Outlets	2,500
Remove old Telecom	<u>4,500</u>
	\$78,000

Fire Code:

Automatic Sprinkler System	\$153,710
Emergency and Exit Lights	8,500
Egress Door lighting	<u>4,000</u>
	\$166,210

HVAC:

Boiler replacement	\$112,000
Variable speed pumps	23,000
Replace leaking valves	7,500
Replace ventilation System	340,000

New DDC Controls	110,000
Oil tank work	<u>17,500</u>
	\$610,000

Plumbing:

Hot water heater mixing valves	\$2,500
New backflow preventers	13,000
Lead testing	<u>2,000</u>
	\$17,500

Sitework:

Re-grade courtyard	\$10,000
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Asbestos Abatement:

Abatement	<u>\$50,000</u>
Phase 1 Sub-Total (BR report)	\$1,780,050

Allowance for small amount of finish and partition re-work:

	<u>\$50,000</u>
Phase 1 Sub-Total:	\$1,840,050

General conditions—5% 92,000 (General Conditions consists of contractor overhead and profit, bonding, insurance and project management)

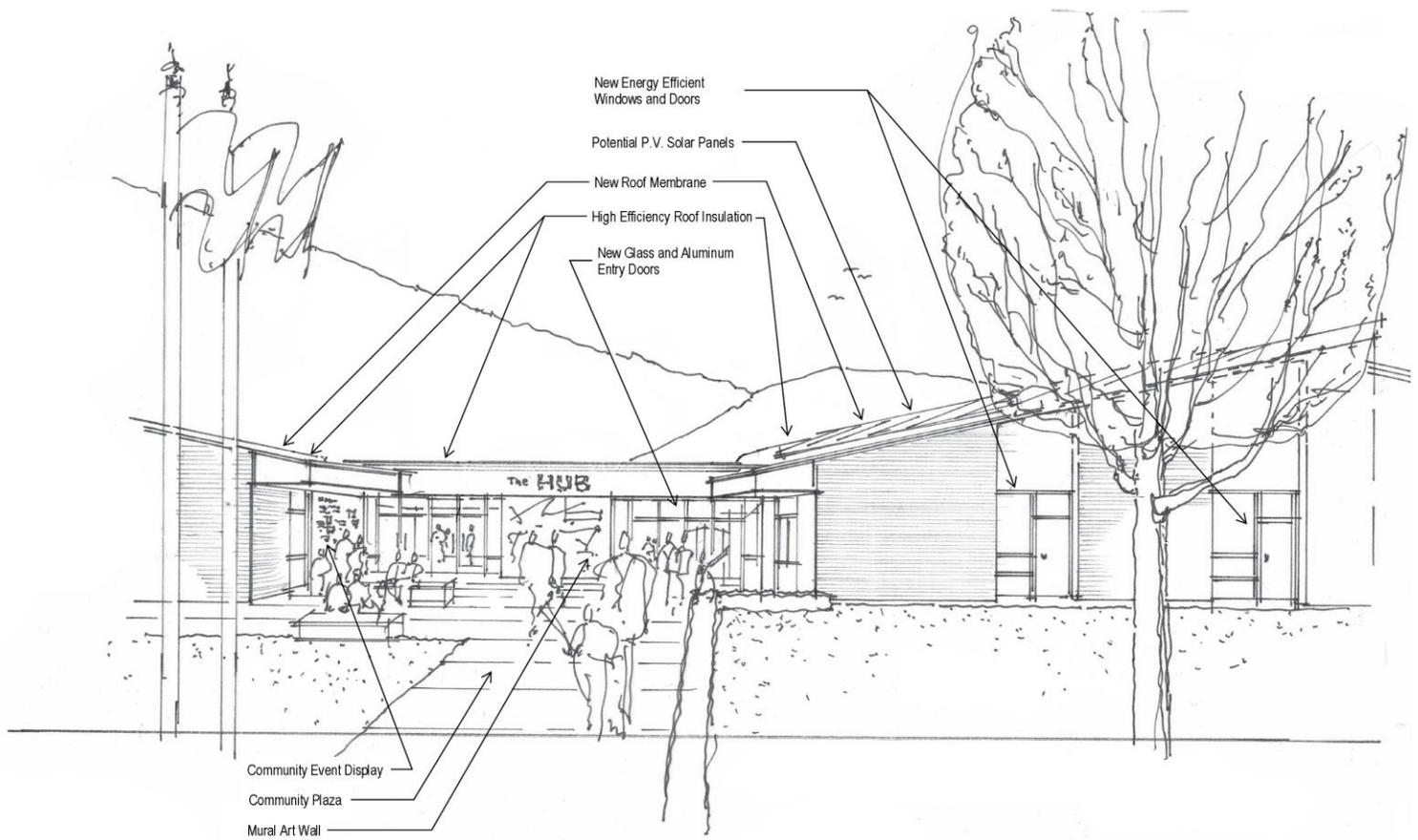
Soft Costs—20% 368,000 (Soft Costs includes architect/engineer fees, permit fees, owner legal and insurance costs and owner construction representative)

Total Phase 1 Construction, '19 dollars	\$2,300,050
Current inflation factor—35%	\$3,105,000
Phase 1 Environmental Assess:	<u>\$30,000</u>
Total Phase 1 construction (2022 \$)	\$3,135,000

Members of this committee envision a repurposed building as a regional asset for the future, providing opportunities for essential services, economic development, the arts, learning, and social engagement. Alternatively, its demolition was estimated at \$770,000 in 2019, and now could be closer to \$1 million. To shutter the building and do nothing would certainly destroy the building that would become a worthless eyesore in the Rochester village center. Instead, our overall goal is that this legacy building continues to serve this valley as a productive and highly desirable asset.

Appendix 2: Conceptual Floor Plan for former High School Building

The conceptual floor plan for the building follows this page.



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