

I. Transcript from 11/13/2023 Conversation with BAC Commissioners and Bill Prenosil, Joseph Diorio, Mark Barr from the Ohio Facilities Construction Commission - Key discussion points below:

Executive Director Houser: Now that Patrick Zohn has left, what are the next steps for CMSD?

Chief Karen Thompson: Patrick left in July, and we've been going through a lot of different iterations and changes, but currently, we have finally settled on district operations, and so under district operations, we not only have what would be traditional trades and facilities, transportation, school, nutrition, we also have information technology or the IT, And we have two new UM groups that have shifted over, which I'm excited about. Ariana Martin, our Executive Director of New School Development, as well as Melissa Skelly. You may know Melissa Skelly; she works with the portfolio or the facilities planning regarding enrollment projections. So, it's bringing cohesiveness of two or three divisions that were a little bit separate. Hollie Dellisanti, who many of you will know, will be the district point of construction management. We also can't do this work with the two people here. David Riley and Patti Choby.

Bill Prenosil: Let me re-ask that question: In terms of us beginning to strategize on a potential segment, will the people that you mentioned be nine? Will they all be at the table?

Chief Karen Thompson: Yes, we had an internal meeting last week.

Bill Prenosil: Joey will be your point person as of January. He's your point person. And, of course, when, you know, when Michael and I, you know, talked last few times, you know, that my, the most significant thing was on my mind is, you know, is there going to be a Segment nine? And if there is, when might that happen? We need to stay ahead of the curve. We need to plan to make our financial folks in our office aware of what's potentially coming down the road. The urban districts, Columbus, etc., are still trying to get going again. And for us to stay ahead of them, we have to be in constant contact with what they're planning to do, both in scope and budget, so that we're prepared when the district is ready to go, that we're going to be ready to go.

Bill Prenosil: What are the thoughts on Segment Nine? Of course, A question that comes with that is whether there is any more potential for any more new or renovated buildings and then, of course, a segment, not a final segment, obviously would be mainly composed. What are your thoughts? Where does the district currently stand? So that we can begin to reengage.

Chief Karen Thompson: Bill, we can continually reengage. It would be premature to say exactly where we are. We have a new leader in the seat now, a hundred and eight days. He's getting briefed on everything but getting acclimated and understanding the next steps. At our last public board meeting, we've been transparent and open in sharing not only his recent state of the schools but also our five-year fiscal forecast, which is grim. So, you can take what you want from that. But I would not stand here in front of you today and say. We are going for this levy currently. That's, that's not mine to tell; I think it's always worth reengaging because we have new members and we have longstanding members at the table, and we can start to think strategically or think about recommendations or what the timing is and what the timeline would be for that. It is critical to rely on our individuals with that history and bring our newer members up to speed. Because the district will continue moving forward, we must continue building capacity and understanding of what segment planning means. We also had a few properties that we thought were coming offline through an aggressive and comprehensive process that Patty chaired with the city. Those school buildings or properties that we thought were coming offline are coming back online for the time. It was a roundabout way to say I can't give you a definitive answer.

Bill Prenosil: Understand, and of course, we know there's a lot of new leadership, and we understand it, you know. It takes a while for everyone to get to speed, and we also realize that, with the district's CMSD size, decisions take a while to make. It is time for us to start reengaging. If nothing else, begin to ask questions and talk about impediments, things that need to be done, and things that we can be doing. You know, brushing up our database, we have, that's what Joey's been working on. We have a database of all these buildings that are still out there and just trying to get the status of those, and then we, you know, we know what the potential is in terms of what might happen, and the other thing, of course, is the timing on when we would make new enrollment projections. Karen, we do those; typically, we would do it every three years if the district actively wanted to move forward as fast as possible.

It's been more than three years since the last one we did. One of the things that we will need to do sometime relatively soon is to do a new enrollment projection. Everyone needs to understand that that will have to happen, and that will determine whether there's any possibility of any further buildings. I want to ensure everyone understands that enrollment projection is critical for us to make any real sort of preciseness in planning for the future.

Commissioner Bialosky: How does the enrollment projection happen? Who makes it? And how has anyone looked at the results from the last enrollment projections, which are related to the decisions made? How accurate were those projections, and what was built

relative to what was projected? Do you look at that? Who looks at that, and where is that information?

Bill Prenosil: We have and keep these incredible spreadsheets showing our projections' accuracy. I don't, I don't personally have there. There is someone in our office who tracks all that stuff. Every few years, we go back and see if we need to tweak the way we're doing things. We made a significant tweak in 2006, but regarding this district, we always want to go back and look at the previous projection and how it is tracking.

Commissioner Bialosky: We're going to do that all the time. When it comes time to sell bonds, issue a levy to the people in the community. They're going to want to know what happened last time, whether those projections were accurate, what was built, what was overbuilt, and what was not built to be able to sell the levy, which we all want to do. We want to know whether what was done before was appropriate so that it's fair to ask for more money.

Bill Prenosil: That's a great question. And, of course, we will always compare, but I will tell you that we have always been higher than it is.

Joseph Diorio: For your information, your 2020 enrollment projection at Cleveland City is 34,204 students. So, if you're at 35,000, even within 2 % of the enrollment projection.

Commissioner Bialosky: Thank you for your service through these many years. You know we've heard your name many times we've had. You know our folks have met with you, and we want to welcome Joe and look forward to interacting with him. A difficult question is about the approach of urban versus rural schools and the construction cost in northeast Ohio compared to other places. I know that for many years, David Riley and others have been trying to persuade people that the cost of construction is significantly higher in the market that we are in. What has changed over the 20-plus years you've looked at this, and how can urban schools be treated fairly?

Joseph Diorio: I don't think there's necessarily a difference between urban and rural, but we do apply a regional cost factor to our assessments and cost guidelines.

We've established nine regions throughout the state based on historical construction prices, based on our actively researching and projecting future construction costs.

Commissioner Bialosky: I guess the point I'm making, Joe, is that I don't think it has been relatively reflected over the period that I've been a commissioner, which is, I don't know, probably eight years, um, that the costs of construction have been fair, um, attributed to what it costs to do the work. Since COVID, there's been an extraordinary escalation and volatility in the construction market. But, because of that, that are our kids

and the kinds of um, buildings that we can build, the facilities that we build are, um, they're, um, not as good as they could be. Some programs should be included. I want to be a voice in saying that I hope you guys will continue to look at that and look at it maybe a little harder than you have in the past.

Bill Prenosil: Understood

Commissioner Schuster: We're sorry to see you leave. My question is, is there a difference between what the state body is doing, or do you see a difference? And what did it say ten years ago, or even five? What are the most significant changes you've seen Bill in your career?

Bill Prenosil: That's a good question. That's a good question. I will TELL you that I remember when we were doing our first construction management risk project, um, and there was a turn in the attitude. I don't know what attitudes are. But how do we view UM's changes in the market, and how would we handle UM's budget busts? So, in other words, up to that point in time, when projects were over, went over budget for whatever reason it may be, UM, typically, the project managers, if they can make a good case, would be able to get a budget increase. In other words, they could get the state to fund and overage. Let's say building X was 7 % over budget, and the project manager would, for us to see, make a case and say, hey, you know, I've been working with this district. We're trying hard to get this thing on the budget. And the best we can do is, you know, we're 7 % over at that time. Our executive-level staff was amenable to trying and finding ways to fund that increase. But then it, it, it changed. And there was a period when we needed to do more budget increases. That was a significant occurrence because it took us a little bit by surprise. And Mark Bars has been around for a long time. He remembers this. Now, it's interesting because, with a 42 % increase across the state from 2000 to where we are now, there was no way that they could continue to do that. That was enough evidence to see, guys, you just got to do something.

So, it went from being somewhat lenient to being very strict, and now it's begun to go back the other way. I will say that what came out of that, though, was a rigorous process on which project managers must work with the school districts to make a very, very tight pace that they have done everything they can to make this building as efficient and as cost-effective as possible before the state would consider funding an overage. So, there's a tight process that's been created. Some might say it's overly tight, but that door is open for potential increases right now. I know, David, I remember that's significant.

Commissioner Bialosky: Is the construction manager the agent of the owner rather than the one giving a GMP a guaranteed maximum price? Then, there is a lot less accountability than when there is CMR. I remember when the state changed to allow it;

yes, that was in 2010 and 2011. Are there studies to show what is the best use for school buildings?

Bill Prenosil: Yes, you're right. And that was another significant change. I mean, you're right because up to that, everything was, you know, multi-prime, you know, unfortunately, at the time, what caused the district to get involved in all the disputes between the primes, you know, typical. Like a mason saying are The electrician saying the mason is causing him to fall behind, and you know you're relying on your CMS agent to supposedly control these folks that are, you know, in the sandbox together. The reality is that because the district was holding individual contracts with these folks, the general contractor, and the CM, who did not hold contracts with them, could not have authority over them. I will say CM at risk has made things better for school districts. I do. I, you know, there are some cons, but I think, overall, I think, it has been a benefit to school districts. They don't, and they don't get involved in all the squabbling. They go to one person and say, hey, you're my CM at risk. You handle it. All those guys are under your contract. I don't know whether David agrees, but it's better for schools.

David Riley: it's not even close. Quality is better. Less money is spent on lawyers, which some of us do as a bad thing, but all of us do as a positive dispute. Since CMR, over the last ten or twelve, guess eleven years, I don't recall any significant disagreement with the CMR, with the construction manager at risk, where we were bringing in mediators, where, before that, every project, the final phase of construction was the dispute resolution. You were always fighting with somebody over something right. And, you know, we can pre-qualified contractors too, so that helps, you know, you're not, you're not awarding the lowest bidder who isn't necessarily the most qualified. So, you know, I had a CMR. The architect expected gutters and water to come away from the building but needed to remember the downspouts and the CMR. I can get a change order. And I'm like, no, that's recently inferable from the drawings that there will be a downspout. You don't get to come back and ask us for that money. It wasn't a Cleveland job. As a legitimate construction manager, you can't say, "Oh, I didn't know there were downspouts there, even though the architect forgot to put them on the drawings."

Commissioner Bialosky: That's a great example, David. I'm curious about the commitment to sustainability going forward and whether you have now that you have a bunch of buildings built across the state or any information relative to what kind of money is being saved through operation because of increased building standards. Either for insulation or for the, you know, glass or the types of heating and cooling systems that are being specified. And that has impacted agreements for how much more to allocate for costs because sometimes it's more expensive.

Bill Prenosil: I don't know the answer to that question, but I think there's probably somebody in our office who does. Maybe Todd Hager, our Head of Sustainability.

David Riley: Jack, the challenge for a lot of building analytics is the square footage is often very different from under the design manual than before, and working air conditioning throws off the analysis because most school districts did not have air conditioning, and if they had it, it was intermittent at best, and they didn't have the funds to maintain it. One of the things you see from, whether it's Cleveland or not, is that other districts generally see their costs increase, mainly because they now have air conditioning.

Commissioner Schuster: I want to ask the question, maybe the answer to, which may be of interest only to me, but I, ever since I've been on this commission, I've been curious to know why, and I understand it's the same in other states why the state prefers that the districts tear down all older buildings and build new rather than preserve even magnificent older buildings.

Bill Prenosil: Let me challenge you first on your choice of words because, um, the word prefers, is, is not correct. I will admit, though, that when we first started back in '97, that was true, but I think we learned as we went that it was not a good position for the state to say that the building must be replaced. So, we learned that, by the time we got to, you know, certainly by the time we got to John Hay. We learned that that wasn't a rule anymore. It was more what I call a line in the sand.

In other words, if a building reaches two-thirds or 67 % of the cost to replace, we do not say it has to be replaced. All we're doing now is saying that you're eligible for replacement if you want it. John Hay was an excellent example because, you know, John Hay, with its history, you know, everyone loved that building, at least in terms of the way it looked, and so immediately we were challenged on that was, well, we don't want to tear that down. Our response was, you don't have to, and we developed a, you know, we have a waiver process, and that waiver process is the state willing to fund a renovation of a building over two-thirds. If you're willing to go through an exercise with us to prove that one was done renovating it, it will be a building worthy of keeping for another 50 years. We agreed to renovate that building. But, you know, it's cost them a lot of money, but we encourage a lot of upfront homework before we agree to renovate the building. So, it's not, not a preference. It's more of a caution.

Commissioner Schuster: I've been asked the question When the building, um, many of the older buildings have things that the newer buildings don't have, such as auditoriums, gymnasiums, swimming pools, those are all good for education.

Bill Prenosil: " You're right. " It's hard to compare an Apple to an Apple when you're replacing those buildings.

Chair Brown: I want to ask one question. I want to ensure you guys don't have anything you'd like to add; I'll call it sector eight and a half. When you hit on properties that may

be demolished, how many of those buildings there are getting? Tip your hand as to what they are, and can you capture some money on selling those properties the other?

I have another question, it was big a year or two ago, and I haven't really heard much about it since. If moment counts weren't at a certain level, that building could be taken away from a district and sold to a charter school. Has there been any movement on that?

David Riley: It won't be a big issue, but it will likely be amended again.

Chair Don Brown: Again, one of the questions about the properties that, where we might be the mall share, people lead the best.

Chief Karen Thompson: We did a presentation to our board. They had a board retreat. I'll send that to Michael.

Executive Director Houser: David, do you want to update us on the Segment 8 schools?

David Riley: Sure. Recently, I forwarded the design builders' monthly report on Gallagher, which has photos, but Gallagher is starting to replace all the concrete blocks. For lack of a better phrase, I am going up to get the building enclosed. Clark, recently, bids were opened, and we're supposed to meet Friday afternoon with the design-builder to go over the guaranteed maximum price amendment for Clark. I have been told informally that the numbers came in better than many expected. There was an expectation that we would be below that at least one element would cause the DD estimate to be high and that we had to deal with how stormwater was retained. It was being handled. We could do some sightseeing work, which would save some money. The demolition and abatement of Waterson Lake has been completed. We're on the demolition of JFK REX Center. That whole complex is in progress; it will likely take a while because it's a vast building. Marian Seltzer is on hold, pending the results of litigation, which is there's a second court hearing or continuation of the court hearing on November 28. Well, we'll have some resolution shortly after that. We'll begin to think about what happens if it's other than a complete victory for the district. We have a plan for complete victory. We must figure out the nuance of any ruling as to what else other options might be. And Lincoln West is still currently on hold. Fullerton has been awarded the demolition and Abatement of Fullerton, which has begun and is in progress and should be completed, probably by the late spring mark.

No Public Comment

The meeting adjourned at 8:05 PM