

## Introduction

The Bond Accountability Commission (BAC) is an independent, non-profit, all-volunteer organization appointed by the chair of the Board of Education in consultation with the Cleveland Mayor. In authorizing the current BAC, the Board of Education resolved that the BAC is to provide monitoring and oversight of the School District's implementation of its master facilities plan, communicate its findings to the Board of Education and the community, and regularly report to the Board of Education on its activities.

This annual report is for the period of July 1, 2021– June 30, 2022. The BAC held one annual meeting conducted virtually due to the pandemic and five regular, in-person meetings at various schools throughout the District.

## Facilities Funding Summary

The main local sources of funding for the District's construction projects are the result of voter approved Issue 14 and Issue 4. Issue 14 was a \$335M bond issue and a tax levy of 0.5 mills passed in 2001. In 2014 Issue 4 was passed resulting in a \$220M bond issue and 0.5 mills permanent improvement tax levy. The other significant source of funding comes from the State via the Ohio Facilities Construction Commission (OFCC). When the District's original plan was finalized in 2002, the State's share was determined to be 68% of the total project cost.

The revenue and expenditures for the District's facilities projects are allocated into several different funds based on how they are used.

- **Fund 003** is for permanent improvement and operational upkeep. The District is responsible for 100% of these costs. These locally funded investment (LFI) dollars are used for projects not co-funded by the OFCC.
- **Fund 010** is the classroom facilities fund. All projects co-funded with the OFCC are included in Fund 010. Fund 003 dollars can be moved to Fund 010 as necessary for approved co-funded projects.
- **Fund 034** is the classroom facilities maintenance fund to be used for the buildings included as part of the classroom facilities fund. Revenue of about \$4 million per year is comprised from a half mill permanent improvement levy and state equalization payments.

## *Impact of Pandemic Funding Sources on District Resources*

Congress has passed three stimulus bills since 2020 that provide funding to the Elementary and Secondary school Emergency Relief (ESSER) fund to support local education agency's response to the COVID-19 pandemic. The District received over \$455 million in ESSER funding from these three stimulus bills<sup>1</sup>. According to the allowable activities for ESSER I and II<sup>2</sup> as well as ESSER III<sup>3</sup> detailed by the Ohio Department of Education, there are several permissible uses of the dollars for school building facilities and maintenance. Four of the OFCC's maintenance criteria were determined to be ESSER eligible: HVAC, door improvements, window improvements, and technology infrastructure improvements. The District

<sup>1</sup> Per ODE ESSER, ESSER II & ARP allocation documents available in the Comprehensive Continuous Improvement Plan (CCIP) document

<sup>2</sup> Ohio Department of Education Elementary and Secondary School Emergency Relief Fund (ESSER I and II) Allowable Activities, January 2021; retrieved from

<https://ccip.ode.state.oh.us/DocumentLibrary/ViewDocument.aspx?DocumentKey=86250>

<sup>3</sup> Ohio Department of Education Elementary and Secondary School Emergency Relief Fund ARP ESSER Allowable Activities, August 2021; retrieved from <https://ccip.ode.state.oh.us/DocumentLibrary/ViewDocument.aspx?DocumentKey=87830>

can preserve local taxpayer dollars - Fund 003 and Fund 034 - with the use of these ESSER funds. The District presented a three-phase plan for ESSER facilities expenditures. Phase I was approved by the Board of Education on September 21, 2021. Phase I includes deferred maintenance for HVAC systems in all Segment 1-7 schools as well as renovation of the HVAC system, windows and doors at Joseph M. Gallagher school. This strategic decision to use ESSER dollars for Gallagher rather than local dollars originally anticipated for the school’s renovation as part of Segment 8 is expected to preserve over \$12.3 million of the District’s local funds.

**Update on the District’s Long-term School Plan**

*Segment 7*

The District submitted preliminary closeout reports for Segment 7 to the OFCC in early April 2022. The District met with OFCC representatives in May and closeout of the segment is expected to be completed within the next several months. The total cost for nine new school buildings and eight demolitions as part of the segment’s scope of work was \$239,413,920, of which \$97,083,618 of local funds (CMSD Match + LFI) were used.

	Fund 10			Fund 03	Total
	CMSD Match	State Match	Co-funded Total	LFI	
<b>Segment 7</b>	\$ 64,234,669	\$ 142,330,302	\$ 206,564,970	\$ 32,848,949	\$ 239,413,920

Data is compiled from OFCC/CMSD Project Agreements & Amendments, District Board of Education resolutions, the District’s *Project Status-AE Listing Segments 1 thru 7 and Facilities Construction Report as of 05.31.22*.

Segment 7			
New	Grade Level	Address	Enrollment Capacity
Albert B. Hart (formerly listed as Fullerton)	K-8	3900 E 75th St, Cleveland, OH 44105	350
Halle (previously named H. Barbara Booker)	K-8	7901 Halle Ave, Cleveland, OH 44102	350
John F. Kennedy	High School	15111 Miles Ave., Cleveland, OH 44128	800
Garrett Morgan (formerly listed as West Side HS)	High School	4600 Detroit Ave., Cleveland, OH 44102	600
Oliver H. Perry	K-8	18400 Schenely Ave., Cleveland, OH 44119	350
Sunbeam	K-8	11731 Mt. Overlook Ave., Cleveland, OH 44120	350
Waverly	K-8	1805 W 57th St, Cleveland, OH 44102	350
Whitney Young (formerly listed as Charles Eliot)	K-8	17900 Harvard Ave, Cleveland, OH 44128	350
William Rainey Harper	K-8	5515 Ira Ave., Cleveland, OH 44144	350
<b>Demolished</b>			
Former Andrew J. Rickoff (Mt. Pleasant)			
Buckeye-Woodland			
CLC Halle			
Jesse Owens Academy			
Former Max Hayes Career Tech			
Former Oliver H. Perry			
Former Waverly			
Former Whitney Young			

*Segment 8*

The project agreement for Segment 8 was approved by the Board of Education on May 25, 2021. The OFCC approved the project agreement on July 8, 2021, followed by the Ohio Controlling Board’s approval of funding on August 2, 2021.

**Segment 8 Scope of Work**

<b>Project</b>	<b># Students</b>	<b>Square Footage</b>	<b>Project Budget</b>
Renovation of Joseph Gallagher PK-8	1,180	144,988	\$ 36,618,935
New Clark PK-8	675	86,749	\$ 29,843,813
New Lincoln West HS	600	99,984	\$ 32,958,881
New Marion C. Seltzer PK-8	450	63,282	\$ 22,348,225

<b>Abatement &amp; Demolition</b>	<b>Square Footage</b>	<b>Project Budget</b>
Former Clark Elementary	55,143	\$ 546,740
Former Lincoln West High School	247,690	\$ 1,739,436
Former Marion C. Seltzer	56,186	\$ 542,069
Robert Fulton Elementary	74,121	\$ 631,721
Fullerton Elementary	36,468	\$ 353,983
Former John F. Kennedy High School	255,839	\$ 2,653,824
Watterson-Lake Elementary	65,241	\$ 595,948

Data is compiled from the fully executed Project Agreement for Segment 8.

The total budget for Segment 8 is \$128,833,565<sup>4</sup>. This total is comprised of the State’s share of \$79,694,565, the District’s share is \$37,503,325 and additional LFI dollars as part of the project agreement in the amount of \$11,635,675. However, the District is estimating an additional \$13 million in LFI dollars to account for the historically higher construction costs for Cleveland school buildings and planned LFI expenditures including bleachers at John F. Kennedy and replacement of the field at Marion C. Seltzer. The BAC and the District recognize the Segment 8 project budget does not account for increases in cost anticipated to occur due to high inflation, the war in Ukraine and ongoing pandemic concerns. Segment 8 costs are expected to be significantly over budget.

To mitigate some of the supply chain issues and pricing increases impacting the construction industry, the District and OFCC have elected to use the Design-Build model to better manage those issues for Segment 8 schools.

A Request for Qualifications (RFQ) for a Criteria Architect was released on November 1, 2021, and ThenDesign Architecture (TDA) was selected as the Criteria Architect/Engineer in December 2021. TDA has experience with the District having worked on 18 previous school buildings. On a Design-Build project, the Criteria Architect is the architect responsible for preparing conceptual plans and specifications. TDA will serve in this capacity for the entirety of Segment 8.

The selection process for Design/Build services was competed in May 2022. The District and OFCC interviewed firms and selected Greenspace Construction Services (GCS) as the Design/Builder. Robert P. Madison and Architectural Vision Group will be the architects of record. The Design/Builder is

<sup>4</sup> OFCC Accelerated Urban Program – Fully Executed Segment Eight Project Agreement.

responsible for Design Development through completion of the renovation and construction of the four Segment 8 schools as well as the abatement and demolition of the former Clark, Marion C. Seltzer and Lincoln West buildings<sup>5</sup>.

The District hosted community kickoff meetings in March 2022 for each of the four Segment 8 schools. Letters explaining the Segment 8 project were sent to District families and fliers were mailed to community residents to encourage participation. These meetings were held in person and livestreamed in an effort for parents, residents, and other stakeholders to meet the architect and provide input on traffic circulation and building design. Representatives of the BAC attended all four meetings. Based on feedback from these sessions, the District has requested new design options for Lincoln West High School and Clark. Additional community meetings will be held to review these new plans and the BAC will participate in these sessions.

The timing for Segment 8 remains on track. Preparations are underway of the swing spaces, demolition of buildings is to begin this summer and renovation of Joseph M. Gallagher to start in the fall of 2022.

**Local Funds Available for Facilities Projects**

As of the end of May 2022, the District has \$68,114,173 remaining to be used to complete Segment 8 as well as other maintenance, repairs and renovation work for school buildings and properties not co-funded by the OFCC.

<b>CMSD Facilities Project Local Funding Summary</b>	
<b>As of May 31, 2022</b>	
<b>Receipts</b>	
Bond Proceeds	535,000,000
Bond Premium	1,006,501
Other Non-bond Proceeds	15,532,617
QZAB (Quality Zone Academy Bonds)	5,127,642
E-Rate	3,710,518
Sale of Administration Building	4,664,176
Sale of School Buildings & Equipment	3,324,157
Property Tax Receipts (.50 mill PI Levy)	15,679,754
Total Local Interest	46,722,785
<b>Total Local Funds (prior to expenditures)</b>	<b>630,768,150</b>
<b>Project Expenditures</b>	
Fund 010 Expenditures & Encumbrances (District portion)	323,962,973
Fund 003 LFI Expenditures & Encumbrances	238,691,004
<b>Total Project Expenditures &amp; Encumbrances</b>	<b>562,653,977</b>
<b>Current balance of local funds available</b>	<b>68,114,173</b>

<sup>5</sup> RFQ SFC-170405: CMSD Segment 8 - Design/Build Services; published 2/9/2022

### *Annual Maintenance, Repairs and Renovation Work*

Each year the District presents a slate of maintenance, repair and renovation projects for facilities not co-funded by the OFCC to the Board of Education for approval. Funds for a select number of these projects are taken from the permanent improvement account (Fund 003). The BAC regularly reviews and reports on these annual projects. The annual resolution for projects to be completed between May 2021 - June 2022 was approved for an amount not to exceed \$10 million. As of November 2022, these annual projects totaled \$2,609,084 of which \$384,190 of permanent improvement funds were expended. The BAC will issue a final report on all the projects completed as a part of the 2021-2022 annual work resolution in July. On February 22, 2022, the Board of Education approved the annual improvement work for March 2022 through June 2023. The approved amount is not to exceed \$12 million.

### **BAC Monitoring & Reporting**

The BAC website was retooled in 2022 to be more user friendly and informative for the community. The website provides access to all BAC reports and meetings as well as news, school construction financing basics and a photo gallery of the schools completed as part of the master plan co-funded by the OFCC.

The BAC conducted monthly reviews of District revenue and expenditures for capital projects including co-funded projects (Fund 010), locally funded initiatives (Fund 003) and facility maintenance (Fund 034) throughout the year. The BAC also reviewed the Facility Budget & Reconciliation reports completed for the closeouts of Segments 5 and 6 in July 2021.

The following reports were issued by the BAC during the year and are available to the community on the BAC website at [www.bondaccountability.org](http://www.bondaccountability.org).

- In September 2021, the BAC issued a comparison report of the Board approved annual maintenance, repair, and renovation projects for facilities not co-funded by the OFCC against the actual completed projects for 2019-20 and 2020-21. The report is available by clicking [here](#).
- In December 2021, the BAC issued a comparison report of the Board approved annual maintenance, repair, and renovation projects for facilities not co-funded by the OFCC against the actual completed projects to date for 2021-22. The report is available by clicking [here](#).
- In May 2022, the BAC issued a progress report on the District's Long-term School Plan which included details of the District's funding sources, impact of pandemic funding, activities impacting local dollars, financial analysis of the expenditures co-funded with the OFCC and other LFI expenditures, segment 8 update, and remaining District funds. This report is available by clicking [here](#).

BAC Financial Summary

<b>BAC Financial Summary as of June 30, 2022</b>				
<b>(fiscal year July 1 - June 30)</b>				
	<b>FY2022</b>			<b>FY2023</b>
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Budget</b>
<b>Revenue</b>				
CMSD Subsidy <sup>1</sup>	103,196	103,196	-	-
Grant/projects	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<b>103,196</b>	<b>103,196</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>				
Payroll	86,971	86,527	444	89,415
Payroll service	2,061	1,863	198	2,114
Rent	3,000	3,090	(90)	3,000
Liability insurance (D&O)	1,941	2,235	(294)	2,100
Equipment	-	600	(600)	800
Supplies, printing, etc.	351	550	(199)	500
Communications	1,647	1,540	107	605
BWC premium	151	145	6	155
Consult/projects	-	-	-	-
Travel/mileage	-	200	(200)	200
Seminars/events	800	250	550	1,000
Training and education	50	2,750	(2,700)	2,000
Total Expenditures	<b>96,974</b>	<b>99,750</b>	<b>(2,777)</b>	<b>101,889</b>
<b>Net Income/(Loss)</b>	<b>6,223</b>	<b>3,446</b>	<b>2,777</b>	<b>(101,889)</b>
Cash Balance BOY	108,725			114,947
Cash Balance EOY	114,947			13,058
<i>*Cash basis accounting</i>				
<sup>1</sup> Annual installment of \$103,196 for BAC operations; per two-year funding resolution (for FY22 & FY23) approved by BOE on 2/23/21; payment is received no later than May of the fiscal year preceding the fiscal year the funds are to cover (FY22 received March '21, FY23 received February '22)				

## BAC Commissioners

<b>Commissioner</b>	<b>Employer</b>	<b>Title/Position</b>
Don Brown, Chair	Progressive Insurance	Senior Resolution Consultant/ Agent
Nancy Schuster, Vice Chair	Schuster & Simmons Co., LPA	Principal
Caroline Peak, Secretary	Cleveland Public Library- Collinwood Branch	Public Service Branch Manager
Tom Cook, Treasurer	53 Group	President
Jack Bialosky Jr.	Bialosky Cleveland	Senior Principal, Managing Member
SeMia Bray	Cray Consulting Group, Inc.	Principal Consultant
Jamar Doyle	The Council for Health & Human Service Ministries, UCC	President & CEO
Lenora Lockett	Cuyahoga County	Director, Office of Procurement and Diversity