

Program Progress Update 6

June 17, 2008

Introduction

This is the sixth in a continuing series of Bond Accountability Commission reviews of the design/construction and budget performance of the Cleveland Metropolitan School District's school facilities program funded by Issue 14. The report is based on the Construction Manager's monthly report for May 2008.

Overview

Schedule performance. Segments 3 and 4 are at least a year behind the original Master Plan schedule but progressing. The timeframe for Segment 5 has now been pushed back a year to completion in Spring 2011, due to lengthy and ongoing deliberations on a Master Plan revision. Approval of the revision by the Board and the Ohio School Facilities Commission (OSFC) is required before Segment 5 can begin.

Timeliness is important because construction costs tend to rise as time passes.

Segment status. All schools in Segment 1 are completed, but a demolition remains held up by objections from city planners. Segment 2 is also complete except for the renovation of Rhodes High School, which is in the final stage.

Construction or site work is under way at nine Segment 3 schools. Bidding has occurred on two schools in Segment 4, and five more are expected to be bid through summer and early Fall. The final school is expected to be bid in Spring 2009. Meanwhile, design work is continuing on most of the schools.

Each segment was given a time frame in the original Master Plan, but actual target dates and budgets for each school are set as each segment is launched with a Project Agreement with the OSFC.

Completion targets for the 10 preK-8s expected to remain in Segment 4 after the Master Plan revision now range from nine to 15 months behind the Project Agreement schedule. All of the schools are now expected to be ready for the start of the 2010-11 academic year. This delay may be largely attributable to an ongoing design review process intended to reduce estimated cost overruns.

Budget performance. Cost-saving measures adopted for Segment 4 have held the design-based estimated cost overrun to 12.97 percent over the Project Agreement budget, compared with an estimated overrun of 20.19 percent for Segment 3. However, Cost projections are subject to adjustment until a segment is concluded. Now that actual bids have been received for two schools in Segment 4, the possibility arises that the cost overrun for the segment will be significantly higher than the design-based estimates. The bids for Euclid Park were 29.33 percent over the budget, and the bids for Jamison were 23 percent over.

Excessive budget overruns now may well mean that schools planned for the future will not be built or that they will be smaller, because the amount of available money will be finite even if voters approve an expected request for \$217 million to finish the program.

Segment-by-Segment Report

Segment 1: the Warm Safe and Dry initiative at all schools, a new East High Gym and 7 new or renovated schools, plus demolition of the former Woodhill-Quincy building. The segment was projected as of the end of May 2008 to be 8.6 percent under budget, due almost entirely to underspending the Warm, Safe and Dry budget by more than \$25 million.

- All Segment 1 schools are operating. All contracts are closed out except a masonry claim for A.J. Rickoff.
- The Woodhill-Quincy demolition has been suspended since July 2007, when the Cleveland Planning Commission balked at granting a permit without consideration of offering the building to others. The District wants to keep the land as an option for other uses. The District must now make its case to the Planning Commission. The contractor had agreed to honor its original bid until June. The decrepit building is considered architecturally significant because it was designed by a prominent early 1900s firm, Hubbell & Benes.

Segment 1 schools	student capacity	scope	Occupancy target	Performance vs. target	Budget w/changes	Projected spending	Under/(over) budget
Rickoff	720	new	Aug-05	plus 2m	\$16,943,596	(\$17,423,367)	(\$479,771)
Miles Park	650	new	Jul-05	plus 18m	\$16,900,933	(\$16,916,320)	(\$394,399)
Adams HS	1,335	new	Aug-06	Met	\$36,728,095	(\$37,708,354)	(\$980,259)
Hay HS	1,232	reno	Jun-05	plus 11m	\$34,749,207	(\$36,498,732)	(\$1,749,525)
Memorial	631	new	Aug-05	Met	\$14,615,213	(\$15,335,741)	(\$720,528)
Success Tech	400	reno	May-04	plus 1m	\$7,990,764	(\$7,601,475)	\$389,289
Riverside	436	new	Aug-05	Met	\$11,770,172	(\$12,280,150)	(\$509,978)
East High Gym			Nov-03	Met	\$6,221,336	(\$6,721,560)	(\$500,224)
Warner Demo					\$361,122	(\$347,207)	\$13,915
Woodhill Demo					\$685,286	(\$513,071)	\$172,215
Warm, Safe, Dry			Dec-05	Met	\$78,941,202	(\$53,403,930)	\$25,537,272
Adams Site					\$0	(\$723,849)	(\$723,849)
Memorial Demo					\$0	(\$609,235)	(\$609,235)
Totals					\$225,527,914	\$206,082,991	\$19,444,923

Segment 2: originally 13 schools, cut to seven. The segment was projected as of the end of March to be 8.5 percent over budget. All schools are open. All K-8 schools were in the closeout phase except for F.D. Roosevelt, where final adjustments and commissioning of the heating and cooling system were to occur in June, and James Rhodes High School, where heating/ventilation/air-conditioning commissioning was to be completed this month. Work on exterior masonry and walkways was to start at Rhodes this month, and parking lot repairs were to start in July and be completed by late summer or early fall. The Construction Manager says these repairs will not affect classroom occupancy.

Segment 2 schools, 2003-06	student capacity	scope	Occupancy target	Performance vs. target	Budget w/changes	Projected spending	Under/(over) budget
Warner	570	new	Jul-06	plus 10m	\$15,348,461	(\$15,928,177)	(\$579,716)
Mound*	450	new			\$40,278	(\$40,281)	(\$3)
Morgan	480	new	Jul-06	plus 10m	\$13,042,017	(\$13,538,324)	(\$496,307)
Martin	490	reno	Jul-06	plus 1m	\$8,641,685	(\$8,927,842)	(\$286,157)
Roosevelt	1,115	reno	Jul-06	plus 13m	\$14,232,255	(\$16,247,874)	(\$2,015,619)
Gibbons	351	new	Jun-06	plus 2m	\$9,779,954	(\$10,462,559)	(\$682,605)
Bethune	500	reno	Jun-06	plus 2m	\$8,902,994	(\$9,751,819)	(\$848,825)
Hayes HS*	800	new			\$822,484	(\$822,486)	\$0
Jefferson Relief*	785	new			\$173,723	(\$173,725)	(\$2)
Willson*	574	new			\$448,459	(\$602,837)	(\$154,378)
Rhodes	1,005	reno	May-07	plus 5m**	\$22,491,509	(\$24,725,272)	(\$2,233,763)
West Side Relief HS			Jun-06		\$523,078	(\$917,794)	(\$394,716)
Willson LFI Demo					\$0	(\$317,112)	(\$317,112)
Totals					\$94,446,897	(\$102,456,102)	(\$8,009,205)

*moved to other segment or put on hold

** school partially occupied during renovation

- **Segment 3:** originally 14 schools, reduced to 9 K-8s. The segment was projected at May's end to be 20.19 percent over budget. Work at Garfield (3800 West 140th Street) this month is to focus on completing joists and decks and continuing with roofing flashing, brick veneer, windows and prime painting.
- At R.G. Jones (4550 West 150th Street), the aim for June is to complete the brick veneer and the roof while continuing painting and window work.
- Bearing masonry is complete at Ward (4315 West 140th Street), and June is to be spent on brick veneer, interior masonry, roofing and painting.
- Load-bearing masonry is also complete at Henry (11901 Durant Ave.), where the next steps include the brick veneer, non bearing masonry, joists and decks, and roofing.
- Completion of bearing masonry is the target this month at Buhrer (1600 Buhrer Ave.).
- At Wade Park (7600 Wade Park Ave.), the focus for June will be to continue working bearing masonry, mechanical-electrical-plumbing rough-ins, site work and the rest of the grade-level concrete slab.

- The goal at East Clark (885 East 146th Street) for June is to complete the foundations and start masonry work. The same goes for Harvey Rice (11529 Buckeye Road).
- Now that the Willson work has been rebid, the focus for June will be completing site cleanup, removing a road and preparing for the building pad. The new Willson is about 30 blocks east of the current building on E. 55th Street.
- **Latest scheduled occupancy dates:** Dec. 2008: Ward, Jones, Garfield. March 2009: Henry, Buhrer. April 2009: Wade Park, Rice, East Clark; May 2009: Willson,

Segment 3 schools, 2004-07	student capacity	scope	Occupancy target	Performance vs. target	Budget w/changes	Projected spending	Under/(over) budget
Wade Park	501	new	Dec-08	plus 4m***	\$12,473,064	(\$15,202,231)	(\$2,729,167)
East Clark	450	new	Dec-08	plus 4m***	\$13,892,376	(\$14,524,301)	(\$631,925)
Patrick Henry	450	new	Aug-08	plus 7m***	\$12,289,813	(\$15,959,508)	(\$3,669,695)
Buhrer	350	new	Dec-08	Plus 3m***	\$9,977,906	(\$13,425,761)	(\$3,447,855)
Mooney*	575	new			\$292,103	(\$371,199)	(\$79,096)
Mooney Demo					\$ 1,273,290	(\$1,135,381)	\$ 137,909
Garfield	426	new	Aug-08	plus 4m***	\$11,610,319	(\$14,873,845)	(\$3,263,526)
Jones	450	new	Aug-08	plus 4m***	\$11,764,356	(\$13,584,234)	(\$1,819,878)
A. Ward	450	new	Aug-08	plus 4m***	\$11,689,572	(\$13,825,054)	(\$2,135,482)
Harvey Rice	450	new	Dec-08	plus 4m***	\$13,683,580	(\$15,259,966)	(\$1,576,386)
West Side Relief HS*					\$668,653	(\$1,358,859)	(\$690,206)
Willson	574	new	Mar-09	plus 2m***	\$12,099,809	(\$14,750,151)	(\$2,650,342)
Totals					\$111,714,841	(\$134,270,490)	(\$22,555,649)

*moved to other segment or put on hold

***baseline target already postponed

Segment 4: originally 15 schools, reduced to 11 pre-K-8s (The current Master Plan proposal would delete Audubon, making it 10 pre-K-8s). The segment was projected as of the end of May to be about 13 percent over budget, with design-based cost estimates for Mound and Audubon yet to be made.

At least five of the schools (Euclid Park, Dickens, Lake, Stevenson and Grdina) are to have geothermal heating/cooling systems. Mound is to feature a number of other environmentally friendly design elements.

When design-based cost estimates have been deemed too far out of line with the budget, the project team has made “value engineering” design changes to cut costs. The project team is now engaging in scope reviews with contractors for the two schools that have been bid, with an eye toward reducing costs.

- The Euclid Park (off Ansel Road between Kosciuszko and Pulaski avenues) and Jamison (13905 Harvard Ave.) projects were bid in May. Bidding will occur in late summer or fall for George Washington Carver (2201 East 49th Street), Charles Dickens (3552 East 131st Street), Anton Grdina (3050 East 77th Street) and Thomas Jefferson (3145 West 46th Street).
- All building demolitions at Thomas Jefferson and Moses Cleaveland (site of the new Jamison) are complete, and backfill and site grading are to be completed this

month. The Lake (9201 Hillock Ave.) and Corlett (for Dickens) demolition are also complete.

- Demolition of George Washington Carver and Nathan Hale (3588 Martin Luther King Jr. Drive) is to occur by fall of 2008. The current Grdina is to be demolished in 2010, after the new one is built.
- Segment 4 designs are the program's first to specifically accommodate the District's universal Pre-Kindergarten strategy and the 20-1 student-teacher ratio specified in the District's new contract with the Cleveland Teachers Union for kindergarten through third grade.
- Demolition is planned for this summer and fall at properties purchased adjacent to the initially planned site for the Mound K-8 (5405 Mound Ave.) in the Slavic Village area. A 10-foot-diameter sanitary/storm sewer on the initial site was found to be unable to support the weight of fill material and development that was to be placed over it. Bidding is planned for February 2009.
- A decision is still pending on whether to demolish Audubon (3055 Martin L. King Jr. Drive) and replace it with a new school or to renovate the existing one, and the issue will not be resolved until the Board of Education adopts a revised Master Plan. The Administration's current proposal is to delete Audubon from Segment 4.
- The city zoning- and plan-review process for Stevenson (3938 Jo Ann Drive) and Grdina was awaiting completion of District-city land transfers.
- Problems arose with architectural drawings for Lake, and the District now is in the process of replacing the architect. The Charles Lake students are attending classes at the Louis Pasteur school.
- **Latest scheduled occupancy dates:** February 2010: Jamison, Euclid Park. Aug. 2010: Dickens, Grdina, Stevenson, Jefferson, Lake, Hale, Carver, Mound, Audubon.

Segment 4 schools, 2005-08	student capacity	scope	Occupancy target	Performance vs. target	Budget w/changes	Projected spending	Under/(over) budget
Dickens	450	new	Jul-09	plus 13m***	\$12,494,986	(\$14,518,465)	(\$2,023,479)
Corlett Demo					\$306,983	(\$553,623)	(\$246,640)
Euclid Park	351	new	May-09	plus 9m***	\$11,863,598	(\$13,642,719)	(\$1,779,121)
Lake	400	new	May-09	plus 15m***	\$10,839,836	(\$13,401,352)	(\$2,561,516)
Jefferson	785	new	Aug-09	plus 12m***	\$19,180,034	(\$20,630,142)	(\$1,450,108)
Mound	450	new	Aug-09	plus 12m***	\$12,357,938	(\$12,357,938)	\$0
Grdina	540	new	Sep-09	plus 11m***	\$15,353,878	(\$16,291,932)	(\$938,054)
Audubon	450	new	Sep-09	plus 11m***	\$15,923,999	(\$15,923,999)	\$0
Carver	450	new	Jun-09	plus 13m***	\$12,573,569	(\$14,227,842)	(\$1,654,273)
Hale	400	new	Jul-09	plus 13m***	\$11,003,699	(\$14,229,970)	(\$3,226,271)
Jamison	450	new	May-09	plus 9m***	\$12,128,122	(\$13,643,492)	(\$1,515,370)
Cleveland Demo					\$531,655	(\$801,162)	(\$269,507)
Stevenson	450	new	Aug-09	plus 12m***	\$10,805,208	(\$13,989,837)	(\$3,184,629)
Totals					\$145,363,505	(\$164,212,473)	(\$18,848,968)

*** baseline target already postponed

Budget

The District's project team has estimated that Issue 14 money will be exhausted by the end of Segment 7 and that \$217 million in additional tax money will be required to complete Segments 8 through 10 unless OSFC funding rules change.

However, those cost projections did not include the addition of approximately \$4 million in extra spending on security features, such as metal detectors at all schools, nor did they include various repairs that are now being planned.

Using the cost estimates in the Construction Manager's report for May, the co-funded portion of the first four segments will have cost the School District about \$193.541 million of the \$335 million available from Issue 14. With \$36.995 million spent or obligated as of May 31, 2008, for work that the OSFC does not co-fund, that would leave about \$104.46 million of Issue 14 money to fund the District's share of Segment 5 and beyond (not counting any availability of funds from interest, bond premiums and non-bond proceeds). The District Administration's calculation of interest, premiums and non-bond proceeds as of May 31 was \$45.961 million.

In sum, the District had a total of \$150.42 million as of May 31 that could be spent on the co-funded facilities program after Segment 4. However, the availability of that money will be reduced to the extent of the cost of LFI repairs to buildings, such as those that are not part of the Master Plan, and to the extent that cost overruns in Segments 3 and 4 exceed current expectations.

The District Administration's projection of its costs for Segments 5 through 7 under its latest Master Plan proposal is \$153.686 million. The difference between this total and the total of available funds could be made up by federal subsidies for technology work at schools in the program.

Conclusion

Reasonable adherence to budgets and construction timetables is the only foreseeable way to ensure that the latter segments of this program will be fully funded. It is all the more important because soaring prices for fuel and other commodities threaten to curtail what is possible with the available Issue 14 money.

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