

Ohio School Facilities Commission
April 24, 2014 Meeting
William McKinley Room, Statehouse
1:30 PM

MINUTES

Chairman Keen called the meeting to order at 1:34 PM.

Roll Call

Members present: Chairman Keen arrived at 1:34 PM, Vice Chair Blair, Dr. Richard Ross, Lisa Racine for Representative Ramos and Goran Babic for Senator Manning.

Adoption of the January 23, 2014 Meeting Minutes

Dr. Richard Ross moved to approve the January 23, 2014 meeting minutes.

Vice Chair Blair seconded the motion.

Approval: Vote 2-0.

Design Manual Update Approval – Bill Ramsey - Resolution 14-12

Bill Ramsey presented the 2014 updates to the Ohio School Design Manual (OSDM) for Commission approval. Mr. Ramsey recognized the following staff members: Melanie Drerup and Eugene Chipiga; the Consultant Teams included in the process were: Fanning Howey, Warner Concepts, Harrison Planning, Lend Lease, Heapy Engineering, BCL and Quandel. There was also participation from Dwight Anstaett from the Department of Education. While the OSDM update process started in January of this year, and completed earlier this month, the process actually continues all year long. We review the information and data that we collect on many different items. We have quarterly vendor product presentations where any vendor can apply and present the product that we may look for inclusion in the design manual. We have multiple stakeholders and interest groups that we meet with throughout the year to discuss both programming materials and processes that will impact the manual and our projects. We review and analyze various value engineering items that occur on active projects and the variance requests, what kind of budget and project changes are occurring on active projects. All the information that is provided through the year is collected. As we go through the update process, we bring all that together and start to look to see how that might impact the manual, how we want to put it in the booklet that we bring forward into this year's document. One of the update processes that is always very interesting because it has the largest amount of user input is our suggestion category. Building users, be it designers, owners, contractors, and even just interested parties, can submit suggestions to the manual where they think an addition or a revision or some sort of change should occur. We collect that information and as we get toward this time of the year going through the update process, we review every single item. This year we had 46 suggestions. The largest group being HVAC, 39% of all comments were focused in this area. Technology had the largest number of individual suggestions and we looked at these

separately. Technology changes the most often as buildings and systems are constantly being updated. There are always newer refinements, so obviously these always need a lot of review. As we go through the update and suggestions, we narrow down to the actual changes that we would like to propose. One of the main items that we are most excited about are the changes to the facility planning guide. We have created a separate volume called the “Educational Facility Planning Guide,” which is a standalone piece. The intent is to work with the district in planning the facility and not just starting out designing the building. By planning we mean educational planning: looking at the vision from the district, looking at 21st Century Education, looking at how an educational process should work before we start looking at how a building should be designed. We felt that the manual for the planning process should be separated from the manual for technical building components so that when you are looking at the whole process you are not immediately going to look at space plates on, how big a room should be, but you should be looking at how you are going to teach and how you are going to educate your students. So our focus in the manual is to become learner-center design and learner-center facilities. We also worked with the Department of Education on Career Tech program changes. Program codes have been changed and so our manual needed changed to reflect those particular items. We have also added the program and the space requirements for 11 new programs that are coming up in Career Tech. Finally, we build in the costs. One change that was an added cost is for a standalone waste water treatment facility. Rural schools, because of their distance from municipalities, have a standalone facility and the way the costs were originally assessed was not in line with the actual costs for these facilities. We re-evaluated to come up with a corrected cost approach. The other costs items, while there may be merit to some increases, the change itself would be considered optional. For example, the HVAC system: there is already that design in the manual, so whether you increase or decrease a boiler that is really a design decision, not a manual requirement. So we really did not see that needed a cost change. The last item on the list is the applied inflation factor of 2%. In past years, we have worked with HIS Global Insight to determine an annual inflation factor. They looked at a lot of national and international factors and data. We reviewed that information with them and we coupled that with our own investigation and our conclusion from these reviews is that 2% seems to be where we think the inflation factors would be applied in 2014.

Dr. Richard Ross moved to approve Resolution 14-12.

Chairman Keen seconded the motion.

Approval: Vote 3-0.

Project Agreement Closeout Policy Approval – Craig Weise – Resolution 14-13

Craig Weise presented the Project Agreement Closeout Policy for Commission approval. Mr. Weise explained the process that the staff had followed in preparation for this update of this policy. Several months ago, we started to implement strategic initiatives across our office. One of those initiatives was to improve the project closeout process. A goal of that initiative was to significantly reduce the timeframe it takes to financially closeout a school district. Data within our systems revealed that the average duration for closing out a school district was 4.7 years after the occupancy of completed facilities. The fastest duration that we closed out a school district was 1.1 years. The longest time it has taken was 10.9 years. There is obviously significant room for improvement and that is why we were focusing on this particular process within our office to seek significant improvement. The method that was used was having a three day event, called

the Kaizen, where we focused on trying to streamline that process and significantly reduce non-value added items and activities in the process and eliminates that waste. Within this event we had 12 participants. This included not only the internal staff, but also external representatives. We had representatives from school district treasurer role, architect and a construction manager. It was facilitated internally by Jerry Morgan, who is a project coordinator within our staff and is a certified Six Sigma Black Belt. Involved in that Kaizen event was mapping the current process that we have been following, discussing common factors for delaying that has caused those long durations, developing strategies to eliminate those delays and mapping a new streamlined process. The results of this Kaizen event showed that we eliminated 48% of the process steps that we were previously followed and removed 65% of the common delays that were factors for those longer durations. Our target duration now is no longer than 4 months in duration from the point of occupancy of the school district. The new process represents a 93% reduction in the overall timeframe in regards to that average duration of 4.7 years. It even represents a 70% shorter duration than our fastest duration previously achieved, which was the 1.1 years. This was accomplished by adding proactive steps during the design and construction process, completing activities in parallel, instead of the longer sequential process that we have previously followed and more importantly, we eliminated long-standing assumptions that have been held by the participants of the process. By taking those assumptions away, we have made dramatic process changes. The new process has the project team reconciling the financial records with the local school district treasurer. Those records are then audited by our staff and immediately moved to a closeout meeting with all participants and shortly after that at the next available school board meeting, that closeout document would be approved. The longest time frame would be four months. The updated Project Agreement Closeout Policy incorporates all the changes that were suggested through this Kaizen event. Also incorporated in this updated policy is the new authority granted through Ohio Revised Code that provides for unilateral closeout of projects after 12 months.

Chairman Keen asked if the involuntary closeout is pursuant to a statutory grant authority, which was added into the law at some point after the origination of the program. Mr. Weise responded that is correct and it was added last year. Chairman Keen understood that the general reason that these things linger so long is that some school districts thought it was in their best interest to keep the project open and really they were motivated financially and that is not what was ever intended in this process. They were done with the work of this new construction. We have other mechanisms in place to deal with issues that arise after the fact and that should not conclude those issues that one might be concerned about happening and should not preclude this closeout with the initial construction. Essentially we have gone through and taken a look at how we have done business in the past and put in place a process that will achieve the original intent here and will make clear, through this policy, what this is for and what it is not for. Director Hickman added that there is another thing that has occurred with districts wanting to keep projects open and it deals with the project fund. Many of these districts that have a reluctance to close out, they are actually tying up funds that we could roll back and fund other districts and build more facilities throughout the state that would be used to educate more of our children. Chairman Keen asked Director Hickman after the closeout process what is our property interest in the buildings that the state has participated in the funding. Does there remain any tie to the bonds. Director Hickman responded that his understanding was that there is still interest in the property because of the outstanding bonds. It comes into play if a district abandons a building, and then

there is a discussion we have with the school district regarding the remaining unamortized debt. We have instances where 4 school districts have closed buildings that have been built under our program, but they are still owned and occupied by the school district and repurposed for other public uses for the school district. Mr. Walden added when we closeout the project and issue the certificate of financial completion our property ownership interest will cease, but then the interest that remains with respect to the bonds and the required public use remain. Early in the program when the Commission first started our property interest remained throughout the life of the bonds, but that changed. Chairman Keen added that the reference to property ownership is not inconsistent with this responsibility that we have and they have to continue and use it for our public program, a requirement that the issuance of tax free bonds carries with it. Mr. Walden responded that was correct.

Vice Chair Blair moved to approve Resolution 14-13.

Chairman Keen seconded the motion.

Approval: Vote 3-0.

Priority Order of Assistance Policy Approval – Presented by David Chovan

Resolution 14-14

David Chovan presented an update to the Priority Order of Assistance Policy for Commission approval. The policy provides for an orderly process in the priority of funding awards to school districts within and between OSFC programs. There are two proposed revisions to the policy that are offered to you today for approval:

1. Removal of reference to the “next 10” list. The “next 10” provision was recently removed from the ORC and this change is to bring the policy in line with the Code.
2. Change to increase the flexibility to provide for a more continuous outreach process to school districts for funding offers.

Past practice has been focused primarily on a July funding offer cycle. More recently the Commission has been working toward a less cyclical process that allows districts to increase flexibility in ballot planning strategy and allows the Commission to spread work more evenly throughout the year leading to a better quality and less costly process. It also helps to develop a consistent queue of districts that are in an active planning process and seeking a funding offer. This better ensures that available funding is offered to districts that are ready to move forward rather than tied up until the next round of funding.

Dr. Richard Ross moved to approve Resolution 14-14.

Vice Chair Blair seconded the motion.

Approval: Vote 3-0.

School Security Grant Update – Presented by Jeff Westhoven

Jeff Westhoven presented a School Security Grant update to the Commission. This was a \$12 M reallocation of capital funds in the budget bill last year. All public schools and community schools are eligible for the program and it is for door security entrance and emergency communication systems. The program opened for applications in October and was originally structured to have two rounds. The first round went through the middle of March and then

funding permitting, a second round would open up in June. In January, we were about half way through Round 1 and had about 2,200 applications. Once the deadline closed we were up to 3,600 applications and of those applications 1,300 were in the last quarter. That is for both entrance and communications. About half the schools have applied for emergency radio communications and the other half on the entrance side. Of the \$12M, about \$10M has already been approved and funds reserved for those grants. There is a Priority 2 group that is on a waiting list. Priority 2 projects were for schools that already had a fairly robust security system for which this would be an upgrade or upgrades to something other than a main entrance. About \$2.5M has been reimbursed. This is a reimbursement program, so once we approve the grants, the schools will make the improvements and then submit to us for reimbursement, with \$2.5M being reimbursed so far. Schools have shared with us that they plan to do their improvements over the summer with fewer students going in and out, so we expect to see a lot more of the reimbursements come in towards the end of the summer. The turnaround time has been pretty good. Schools from almost every county have participated. That number of districts served includes public school districts and charter schools are also counted as a district. If all of the schools that have applied go ahead with their grants, this \$12M program will touch approximately 1.3 million students and that is less than \$10 per student. The schools have told us they feel this is a very worthwhile investment. One of the things that we thought was good to do is after once the whole process is complete and the school receives reimbursement, we sent a 5-question survey. The results tell us they are quite happy with the quick turnaround and the application process. The survey showed a ranking of 4.7 out of a 5. There were schools that were run by county boards of developmental disabilities that were missed in our original application. The deadline was extended for those schools through the middle of May. We will then decide on the Priority 2s and essentially that will deplete the entire \$12M, so we do not expect to open a Round 2. At least not in June. On the radio side, a lot of the radio grants have been for the multi-agency radio communication system (MARCS). MARCS is in the process of developing a deployment schedule for 1,200 radios. Once September hits and all the reimbursements are complete, we would expect to have some money left over. The average entrance grant is a \$5,000 grant. The average amount being spent is about \$4,200. If they end up spending just \$4,200, then in September we may have more money left over to open a Round 2, but for now we would not open a Round 2 in June because those funds are largely reserved.

Dr. Ross commented that of the 3,675 applications received; approximately 1.3 million students in the state would be affected. That represents almost 75% of the students in the state of Ohio where it has had some affect because of these security measures. Mr. Westhoven responded that is correct. He also mentioned that some of the schools have already had these design features built in with our program with the design manual. For those schools that have been designed with the manual from 2009 and later, they are not eligible for the program because those features are already in those schools.

Accelerated Urban School District Update and Approval – Presented by Melanie Drerup *Resolution 14-15*

Melanie Drerup presented an Urban School District update for Dayton Public School District for Commission approval. The Commission approved a Master Facilities Plan in 2002 for \$488.2 M for 4 segments comprised of 34 buildings to house 19,039 students. The Commission has

approved 3 segments to date. The Commission amended a Master Facilities Plan in 2010 for 14,254 students and constructed 26 buildings. Segment 3 Amendment 1 provided \$186.8 M for 11 buildings. This amendment increases the budget for Wogoman Elementary School to replace the roof. It also increases the allowance for abatement/demolition of McNary Elementary School. Although the overall project is increased by \$3.7 M with the application of \$5.7 M interest, Dayton’s Segment 3 budget is decreased by \$1,917,996 for an updated budget of \$184.9 M. This Segment 3 scope will complete the work for Dayton Public Schools.

Dr. Richard Ross moved to approve Resolution 14-15.
 Vice Chair Blair seconded the motion.
 Approval: Vote 3-0.

Fiscal Year 2014 Amended CFAP Project Approval – Melanie Drerup – Resolution 14-16

Melanie Drerup presented an amended project previously approved for the FY14 Classroom Facilities Assistance Program for Commission approval. Austintown, in response to their voters, has elected to modify their segmented plan. They will pursue only the high school leaving the middle school to be completed at a later time. The total project cost has been reduced by \$2.5 M.

School District	County	State Share	Local Share	Total Budget
Austintown LSD – Seg. 2	Mahoning	\$31,141,254	\$35,116,733	\$66,257,987

Vice Chair Blair moved to approve Resolution 14-16.
 Dr. Richard Ross seconded the motion.
 Approval: Vote 3-0.

Settlement Agreement Approval - Jon Walden - Resolution 14-17

Jon Walden presented a settlement agreement with Robertson Construction for the Whitehall City School District project for Commission approval. Etna and Beechwood Elementary had flooring issues where the flooring was not properly adhering. There was a substantial investigation done by the co-owners to the cause and the co-owners made a claim on the contractor arguing that it was the contractor’s responsibility for the non-adherence. The contractor disputed that it was not responsible, but the parties proceeded to mediation and were able to reach a settlement agreement. The contractor would furnish the material for the entire replacement project and would provide a check for \$56,500 so that the school district could engage another installer to install the flooring. There is a partial release of claims for the contractor related to just the flooring issue on the project.

Before concluding Mr. Walden announced that Peggy Corn, from the Attorney General’s Office, has represented the Commission for several years both attending meetings and helping us prepare for meetings and defending the Commission on various litigation across the state. She is from the education section now and worked closely with Attorney General Beals and others in the construction litigation group. Ms. Corn is retiring in May. Mr. Walden wished her well on

her new endeavors. Chairman Keen thanked Ms. Corn for her service and congratulated her on her retirement.

Vice Chair Blair moved to approve Resolution 14-17.

Dr. Richard Ross seconded the motion.

Approval: Vote 3-0.

Executive Director’s Report

Director Hickman asked Jeff Westhoven to report on our HB 264 projects. Mr. Westhoven reported that this quarter we have been working closely with industry to improve the process. A public/private non-profit organization was formed to work with industry on changes. Proposed in the Mid-Biennium Review are changes that would require competitive selection of contractors under the HB 264 program and ways to standardize the annual reporting. Industry has been supportive of this. We have provided testimony on that and it is currently with the Senate. We are hopeful that with everyone’s support and industry support those changes would occur. There are quite a few more projects that are already in the pipeline for this quarter and we would expect to report that in July.

HB 264		
School District	Total Project Cost	Payback Period
Benjamin Logan LSD	\$1,995,625	14.45 Years
Ontario LSD	\$839,946	14.2 Years
Total	\$2,835,571	

Director Hickman reported that since the last meeting, the dedication of River High School at Switzerland Local School District in Switzerland, OH took place. Their final elementary building is in the final phases of construction and should be dedicated over the summer and occupied in the fall. That will conclude our work at Switzerland. Since the last meeting we also participated in 11 groundbreakings and there are approximately 30 upcoming building dedications and celebrations. He also reported that the close out report for St. Henry Consolidated Local School District in Mercer County was finalized.

Director Hickman reported on contracts executed since the January meeting. Executed were 6 contracts and amended contracts for design services for school districts, 6 contracts for project delivery under CM as Agent, 6 contracts for CM at Risk and a total of 18 trade contracts. He also reported that the Commission was given authority to amend project agreements as long as those project agreements do not increase the master facility plan and we have done that for Three Rivers Local School District because we have had a good bidding situation on their project and had a reduction in the cost of their exceptional needs project.

Director Hickman concluded his report with upcoming events.

There was no public testimony.

The meeting was adjourned at 2:28 PM.

A handwritten signature in blue ink that reads "Timothy S. Keen". The signature is written in a cursive style with a horizontal line underneath it.

Timothy S. Keen, Commission Chair

A handwritten signature in blue ink that reads "Carolyn L. McClure". The signature is written in a cursive style with a horizontal line underneath it.

These meeting minutes were prepared by
Carolyn L. McClure, Secretary to the Commission