

Northeastern Local School District Community,

The NELSD Facilities Construction Project will soon move to the next phase of the process: Design Development. The District and its construction partners have worked together over the last three months to revise initial drawings and reduce cost estimates for the Northeastern PreK-12 building in South Vienna.

Although we are pleased to begin moving forward, there is still work to be done to align the estimates with the available budget. The Northeastern Local School District Board of Education and Administration are committed to constructing the two new PreK-12 facilities our community approved on Election Day in May 2018 without asking the community for additional funding. These facilities will be safe, secure, and welcoming learning environments that support educational opportunities in our community for years to come.

Here's where we are right now:

The initial budget, which was used to calculate the bond issue approved by voters, was created through the Ohio Facilities Construction Commission's formula, and has guided the construction of hundreds of school construction projects throughout the state. The budget is calculated based on the District's enrollment, the OFCC's recommended square footage for each student, and the OFCC's per square foot costs for construction.

Under this formula, the District was given a budget of approximately \$228* per square foot for each building. Forty percent, or about \$40 million, of the base cost of building the facilities is paid for by the state through the OFCC.

The District added about \$17 million of "Locally Funded Initiatives" (LFI) to the bond issue to be used for locally-funded additions to the project. This money is able to also be used to cover increased costs of construction for both facilities.

The District ensured during the bond issue process that the budget took into account inflation. However, market conditions and construction demand have outpaced the OFCC's calculations due to a combination of external factors, including rising labor costs, a booming construction market, and increasing materials costs.

During the schematic design phase for the Northeastern building, initial estimates came in at about \$298* per square foot. After revising the drawings and completing new estimates, the project is currently projected to cost approximately \$275* per square foot. The revisions to the drawings reduced the estimates by about \$23 per square foot which is about \$4 million.

What's next:

The District, the OFCC, our architect, Ruetschle Architects, Inc., and our Construction Manager At-Risk, Shook Touchstone, will continue to aggressively pursue any and all cost savings options for the facilities.

We have begun the process to secure a budget amendment with the Ohio Facilities Construction Commission. The District is prepared to commit a portion of our LFI dollars toward the project to cover our share of the increased costs of labor and materials, and we will also advocate for a budget adjustment from the OFCC for their share of the increased costs (40 percent).

The District has contacted our local state senator and will continue to engage our legislators for assistance with this project as needed.

The Kenton Ridge PreK-12 building will move into the Schematic Design phase soon. The Kenton Ridge building will be about 248,000 square feet. We believe the solutions we are seeking for the Northeastern building will also apply to the Kenton Ridge building.

We share the community's passion and excitement for the fruition of new school buildings for our students and look forward to celebrating that day with you. We anticipate having an update for community members at the end of November.

If you have any questions, please reach out to a member of the Board of Education or to Superintendent Dr. John Kronour (johnkronour@nelsd.org; 937-325-7615).

Sincerely,

Northeastern Local School District Board of Education

President Jill Parker; Vice President Joel Augustus; Members Dr. John Crankshaw, Steve Schwitzgable, and Jeff Yinger

Superintendent Dr. John Kronour

Treasurer Dale Miller