

**Date/ Time:**    October 9, 2024 at 4:00 PM

**Purpose:**        Citizen-Led Oversight Committee (CLOC) Meeting

**Location:**     District Educational Support Center Media Center and Via Zoom

**Committee Member Attendees:**

Ray Warco, David Trail, Michael Swiecicki, Mike McNally, Marion Johnson Payne, Daniel Clare, Bob Priest

**Beaufort County School District (BCSD) Representatives Present:**

Robert Oetting, Lou Ackerman, Tonya Crosby, Jennifer Hamblin, Carol Crutchfield, Tim Summers

**Turner & Townsend Heery Attendees:**

Jessica Killian, Mark Koll, Agustin Vargas, Ben Froemming, Rob Corbin

**Other Attendees:**

Halie Cooler, Olivier, Inc.

**Meeting Minutes**

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- Prior to the October 9, 2024, CLOC meeting, the following materials were distributed to the committee members via email:
  - Meeting Agenda
  - Meeting No. 57 & No. 08 Presentation Materials
  - Public Comment Card
  - Draft Minutes from September 11, 2024, CLOC Meetings
  - 2019 & 2023 Referendum Project Financial Summaries
  - BCHS Financial Details
  - MRHS Addition Financial Details
  - RRA Additions Financial Details
  - RSLA Replacement Financial Details
  - HHIMS Financial Details
  - 2019 & 2023 Referendum Project Contingency Logs
  - 2019 & 2023 Cash Flow Projections vs Actuals
  - BCSD Preliminary Project Design and Construction Schedules
  - Hindsight Report Presentation
  - New CLOC Member Training Presentation

1. Mr. McNally called the meeting to order at 4:13pm with the Pledge of Allegiance.

2. Mr. McNally confirmed with Mr. Oetting that there were no public comments.

**3. Distribution of CLOC Members Contact Information**

- Mr. Oetting asked the CLOC members if they were in agreement with sharing contact information with other CLOC members for the CLOC roster.
- All CLOC members approved.

4. Mr. McNally asked for a motion to approve the 2019 and 2023 Referendum meeting minutes from September 11, 2024.
  - Mr. Priest requested that his name be amended to the 2019 and 2023 CLOC meeting minutes from September 11, 2024. Mr. priest was in attendance, however, his name was not captured as an attendee.
  - Mr. McNally asked for a motion to approve the amended 2019 and 2023 Referendum meeting minutes from September 11, 2024.
  - Mr. Warco made a motion to approve the meeting minutes and Mrs. Payne seconded the motion. The approved meeting minutes will be posted on the CLOC website.

5. **New CLOC Member Training (Mr. Oetting & Mrs. Crutchfield)**

- Mr. Oetting & Mrs. Crutchfield presented the CLOC member training to the attendees which included the following agenda items:
  - BCSD Fun Facts
  - Overview of Operations Department
  - Facilities Master Plan
  - 8% Capital Improvement Plan (CIP) Funds
  - Referendum History – Successful Process
  - Project Manager – School Assignment
  - Workflow Process
- Questions received during the New CLOC Member Training:
  - Regarding the 8% CIP funding, Mr. Priest asked what the 8% funds are and where do they come from.
    - Mr. Oetting asked Mrs. Crosby if she would like to respond being that the question was finance related.
    - Mrs. Crosby responded by saying these funds are used for the yearly Capital Improvement Plan and the 8% is how much the District can borrow which is 8% of the total assets of Beaufort County.
  - Mr. McNally asked how the recent spike in property value has affected the 8% funding.
    - Mrs. Crosby explained that this has resulted in an increase in tax revenue coming into our cash account, which allows us to do more without having a tax increase. This has allowed for the yearly budgets for Capital Improvements to increase and has allowed for the district to pass the 2023 Bond Referendum without an increase in the millage.
  - Mr. Priest asked what type of institutions does the District borrow funds from.
    - Mrs. Crosby responded by saying the district borrows General Obligation Bonds (GOB) for both Bond Referendums as well as the 8% CIP.
  - Mr. Swiecicki asked if there is a limit to the areas in which the money can be spent for each of the funding sources.
    - Mrs. Crosby responded by saying that each fund has its own restrictions. For example, debt service principal and interest can only be paid on the debt of the school district and is more restrictive. Any legal counsel fees and underwriter fees are responsive to this. Capital funds are restricted to

capital expenditures only, these include the projects from the Referendum and the 8% CIP. The General fund is less restrictive, but still has limitations as to what things are allowed to be purchased. There are other sources, however, these were the only sources Mrs. Crosby touched on.

- Mr. Swiecicki asked what led to the successful passing of the 2019 Bond Referendum.
- Mrs. Crutchfield responded by saying the district has done a better job at planning and presenting what the true needs of the facilities are. Having the assistance of Dr. Berg who acted as the interim Superintendent prior to Dr. Rodriguez becoming the Superintendent at BCSD was crucial. Dr. Berg campaigned on the 2019 Referendum and put a process in place as to how to successfully pass Referendum which included identifying the needs, presenting the needs, having a Project Review Committee to assist in verifying the needs of the district by visiting the facilities, prioritizing the needs to get a Referendum passed, and ultimately building credibility and trust with the Public which is the reason why the CLOC was created.
- Regarding permits and the process to get a building ready for construction, Mrs. Payne asked Mr. Oetting what the reasons are as to why permitting is taking so long.
  - Mr. Oetting responded by saying that there are multiple agencies from which permits must be received. The governing entity for school facilities is OSF (Office of School Facilities). Depending on the location of the facility, each of the buildings has to go through permitting from the city or township that has jurisdiction of the area. There are also permits specific to the region which deals with coastal areas which are handled through SCDHEC. Some of the permits can take on average 12 months to 14 months.
  - Mr. Oetting added that the split within SCDHEC could possibly be a reason as to why the permits are taking so long.
- Mr. McNally asked, in total, how many projects for the 2023 Bond Referendum need to go through permitting.
  - Mr. Oetting responded by saying any project with land disturbance over an acre. We will also have stormwater permits and others for most of the projects due to us being a coastal district. This is approximately 12 projects.
- Mr. Trail asked which permit in specific has been the biggest issue to receive.
  - Mr. Oetting responded by saying the Ocean and Coastal Resource Management (OCRM) permit as well as the Coastal Zone Consistency (CZC) permit are typically taking the longest to receive.
- One of the suggestions brought up by the CLOC is to investigate the possibility of having the district push the elected officials to assist with communicating with local and state agencies the urgency these reviews for school facilities have so that the review times can be brought down.

#### 6. 2019 & 2023 Bond Referendum Questions

- Mr. Warco provided the Finance Sub-Committee report on the financial information received at the September 11, 2024, meeting, Comments received were:

- i) In relation to the soft landing, Mr. Warco asked Mr. Corbin if he expects to return additional cost savings to the program contingency that are currently being held at the project level?

Mr. Corbin responded by saying yes.

- ii) Mr. Warco reported on the 519 report that was prepared by the District. The CLOC Finance team has concluded that everything looked good after cross-referencing project numbers. No issues were reported.

- Mr. Warco provided the Finance Sub-Committee report on the financial information received at the September 11, 2024, meeting
  - The 2023 Bond Referendum budget totals \$439,035,000 million.
  - The Finance Sub-Committee cross analyzed the 513 report to make sure that all the projects add up to the total 2023 Bond Referendum Budget and everything matched.
  - The Finance Sub-Committee reported that the total contingency currently sits at \$25.5M, this includes Program contingency, Project contingency and Design Contingency.
  - No issues to report.
- Mr. McNally inquired about the update schedules that were being evaluated from Allied Universal Technology Solutions (AUTS) and what was involved in the evaluation
- Mr. Koll responded that AUTS is the vendor that oversees the cameras, access controls and intrusion alarm scopes. What has been reported for months showed that AUTS has been falling behind schedule for some time. A schedule was requested to show a recovery plan and the path forward to completion for all their outstanding scope. What AUTS has done is provide a schedule and committed additional labor to get the program back on track to complete ASAP.
- Mr. Vargas added that the evaluation conducted included a sit down with AUTS for them to commit to a better schedule time than what the original recovery schedule showed. The completion for the AUTS scope on the sites showed dates that landed in the month of December. However, after further discussions, the schedules commitment is now for a completion in November for the installations.

## 7. 2019 Bond Referendum Hindsight Report

- Mrs. Killian presented the 2019 Bond Referendum Hindsight Report
- The Hindsight Reports were categorized into new construction, major renovations, minor renovations/limited scope.
- For each of the categories, Mrs. Killian presented the biggest issues that were encountered through the 2019 Bond Referendum and explained the solutions that are being implemented going forward.

- Questions received during the Hindsight Report:
  - Mr. Clare asked if any of the contractors that did work for the 2019 Bond Referendum, will be the same contractors implement the lessons learned on the 2023 Bond Referendum Projects.
    - Mr. Vargas responded by saying that this is correct, the contractors will be implementing the lessons learned on the new projects for the 2023 Bond Referendum.
  - Mr. McNally asked about the delays with switchgear and emergency generators, one suggestion made previously was to look at the chance to sole source the equipment so that this gives us an advantage when purchasing multiple pieces of equipment therefore resulting in better manufacturing timelines and cost savings.
    - Mr. Froemming explained that from his previous experience purchasing switchgear and generators in large quantities, that it can be confirmed that sole sourcing from a manufacturer will not help with manufacturing lead times, nor will it help with cost reductions.
    - Mr. McNally asked about the possibility the pay to expedite manufacturing
    - Mrs. Killian responded by saying that there is no need to pay an expediting fee because using a CM gives us the advantage to plan to ensure that equipment is being purchased ahead to meet the schedule. The issues that were encountered in the 2019 Bond Referendum were a result of the supply chain issues that COVID brought on to all the industries globally.
  - Mr. Warco asked about Factory Acceptance Testing (FAT) and ensuring that the testing is being conducted at the manufacturing plant.
    - Mrs. Killian responded that this is something that CM's are working on to ensure that the equipment is functional before leaving the factory.
    - Mr. Summers added that even after the FAT is conducted the equipment is still missing parts that no one is aware of until the equipment arrives on site.
    - Mr. Vargas explained that the industry has seen a shortage of qualified labor and as a result, the manufacturers are having to bring on younger inexperienced laborers to manufacture products. This has resulted in issues with the quality assurance and quality controls of the products and has become clearer in the recent years when equipment arrives on site missing components, or components fail before their life expectancy.
    - Mrs. Killian added that contractors will typically learn the delays occur the day the equipment is scheduled to ship out, this is something everyone is monitoring and learning to work around the issue at hand.

- Mr. McNally asked what has been done about receiving invoices in a timely manner and invoicing meeting all the requirements set forth to be able to release payment
  - Mrs. Killian responded by saying that the solution that is currently being worked on to be implemented is using the Project Management Information System (PMIS) to streamline the process. Mrs. Killian explained that this is not an issue that is exclusive to BCSD, it is an issue that is seen nationwide in the construction industry where it takes time for contractors to acclimate to the requirements set forth by each client.
- At the conclusion of the presentation, Mr. Corbin added that the CLOC can revisit the Lessons Learned report that was issued to the CLOC at the end of last year by visiting the CLOC page on the BCSD website through the report archive for the 2019 Bond Referendum
- Mr. Clare asked if there is a specific area that has been an issue throughout the lifespan of the 2019 Bond Referendum where BCSD and Turner & Townsend Heery are still working on solutions.
  - Mr. Oetting discussed one issue is the need to have expeditious closeouts. In the CM at Risk Method at the conclusion of the construction the CM's begin gathering all of the closeouts, working with subs on invoicing, and the original time frames from the 2019 Bond Referendum agreements was an unrealistic timeframe. As a result, BCSD has modified the agreements to have realistic time frames that allow the CM's sufficient time to finish the construction, complete the punch list, and then gather the closeout documents and finalize the financial closeout. From substantial completion until final completion (physical construction), the timeframes are now 60 days. From final completion to closeout, the timeframe is 90 days. This allows for the contractors to focus on the specific task at hand which then results in a better closeout.
  - Mr. Vargas responded by saying another ongoing issue is the struggle with labor and constant labor shortages. Being that Beaufort County is in a remote area, and the requirements that were set forth for the 2019 Bond Referendum had specific certifications needed to be held by the installers, resulted in a very limited pool of subcontractors that could accomplish the scope. Pairing this with the issuance of multiple contracts at once created the perfect conditions that resulted in delays executing the work. As a solution, the district is testing out some pilot projects and the staggering of the schedules is being planned out for the 2023 Bond Referendum to mitigate the same issues as much as possible considering that the labor shortage is something that the construction industry will continue to struggle with for years to come.

8. Mr. McNally discussed the forward-looking items.

- The Quarterly CLOC Report to the Board for Q3 2024, was discussed and Mr. McNally & Mr. Warco agreed to issue the update at the November 12, 2024 Board meeting at DESC for both the 2019 & 2023 Bond Referendums.

9. Mr. McNally date for the next CLOC meeting. The group agreed on holding the meeting on November 13, 2024, at Okatie Elementary School at 6:00PM in the Media Center if it is available. A follow-up will be made on the location.
10. Mr. McNally asked if there were any more questions or items to discuss.
  - None were brought up.
  - A motion was made by Mr. Claire to adjourn the meeting and seconded by Mr. Warco. The meeting was adjourned.