

# **Report of the Coventry School Study Committee**

**Presented by William Wendling**

**Wendling Communications**

**June 17, 2008**

## **Introduction.**

The Coventry Study Committee was appointed by the Cleveland Heights-University Heights Board of Education in January of 2008. The Committee had 23 members who represented a cross section of citizens from both cities as well as CHUH staff members. The Committee was charged with researching, studying and analyzing program and building use options for Coventry Elementary School, which was vacated by the District at the end of the 2007 school year. Included in the Committee's charge was the responsibility to determine advantages and challenges for potential options, and, finally, to reach consensus on options for further consideration by the Board of Education. The School District retained William Wendling, president of Wendling Communications, to facilitate the work of the Committee. Various reports and studies reviewed by the Committee are attached to this report, along with meeting agendas, a listing of Committee members and other relevant documents.

## **Guiding Considerations.**

At its first meeting, the Committee reviewed a series of "Guiding Considerations" that would help to inform the work of the Committee. These considerations were reviewed at each meeting as a means of staying on task.

The Guiding Considerations were:

- Align with the District's initiatives and priorities
- Be analyzed in terms of the impact on the District's 5-year forecast
  - Current plan calls for saving \$1 million per year from closing
  - Impact on staffing levels
  - Interim costs to maintain the building as unoccupied
- Identify any capital improvement needs presented by the building
- Consider the following questions:
  - Should the Board keep the property or sell it?
  - Should the District be a long-term landlord?
  - Is any proposed option sustainable over time?
  - Does the option rely on external or soft funds?
  - What are the benefits to the District? To the Coventry area?

- What physical renovations would need to occur to implement the proposed option?
- By extension, how will these renovations occur and who will pay for them?

**Process.**

Early in the process, the facilitator asked Committee members to engage in active conversations with their neighbors, friends and other acquaintances in the community in order to reflect residents' thoughts and concerns. Committee members were encouraged to maintain diaries of their community conversations and to report on the substance of those conversations at full meetings of the Committee. In addition, community input was also secured through a website (coventrysiteinput@chuh.org), and these comments were electronically forwarded to all Committee members. The Committee held a series of six meetings, beginning on March 3, 2008, and concluding on May 20, 2008. All meetings were conducted in public session, and these meetings attracted a number of engaged citizens and news reporters. The May 13 meeting provided members of the community with the opportunity to express directly to the Committee their thoughts, concerns and recommendations.

The Committee benefitted from the very active engagement of its members and from the technical assistance provided by District personnel Joseph Micheller, Stephen Shergalis and Michael Dougherty, who provided ongoing support to the Committee. District staff also conducted tours of the Coventry building prior to the first Committee meeting to familiarize Committee members with the architectural and operational features of the building.

The Committee received reports from a number of experts on various issues related to the use of the Coventry school building. These included presentations from Superintendent Deborah Delisle and Treasurer Scott Gainer concerning the educational requirements of the District and the five-year financial plan.

Richard Wong, director of planning for the City of Cleveland Heights, presented a report on the zoning of the property and the current state of various economic development opportunities within the city. Architect Richard Pace provided his perspective on the potential for adaptive re-

use of the property. A report from the District's legal counsel provided clarity on the deed restrictions, which might come into play if the property were to change ownership. An appraisal by David E. Walter & Associates was presented.

Stephen Shergalis presented a number of reports concerning the physical aspects of the building, and Joseph Micheller presented an update on the District's current initiatives. Committee Member Peggy Spaeth presented a conceptual outline of a proposal to convert Coventry to a multi-tenant reuse by a potential consortium of Cleveland Heights/University Heights arts and nonprofit organizations. Ms. Spaeth also provided the Committee with insight from a building walk-through conducted by the Renaissance Group, which offered a number of suggestions concerning energy-efficient design and renovation of the building.

### **Range of Possibilities.**

In the course of its work, the Committee received a number of suggestions for potential use of the Coventry building. In general terms, these suggestions included converting the space into a center for arts and non profit organizations; making the building into a "community center"; converting the facility to business/commercial use, including live/work housing and studios, child day care, adult day care, offices, research facility, business incubator, etc; day care/pre-school; educational facility, including a regional magnet school program, adult literacy and other schools-related organizations, storage, maintenance facility, etc.; and conversion to residential use. If the building were converted for reuse, it was frequently suggested that the building incorporate "green" building techniques that could be a national model. Others suggested simply selling the property. Still others suggested razing the building and turning the entire site into green space or an expanded public park/playground.

Almost every suggestion for adaptive re-use of the building urged keeping the PEACE park and playground that adjoin the school building. Suggestions that the building be converted to multi-tenant use were frequently accompanied with the admonition to do so at no ongoing expense to the District and that the District avoid complicated landlord/tenant relationships.

## **What We Learned.**

Over the course of the three months of deliberation, Committee members maintained a list of important items that they learned. These include the following (copies of the relevant documents and sources of information are included in the Appendix of this report):

**Building and Land:** The Coventry school building was built in 1974. The 61,200 square foot building includes 30 classrooms, and sits on 5.88 acres of land with 42 parking spaces.

**Annual Operating Cost for Vacant Building:** \$106,240.

**Existing Facility Needs Cost for Adaptive Reuse:** \$1,135,000.

**Appraisal:** \$2.7 million (includes land and building. Land is valued at \$850,000 if vacant.)

The best use of the property, in terms of realizing its maximum value, is for educational purposes. There is a glut of vacant school buildings on the market in Greater Cleveland, and it is anticipated that selling the property would require an estimated marketing time of 14-24 months.

**Demolition Cost:** \$500,000.

**Zoning:** Current zoning is single family residential. Any future use must conform to this zoning classification. Any change in zoning to accommodate future re-development would require the approval of the City of Cleveland Heights Planning Commission; key to which would be a use which is compatible with and acceptable to the surrounding community.

**Deed Restriction:** Deeds should not restrict the ability of the District to sell the property. Ohio courts have held that use restrictions may be rendered invalid if circumstances in the neighborhood where the property is located have changed that would render the restrictive use impractical or invalid.

**CH-UH District Plans:** The District has no plans for academic or administrative use of the Coventry building in the foreseeable future. The District stated that it does not have funds to keep the building open for an indeterminate period of time.

### **CH-UH District Financial Implications**

- District must realize annualized \$1 million savings from school closing
- District should not expend additional funds to support building operations
- Tax collection are down due to poor housing market/economic conditions
- Districts may absorb budget cuts in the next State biennium budget

### **City of Cleveland Heights Financial Implications**

- The City stated it does not have funds for additional park maintenance.

### **Conclusions and Recommendations.**

In summary, due to the costs of putting in academic or administrative programs and the District's stated financial position over the near and intermediate term, the Committee recognizes that the District cannot afford to operate and maintain the Coventry building. If the building is going to continue to have some functional purpose, it will have to be occupied by one or more external organizations. Those organizations will have to be able to secure funds for renovating the building, operating the building and planning for long-term maintenance of the facility.

Realization was expressed that reusing or razing Coventry should be done in the context of the District's overall programmatic, facilities and financial strategies. Committee members also commented on the importance of concentrating attention and resources on the District's core mission of educating the children of Cleveland Heights and University Heights, rather than being diverted by a role as landlord for the building.

The Committee recommends that the Board of Education initiate a public process for eliciting proposals for the adaptive reuse of the Coventry building. Committee members have a strong desire to see the building reused in a way that supports the neighborhood and the community. Members believe any proposed reuse must be accompanied by a financial plan that would be sustainable over time and would not require the ongoing outlay of funds by the District.

Under terms of the process envisioned by the Committee, prospective users would be required to submit a Letter of Interest to the Board, which would demonstrate ability to conduct a solid and viable business and provide for the sustained operations of the building. The Letters of Interest, as described below, would contain the information conventionally contained in a formal "business plan." The Committee suggested the Board of Education establish a firm deadline for the submission of Letters of Interest. The Committee suggested this timeframe be approximately 90 to 120 days from the date when the Board of Education takes its formal action to initiate the Letter of Interest process. The Committee expressed the hope that this timetable would result in a deadline of approximately October 1, 2008, for the submission of all completed Letters of Interest.

Following the deadline, the Board would submit any proposals to the District's Lay Finance Committee, which would determine the potential impact on the District's five-year financial forecast. Following review by Lay Finance, the Board would determine which, if any, of the proposals to pursue. The Board would then engage in appropriate negotiations with the submitting entity(ies). The Coventry Study Committee urged the Board to adopt a timeframe that would result in an Agreement in Principle between the Board and a tenant organization by December 31, 2008 (formal contracts could be executed later).

Committee members indicated they saw razing the building and converting the site to green space as a last resort, which would come into play only if no credible reuse options are developed by the end of the calendar year 2008. If the building is razed, the District should take appropriate steps to ensure the continued maintenance and security of the property.

Committee members reviewed a list of elements that should be included in proposals submitted from prospective tenant organizations. Letters of Interest should include the following:

- 1.) A clear delineation of the proposed use or uses of the building. If multiple tenants are involved then each proposed tenant's business name, address, telephone number and contact person shall be included. In addition, each proposed tenant should be required to submit a memorandum of understanding to verify their commitment, copies of which should be included in the business plan.
- 2.) The business name, address, telephone number and contact person for the entity (lease holder) submitting the business plan. This entity must be the same that will enter into the actual lease.
- 3.) A financial statement indicating all revenue and expenses for lease holder and all proposed tenants (if any).
- 4.) A financial plan for the proposed use or uses which should include all expenses (including but not limited to), tenant managements (if any), building maintenance and upkeep, ongoing capital needs and operations, for the entire building and site.

Revenue (including but not limited to), tenant rents, business sales, loans, grants, subsidies or other government support.

- 5.) Proof of the immediate availability of \$1,000,000 for initial capital investment to meet current existing building needs.
- 6.) An architectural schematic building floor plan and any other information (drawings or renderings) as necessary to convey the proposed building modifications, including interior subdivisions for multiple tenants, (if any).
- 7.) A detailed budget estimate for all proposed building modifications and proof of the availability of funds to accomplish same.
- 8.) A proposed date on which the lease would commence and occupants would move into the building.
- 9.) Evidence of the ability to obtain building property and liability insurances in the amounts not less than those currently carried by the School District.
- 10.) Summary of the effect on the neighborhood of the proposed used, including property values, neighborhood fit and quality of life (e.g., hours of operation, noise, privacy, etc.)

The Committee deems the proposal to seek qualifying Letters of Interest from prospective users to be more manageable, less cumbersome and quicker to implement than a traditional RFP process. Of course, the proposed terms and conditions suggested by the Committee should be reviewed by the District's legal counsel and insurance underwriters before they are formally published by the District. The Letters of Interest process should be advertised by the District to seek broad awareness among prospective organizations.

A number of Committee members asked that the final report include a statement that indicated the Committee made its recommendation based on the information supplied by the District. Committee members expressed their willingness to meet again to vet proposals, if asked to do so by the Board. In this eventuality, care would need to be taken to avoid conflicts of interest if proposals were submitted by organizations whose members served on the Committee.

Attached to this report is an Appendix of key materials reviewed by the Committee.

## **Report of the Coventry Study Committee**

### **Appendix**

Committee Members

Meeting calendar and Agendas

Goals, Roles and Process

Coventry Building Operating Cost Comparisons

Coventry Building Information and Floor Plans

Facilities Considerations for Adaptive Reuse

CH-UH District Priorities

Zoning and code-conforming options from Richard Wong,

    Planning Director, City of Cleveland Heights

Summary report of Legal Counsel re: Deed Restrictions

Summary of appraisal by David E. Walter and Associates

Summary of Suggestions for Reuse

Data Recap

Proposed Content for Letters of Interest

News clippings and other items of interest