

Meeting Minutes | July 17, 2013

Portland Public Schools Bond Accountability Committee (BAC)



PORTLAND PUBLIC SCHOOLS
Office of School Modernization
501 North Dixon Street • Portland, OR 97227

Members present: Kevin Spellman, Steve March, Louis Fontenot
Board members present: Pam Knowles, liaison; Bobby Regan, Greg Belisle
PPS staff present: Jim Owens, Dan Jung, Neil Sullivan, Ken Fisher, Darwin Dittmar, Erik Gerding, Jen Sohm, Debbie Pearson, Michelle Platter, Tony Magliano, Jon Isaacs, Sarah Bottomly, Cheryl Anselone, Carole Smith

Public Present: Mike Tisch: Local Bricklayers #1; Bill Hart: Carleton Hart Architects; Ted Wolf: Our Portland Our Schools

Next meeting: Wednesday, October 16th at Wilson High School
2:00-3:00PM Tour
3:00-5:00PM Meeting

I. Welcome & Introductions.

Kevin Spellman opened meeting. Introductions of committee members, PPS Staff and public. Members not present were Anita Decker, Tom Peterson, Willy Paul and John Mohlis.

II. Public Comment.

- No public comments

III. Program Update

- **Previous Meeting Follow-Up:**
 - Kevin Spellman highlighted a couple of items discussed at the April meeting, and after:
 - The BAC gave its first Board update on April 29
 - A BAC subcommittee, with PPS staff, reviewed the draft baseline schedule for Roosevelt High School and provided a memo to Board Liaison, Pam Knowles.
 - At the April meeting additional bond budget detail was requested; the bond budget will be reviewed today.
 - The BAC is interested in reviewing the equity objectives for this summer's work.
 - The Board requested the BAC review CM/GC delivery method findings for Franklin and Roosevelt. Draft findings have been provided to the BAC and are included in the meeting materials.
- **Staff Update:**
 - 16 FTE bond positions currently filled.
 - 0.50 FTE Education Liaison position remains to be filled.
 - Recent hires since last BAC Meeting:
 - Jan Osborn, Senior Support Specialist, replacing Jen Wishart.
 - Erik Gerding, Project Manager, focusing on Faubion, master planning and leading design advisory group.

- David Mayne, Communications Manager, focusing on message regarding bond to community. Will start on July 29, 2013.
- Darwin Dittmar, accounting specialist, focusing on accounting procedures and developing financial data.
- Kim Murrell, Senior Contract analyst, working with PPS Purchasing & Contracting department.

- **Board Calendar:**

- A calendar of board meetings was provided in the BAC meeting packet to highlight key bond presentations that are coming up to the board and the monthly updates to the board.

- **CM/GC Findings:**

- Due to the complexities of the Franklin and Roosevelt High School projects, OSM anticipates requesting that the school board approve the delivery method of Construction Manager/General Contractor (CM/GC) as an alternative procurement method. A summary of recommended findings and nature of work at both high schools is included in the BAC meeting packet for review. Staff has provided the draft findings to the BAC to solicit concurrence with the use of CM/GC prior to presenting the findings to the BOE in August.

Kevin Spellman explained to the group that CM/GC is a common alternate procurement method used extensively by many public agencies, including OHSU, OSU, ODOT, Multnomah County, Clackamas County, PCC, and the Port of Portland, among others. CM/GC has many benefits including the ability to have the contractor on board early in the process to assist the overall readiness of the project. This is especially beneficial to complex projects like Franklin and Roosevelt.

Kevin noted his support for the use of CM/GC as a delivery method for the current high school projects. An added benefit as it relates to equity; CM/GC is much more flexible in allowing us to find more equitable contracting.

- Steve March: CM/GC is an appropriate approach. And though it is an “alternative” procurement method to traditional design/bid/build, the CM/GC selection process is still an open competitive process.
- Louis Fontenot: CM/GC is an industry standard approach, and has no issues with the process.
- Kevin Spellman: This approach won’t solve all problems but staff has addressed key elements for success including finding committed design teams. The Owner staff must be experienced in CM/GC and he feels we do have this in place.
- Q. Pam Knowles: Will this give us a shorter timeline for construction?
 - Kevin Spellman: It’s possible and likely the CM/GC delivery method can provide a completed project quicker. Note that the current schedule assumes CM/GC.
 - A. Louis Fontenot: Really hard to change timeline. Best approach is to keep with schedule we have now because it is achievable.
- Q: Jim Owens: is it accurate to state the BAC is in support of CM/GC method for Franklin and Roosevelt?
 - A: Kevin Spellman: That is accurate for the BAC members present today. We will need to confirm with those absent and advise promptly.

- **Roosevelt Schedule Review and Memo:**

- At the request of the Board, Kevin, Louis and Tom met with OSM staff to review the Roosevelt High School draft baseline schedule to see if can be accelerated. Roosevelt is a very complex project which includes student occupancy during construction. Safety is paramount in this project. There is significant public input expected during the master planning and design phases, making it difficult to reduce these timelines. Kevin is concerned about the amount of time scheduled for public input. It looks like it might not be enough time to get desired amount of input.
- Louis Fontenot: The schedule will more than likely change but schools are unique, cutting a month won't do much since moves don't work during the school year. We would need a reduction of more like 10-12 months to work best, which would be difficult.
- Q: Pam Knowles: Considering Roosevelt will have multiple phases, would part of the school be complete in time for public walkthroughs before a November 2016 bond vote?
 - Kevin Spellman: Yes, due to the phasing that will be required at Roosevelt (a minimum of 2, most likely more) it's almost a certainty portions will be done by Fall of 2016.
 - Jim Owens: Yes, completing portions of Roosevelt prior to Fall 2016 is part of the plan. We want to make the public process very transparent to design groups and parent groups about phasing and how the work will progress at the school and create opportunities for those groups and the public to observe while we're in the construction phase.
- **Solar Evaluation:**
 - Staff has contracted with "Solarc Engineering" to complete a solar feasibility analysis for 10 school roofs which are being re-roofed under IP13 & IP14. The analysis is expected to be complete in mid-August. Solarc's analysis will include two solar technologies (i) thin film-used (utilized on the 2009 solar roof projects); and (ii) crystalline panels. The crystalline panels require more structural support than the thin-film.
 - Q: Kevin Spellman: Is Solarc's scope purely an engineering analysis?
 - A: Jim Owens: Yes, they are completing an engineering study. PPS Staff (Jeff Hammond) is reviewing potential partnership opportunities. Partners are asking about feasibility.
 - Q: Bobby Regan: Does the study include costs savings with installations.
 - A: Jim Owens. Yes, the analysis will include kilowatt power usage and energy cost savings.
 - Q: Bobby Regan: Will they be looking at high schools?
 - A: Jim Owens: The high schools are required to spend a certain percentage of construction budget (1.5%) on active solar technology; the high school design teams will complete the solar analysis and design of the high schools.
- **Fiscal and Performance Audits:**
 - Financial Audits will be performed annually as part of PPS's standardized auditing process.
 - Performance Audits will focus on management of the bond program. OSM has received a proposal to do annual performance audits over the next 8 years. Expect to have the first audit completed by end of June 2014. Staff will provide copies of completed audits to the BAC for review.
 - Kevin requested to see the performance audit scope of work. Staff will provide.
- **Balanced Scorecard:**
 - **Overall Perspective:**
 - Jim Owens reviewed the Overall Perspective and noted 3 of the 4 perspectives continue to be 'green'; the Equity Perspective is highlighted 'yellow'.
 - **Budget Perspective:**

- Dan Jung reviewed the Budget Perspective. All metrics continue to show 'green'. The Program is spending about \$150K/day; most of this is on the IP2013 project. The Program has approximately \$17 million in current commitments.
- The \$45m line of credit has been paid off.
- \$1.9 million of "additional revenue" has been added to bond projects, bringing the total current bond program amount to approximately \$483.9 million.
- Approximately \$22.8m remains in contingency unallocated to projects.
- All individual projects are currently forecasted under budget.
- Total program is projecting \$67m under budget. Note: projected costs do not forecast use of project contingency.
- Bond program detail: Kevin: Feels this is responsive to concerns expressed before and noted this report should be posted on the website.
- Neil Sullivan presented financial reports. Neil noted between the bond issuance premium and estimated interest revenue, Finance is estimating another \$15m of potential additional revenue. It's important to note, even though PPS received a significant bond issuance premium (approx. \$13.5m) with the first issue, subsequent issues could have no premium or even a credit; therefore Staff needs to be very careful when allocating these additional funds to projects. OSM and Finance will work closely together on this. The Committee felt that a single presentation of budget numbers is essential to avoid confusion.
- **Schedule Perspective:**
 - Ken Fisher presented the Schedule Perspective.
 - IP13 is the highest priority right now. Staff is projecting that all projects will finish on time and on budget.
 - Working on process of selecting design teams for Franklin & Roosevelt. Recommendations for award will be presented to the Board on July 24.
 - Both Franklin and Roosevelt DAGs have met. Debbie Pearson and Michelle Platter are planning tours of the DAGs up in Seattle area. Bobby Regan requests that an invite be extended to all board members for the DAG tours.
 - Erik Gerding has been contracted to start the master planning process at Faubion. The RFP for master planning is currently being developed. Faubion is scheduled to be completed by September 2017. Fundraising by Concordia is another component involved in the master planning process; need sense of what investment will be from Concordia in order to move forward. Concordia timeline for fundraising will go through fall 2014; staff is fine-tuning that date with Concordia. Master plans will look at the site for varying alternatives, depending on Concordia contribution.
 - Baseline schedule:
 - Staff are currently running cost models, based on cost curves to create schedules and analyzing projected cash flows based on the baseline schedules to develop schedules. This includes looking at major activities for each project and years involved.
 - Staff will publish updated monthly schedules.
 - Staff are currently evaluating design proposals for selection of a design firm for IP14. Expect award recommendations for one to four firms by mid August
 - Jim Owens: Staff is examining which high schools will be master planned prior to Summer 2016 and will share the analysis with various groups, including the BAC and Board later this year. BAC asks to have Project Timeline slide broken down by project with larger viewable sections. Ken said he would get those sent out.
 - Q. Kevin Spellman: Safety and Summer work. Is staff keeping track of safety performance on program basis?
 - A: Ken Fisher: Safety is discussed at each project meeting.
 - Jim Owens: Staff is tracking lost time. Staff can add safety information in presentations further down the road on safety and how we are doing.
 - Q. Pam Knowles: Are we tracking interns?

- A. Jim Owens: Yes.
- **Stakeholder Perspective:**
 - Dan Jung presented the Schedule Perspective.
 - OSM continues to receive feedback from school principals and PPS maintenance staff regarding design and construction of the IP2013 work and Faubion portables. All feedback has been positive.
 - DAGs are beginning to meet for Franklin and Roosevelt and will begin to meet shortly for Faubion. DAG members will be requested to submit feedback as well.
- **Equity Perspective:**
 - Dan Jung presented the Equity Perspective.
 - Student participation: all 5 contracts that require student participation are registered with PPS online student learning database 'BizConnect'.
 - OSM provides monthly updates to the high school career counselors identifying what contracts are currently active and for how long, services provided by each firm, and a forecast of upcoming opportunities. This forward information can hopefully assist students in identifying career learning options during the summer months when a considerable amount of work is being put in place.
 - Apprenticable trades: PPS is still working with City of Portland regarding management of the apprenticable trade program.
 - MWESB - 18% aspirational goal: For the first time the MWESB percentage, based upon monthly invoices, has dropped below 18%. The current program total is 14%.
 - The IP2013 general contractors were procured through via the traditional low bid process. Between the 4 contractors, total MWESB contracted value is 5%.
 - Jim reminded BAC that historically, PPS has been well under 5%.
 - Q: Louis Fontenot: Why are builders coming in below goal? No experience? Funding capacity?
 - A: Jim Owens: Staff has conducted numerous outreach efforts with underrepresented MWESB firms and organizations and will continue to do so over the program's duration. Firms proposing on PPS design and construction solicitations are required to provide "good faith outreach" documentation. District is not making subconsultant/subcontractor decisions on behalf of prime consultants/contractors. They are making the decision on who to hire.
 - Kevin Spellman: The summer work is very much schedule driven. Contractors are often reluctant to hire a new/emerging firm when they know one schedule mistake can be a significant detriment to the project as a whole.
 - Q: Louis Fontenot: Are contractors giving us a list of those that qualify MWESB?
 - A: Jim Owens: Yes they are and we are evaluating that information.

IV. Project Updates

- **Franklin:**
 - Marshall is proposed swing site for school.
 - DAG is formed and has met.
 - Design teams interviewed and contract award recommendation before the Board on July 24th.
- **Roosevelt:**
 - DAG is formed and has met twice.
 - Design teams interviewed and contract award recommendation before the Board on July 24th.
- **Faubion:**
 - DAG is being formed.
 - Draft Pre-DDA is being reviewed. Anticipated to be presented to the board for approval in August.

- Expect to solicit for the planning architect next month.
- Pre-engineered relocatable building placement is proceeding on schedule. Expect to have two buildings in place (total of 4 classrooms) with Certificates of Occupancy by start of school in September.
- **Improvement Project 2013:**
 - Construction is proceeding at all sites.
 - Currently on schedule and under budget.
- **Improvement Project 2014:**
 - Scope has been identified.
 - Design firms are being interviewed this week.
 - Staff is looking at 4-5 construction packages.
- **Educational Specifications:**
 - Phase 1 community process is complete.
 - Draft vision document has been received and being reviewed. Draft resolution scheduled before the Board on August 7, with final resolution on August 21.
 - Phase 2 meetings continue. Anticipated draft EdSpec in September.

V. BAC Discussion

- **Sub-committees:**
 - Kevin felt committee could be scattered with so many projects and has broken down the Committee into 4 2-person groups to focus on the larger projects: Roosevelt, Franklin, Faubion and summer projects. He feels this will allow the committee to facilitate communication.
 - No predetermined structure for the committee. Each team can work with staff on how to function best.
 - Sub-committees are:
 - Roosevelt: Tom Peterson and Kevin Spellman
 - Franklin: Anita Decker and Kevin Spellman
 - Faubion: Willy Paul and John Mohlis
 - Improvement Projects: Louis Fontenot and Steve March
- Board Meeting for BAC presentation will be on August 7th.

VI. Wrap-Up & Adjourn

- Next BAC Meeting:
 - Wednesday, October 16
 - Wilson High School
 - Tour 2-3pm
 - Meeting from 3-5pm

Meeting adjourned: 5:00pm