

# Meeting Minutes | April 30th, 2018



Portland Public Schools Bond Accountability Committee  
(BAC) Location: BESC Wy'East

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

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*Members present:* Kevin Spellman, Tenzin Gonta, Willy Paul, Tom Peterson

*Not present:* Cheryl Twete, Charlie Johnson

*PPS/OSM staff present:* Dan Jung, Scott Perala, Derek Henderson, Darwin Dittmar, Jessie Steiger, Aidan Gronauer, David Mayne

*Board Liaisons present:* Amy Kohnstamm

*Board Members present:* Julia Brim-Edwards, Scott Bailey

*Public Present:* Inga Fisher-Williams, Nate McCoy, Rosa Martinez, Seyon Belai, Rich Peppers, Ted Wolf

*Next meeting:* Wednesday July 18<sup>th</sup>, 2018

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## I. Welcome & Introductions

Kevin Spellman calls meeting to order at 5:36 pm.

## II. Public Comment

- Comment from Inga Fisher Williams: *Commenting on energy efficiency work at PPS and the need for improvement by the District. Highlights new and ongoing successful programs at the City of Portland and Portland Community College. Discusses opportunities for PPS going forward, and shortcomings on this effort by PPS in the past.*
- Comment from Nate McCoy: *Commenting on the District needing to do better with employing minority contractors. Encourages refinement of the procurement process to better engage minority contractors. Introduces Rosa Martinez and her recent experience on the Kellogg project of being replaced as a Tier 1 subcontractor without process of verification on part of the contractor or PPS.*
- Comment from Rosa Martinez: *Commenting on her recent bid on the Kellogg demolition and making it all the way to the pre-construction meeting as a Tier 1 subcontractor and then losing the work due to a subcontracting change request. Highlights that the change request reasons were not valid or correct, and the contractor and the District did not perform due diligence to verify the reasons for the change request. A complaint has been filed with the state and an investigation is underway.*

- Comment from Seyon Belai: *Commenting further on the situation with Rosa Martinez. Reiterating the need for the District to have better checks and balances going forward to avoid this happening again. Highlights the amount of time and money Rosa invested to get this business, only to be disqualified at the last minute.*
- Comment from Rich Peppers: *Commenting on setting a high bar for climate work that can be done on sites. Highlights work being done to get schools to more of a net zero game. Also mentions the Community Solar Program which allows renters or those who do not have suitable roofs to install solar on buildings that can support solar. Urges PPS to be forward thinking in this area especially in designing buildings that could potentially support additional solar.*
- Comment from Ted Wolf: *Submits written statement from parent group about 2012 Deferred Bond Projects. See attachment.*

*Kevin Spellman thanks everyone for their comments and requests the committee review the overall program update in further detail separately as to ensure the time needed for this meeting to discuss Health and Safety projects scope and overall 2017 Bond Program budget.*

### III. Program Overview

- **Program Update**

- CM/GC contracting method has been approved for the Lincoln Modernization project. It will be using the Madison template with more elements of industry items for better practices and better partnerships.
- The RFP for the performance audit is currently advertised.
- Several ITB's are active for the Health and Safety work, consistent with the H&S execution plan.
- CMAA event for industry outreach took place on April 11. Low turnout but good response.
- OSM has resumed the Interested Consultants Program.
- Franklin and Faubion are finalists for DJC awards. Event is on May 18<sup>th</sup>.
- PDX Workforce Alliance student expo took place in March. OSM had a strong representation.
- OSM is currently in the process of bidding asbestos projects to start this summer.
- OSM is beginning to assume responsibility for the lead paint stabilization work, and soon will assume responsibility for the lead water mitigation program, also ADA and security improvements once scope of work is identified.
- Migration of water lead mitigation program, ADA and Security in coming months
- OSM has been meeting direction with the board of education to review Madison, Lincoln and Benson budget and scope alignment issues.
- Kellogg is beginning the demolition phase of the project.

- **Unanticipated Allocations against 2017 Bond Funds:**

- Middle School Conversion – Initial funding allocation - \$7.4M
- Middle School Conversion – Phase 1 cost overrun funding - \$11.9M
- Possible Grant HS additional funding commitment - \$10.0M
- Possible Middle School Conversion – Phase 2 contingency planning - TBD

#### IV. Projects Update

- **Franklin High School:**
  - The Franklin Modernization is in final closeout.
  
- **Roosevelt High School:**
  - The Roosevelt Modernization is nearing the end of Phase 3 and moving to final closeout.
  - Wrapping up Phase 3 – mechanical systems being last system to complete.
  - Playing fields completed and handed over for use.
  - Board of education has directed a hold on Phase 4 work (maker space). Board will provide direction on how to proceed within 6 months.
  - System-wide testing, balancing and commissioning continues.
  - School still currently operating under temporary certificate of occupancy.
  
- **Faubion Replacement:**
  - The Faubion Replacement project is in final closeout.
  
- **Grant High School:**
  - The Grant Modernization is in mid-construction phase.
  - OSM is holding a public DAG meeting on Thursday May 10<sup>th</sup> to discuss status of the softball field.
  - Structural frame out continues.
  - Wrapping up issues associated with recent equipment fire.
  - Student engagement using drones to document site:  
<https://www.youtube.com/watch?v=h3lJalX2Nho>
  - Planning for Marshal->Grant transition has begun. The team is coordinating with the Madison HS team.
  - FF&E selection getting underway.
  - Delays are starting to impact schedule – weather, equipment fire, subcontractor resources

*Kevin Spellman asks: How is the project contingency holding up?*

*Scott Perala responds: We are burning through the owner contingency, but the CM/GC contingency remains intact.*

*Kevin Spellman asks: How is Grant doing on the schedule?*

*Scott Perala responds: Currently we are 21 days behind schedule due to mainly the weather, and then the lift fire that happened. Brian Oylear, Project Manager for Grant, had worked in float days*

*as a precaution for each year of construction so there was already some cushion. Subcontractor resources have been a challenge for the schedule as well.*

- **Health and Safety:**

- Health and Safety projects consist of two groupings:
  - Composite work (roofing, fire alarms and sprinklers, and accessibility)
  - Regulated materials (lead in water, lead in paint, asbestos)
    - Abatement or stabilization related work
    - Asbestos projects ramping up to start this summer
    - Lead paint stabilization in progress
    - Lead in water abatement in progress
- Designs complete for: Lewis, Fernwood, King & Rigler
- Bids received for 2 of the 4 projects
  - Lewis (3A)
  - Fernwood (3C)
- Remainder of bids to be submitted
  - King bid date: Tues 5/1
  - Rigler bid date: Thurs 5/3
- Coordination with schools within the cluster and other work – Asbestos program
- Lewis
  - Interior Seismic Upgrades
  - ADA improvements
  - Fire Sprinklers
- King
  - Roof (Seismic Upgrades)
  - Fire Sprinklers & Fire Alarms
  - ADA improvements
  - Elevator
- Fernwood
  - Roof (Seismic Upgrades)
  - Fire Sprinklers
  - ADA improvements
- Rigler
  - Roof (Seismic Upgrades)
  - Fire Sprinklers & Fire Alarms
  - ADA improvements
  - Elevator

*Kevin Spellman asks: Is the fire alarm work considered part of the regulated category?*

*Scott Perala responds: No, we are grouping that with the composite category.*

*Kevin Spellman asks: So, this is the composite team?*

*Scott Perala responds: Yes, but the teams do cross-pollinate and both categories will have work happening on some of the same sites. We have already started the planning process for summer 2019 projects.*

Dan Jung adds: We were a bit behind for summer of 2018 and planning, which is why we are starting to plan for summer 2019 early.

Amy Kohnstamm asks: Will there be work during evenings and weekends throughout the school year?

Dan Jung responds: Yes. There will be work happening during the school year, with the bigger more impactful work happening in the summer.

Tenzin Gonta asks: Do you anticipate any projects that might not happen at this point, and is there an equity filter for this if it is anticipated?

Dan Jung responds: We are working on scope and priority considerations currently in draft form to evaluate and arrive at a final plan.

Kevin Spellman asks: Did any of the deferred Improvement Projects from 2017 get worked back in to this work?

Dan Jung responds: This summer will be the lowest hanging fruit, which includes much of the IP 17 work as it had already been designed. The next group of work will be the second lowest hanging fruit.

Amy Kohnstamm asks: So the schools that were slated for IP 17 from the 2012 Bond will be getting some kind of work?

Dan Jung responds: The only scope that was not resumed was the incremental seismic work.

Tenzin Gonta asks: Who is involved in the decision making process for these projects?

Dan Jung responds: An internal Health & Safety committee lead by the COO.

Kevin Spellman replies: Getting ahead of the 2019 work and bidding early is great. It is good that OSM is being creative and adapting so we don't repeat what has happened before.

Tom Peterson adds: This is one of the main reasons for the CM/GC process. They come on early so they can figure it out.

Tom Peterson asks: In regards to Asbestos work, if the abatement is happening in a crawl space, what is the risk to students and could that be deferred to work that does impact students directly?

Dan Jung replies: Crawl space abatement is happening at some sites due to the severity of the conditions. Currently, certain site conditions are inaccessible by anyone who is not certified, which is why they are being abated.

- **Middle School Conversion:**

- Bond dollars are being spent on Health and Safety conditions for the Middle School conversion sites.
- Amounts?
- 11.4 Million was approved by the Board of Education to come out of the bond for the MS conversion project.

Kevin Spellman asks: Can the BAC get regular updates on the allocation for Middle School Conversion and Health and Safety costs?

Dan Jung replies: We can provide this. It is tracked in eBuilder.

Tenzin Gonta asks: Will this work be a 100 percent completion?

Dan Jung replies: Lead in the water and Radon will be 100 percent addressed.

Kevin Spellman asks: For the Health and Safety budgets, these budget amounts are internal and are not specific to the ballot language, correct?

Dan Jung replies: That is correct.

- **Kellogg:**
  - Kellogg rebuild is having demolition kick off on Saturday May 5<sup>th</sup>.
  - Demolition bid received – under budget.
  - Land Use application has been submitted.
  - DD design phase submittal – potential for cost overruns
    - Potential for schedule impacts if misaligned scope and budget
  
- **Madison:**
  - Madison Modernization is being reviewed for scope and budget alignment.
  - Next step is to finalize Master Plan revisions based on BOE guidance of priorities
    - Significant risk of schedule impacts depending on BOE prioritization of program elements
  - CM/GC contract is being negotiated with Fortis Construction.
  - Alignment of BOE priorities with current Master Plan options.
  
- **Lincoln:**
  - Lincoln Modernization is being reviewed for scope and budget alignment.
  - Next step is to finalize Master Plan revisions based on BOE guidance of priorities
  - RFP for CM/GC services will be advertised soon.
  
- **Benson:**
  - Benson Modernization is being reviewed for scope and budget alignment.
  - Several options explored given current status of budget
  - Next step is to finalize Master Plan revisions based on BOE guidance of priorities
    - Significant risk of schedule impacts depending on BOE prioritization of program elements

*Kevin Spellman asks: On the Kellogg demo issue that we heard about from Rosa during public comment, who is going to reach a conclusion?*

*Dan Jung replies: I will follow up with Purchasing and Contracting to see what the next steps are. It is unclear at this time how PPS needs to respond since this was ultimately the General Contractors action.*

*Amy Kohnstamm adds: We should be tracking this issue and see about making changes to avoid future incidents.*

*Tom Peterson adds: I suspect that this could be an issue of the Workforce Equity requirement and possibly her company's inability to support this. This is a classic example of equity goals competing against one another.*

*Tom Peterson asks: How involved is maintenance in the design process?*

*Dan Jung replies: Now they are involved regularly.*

*Scott Perala adds: We have started a new process of regular steering committees for all of the 2017 bond projects. These meetings involve maintenance, custodial, property management, and education (School Principal, Office of Teaching and Learning, Office of School Performance). This effort is a lesson learned from the 2012 bond projects process and is working well thus far.*

Tom Peterson adds: *These projects do have a major impact on people with other jobs within the district and we need to keep thinking of this. Probably need to have the appropriate staff to accommodate this.*

Scott Perala replies: *Exactly. We have already learned that maybe putting in state of the art systems does not necessarily prove to bode well if we need someone with special training (aside from what we can provide) to operate and maintain the system.*

Willy Paul asks: *If internal staffing is not available, is it possible to outsource?*

Scott Perala: *There is staffing out there.*

Kevin Spellman adds: *The decision to fund middle schools seems similar to the Roosevelt addition of Phase 4 and how we deliberated on the issue of diverting additional funds to a project. I certainly understand the definition of health and safety, but struggle to say that middle school conversion can be funded under the umbrella of health and safety. To split the question into two, 1. It's not can the funds come from the bond, it is should they? And 2. The board took action without any input from the BAC or the public. Our feedback is about "is this within the bond or not in the bond". Our purpose is to offer this opinion.*

Willy Paul adds: *I feel exactly the same way. If there are decisions being made about the bond without our input, then that is problematic. What is the mechanism used to fund the MS projects?*

Scott Bailey replies: *I feel like the board has every legal right to fund this from the bond as it was presented in a certain way to the public. The board will either come back to evaluate this or look to come back on decisions.*

Julia Brim-Edwards adds: *Speaking to the process and the board making this decision, the board was not made aware of the immediate need for this decision until the Thursday prior to the meeting. It was presented as an emergency resolution, otherwise Tubman would not move forward and be ready to open in the fall. It is a schedule crunch, and the board had no time to really go through any kind of process.*

Kevin Spellman replies: *It is not our intention to scold the board, and we understand that there was not really any time to go through a process. Rather, it is our intention to highlight that if we do this, we can do anything.*

Tom Peterson adds: *I fundamentally agree that we should not be changing some things, but I know that things happen. I looked at it more like "we don't have to borrow the money now, but we might have to later". We have big problems.*

Tenzin Gonta adds: *What was the legal advice given to the board? My takeaway is that we are already in critical mode. My take is that this is more of a public trust issue, and changing things is not going to bode well.*

Dan Jung replies: *We did talk to bond counsel, and as long as the funds are used for Capital Improvements, then it is legal.*

- **2017 Bond Budget Shortfall:**

- Presentation of board work session materials regarding comprehensive HS budgets and Kellogg. (See attachments)
- Update on budget considerations.
- Madison review (hard costs, soft costs, ffe, contingency)
- Master plan (initial budget, reduce scope)

Willy Paul states: We have begun separating escalation and market conditions. We have found you can't really predict market conditions.

Tom Peterson asks: Why did we go with such a low contingency with this bond? 15 percent seems too low considering the challenges the other projects have had.

Willy Paul responds: That has been thought of as the industry standard, but really we try to set contingencies at 20-26 percent. The so called standard of 15 percent doesn't really apply anymore, and hasn't for some time now.

Kevin Spellman asks: How did we go from the pre-bond budget to the referred estimates?

Dan Jung responds: I do not know.

Amy Kohnstamm asks: The budget was brought to the BAC, correct?

Kevin Spellman replies: No, bond preparation is not part of the BAC's charge.

Tenzin Gonta adds: We received our first briefing on the budget shortly after the bond was approved by the voters.

Dan Jung adds: Options will be coming before the Board of Education for Madison, Lincoln and Benson. The BOE has indicated it does not want a reduction in program.

Kevin Spellman states: If our charge is to build three more Franklins, we will not be able to stay on budget.

Tom Peterson asks: Is there any conversation regarding a not now scenario? (Scope that could be added in at a later date?)

Dan Jung replies: We have already looked at smaller classroom sizes and things we could do to bring the cost down. We have also begun work on phasing ideas.

Kevin Spellman adds: I think we need to keep in mind the equity lens and what the first schools got compared to any reduction in scope.

Willy Paul asks: Is there any willingness to slow down the construction to wait out escalation?

Kevin Spellman adds: We need to be thinking about any option. Its 100 million dollars.

Kevin Spellman asks: Have we done a comparison for other similar school building projects in the region?

Scott Perala responds: We have access to studies of this nature that have been done.

Kevin Spellman says: It would be helpful to have supporting data to back up things, point out similarities and explain, for instance, why Lincoln is so far off of Madison.

Scott Perala responds: The question also is how do we overcome each school's program differences and still remain equitable?

## **V. BAC Discussion**

- BAC discussion around OSM needs from the BAC.
- OSM to investigate other bond projects and reporting.
- Discussion of a regional master construction schedule to help align projects and streamline resources.
- Due to the ongoing demands from the Board, OSM has not been able to provide its standard cost and schedule information on the bond programs. It will be forwarded as soon as possible.

## **VI. Wrap-Up**



- Kevin Spellman thanks everyone for coming.

**VII. Adjournment**

- *Kevin adjourned the meeting at 8:29 PM.*