

Meeting Minutes | January 23rd, 2019



**Portland Public Schools Bond Accountability Committee
(BAC) Location: Lincoln High School Library**

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

Members present: Kevin Spellman, Dana White, Tom Peterson, Karen Weylandt, Dick Steinbrugge

Not present: Charlie Johnson, Cheryl Twete, Tenzin Gonta

Guest present: Ken Fisher, Curtis Matthews, Cathy Brady, Duran Brandon, Lien Luu, Erin Storlie, Brian Price,

PPS/OSM staff present: Dan Jung, Scott Perala, Dave Ruth, Derek Henderson, Darwin Dittmar, Mike Kwaske, Brian Oylear, Jamie Hurd, Aidan Gronauer

Next meeting: April 17th, 2019 (Location TBD)

I. Welcome & Introductions

Kevin Spellman calls meeting to order at 5:39 pm.

II. Public Comment

- No comment.

III. Program Overview

Bond Accountability Committee

- OSM and the BAC welcome three new members, Dana White, Karen Weylandt, and Dick Steinbrugge.
- Tom Peterson has elected to serve another term.

Staffing

- Dave Ruth has joined PPS as the OSM Director of Construction. Dave comes from the Bay Area with a wealth of industry knowledge. OSM looks forward to the benefits and insight Dave brings to further move the PPS Bond program forward. OSM welcomes Dave to the program.
- Steve Simonson joins OSM from FAM project management as a Senior Project Manager in charge of Health and Safety projects, focusing on composite (roofing, seismic, etc.) projects. Steve brings a wealth of knowledge and experience to the program and OSM welcomes him onboard.

General Program Updates

- The Grant Modernization project team has identified a preferred location for the Grant Softball Field.
- The Benson Modernization Master Plan was approved by the Board of Education.
- Madison and Kellogg are mobilizing to construction phase starting in June of 2019.
- **The Lincoln Rebuild is moving forward and starting the Construction Document phase.** Subcontractor bidding will take place later this spring.
- Summer 2018 Health and Safety work is wrapping up. Water fixture replacement and lead paint stabilization are ongoing and will continue at all buildings across the district. Summer 2019 projects are near to design completion and bids will be on the street in the next few weeks.
- Scope for the Health and Safety program of the 2017 Bond is now identified in detail and will be forecasting for how the 150 million set aside for Health and Safety will be spent.
- Rider Levett Bucknall is under contract to review program costs compared to other markets/projects. OSM expects this report to be completed near the end of February.
- Sjoberg Evashenk Consulting (SEC) is under contract and will serve as our performance auditors for the next several years. The current focus for SEC is working on the \$790 million dollar 2017 Bond Ballot amount. OSM expects an audit report on this topic to be completed end of February as well. Findings will be report to the Board in March.

Balanced Scorecard: BUDGET

- **2012 Bond Budget**
 - Clarification on reporting strategy for the two bonds provided to the committee. OSM is able and willing to provide detail and/or focus on details of the 2012 and the 2017 budget, as well as the total program overall as needed by the committee.

OSM/BAC Discussion: *The BAC highlighted the need for detailed tracking of the Health and Safety projects since there is a wide range of work going on. Not only will this allow for the tracking of details, this will also allow for detailed communication about the work for all stakeholders. OSM agrees and suggests that we make Health and Safety a key focus for the next BAC meeting in April. OSM also*

clarifies that the reporting on Health and Safety needs to account for the ballot language of “spend up to 150 million on Health and Safety work”.

OSM/BAC Discussion: The BAC and OSM engaged in discussion about contingency budgets for the 2012 bond, close out status, current budget details and forecasting, possible savings within project budgets or contingencies, and where the money could or should go if it becomes available. The BAC continually recommends that the two passed bonds, 2012 moving towards program completion, and 2017 well underway, remain clean and separate funding sources that execute the language of the ballot measure that voters approved. OSM agrees and will continue and track allocation of funds pursuant to the 2012 and 2017 bond measures.

- **2017 Bond Budget**

- OSM reports that board approved funding for the Middle School Conversion Plan that took place over the over the summer of 2018 has been reversed and the board is now looking at different funding sources for this work outside of the 2017 Bond. Funds that were previously allocated to the Middle School Conversion Plan from the bond will now be used to fund the Benson Modernization.
- OSM reports on the 2017 Bond Premium compared to the 2012 Bond Premium. The 2012 Premium was larger and allocated to projects. Issuance costs were not factored in for the 2017 bond. The 2012 bond had a higher premium that yielded more funds for projects. The 2017 Premium was less than the issuance cost so we did not see additional funds for that, but this bond is made up of taxable and non-taxable bonds and may yield more interest revenue.

Balance Scorecard: EQUITY

- OSM reviews current numbers for equity goals for Certified Business (Minority, Woman Owned, or Emerging Small Business), Workforce Apprenticeship, and Career Learning efforts.
- A few relatively minor discrepancies were noted in the perspective slide. Corrections will be made prior to posting on the website.

Balance Scorecard: STAKEHOLDER

- OSM reports that past methods of gathering stakeholder information is no longer providing value. The original survey was targeted at quantifying frequency of opportunities to be engaged in the project, but now that OSM has modified how we do stakeholder engagement (Bi-Weekly Project Steering Committees), we have a system where we can track how many opportunities stakeholders have to be involved.
- OSM will review the situation and create a new plan for getting stakeholder feedback for the next BAC meeting in April.

Balance Scorecard: SCHEDULE

- OSM reports that all projects are currently tracking on schedule.
- OSM is reviewing how to report for the Health and Safety schedule, mainly because there are so many projects happening. OSM is considering options for schedule tracking on the Health and Safety work and will report to the BAC at the April meeting.

- OSM reports on ongoing challenges for schedule and permitting with the city. OSM is working to overcome known and anticipated challenges.

OSM/BAC Discussion: *The BAC and OSM discuss the difficulties of tracking project schedules. Often times, one change order can throw you in the red, and then the target is reached and the project is back in the green. The discussion emphasizes the need for as much detailed and complete design work at the front end of the project. Many lessons were learned from the 2012 Bond, which not only had projects running on the same schedule, but education specifications were in development at the same time so it became challenging to have this work complete during design. Discussion continues about lessons learned on past projects and the need for clear and concise communication to staff about the construction process, what they can expect when the school opens, the definition of a punch list, and all pertinent information regarding occupancy and new buildings coming on-line.*

Discussion continues regarding the current market and any indicators of market slow down. CoP is tracking a drop in multi-family housing projects, which could be a pre-indicator that commercial projects may slow down as well. Current project demand is outpacing subcontractor availability. This has led to a subcontractor driven market in terms of price and schedule.

Review of Owner Controlled Insurance Program related to the 2012 and 2017 Bonds. Neither had budget to pay for this. 2012 used program budget to pay for this, and 2017 will allocate payment for this from the project budgets directly.

IV. Projects Update

GRANT MODERNIZATION

- Erin Storlie of Andersen/Colas Construction and Brian Oylear, Senior Project Manager for Grant proved a detailed presentation and update for the Grant Modernization Project.
- Grant Student Drone Video Presentation: <https://www.youtube.com/watch?v=t4CC2uDpvD8>
- Project Status Update:
 - Overall, the project is mostly setting finishes. Brick is in, most windows, utilities installed below grade, land and landscapes going, trailers are coming off site in next few months. New gym is well underway and drywall and finish are next. Mechanical room is well underway. Boilers are in with one operational and the others coming online soon. Mock classroom is complete and being used to coordinate efforts. Lights, plumbing, and fixtures going in. Polished concrete floors are in and protected, and will just need a buff once the school is ready.
- Project Budget Update:
 - OSM has been tracking the budget for Grant holding at just over \$151 million. Due to a number of issues, OSM is now tracking the budget for Grant to be just over \$157 million.

OSM/BAC Discussion: *The BAC and OSM discuss the reasons for this increase in budget. Many factors have contributed to this. There have been significant challenges with the structural condition of the historic building. The project utilized new technologies and incorporated more destructive testing than previous projects, but much of the structural issues were not discoverable until demolition. This also holds true for the asbestos dump the team found buried on site (common mid-century abatement practice). This would not have been discoverable either until it was actually excavated.*

Another significant challenge is the number of change orders based on structural and hazardous material issues. The GMP was set at 50 percent construction drawings, and OSM is working on getting 100 percent construction drawings before the GMP is set. Grant had a large number of change orders due to the design having to accommodate these unforeseen conditions and working from incomplete documents. Currently, Madison is looking at being at least 90 percent if not 100 percent. The BAC strongly recommends that all

projects reach 100 percent CD prior to setting the GMP. One of the dangers of bidding with incomplete documents is the lack of appeal for subcontractors due to real or perceived risk. Certainly, bidding on projects with complete drawings is more desirable than bidding on documents with incomplete drawings as it takes a lot of guesswork out of consideration.

OSM is also refining practice to bring the CMGC itself on earlier in the project. Additional adjustments based on lessons learned include adding in more site investigation early on to identify issues. Now that Grant is the third historic high school to be modernized, OSM is factoring in some of the expected issues (hazardous materials, structural surprises, magnesite, etc.) that have been found at all three sites. OSM is expecting less of these issues at Madison as it was built mid-century. OSM is also planning to begin pre-construction work earlier, and looking at ETP as a benefit with the strategy being to attract low bids.

The BAC recommends setting up some performance metrics to help explain the process and maybe be able to help tell the story to the BOE and voters. Tom Peterson did something similar at the Port of Portland. **Scott Perala will coordinate with Tom on this effort.**

Brian Oylear congratulates the entire Grant Modernization Team on their continued hard work and adjustments. At one point, the project was looking at a possible schedule slip of 120 business days (approximately 6 calendar months) for critical path, but the team was able to recover the lost time and is currently tracking to deliver the project on-time..

The BAC requests that OSM provide an update on safety data for the Grant project. **OSM to provide the BAC with safety information on all current projects.**

ROOSEVELT MODERNIZATION

- Update on Roosevelt
- The Roosevelt Modernization is looking to have phase three completed end of February, not including the tennis courts.
- Phase 4 funding sources are being identified by the BOE.
- OSM to provide the BAC with any cost comparison or energy savings data between the new and old schools. **OSM to investigate and report to the BAC.**

HEALTH AND SAFETY

- Update on Health and Safety
- OSM engaged with site staff and stakeholder in a lessons learned effort for the work that was done summer of 2018.
- Chapman roof has been postponed due to the project only being 75 percent designed. The reason behind this being that the project came in late. Originally, FAM was going to do some work on the skylights, but investigation revealed the need for further design. This project will be bid in 2020.
- Termination of contract with Corp Inc. has occurred.
- New definitions of water fixture standards from the state has spawned the need for course correction.

KELLOGG

- Update on Kellogg
- Kellogg is on schedule with land use, permitting, and bids going out soon.
- Current budget estimates show Kellogg to be within budget with identified additive alternates

MADISON

- Update on Madison
- Madison's DD cost estimate came in within \$2M of the budget. identified VE options that exceed what is needed to meet the budget, giving some flexibility and choice.

- Destructive testing continues to take place.
- Permitting and land use under way.
- Right of Way negotiation with ODOT is under way.

LINCOLN

- Update on Lincoln
- Discussion on the Value Engineering process for Lincoln and Target Value Design principles.
- The BAC has been invited to a meeting in early February to review the Value Engineering process and Target Value Design strategy in detail.

OSM ACTION ITEMS

- OSM to coordinate possible tour of the Lincoln Site.
- OSM to coordinate possible tours of Franklin, Roosevelt, or Faubion.
- OSM to update the Health and Safety cost reporting structure.
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Next BOE Presentation: February 19th, 2019.

V. Adjournment

Kevin adjourned the meeting at 8:37 PM.