



# Meeting Minutes | April 20<sup>th</sup>, 2016

## Portland Public Schools Bond Accountability Committee (BAC)

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

*Members present:* Willy Paul, Steve March, Kevin Spellman, Louis Fontenot, Cheryl Twete, Tom Peterson

*Not present:* John Mohlis

*PPS OSM staff present:* Dan Jung, Darwin Dittmar, David Mayne, Cheryl Anselone

*Board Liaisons present:* Pam Knowles

*Board Liaisons not present:* Amy Kohnstamm, Paul Anthony

*Next meeting:* July 20 at Benson

### I. Welcome & Introductions

Kevin calls meeting to order at 5:39 pm

### II. Public Comment

Ted Wolfe thanked the committee for their service. Kevin Spellman replied by thanking Ted for his help on the discussion on makerspace.

### III. BAC Role & Responsibility Review

Kevin Spellman stated that during previous discussions on makerspace there were questions on BAC role.

- *Kevin Spellman asks: Any thoughts about the role of the committee?*
- *Louis Fontenot responds: I think it is the same. Our role is to review the construction of these schools and report on the process. I think we serve a very important function. Without a sounding board, some things would slip through the cracks.*
- *Cheryl Twete responds: I think that is accurate, we are to provide advice to the Board and it is up to them if they follow that or not. There should be a complete communication and it is part of our job to ensure the information is delivered in a way that is understood. There is a lot of information and sometimes people who aren't in the construction industry may not understand. This group is supposed to help filter this info into laymen's terms to be easily understood.*
- *Tom Peterson states: I am confused about this new committee the Board has created and what the difference is between this group and our group. I don't understand the difference. It would be useful to understand that difference and what our roles are and how they related to each other.*

- *Pam Knowles responds: The committee looks at the current bond, but also looks at LRF, considers future bonds and will go out into the community regarding future bonds. There are committee explanations about each of the committees online which outline the goals and purpose of each of the Board's subcommittees.*
- *Willy Paul states: We provide advice and are here at the pleasure of the Board and are here to interpret the details.*
- *Steve March responds: It is something that adds value to the community and the Board. We provide information and the Board makes the final decision.*
- *Tom Peterson states: I am fine with how it is set up. There will be disagreements, but we still serve a purpose.*
- *David Mayne states: The work this committee does is instrumental in my communications with the public. I can speak to the level of transparency and oversight of this committee by referring members of the public to the website. It helps me deliver the message to the public.*

#### IV. Program Overview

- **Program Update - Balanced Scorecard**
  - Dan Jung directs committee members to the packet for the meeting and what is in it.
  - Grant High School is in the Schematic Design Phase.
  - IP 15 projects are in Close-Out except Ainsworth
  - IP 16 is in bidding stage right now
  - Three Master Plans continuing to move forward. Lots of communication and outreach with no less than 38 meetings between the three Master Plan projects
  - RFP process open for CMGC for Grant High School
  - Franklin, Roosevelt and Faubion projects in construction
  - The current projects are averaging about 300 people on site every day, and are processing about 150 invoices a month and 300 RFIs.
  - Approved payments are \$8 - \$10 million a month.
  - 2016 performance audit is in and is being reviewed. Will come to the BAC next and then go to board in June
  - Groundbreaking for Faubion occurred. Earl Blumenauer was among many attendees, there was a very good turnout. Many speakers present and the event got good press.
  - IP 16 projects received nice press as well.
  - General communications have been very active.
- Updates on Staffing:
  - Dan noted a few staff changes to the IP project team.
  - Mike Kwaske stepped up as PM on IP, Theresa Fagin (Project Coordinator) accepted a new position at PPS but outside OSM. Due to the immediate need, challenging hiring market and uncertainty of future IP work, OSM has asked Heery to provide a Project Coordinator in the interim (through the end of summer).

- Overall Perspective
  - Minimal overall changes from last meeting.
  
- Stakeholder perspective:
  - Dan reviewed the stakeholder feedback. PPS sends out questionnaires to DAG members, school building staff and other stakeholders when we reach each milestone. The responses are coming back largely positive.
  
- Equity Perspective:
  - **Career Learning Equity**
    - The bottom of the scorecard shows good activity with student engagement. The recent NW Youth Expo had 6,500 students. Approximately 2,700 of those were PPS students. There was lots of positive feedback regarding the event.
    - We anticipate quite a few interns again this summer, but have not finalized numbers yet.
  - **Workforce Equity**
    - Dan noted the workforce participation program continues to go well with an overall achievement rate of 22%.
    - *Willy Paul asks: Did we have outliers who refuse to comply with the equity requirement?*
    - *Dan Jung responds: we've had a few contractors who have not performed well, but overall we're doing good.*
    - *Ken Fisher responds: Trades had initial hiccups with the requirement, but things are going smoother now.*
    - *Kevin Spellman asks: Any indication that participation in 2016 is being affected by the requirement?*
    - *Dan responds: Anecdotally yes. Some comments from contractors reflect a feeling that it is more stringent than other districts. This is one that still seems to stick with people. I had a meeting with one of the generals on MWESB and they mentioned they believed the workforce equity requirements hindered some MWESB firms.*
  - **Business Equity**
    - Dan discussed how OSM collects the business equity data and the planned changes to that tracking. PPS is moving to a more inclusive definition for business equity by adding Service Disabled Veterans (SDV) and California and Washington certified firms. The term "MWESB" will be replaced with "Certified Business".
    - The reporting has historically been manual. Now that the definition has changed to include SDV and 2 more states there is no accurate way to revise the data to reflect the current business equity definition. The B2G Now software (managed the PPS's Purchasing and Contracting Department) is going to take over reporting going forward. The one major issue is their system will not be able to capture all past data.
    - Dan continues with the update: Under the old model the projects showed under 8% participation.

- Unfortunately FHS had a double hit recently on MWESB. Skanska had been negotiating with Inline Construction to manage some of the work, however ultimately they were not able to come to terms and Inline has indicated they are too busy with other work to continue pursuing. Also, the plumbing contractor thought to be certified turns out to not be. This is about a \$12M contract.
- *Kevin Spellman States: Faubion is putting them to shame.*
- *Dan responds: Yes, they have a large amount of MWESB; thanks in part to a large contract with their masonry subcontractor.*
  
- Budget perspective:
  - Dan begins the budget update:
  - Budget resources have not changed.
  - There are a couple of areas showing red that were not there previously. FHS and IP16 are now forecast over budget.
  - *Tom Peterson asks: Where does RHS Maker Space building show up?*
  - *Dan Jung responds: The detail budget cost report shows a forecast and what is available. The footnote shows \$5 million allocated to RHS. It is a future allocation.*
  - *Kevin Spellman asks: How do we show it?*
  - *Ken Fisher responds: It is an unfunded requirement.*
  - *Kevin Spellman states: There seems to be an agreement. The space needs to be sited but the architects will do as little as necessary to involve the city. Care will be taken not to allow this work to interfere with the current construction work at Roosevelt.*
  - *Willy Paul states: so this is being treated as a separate project with separate funding. You are making commitments without it being fully funded, it should be tracked and highlighted.*
  - *Kevin Spellman states: There will be costs associated with this and there will be issues with where this money will go.*
  - *Ken Fisher responds: We are internally set up so that any current changes will be tracked. The Maker Space building will be a “new project” when budget and funding are allocated.*
  
- Schedule Perspective:
  - Ken Fisher provides updates to schedule: We are red on IP16, a lot of those design activities did slip. Once we got into design we had some falling behind.
  - The Faubion building permit came in so that is now green.
  - Ken briefed the Program Cash Flow Graph, showing cumulative program expenditures. Each individual program is color coded. The graph shows a standard “S” curve. The program is entering its busiest time.
  - *Willy Paul asks: Is this based on actuals?*
  - *Dan Jung responds: The old numbers are turned into actuals. Future numbers are projections.*
  - *Willy Paul asks: What is the time between first invoices to clean invoices?*
  - *Dan Jung responds: We average about 22 days between receiving invoice to payment. There is some back and forth before the final invoice is approved and paid; I will check on the actual average between the first and the clean invoices.*

- *Willy Paul states: Based on my experience there is some time before you receive a clean invoice so all of that can impact your projections.*
- *Ken Fisher responds: It is usually cleaned up within 10 days*
- Ken shows site pictures then and now for projects.
- The draft 2016 performance audit has been received and is currently being reviewed.

## V. Projects Update

### • Improvement Projects

- Ken continues with the update on improvement projects.
- There was some positive response to the elevator at Ainsworth in relation to a student who was not able to access the school.
- *David Mayne explains: a student was injured in a ski accident and hasn't been able to go to school because there was no access. Because of the ADA improvements, that student can now attend school.*
- IP2016 bidding is nearing completion and the notices of intent to award are being finalized. We are behind budget on this one and will need \$3 to \$3.5 million added to this project.
- *Kevin Spellman states: I think IP16 was recognized to be underfunded for some time.*
- *Dan Jung responds: Correct. We've anticipated adding budget to the project and were waiting for bids to come in before making the transfer.*
- *Tom Peterson asks: So the scope that we started with, we are going over budget?*
- *Ken Fisher responds: It's a very challenging bidding climate right now, with only 1-2 bidders on many packages.*
- *Willy Paul asks: How big of a gap in budget do you get with one bidder*
- *Ken Fisher responds: Significant. We were hoping to get MWESB firms to bid on these 6 contracts because we broke it into smaller contracts for that purpose. Unfortunately we didn't get any MWESB firms to bid.*
- *Pam Knowles asks: Is it being considered that some of these schools will be moving to K5 from K8*
- *Ken Fisher responds: Yes that has been considered*
- *Kevin Spellman asks: IP16 was the one where the design was late. Are we making any progress on the schedule?*
- *Ken Fisher responds: We are pressing up against May, but we are headed towards making the schedule*
- Ken continues with the update: IP17 is on hold pending a discussion regarding the total IP budget. We have to go back, based on all the funding discussions we have, we need to determine how much money we will have and how many projects we can do. We will be having a discussion with Jerry next week to talk about IP17.
- PPS was awarded one SRGP grant (Lewis K-5); therefore this project will need to proceed in IP2017.
- We have fall protection for future projects. We received a citation, not a fine, for not having fall protection on other projects.

- **Franklin High School**

- Ken Fisher continued with the update: FHS's March schedule has been adjusted. There was a change in construction duration and time was added. This pushed completion date into May 2017. This happened because they had to take care of some problems like asbestos removal and weather delays. The permits did well at Franklin. The contingency has gone from 5% to 3%. Another example of the delays experienced occurred during the new football field. The geo search indicated there was pure soil underneath, but when digging started, there were significant boulders.
- *Willy Paul asks: So you still maintain a contingency within the GMP?*
- *Ken Fisher responds: The contingency outside the GMP is going down.*
- *Tom Peterson asks: So FHS shows over \$1.7 million. What is this in relation to?*
- *Ken Fisher responds: There were significant delays including those related to asbestos removal and the discovery of Magnesite under the flooring.*
- *Willy Paul asks: Is the contingency adequate?*
- *Ken Fisher responds: No it is not.*
- *Tom Peterson states: So you will be using all of that plus \$1.7 million outside of that.*
- *Kevin Spellman states: We should discuss how we want to be updated on this. Assuming these numbers come in on the same date. These numbers say we have not spent the 3 percent. In the summary page we say we expect to spend an additional \$1.7 million.*
- *Dan Jung responds: The forecasts start from scratch, and if nothing goes wrong that is what you end with. As problems come up the forecast is adjusted. The PD will come back and say "I will need an additional 300k for this issue" so that is incorporated in the forecast.*
- *Kevin Spellman states: So we will have a \$1 million overrun.*
- *Willy Paul states: We have spent about a third on that project on approved invoices. What we are not saying is commitments. The commitments would be a very helpful thing to see.*
- *Ken Fisher responds: If you can come up with a better way for us to present where we are with contingencies we would be glad to do that.*
- *Kevin Spellman asks: So what you are saying is FHS contingency is gone?*
- *Ken Fisher responds: It is forecast to be gone.*
- *Willy Paul states: What is more helpful is to show how the forecast is being spent.*
- *Kevin Spellman states: But there is \$22 million dollars in program reserves.*
- *Dan Jung responds: There are future events where the high schools may need money. We have a running list against current contingency, future contingency and potential funding needs.*
- *Tom Peterson asks: At what point do you make a budget change. I am thinking it is forecast that we don't have a contingency so it is recommended to change this budget to a new number to carry that contingency. Will that happen by the next meeting?*
- *Dan Jung responds: Each project is different and depending on the need, budget may be moved immediately or the project may be watched closely to see if there is a change before a budget transfer is complete.*

- *Tom Peterson asks: If we know we won't make it, will you change it to what it should be and acknowledge it isn't the right budget?*
- *Dan Jung responds: This has a fairly long term so we will watch it and allocate funds as we need it.*
- *Kevin Spellman responds: There are two aspects to this. Allocated budget and projecting final cost of budget. We are heading toward \$1 million over and we need to quantify that somehow.*
- *Louis Fontenot states: it is important because the Board has already shown a propensity to spend money. We need to help them to understand where the budget will be at the end of the day. This is the second Board to try to spend money that wasn't there.*
- *Tom Peterson asks: When are we going to acknowledge when the budget will change?*
- *Cheryl Twete states: I suggest a single piece of paper showing the program's budget with a running tally of the hits to the budget.*
- *Dan Jung responds: That is a fair request. It would be necessary information.*
- *Kevin Spellman asks: What level of detail does the committee want on contingencies?*
- *Tom Peterson states: I am fine with the updates we get. I just think when we do meet and projection don't look good, that we say we need to change the budget to a different amount. If we have a project where the budget isn't sufficient, we should state that.*
- *Willy Paul suggests: We should show what our forecast commitments are in a single column.*
- *Dan Jung responds: There are 2 methods for forecasting contingency: (i) showing available contingency being consumed (which OSM does not do); (ii) or only showing contingency being consumed when a specific event has been identified. Both have their pros and cons.*
- *Willy Paul responds: There are valid reasons to do it either way.*
- *Kevin Spellman States: But it needs to be visible and transparent.*
- *Willy Paul responds: We need to demonstrate reserve by not forecasting spending the contingency.*
- *Kevin Spellman asks: What is the final number going to be by project?*
- *Willy Paul states: The benchmark estimates completion against spending.*
- *Dan Jung responds: There is a devil in the details on how we forecast the contingency.*
- *Willy Paul states: We need an understanding on the forecast of the contingency.*
- *Tom Peterson agrees: Yes, we are seeing cost overruns for FHS, but we have reserves.*
- *Kevin Spellman states: We still have a difference of understanding of the project estimate at completion column on your program update spreadsheet.*
- *Dan Jung responds: I think we can get there. There will be another column that will show commitments which is what Tom asked for.*
- *Kevin Spellman asks: Do you think this revised schedule shows the issues with contingency?*

- *Ken Fisher responds: December weather delays were resolved although we are still dealing with asbestos and magnesite.*
- *Willy Paul asks: Was it in the flooring?*
- *Ken Fisher responds: It was in magnesite which is a manmade type of stone which was used in the floors. We are running into this in RHS as well.*
- *Louis Fontenot asks: Are we running into weather delays still?*
- *Ken Fisher responds: A certain amount of delays due to rain are authorized.*
- *Tom Peterson asks: All these delays can affect the date of occupation. Are we saying May 2017?*
- *Ken Fisher responds: There still needs to be a detailed occupancy plan and we haven't done that yet.*
- *Willy Paul asks: The contractor says they will be on time, has anyone confirmed that?*
- *Ken Fisher responds: There are a few sections that show a negative float and the schedule is adjusted*
- *Ken Fisher continues with the update: FHS safety has been really good.*
- *Tom Peterson asks: Do you track man hours?*
- *Ken Fisher responds: We do not but the contractors do.*



- **Roosevelt High School:**
  - Ken begins the update for Roosevelt: there will be tours Friday afternoon. The Master Plan committees for Madison Lincoln and Benson will be touring. We had a good turnout.
  - Budget overall hasn't changed.
  - Safety is good on this one.
  - We are concerned about RHS budget and will need more money. We aren't convinced that FHS overrun is all that is needed.
  - Ken showed site pictures of Roosevelt.
  - A lot of rough-in going on right now. Nothing going on at the gym. Doors should arrive in the next few days. Running wires for security. The biggest concern is the elevator in the gym.
  - Ken Fisher continued the update: The scheduled move-in slid 81 days. Completion of phase one is after school starts. There are some contingency plans discussed and by our next BAC meeting those will be already implemented or scrapped.
  - *Kevin Spellman states: I note here that we are doing overtime.*
  - *Ken Fisher responds: That is all in the GMP.*
  - *Kevin Spellman states: it is really a well-organized site, but a lot of work needs to be done.*
  - *Ken Fisher responds: They have had their challenges with weather.*
  - *Kevin Spellman states: The PM seems happy with his subs.*
  - *Ken Fisher responds: We have 4 months left and the project team seems confident.*
  
- **Grant High School:**
  - The RFP for CMGC is out and we are reviewing proposers. We got 3 proposers.
  - The cost estimate for SD is due in May.
  
- **Lincoln High School:**
  - *Kevin Spellman states: The Master Plan for Lincoln isn't done yet but it is looking like a multi-story construction.*
  - *Ken Fisher responds: It looks like we will build new, but that still needs to be determined.*
  - *Pam Knowles asks: Is there a potential for an elementary or K5 on site?*
  - *Ken Fisher responds: They are setting aside space for that.*
  
- **Madison High School:**
  - Master Planning is going great.
  - There is a meeting going on right now for Madison master plan with a targeted group. They are doing a series of these.
  
- **Benson High School**
  - Ed spec work still going on for Benson. Benson will escalate in sq. footage.
  
- **Faubion Replacement:**

- We have a groundbreaking which had over 300 people. Budget remains constant and the change order rate has been low so far.
- *Willy Paul asks: Where are they in the FFE cost?*
- *Ken Fisher responds: They are at 7%*
- Ken Fisher continues with the update: Safety looking good
- They have different sections that their schedule is related to, but they all end on the same date. “Start” indicated in the documents will refer to the first project that starts and the “finish” will indicate the last project to finish. Everything is on schedule.
- *Kevin Spellman states: On the schedule slide it shows area complete ready for turnover but next line shows substantial completion.*
- *Ken Fisher responds: Substantial completion is for the entire site and the other line is referring to the various sections*

#### **VI. BAC Discussion**

- *Kevin Spellman states: We have a choice for Board presentation coming up. Looks like May 24 and I will ask for a co-presenter. Location of next BAC meeting (July 20) was suggested to be Benson.*

#### **VII. Wrap-Up**

- Kevin Spellman thanks everyone for coming.

#### **VIII. Adjournment**

- *Kevin adjourned the meeting at 7:43*