

MEMORANDUM

Date: May 13, 2019

To: Members of the Board of Education

From: Bond Accountability Committee (BAC)

Subject: 25th BAC Report to the Board

Background

In November 2012, voters approved a \$482M capital improvement bond for Portland Public Schools. The PPS Board appointed a Citizen Bond Accountability Committee to monitor the planning and progress of the bond program relative to voter-approved work scope, schedule and budget objectives.

In May 2017, voters approved a \$790M capital improvement bond measure that included a requirement for citizen accountability and oversight. Following passage of the measure, the Board expanded the BAC's Charter to include the 2017 program.

The current members of the BAC are:

Tenzin Kalsang Gonta
Charlie Johnson
Tom Peterson
Kevin Spellman, Chair
Dick Steinbrugge
Cheryl Twete
Karen Weyland

Recent Activities

The BAC's regular quarterly meeting was held on April 17 in the Madison High School library. As is the case with all regular BAC meetings, it was publicly noticed and open to the public. Staff presentation materials and meeting minutes, along with BAC reports, are regularly posted on the District website.

Office of School Modernization (“OSM”) staff continues to be very helpful and supportive of BAC’s oversight, and demonstrates a consistent commitment to transparency and clarity in its dealings with the Committee and its members.

No public comment was offered.

As this report is written, PPS staff is managing the following work:

- Final phase of construction work at Grant High School.
- Health and Safety work required by the 2017 bond.
- Closeout of Phase 3 construction at Roosevelt High School.
- Planning and design work for Madison, Lincoln, and Benson High Schools.
- Preparation for the start of construction at Kellogg Middle School.

The recruitment process for a new leader at OSM continues and, in the meantime, Scott Perala continues his able service on an interim basis.

2012 Bond Program

Work covered by the 2012 Bond is reaching its final stages. The challenging schedule at Grant High School will be met (like all other projects in the program) and the current cost projections for the program are just within available 2012 bond funds.

Construction at Grant continues at a significant pace with no float remaining in the schedule for an August opening. Furniture deliveries will start on June 3, and Grant will be moved out of Marshall by June 21. Substantial completion is set for July 30. Teachers will return on August 21 to prepare for an on-time school opening.

The current project cost projection, however, has risen by another \$1.5 million since our last report. We strongly recommend that OSM conducts an in-depth analysis of the Grant project so that lessons may be learned to benefit future projects.

Closeout is still being addressed at Roosevelt High School with commissioning of the modified mechanical systems now underway. Phase 3 will be complete shortly with the tennis court area due to be done by June. The project is now expected to come in \$1.4 million under budget.

Franklin’s final costs are under budget by \$620,000, and there are also savings in program management as well as interest earnings on bond

funds. In sum, the program overall is still forecast to complete the current scope within available 2012 bond funds. However, staff continues to show a possible \$10 million injection in non-bond funds committed some time ago by the Board to support any further unexpected costs.

2017 Bond Program

The budget situation for the 2017 Bond program remains dire. With the addition of a proposed MPG Building to the Benson project, the 2017 bond program now reports unfunded costs of \$230 million.

Bids were received on Kellogg Middle School and staff were pleased to report that the low bid came in within the revised budget. Construction will be starting shortly.

The latest (50% Construction Documents) estimate at Madison came in \$12 million over budget so the team is working hard to bridge that gap. Much remains to be done before the scheduled start of construction in the summer, which causes concern. Value engineering necessary to get to budget may affect the foundation/structure design which, in turn, could affect the permitting process. A guaranteed maximum price must also be agreed with the contractor. An on-time start to construction is critical to this aggressive schedule.

Design work continues on schedule for the new Lincoln High School and the next iteration of construction estimates (75% Design Development) is underway. Site mobilization is scheduled for January 2020, a 4-month early start to construction.

The Board has remained very involved in determining the scope of the Benson High School project, and it's expected that a decision on the size of an added MPG Building on campus will allow master plan revisions by the end of May. In the meantime, the anticipated cost of the project has been increased to \$330 million which is \$128 million over the original budget. A CM/GC firm has been selected and, once the contract is approved, will become an essential member of the team as cost, schedule, and construction methods are considered. In the meantime, the Design Advisory Group remains active.

We had hoped to receive a briefing at our meeting on external validation of cost estimates of the major bond projects by a professional cost consulting firm. Unfortunately, that work is still not yet completed but we look forward to seeing their work product soon.

We were briefed by your performance auditors on their report on the 2017 Bond Cost Estimates. Their work was conducted in a thorough and professional manner, and we look forward to seeing their ongoing reviews of broader bond program activities.

Staff presented more detail on the continuing Health and Safety work, and we were pleased to see some of the comprehensive analysis that goes into selection of specific projects from the overwhelming District-wide needs. Significant work is being done in this area to honor the bond commitment on scope and investment; we have asked staff to provide a clearer road map for tracking the obligated \$150 million as well as communicating to the public what work has been accomplished and what is planned.

Other Issues

Equity. Results are still being tracked at the project level but, overall, the two bond programs are now combined. Certified business participation is steady at a cumulative 17%. The District's aspirational goal remains at 18%.

Apprentice trade hours are at 24%, still well ahead of the 20% goal.

Goals for student engagement were met for 2018, and we look forward to hearing about plans for the summer of 2019.

Safety. There have now been 12 recordable accidents at Grant to date. None have been serious. As of early January, 570,000 hours have been worked on the project.

Audits. We addressed the performance audit work above, and we remain engaged in reviewing the cost audits and the recommendations that arose from them. We will also be looking at the interim cost audit work at Grant.

Seismic Standards. We have had several discussions about the seismic standards that should inform the designs of our major projects and find that there is no specific guidance or direction in the Education Specifications. Of course, all projects meet or exceed building codes, and the general standard provides for each facility to have one area (often the gymnasium) that meets Risk Category IV (essential facility) while the rest of the building is designed to Risk Category III (life safety performance). However, there is apparently no District-wide standard in place.

The designs of the major 2017 program projects are too far along to alter course but, as the District considers future bond-funded projects, we

recommend that the Board require a discussion of what seismic standards should be expected so that appropriate funding may be included.

Summary

The 2012 bond program is on track to meet its final schedule goal and stay within the program budget. Major challenges continue on the 2017 bond program. We remain impressed by the quality and professionalism of OSM staff, design teams and contractors as they take on multiple issues, and are pleased that some new approaches have been adopted. We thank the Board for this opportunity to serve and play a small part in your bond programs.