

MEMORANDUM

Date: November 7, 2017
To: Members of the Board of Education
From: Bond Accountability Committee (BAC)
Subject: 19th 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 also provided for oversight by the BAC.

The members of the BAC are:

Louis Fontenot
Tenzin Kalsang Gonta
Charlie Johnson
Willy Paul
Tom Peterson
Kevin Spellman, Chair
Cheryl Twete

Recent Activities

The BAC's regular quarterly meeting was held on October 25 in the Library of the new Faubion School. As is the case with all regular BAC meetings, it was publicly noticed and open to the public. Office of School Modernization staff continues to be very helpful and supportive of the process, and demonstrates a consistent commitment to transparency and clarity in its dealings with the BAC.

The clear highlight of the quarter was the successful openings of Faubion School, Franklin High School, and Phase 2 at Roosevelt High School, all

as scheduled back in 2012 when the bond measure was approved. Everyone involved in the development and construction of these fine facilities, including the Board, District administration, District staff within OSM and elsewhere, designers, contractors, and other professionals, should be applauded for their work. Current and future PPS staff and students are the beneficiaries of these efforts.

The Committee received updates from staff that included the Balanced Scorecard report (2012 program) with supporting data on program budget and other metrics, as well as reports on each of the current bond projects and plans for the 2017 bond program. Staff presentation materials and meeting minutes, along with BAC reports, are regularly posted on the District website.

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

- Closeout of Phase 2 construction at Roosevelt High School, and work on Phases 3 and 4.
- Close out of construction at Franklin High School.
- Close out of construction at Faubion PK-8 School.
- Construction work, and agreement on the Guaranteed Maximum Price at Grant High School.
- Construction on Improvement Projects (IP) 2016 (elevator work at Chavez).
- Planning for Kellogg Middle School and Madison, Lincoln, and Benson High Schools.
- Health and Safety work covered by the 2017 bond.

Current Issues on the 2012 Bond Program

Program Budget. Staff has continued to provide budget information to us in a transparent format.

The total 2012 Bond Program now stands at \$582 million, of which \$397 million (68%) had been spent as of October 1.

Remaining contingencies/reserves at the program level are very limited so staff continues to be focused on balancing these reserves with the budgets of the completed school projects as they are closed out. In addition, the budget for Grant High School has required additional funding. On the positive side, the final bond sale for the 2012 program resulted in an additional premium of which \$2.8 million is already committed to the maker space at Roosevelt.

Closeout work continues on the completed schools and there are multiple

cost issues to work through. While final numbers were not yet in, projections have the total costs coming in within \$150,000 of the combined current budget of \$265 million for Franklin, Roosevelt, and Faubion. We anxiously await the final numbers.

The largest budget issue remains the finalization of the Guaranteed Maximum Price for Grant High School. Since our last meeting, staff has continued to work on this and has secured some third-party pricing for validation purposes. We understand that OSM will bring the GMP before the Board's Finance, Audit and Operations Committee for approval.

Project Schedules. As recognized above, Franklin, Faubion, and Phase 2 of Roosevelt all opened on time for the new school year.

Some work continues at each location. The covered walkway at Franklin (a value engineered item that had recently been added back) will be completed shortly. Some punchlist and warranty work at Faubion is also ongoing. And, of course, the planned Phase 3 (sitework) at Roosevelt continues, and Phase 4 construction (maker space) will shortly be underway.

Major construction work at Grant High School has commenced at Grant High School through early work packages to keep the project on schedule even while the GMP exercise continues and permitting is finalized. The schedule calls for students to return for the 2019/20 school year.

Equity. Staff reports on student involvement remain positive with active participation through career fairs, job shadows, and internships.

The employment of apprentices through the Workforce Hiring program is at 26%, well ahead of the 20% goal.

Certified business involvement is more challenging but remains a priority. A subcommittee of the BAC will shortly be meeting with the Franklin team in the spirit of lessons learned, since the results there were significantly less positive than at Roosevelt. We anticipate solid results at Grant, and certainly want to carry lessons into the 2017 bond program. Overall, certified businesses account for 14% of the program to date.

Safety. There were no accidents at any of the sites during the quarter. Overall, the program's safety record remains impressive.

Audits. Audits of the construction expenditures on the Franklin and Roosevelt contracts are complete and the results are being used by staff as they close out the contracts; this is standard practice on CM/GC

contracts, and we support the process. The final report from your Performance Auditors was delivered in late June and offered a number of recommendations. A subcommittee of the BAC is being formed to review all aspects of these audits. An RFP for the next phase of performance audits is currently under development and should be issued shortly.

Lessons Learned. In addition to the feedback received through the audits, OSM is also conducting an ongoing lessons learned process with PPS stakeholders. The expectation is that amendments will result in PPS' Design Guidelines and project management procedures.

Public Comment. The committee heard from a member of the public who expressed concern about the IP 2017 work (especially seismic) that has been deferred due to the program budget situation.

2017 Bond Program

Budgets for the four schools covered by the 2017 Bond have been set, and planning has commenced. A design firm has been contracted for Kellogg and a Design Advisory Group has been established. Two meetings have already taken place. Contract negotiations are underway with a design firm for Madison where recruitment for DAG members is proceeding. Project teams are in place for both schools.

Project Managers are in place for Lincoln and Benson and planning is beginning to address the unique circumstances that each school faces.

Staff is still working with the broad project schedules that were presented to the Board after passage of the bond. However, we should all remember that this sequencing and scheduling was very preliminary, so staff and consultants should not assume them to be set in stone and should continue to consider creative alternatives to complete the projects sooner.

The Health and Safety work (\$150 million) is being addressed through a 3-step plan. Immediate work is being managed by Facilities and Maintenance, while the intermediate and long-term work will be handled by OSM.

Work on the Water Quality Group 1 Pilot Project is underway and other Groups will follow right behind. Fire sprinkler and/or Fire Alarm design for 10 schools will be complete by March, with construction set for mid-May. The same schedule applies to 5 schools that will have additional work (roof seismic, ADA, elevator, etc.).

Summary

We remain impressed by the quality and professionalism of OSM staff that will be tested as the demands of the 2017 bond are layered on top of the remaining 2012 work. It will be critical to incorporate all of the lessons learned from the 2012 and OSM appears to have a meaningful process underway. We thank the Board for this opportunity to serve and play a small part in the continued success of your bond programs.