

MEMORANDUM

Date: February 7, 2018
To: Members of the Board of Education
From: Bond Accountability Committee (BAC)
Subject: 20th 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 current 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 January 25 in the Commons of the modernized Franklin High School, and we were pleased to be joined by Director Anthony. As is the case with all regular BAC meetings, it was publicly noticed and open to the public. Office of School Modernization ("OSM") 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 Committee received updates from staff that included the Balanced Scorecard report 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 at Grant High School.
- Formal process of “lessons learned” on District Standards and Ed Specs.
- Planning and design work for Kellogg Middle School and Madison, Lincoln, and Benson High Schools.
- Health and Safety work covered by the 2017 bond.

OSM is currently recruiting for seven positions which, given the severe regional shortage of design and construction professionals, may be difficult to fill.

Staff reported on a significant outreach effort to engage potential CMGC contractors, particularly with pending solicitations for both Madison and Lincoln High Schools. It was reported at a recent industry event that school bond programs totaling \$2.5 billion are currently underway in the region, causing continued competition in attracting competent contractors.

Current Issues on the 2012 Bond Program

Program Budget. Staff has continued to provide budget information to us in a transparent format and, in that spirit, a change has been made in the reporting of project and other forecasts. Up until now, line item contingencies were not included in estimated costs at completion, possibly causing some to believe that more unencumbered funds were available than was really the case. Forecasts now include the forecasted expenditure of contingences. (This new methodology also applies to the 2017 program.)

The total 2012 Bond Program budget now stands at \$593 million, of which \$417 million (70%) had been spent as of January 1.

Now that the final \$4 million in the BOE Contingency has been applied to

Grant High School and the second round of funding attached to the Roosevelt Maker Space project, the netted remaining contingency/reserve funds at the program level are essentially exhausted. Project contingencies are, of course, included in the Grant High School budget and it is hoped that they will be sufficient. Extreme vigilance will be required as work proceeds, especially as unforeseen conditions (asbestos “dump” and structural deficiencies) have already surfaced.

Closeout work continues on the completed schools and several cost issues remain unresolved at this point. Projections indicate likely savings of approximately \$200,000 from the combined current budget of \$269 million for Franklin, Roosevelt, and Faubion.

Project Schedules. Phase 3 (sitework) at Roosevelt is set to be completed by March 1, and Phase 4 (Maker Space) awaits land use approval and a building permit. Construction is scheduled to commence this summer.

The unforeseen conditions at Grant High School affected schedule as well as cost, and the team is currently working on a recovery schedule that could include Saturday work. We expect a more comprehensive project schedule report at our next meeting.

Equity. Staff reports on student involvement remain positive with active participation by contractors and consultants. During 2017, 2900 PPS Students attended the annual NW Career Fair, and 488 students were served in other ways. 10 interns were engaged, and Bassetti Architects are working with the Benson Architecture class throughout the school year.

The employment of apprentices through the Workforce Hiring program remains well ahead of the 20% goal.

In December, a subcommittee of the BAC met with the Franklin team in the spirit of lessons learned, to review the contractor’s Certified Business performance. Actual results on the project came in at 7.5% (involving 15 firms), which is higher than we had understood. In addition, a \$12 million subcontract was issued to a Native American Owned Business but the certification is federal rather than state-based. We still anticipate solid results at Grant, and certainly want to carry lessons into the 2017 bond program.

Safety. Unfortunately, there were two recordable accidents at Grant High School during the quarter; they were both minor events resulting in no lost time. 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.

2017 Bond Program

A great deal of activity is underway on the 2017 program. Design Advisory Committees are operational for Kellogg, Madison and Lincoln, and the designs are starting up. Steering Committees involving the project teams, maintenance, principals, and the Office of Teaching and Learning have been established. A demolition package for Kellogg has been bid, and the CMGC procurement process for Madison is underway. Target schedules are being clarified for all schools and will be further refined as more information becomes available.

The biggest concern by far on the 2017 program schools relates to budgets. Construction costs continue to escalate with no apparent end in sight; it seems that, at each stage of design, estimates come in over budget. Project teams will need to be very creative if they are to be successful, and we look forward to tracking this process carefully.

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.

Water fixture replacement work continues and design of fire sprinkler and/or fire alarm design for 7 schools will be complete and bid out by April, with construction set to commence in June.. The same schedule applies to 4 schools that will have additional work (roof seismic, ADA, elevator, etc.). Planning for asbestos abatement at 9 schools is underway with the work scheduled for 2018.

Some bond funds have been allocated where appropriate to the District's Middle School Conversion work, which is being managed by Facilities and Maintenance.

A "final draft" of the comprehensive execution plan for 2018 was presented and discussed, covering work budgeted at about \$38 million, including work at Rigler and King which will continue through 2019.

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 program 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.