

Meeting Minutes | October 17, 2018



**Portland Public Schools Bond Accountability Committee
(BAC) Location: BESC Main Office Wy'East**

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

Members present: Kevin Spellman, Tenzin Gonta, Tom Peterson, Cheryl Twete

Not present: Charlie Johnson

Guest present: Dick Steinbrugge

PPS/OSM staff present: Dan Jung, Scott Perala, Marina Cresswell, Derek Henderson, Darwin Dittmar, Jessie Steiger, David Mayne, Aidan Gronauer

Next meeting: TBD

I. Welcome & Introductions

Kevin Spellman calls meeting to order at 5:30 pm.

II. Public Comment

- No comment.

Madison Modernization Project Presentation by Jessie Steiger (Madison Project Manager), Randall Heeb (Opsis Architecture), and Blaine Grover (Fortis Construction)

Presentation and status update for the Madison Modernization provided to the BAC. Highlighted presentation components are:

- Project currently near 100% Design Drawing phase.
- Review of stakeholder engagement with PPS operations, education, and community.
- Review of past project lessons learned incorporation and ongoing review of Madison process to continue to learn.
- Project team visit to Grant High School for review and learning.

Known Challenges:

- Madison could be characterized as a monument to asbestos. Structure contains lots of concrete and lots of asbestos.
- Existing structure does not contain much steel. Seismic reinforcement will be necessary.
- Cost + Design review with Fortis and project team allowed for some changes to the design that will ultimately result in forecasted savings of \$3 million. Also, the modifications to the design will be less complicated to build and has received warm reception from teachers and staff.
- Structure is technically 5 floors and is holding back the Alameda ridge.

Jessie Steiger: A good example of the cost savings we were able to find by evaluating the design is the team work between PPS, Opsis and Fortis. In our combined design review, we were able to ascertain the original plan of renovating the old gym building was more complex and expensive than just starting from scratch. This decision not only saves money, but it delivers a better product that will better serve students and the stakeholders are happy with the change.

Randall Heeb: There is not a lot of re-bar in Madison, but lots of concrete. We did a peer review with KPFF and we are working on a structural reinforcement plan and continue to come up with better ways of building the school.

Blaine Grover: We also have already begun a procurement strategy to get subs in early. This will help alleviate the challenges to find contractors to do the work in this busy market.

Tom Peterson asks: What level of seismic code is the building designed?

Randall Heeb replies: The building is to code (life safety), but now the new gym will be level 4.

Dick Steinbrugge asks: Did you think about going to that standard for the whole building?

Jessie Steiger replies: Yes, but it ended up just not being feasible.

Randall Heeb adds: One reason it wasn't feasible is the fact that Madison currently has 13 parts of the building where the seismic joints are 1 foot, so those will all have to be addressed.

Kevin Spellman asks: The commons is bigger than Franklin's. Is this bigger than the Ed Spec?

Randall Heeb replies: Yes, it is bigger than the Ed Spec, but the overall square footage is not that much different. We have been able to make some other spaces smaller but still able to support the educational program.

Tom Peterson asks: Referring to the bullet point in the presentation that MEPF subs are being brought on in pre-construction.

Blaine Grover confirms: Yes, we are bringing the subs on early to help refine the project schedule and budget as well as securing the subs early in a busy market.

Kevin Spellman asks: Any stakeholder impacts for the budget?

Jessie Steiger responds: Stakeholders don't really seem to be asking for anything too outrageous. Maintenance seems to be the one with the most needs, who we have been working closely with to get buy in and feedback. Mainly, we are trying to go with finishes and materials that are first and foremost durable, long lasting, and easier to maintain over time. For the big asks, such as a large greenhouse, there is no budget for, but we have created placeholders in the design for a greenhouse if funds become available at some point in the future.

Kevin Spellman asks: When are DD's due to be done?

Jessie Steiger responds: Targeting that deliverable for November.

Dick Steinbrugge asks: What is the program contingency?

Dan Jung clarifies: Just under 15 percent.

Scott Perala updates on the Marshall Campus transition this summer, with Grant moving back into Grant and Madison moving to Marshall.

Jessie Steiger adds: Additionally, we will be bringing Mortensen in to do a third-party review.

Kevin Spellman thanks the Madison team for the information. He then introduces Dick Steinbrugge to the group as one of the 3 new proposed members of the BAC. Their appointments will go the BOE in mid-November.

III. Program Overview

- **Program Update - Balanced Scorecard**
 - Overview
 - Staffing
 - Director of Construction for OSM is under recruitment.
 - Senior Project Manager for Benson is open.
 - Construction Manager for Lincoln will be advertised soon.
 - Performance Audit is getting underway next week.

- FAM Director of Construction Project Management is currently open. Dan Jung is now the interim supervisor for FAM project managers.

Kevin Spellman asks: I am wondering if you anticipate any difficulties due to the added work load from overseeing FAM? I am very concerned about its effect on the bond programs.

Dan Jung replies: Actually, I see this as a potential positive. FAM and OSM do work closely together on many things and I think this is an opportunity to put some processes in place that will help grow this dynamic.

Scott Perala adds: Between Dan, Marina, and myself, we are reorganizing who will be lead on many of our stakeholder engagement and involvement, projects, and of course leadership and the board.

Kevin Spellman asks: Are there concerns about cost allocations?

Dan Jung replies: I have already brought this up to Claire, so she is aware of this.

Kevin Spellman: I recommend you make sure to keep administrative costs separated.

Tenzin Gonta asks: Do you have any idea how long the interim period will be?

Dan Jung replies: I assume that it will be 1-6 months, but they have already posted the job and I heard had some pretty good applicants.

- Schedule Perspective:
 - Schedule review
- Budget Perspective:
 - Marina Cresswell provides an overview of the value engineering and cost evaluation processes and memo drafted for Board of Education review.
Highlights:
 - 2 cost estimators per project.
 - Addition of a constructability review.
 - Look for design inefficiencies and/or lack of detail.
 - There will be a pilot program for the Lincoln project for the formal value engineering process coordinated by an outside consulting firm. If there proves to be value, OSM will implement this on Benson and future projects.
 - Analysis of Madison and Lincoln and the cost comparison value toward VE and cost reduction.

Kevin Spellman states: I am happy that we are trying different things. This is a positive! Have there been any updates to the analysis that was provided at the last BAC?

Marina Cresswell replies: There have been no further updates to that analysis.

Dan Jung adds: We found that the further we broke down the cost comparison to other markets and projects, the less actual value the data had for what we are trying to accomplish.

Kevin Spellman adds: Understood, and that's a legitimate concern. However, the fact remains that no one can show comparable budgets to those that have been approved for both Madison and Lincoln. We still need to know why. Is our pricing methodology different? Are the standards for PPS construction so much higher than others? What is the explanation?

Tom Peterson asks: How have things been going with Lincoln and the City?

Scott Perala replies: BORA has been engaging heavily with the city, which has a lot of requirements for Central City construction, especially with parking and design. They have been able to get some allowances for some requirements, but they continue to try and refine as much as possible to come to a functional agreement. Board members have also offered to step in on these discussions as well.

Jessie Steiger adds: We have had similar issues with approval and improvements/construction on 82nd Avenue, which is technically a highway, so our dealings have been with ODOT.

Cheryl Twete states: I suggest a strategy of helping the city understand the impact of these design requirements.

Kevin Spellman asks: The budget is showing yellow, but since there is a 200-million-dollar hole should it not be red?

Dan Jung replies: It could be red. We can change that.

- Budget discussion continues:
 - Review of cost breakdowns and budget documents.
 - Forecasting \$10 million under for the 2012 Bond.
 - BOE has reversed the Roosevelt Phase 4 decision.

Kevin Spellman asks: How come the program management costs have increased for the 2017 Bond?

Dan Jung replies: We are forecasting for the possibility of more staff to manage the more complex projects.

Tom Peterson asks: Will the deferred work out of the 2012 Bond be picked up?

Dan Jung replies: Possibly. The seismic scope is the most likely additional projects that could be completed with 2012 savings. ADA and roofing are part of the 2017 Bond..

Dick Steinbrugge asks: What happened with Benson.?

Dan Jung replies: The issues started with the underfunding of the 2017 Bond, which has been identified as approximately a \$200 million shortfall. The BOE has voted to increase the budgets for Madison and Lincoln to build them to specifications. Additional funding source for Benson is currently not identified, but there has been discussion on phasing of Benson, and additional funding coming from a potential 2020 Bond. Since the 2017 program is rolling out in phases, Benson construction is not planned to start until after 2020.

- Equity Perspective:
 - Certified business numbers have increased.
 - Career learning goals have been met for the year.
 - Workforce equity goals discussion.
 - Stakeholder perspective brief discussion. Due to lack of updates and projects now implementing regular stakeholder steering committees, the BAC has deemed that this perspective is hard to quantify and no longer necessary.

Aidan Gronauer states: We are very near meeting our certified business goals. The numbers keep climbing.

Kevin Spellman asks about the apprentices on Kellogg showing in red.

Dan Jung replies: This pertains to the demolition scope of work. There were not enough available apprentices for this scope, however the subcontractor worked with the City to communicate this shortfall. We anticipate the numbers to grow as additional trades begin work.

Dan Jung adds: OSM has implemented a more robust stakeholder engagement plan through steering committees and increased meetings. For example, we are working on an after-action review process to identify challenges and apply lessons learned to the summer projects. We have always been aggressive to get work done, especially with summer work, but much of the feedback has prompted us to look at maybe doing these bigger summer projects over two summers since the window for work is so small.

- Audit Update
 - Tenzin Gonta provides an update on her meeting with OSM to discuss upcoming performance audits, as well as meeting with Curtis Matthews regarding the construction audits. Highlights include:
 - Multiple audits in place.
 - Project Management Plan update forecasted for January.
 - Construction audit discussion.
 - Skanska down to 1 item.
 - LCL has nothing contentious.
 - Pay App for Grant discussion.

Kevin Spellman asks: Is Curtis on schedule to do more work? Will he be providing a response for the district?

Dan Jung replies: He will review final billings then, similar to the performance audits, OSM will provide a final response.

Kevin Spellman asks: Will his cost audits qualify as the annual audit function for 2017 required in the bonds? Seems like we need a determination on this.

Kevin Spellman asks: How is the PMP coming along?

Scott Perala responds: Should have the draft completed by January.

Kevin Spellman asks: How are we “rediscovering” eBuilder?

Scott Perala replies: They are coming to do new systems training and work on bringing staff up to speed on new systems and processes. The goal is to take as much advantage of this tool as possible.

IV. Projects Update

- **Roosevelt High School:**

- *OSM provided an update on Roosevelt. Highlights included:*
- Close out continues
 - Damon Roche is working through the remaining items.
 - Phase 4 is on hold and the funding removed from the budget.
 - Cooling system challenge.
 - Executive level walk through in two days.

Tom Peterson asks: Who is funding the system repair?

Scott Perala responds: That is one of the items Damon is working on. One of the big challenges we have found is the phased nature of the project. Phase 1 opened and new systems came on line. Then, Phase 2 opened with new systems being tied into the year-old systems. That has created a challenge. Also, the main issue with the cooling system is the sizing of the pipes that were used, so we are in the process of evaluating the issue and trying to get the system running as quickly as possible.

- **Grant High School:**

- *OSM provided an update on Grant. Highlights included:*
- DirectionThe BOE has directed OSM to pursue improvements in the “Grant Bowl” to include two softball fields.
- Planning underway for Summer 2019 move back in.
- Grant Cost Audit coming up (interim).
- **Tour options for the BAC to be arranged for by Derek Henderson.**

Kevin Spellman asks: How is the contingency holding up for Grant?

Scott Perala replies: We are having challenges with subcontractor pricing and availability. The air handlers have been a recent challenge. We have now for the 3rd time been told that there is yet another issue with product availability and we get bumped to the bottom of the list again. Brian and the team are all working on getting this resolved ASAP, but this is now a primary focus..

Kevin Spellman asks: At our last meeting, Brian Oylear said they were comfortable with the remaining contingency. Would he say the same thing today?

Scott Perala: No. He would not say that today. The volatile subcontractor market has eroded his confidence. A number of large (and late) cost claims have been submitted. The team is working on reviewing.

- **Kellogg:**

- *OSM provided an update on Kellogg. Highlights included:*
 - Procurement strategy
 - The cost estimate and budget has increased substantially.
 - Delay in the land use permit.
 - Planning for a groundbreaking in May.

Kevin Spellman asks? Has the budget increase been approved by the board?

Dan Jung replies: Yes, it has.

- **Lincoln:**

- *OSM provided an update on Lincoln. Highlights included:*
 - Master plan has been approved by the Board.
 - DD in process.
 - Hoffman is coming on board as CM/GC.
 - Construction manager will be on board soon as well.
 - Steering committee is engaged.
 - Budget has been established and approved by the Board.

- **Benson:**

- *OSM provided an update on Benson. Highlights included:*
 - Steering committee has engaged.
 - Senior Project Manager position is still open. We are considering using our recruiter for Director of Construction for this position as well.
 - Master plan and Ed Spec are scheduled for a November BOE work session and December approval.
 - High student interest in the Benson DAG.

Kevin Spellman observes: The passage of the 2012 Bond triggered the creation of High School education specifications while at the same time designing the schools. This had negative cost

consequences. It seems that a similar process on Middle School education specifications was undergone for Kellogg with similar cost consequences. Now it seems that we are repeating ourselves on Benson with an incomplete District CET Plan. Executive leadership continues to direct this work to keep happening.

Tom Petersen adds: It also seems odd to bring a contractor on for Benson when there is no established budget or guaranteed funding source.

Dick Steinbrugge asks: Would it be helpful for the committee to recommend that we halt Benson?

Kevin Spellman adds: I think we should at least raise these questions. It is important that the Board has every opportunity to understand the consequences.

- **Health and Safety:**

- *OSM provided an update on current Health & Safety activities. Highlights included:*
- Major issues with abatement contractors bids contractor pricing coming in considerably higher than anticipated.
- Lead Update:
 - PBS evaluated the paint and deterioration that needs to be contained. The highest priorities are PK-2 programs and areas with friction risk (dust generating uses such as window frames when opening/closing). These are areas that run the biggest risk of ingestion.
- Water Update:
 - PTMP is underway. This rolled over to OSM about a month ago, and there is a continued effort to rework the schedule and accommodate the constantly changing needs.
- Composite Update:
 - Fernwood project issues review.
 - Discussion about Purchasing and Contracting rules and processes to ensure a contractor with a less than exemplary performance history with PPS not getting additional business with the district.

Dick Steinbregge asks: Is the sampling being conducted by FAM?

Scott Perala replies: It is not being done by FAM, it is being done by our team.

Cheryl Twete asks: Given the market conditions currently, do you ever consider slowing some of the work down until the market cools down?

Dan Jung and Scott Perala reply in unison: Yes! We have been looking at that strategy as well.

Kevin Spellman asks: With regard to the H&S work, is there a place that an interested taxpayer can go and see what has been done, what is being done, and what is planned to be done?

Dan Jung replies: Currently we have the website and we update that as projects and activities get completed, and we update on what will be done as those projects become active, but not anything for long term specifics. There is a plan, but we try to communicate what we know is for sure.

Kevin Spellman adds: It would be great to improve that communication.

Kevin Spellman thanks everyone for coming.

IV Adjournment

- *Kevin adjourned the meeting at 8:34 PM.*