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# Meeting Minutes July 18<sup>th</sup>, 2018

**Portland Public Schools Bond Accountability Committee  
(BAC) Location: Beaumont Middle School**

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

*Members present: Kevin Spellman, Tenzin Gonta, Cheryl Twete, Willy Paul, Charlie Johnson*

*Not present: Tom Peterson*

*PPS/OSM staff present: Dan Jung, Scott Perala, Derek Henderson*

*Board Liaisons present: Amy Kohnstamm*

*Board Members present: Rita Moore*

*Next meeting: October 17<sup>th</sup>, 2018*

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## **I. Welcome & Introductions**

Kevin Spellman calls meeting to order at 5:45 pm.

## **II. Public Comment**

Roger Kirchner provides a statement regarding the promise made in the 2012 Bond that addresses added operational support at the new schools and highlights several indications of why this has not happened in regards to Franklin High School. (no additional staff, dead trees, and landscaping issues). Copy of comments attached.

*Amy Kohnstamm asks: Is there a process in place regarding project turnover to facilities?*

*Dan Jung replies: We do have a process that OSM has been refining as we go, and will continue to do so not only for turnover, but the warranty process as well.*

*Kevin Spellman asks: Does OSM still manage the process for warranty turnover?*

*Dan Jung replies: We are considering a roll over process that would turn over pieces of the project once all stakeholders conclude that it is done.*

## **III. Program Overview**

- **Program Update**

- Claire Hertz comes to PPS as the new Deputy Superintendent of Business and Operations.
- Glenn Bryant comes to PPS as a Project Manager working on Health and Safety projects.
- Damon Roche comes to PPS as a CBRE Construction Manager for Kellogg and is currently working on the final items at Roosevelt.
- Marina Cresswell comes to PPS as a CBRE Deputy Program Manager assisting the program overall.
- Heidi Bertman comes to PPS as an Assistant Project Manager for the Lincoln Modernization project.
- Posting is live for a Senior Project Manager for the Benson Modernization project.
- The OSM Director of Construction position that we have been unable to fill for a year is still active. We have engaged with Aerotek to help with recruiting this position.

- **Program Update**

- Scott Perala introduces Marina Cresswell to provide a presentation of the recent and now ongoing cost comparison effort OSM is engaged in.
- Marina highlights two different reports:
  - Nationwide Cost Comparison
    - A study that compares similar High School renovations/modernizations.
  - PPS Project Cost Comparison
    - A study that compares Roosevelt, Franklin, and Grant Modernizations to Madison and Lincoln.

*Kevin Spellman states: To clarify, these reports are on total cost?*

*Marina Cresswell responds: Yes, and total square footage.*

- Marina continues with an explanation of the comparisons and highlights the unique characteristics and the nuances that they are examining.
- Nationwide comparison has a lot of data points, but PPS specific project comparisons offer more detail on construction costs related to current projects.
- PPS focused comparison has yielded very valuable information.

*Kevin Spellman clarifies: So you started with the nationwide comparison, and then did a breakdown of OSM projects?*

*Dan Jung replies: Yes. We started with the nationwide data, however there are so many variables between these projects (location, size, scope, etc) it's a challenge to derive much actionable data. The PPS cost data broken down by CSI division, though less data points, provides a better picture as to cost deviations*

*Amy Kohnstamm clarifies: These are comparing Franklin and Roosevelt but escalated to today's dollars?*

*Dan Jung replies: Yes.*

*Kevin Spellman states: I suggest being cautious here so we don't just lump the 2012 projects into one lump and then treat the 2017 projects as separate and unique. Franklin, Roosevelt, and Grant have all had unique challenges as well.*

*Dan Jung replies: Agreed. We have already gathered a lot of useful data from this and this will be very helpful for the program moving forward.*

*Kevin Spellman replies: This will help the Project Managers as well. By nature they can sometimes tend to focus only on their projects and this comparison is at the program level.*

*Dan Jung adds: A big thanks goes to Marina for all the work she did on this.*

- Scott continues with the update.
- Performance auditor interviews have taken place and scoring is in progress. We should have a firm selected early next week. Once that is in place, we will start with a 60 day work plan and then scheduling a date for the annual report.
- OSM has implemented a Bond Update for all staff at the BESC to get quarterly updates on the bond and have an opportunity to put a face to a name and learn more about the program.

*Dan Jung clarifies: This is in addition to the regular stakeholder engagement the individual projects do on a regular basis.*

- OSM engaged in a work session with a 3<sup>rd</sup> party consultant about value engineering, and what good processes should look like.
- Commissioning agency has been hired. They will be doing a program wide study to work on creating commissioning standards.
- PPS is part of the CMAA Owners Group. This group gives OSM an opportunity to engage with other similar project owners for comparison and learning.

*Kevin Spellman asks: You mentioned Lake Oswego SD being a member. Are other districts a part of this group?*

*Scott Perala replies: It is still a pretty small group, but we are expecting that the numbers will grow.*

- Program Management Plan is under review to update with lessons learned.

*Kevin Spellman asks: Will the performance audit that has been done be incorporated in any way?*

*Dan Jung replies: We are incorporating it and our goal is to make it a reference document as well.*

- Commissioning program has been implemented.
- BIM collaboration is in process with FAM.

- OSM continues to implement the Interested Consultant program to meet industry professionals and work towards the goal of being the client of choice in the market.
- Seattle Public Schools Bond Leadership team will be visiting on July 25<sup>th</sup> and touring Franklin and Faubion as well as meeting with staff.

*Kevin Spellman states: Seattle Public Schools has a very similar portfolio to PPS.*

*Scott Perala adds: Indeed. We are looking forward to meeting them and discussing how their bond is going and ours. We anticipate this will be the first in an ongoing series of conversations.*

- The Rigler roof project has been postponed as there were zero bids. It is designed, and we plan to get this on the street early so we can do this work in the summer of 2019.
- Market competition continues to be a challenge.
- Tariffs are causing huge spikes in metal prices and availability.

## **Balanced Scorecard**

### **Schedule**

- A number of issues have put the Lincoln project behind, mainly budget and the CMGC contract.
- Revision of the schedule tracking process has taken place and is yielding more metrics.

*Kevin Spellman states: I am surprised that Lincoln is in red.*

*Dan Jung clarifies: The Lincoln master plan was scheduled to be approved by now. That technical step has not happened, thus the project shows behind schedule. That said, the project team has proceeded with schematic design based on the current plan. If the eventual approved master plan is substantially similar to the current plan, then the schedule should catch up just fine. If the ultimately approved master plan deviates from the current plan, then we will have to assess the schedule impacts.*

Bond Resource documents review. This is an attempt to provide BAC more detail and more information. New process.

1. Bond Resources-status
2. Bond Resources-allocations
3. Bond Resources-project

*Kevin Spellman asks: Where is the \$11.4 million of middle school conversion money coming from.*

*Dan Jung replies: MS conversion is being funded equally from the 3 high schools.*

*Kevin Spellman states: I am concerned that this will be a huge document in three years with more data.*

*Scott Perala replies: In this document, we are only looking at funding sources so it should remain this size.*

## **Budget**

Review of budget.

2012 Bond is currently tracking to be under by roughly 8 million.

*Amy Kohnstamm asks: When will we be done with the 2012 Bond?*

*Dan Jung replies: Grant needs to be finished, and if we do come back with savings, we could potentially add some IP work back in. Basically, we will be done when all the money is spent.*

*Kevin Spellman asks: I am struggling a little with the savings. Whose savings are the Group 3 savings? 2012 or 2017?*

*Dan Jung replies: 2017*

*Kevin Spellman asks: It's now under the 2012 bond?*

*Dan Jung replies: The project is aligned under the 2012 heading but the project funding comes from both the 2012 and 2017 bonds; as shown on the other resource reports.*

*Kevin Spellman asks: Why was the \$11.4 million of funds for the middle school conversion taken from the 3 high school projects?*

*Dan Jung replies: There were two camps of thought on this, and that was either take it from high schools or take it from Health and Safety. The direction came from the CFO to take the money from high schools.*

*Tenzin Gonta asks: Was this taken equally from each project or proportionately?*

*Dan Jung replies: Yes it was taken evenly from each project.*

*Cheryl Twete asks: In regards to the overall budget and the bond language, what is the strategy and thinking going forward?*

*Dan Jung replies: This is a little out of my court, but I think the assumption is that the budget shortfall would come from another bond.*

*Kevin Spellman adds: That is my concern. When the bond is already underfunded and they decide to fund additional projects. What if the next bond does not pass?*

*Dan Jung adds: There is also the potential that the MS Conversion project might need an additional 3 million dollars.*

*Kevin Spellman clarifies: But that is not reflected in this budget report?*

*Dan Jung replies: It's captured as a line item within the program forecast.*

*Kevin Spellman asks: Was the bond issuance cost included in the original bond budget?*

*Dan Jung replies: No. I'm unsure exactly why it was excluded, but the rationale may have been that bond premium would cover the issuance costs.*

*Kevin Spellman asks: You have included the premium assumptions?*

*Dan Jung replies: We have not included any bond premium or interest revenue in the forecasts.*

*OSM has completed a ROM for interest and came up with about \$25 million, but we've asked for a more detailed estimate.*

## Equity

Due to Grant and Kellogg, the certified business percentages continue to climb.

Dan Jung provided a follow up to the public comment provided last meeting regarding subcontracting for the Kellogg Middle School Project.

### IV. Projects Update

- **Roosevelt High School:**

- Phase 3 wrapping up
- Scoreboard permit is in
- Phase 4 is on hold
- Phase out 1-3 by end of October
- Turnover coordination
- Issues: heat gain, construction fatigue, etc.

*Kevin Spellman asks: At what point is it no longer feasible for Lease Crutcher Lewis to do phase 4?*

*Scott Perala responds: We are wrapping up phase 3, so it is possible that we may have to re-compete the contract.*

*Willy Paul asks: Is phase 4 part of the Lease Crutcher contract?*

*Scott Perala replies: No it is not.*

- **Grant High School:**

- Stakeholder engagement
- CD's complete
- Fields and DAG
- Haz Mat
- Existing structure integrity
- GHS contingency review

*Kevin Spellman asks: How is the softball field issue?*

*Dan Jung responds: We are looking at options, and that is one of the documents that has been provided you tonight. Currently there are 4 different options and the document characterizes these. It also speaks to the internal and external opinions regarding this field.*

*Kevin Spellman asks: Is it fair to say this would cost some money that is not part of the current budget?*

*Dan Jung replies: Yes.*

- **Health and Safety:**

- Lewis, Fernwood and King projects under way for summer 2018
- Scope developed for summer 2019: Jackson, Rigler, Hayhurst, Sitton, Chapman and Jackson
- Tubman School, Asbestos removal for middle school conversion

- Survey and design for asbestos removal at Beaumont, Chapman, Jefferson, Ockley Green, and Vernon
  - Bidding of Chapman and Jefferson asbestos flooring removal and new replacement flooring
  - Abatement of Chapman and Jefferson flooring: Summer 2018
  - Paint stabilization program moved to OSM
  - Water fixture replacements continue
  - 17 Schools immediately determined hazards mitigated during original assessment: 2016-17
  - PPS in-house painting crew has completed large-scale repainting at 3 schools: 2017-18
  - Draft Lead Paint Work Plan submitted to OSM Director
  - Draft Lead Paint Work Execution Plan submitted to OSM Director
  - Design of summer 2019 projects
  - Refinement of H&S approach – composite and regulatory compliance project teams
  - Survey and design of 10 – 12 additional school abatement projects: Summer – Fall 2018
  - Bidding 2019 summer abatement projects: Fall / Winter 2018
  - Abatement of Marysville crawlspace: Spring Break 2019
  - Abatement of up to 10 schools crawlspace and flooring projects: Spring / Summer 2019
  - Development of new lead paint stabilization specifications
  - Development of standard template documents for lead paint work
  - PPS in-house painting crew starting on Phase - I priority sites
  - RFP for painting contractors – master contracts
  - Pre-Work assessment of priority site by OSM / PPS painting crew
  - Start lead paint stabilization work on Phase – I (Priority – 2) locations: Summer / Fall 2018
- **Kellogg:**
    - Demolition: abatement and salvage work complete, mass demolition underway
    - Design Development: Design Development phase 80% complete
    - City of Portland Land Use: Conditional Use package submitted to City
    - Board Presentation: update to Board following changes between Master Planning and SD.

*Kevin Spellman asks: Are you getting the support you need from central office?*

*Dan Jung replies: We have had some continued challenges connecting with people.*

*Kevin Spellman states: It is really disappointing that we are faced with this issue again. OSM is supposed to come up with Ed Specs and suddenly become educators.*

*Dan Jung clarifies: We don't want to make the case that we have had no feedback and of course we will continue to engage stakeholders, but there have been challenges with engaging the educational leadership, and sometimes that is simply due to turnover.*

*Scott Perala adds: We also have ACC involved in estimating, and Fortis will be doing a construction review.*

- **Madison:**

- Full master plan approved by Board
- 100% schematic design complete
- General contractor selected
- Cost reconciliation efforts targeted @ \$195-200M
- Stakeholder engagement is happening now to review/approve general layout, adjacencies, and sizes of spaces along with large system selection
- Reconciled cost estimate to Board in early Aug to set budget for project
- Review of Design Development documents before Thanksgiving

*Kevin Spellman states: In the cost reconciliation, even though we have a “target” amount, we need to remember that the real number is \$40 million and the project teams need to focus on trying to get that number as low as possible.*

- **Lincoln:**

- Master Plan review with Board
- Scope consolidation – reduction in height
- Program reconfiguration based on BOE approach to Madison
- CM/GC RFP to be released July/Aug
- Project staff on-boarding
- Public outreach events: DAG, public design workshop, Open house

*Kevin Spellman asks: Is the CMGC contract out this week?*

*Dan Jung replies: We are getting that out as soon as possible.*

- **Benson:**

- Continued work to assess costs
- Industry Outreach efforts are underway
- Finalize the Benson Ed Spec
- Finish programming phase
- Approve Master Plan

*Kevin Spellman asks: The \$269 million shown here is for Master Plan?*

*Dan Jung replies: Yes.*

## **V. BAC Discussion**

### **Review of BAC Charter:**



*Kevin Spellman begins: Discussion of the BAC Charter and Responsibility. This has been reviewed due to the number of issues and decisions that have been made by the BOE regarding the 2017 bond. Our charge is to advise the Board on these kinds of issues, and I think it is fair to say that we were not integrated into these decisions or the process as of late. I think the issue is highlighted at the Madison Master Plan meeting where the only opportunity we had to comment was during public comment. The need is to find a happy medium, as now we are merely at a point where we have to report to the Board that the bond is 200 million underfunded.*

*Cheryl Twete adds: We have been asked to do this by the Board, and need to be respectful. I think we bring value to this department and program. I would like to ask the Board what they envision our relationship with them to be and what they need.*

*Willy Paul adds: I would like to acknowledge leadership of Kevin, and thank you Cheryl for your comments. I believe we provide value, but only to OSM. Certainly having conversations with Board members to reframe would be a good thing.*

*Tenzin Gonta: As the newest member, when I looked at this charter I was comparing other charters, and there was more detailed mandates about access to the Board and governing bodies, and I think that it is vague in the PPS charter. Maybe this could be added, or even a sub-committee platform.*

*Kevin Spellman committed to reach out to new Board Chair Moore on this issue.*

## **VI. Wrap-Up**

- Kevin Spellman thanks everyone for coming.

## **VII. Adjournment**

- *Kevin adjourned the meeting at 8:30 PM.*

Next BOE meeting target: August 14<sup>th</sup>, 2018

Next BAC October 17<sup>th</sup>, 2018