# Board of Education Informational Report

## MEMORANDUM

**Date:** November 19, 2012

**To:** Members of the Board of Education

**From:** Jim Owens, Director Capital Operations, Office of School Modernization

**Thru:** C.J. Sylvester, Chief Operating Officer

**Subject**: 2012 Capital Construction Bond Proposed Program Execution Plan

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Staff has developed a proposed execution plan based on voter approval of the capital construction ballot measure 26-144. This memo is intended to describe, at a strategic level, staff recommendations for Board discussion as the District develops its plan to accomplish the very ambitious capital improvement program. Staff will prepare additional materials for Board discussion over a series of meetings from January thru March 2013 designed to review execution details of the materials outlined below.

### Concept of Operations

- PPS' Board of Education (Board) is charged with overall execution of the proposed $482M capital construction bond program (Program) approved by voters on Nov 6, 2012.

- The Office of School Modernization (OSM) will be responsible for managing the Program under the direction of the Chief Operating Officer and Superintendent.

- The proposed Program's capital improvements are planned to be completed over an eight year timeframe. If another capital construction bond measure is planned and approved by voters prior to the end of the eight years, that additional work would be integrated into the execution plan.

- Construction activities will be planned and executed to minimize disruption to students and staff and ensure safety at all times. Completed public improvements must be "complete and usable" for PPS' intended use.

- OSM project teams will be responsible for organizing and executing projects through the complete project lifecycle: planning, design, bid, construction and post occupancy phases. See attached organizational chart.

- OSM expects to engage a program/construction manager (PM/CM) consultant to assist with program execution primarily during the construction phase.

- Building level staff will have primary contact thru OSM's project manager. A principal liaison will also be engaged to assist.

- OSM will use Board approved public contracting rules for all contracted services.

- Use of bond funds for PPS staff and public contracts must be deemed "capitalizable" as defined by GASB accounting rules and will be audited for compliance on an annual basis.

## Project Framework & Sequencing

- OSM staff expects to establish 16 or more public improvement projects over the course of the eight year program: The full modernization of three high schools (Roosevelt, Franklin and Grant) and Faubion K-8 school; the master planning of six high schools (Benson, Jefferson, Lincoln, Madison, Cleveland and Wilson); and at least six "Group" projects. See attached project list including preliminary cash flow projections. The sequencing of the work is also displayed depicting the project start dates and relevant phases.

- The "Group" projects will be planned & designed for construction activities over at least six consecutive summer periods starting summer 2013 aka "Group 1". "The Group 1" project includes roofing, seismic, accessibility and/or science classroom improvements at Alameda, Laurelhurst, Lewis, Bridlemile & Wilson. "Group" projects will accomplish the approved roofing, seismic, accessibility, science lab and other building system improvements at approximately 63 schools. More details regarding the sequencing of the schools in each of the Groups, beyond Group 1, will be provided at a later date.

- Project planning and design will be fully informed by community engagement as well as PPS' educational specifications and construction design guidelines. PPS internal stakeholders include building level staff and students, District administrators, and technical expertise from operational departments including maintenance and custodial. PPS will fully comply with the City of Portland's land use process and building code requirements.

- Project Teams - Each project will have a designated OSM Project Manager and capital project specialist who will be accountable and responsible for achieving established project outcomes including safety, scope/quality, budget

and schedule over the entire duration of the project. For projects with construction phases, a construction manager will be provided by the PM/CM consultant. Project teams will use the web-based project management information system "e-Builder" for all assigned projects.

- Project Budgets - Each project will have an established budget that will include soft, hard, contingency and Furniture, Fixtures & Equipment (FF&E) components, as appropriate. In addition, program embedded costs including construction escalation, bond issuance, swing site improvements, and transportation improvements will "allocate" to project budgets as adopted by the Board during each annual budget process. A "program contingency" budget will also be developed that can only be used based on approval by the School Board.

## Board and Community Engagement and Oversight

- PPS will staff the Board chartered seven member bond accountability committee (BAC) to help ensure the objectives of the voter-approved Program are met. The BAC will report directly to the School Board and will meet at least quarterly. BAC meetings will be noticed and open to public participation.

- Project Design Advisory Groups (DAGs) – The four projects which fully modernize or replace schools (Roosevelt, Franklin, Grant & Faubion) will each have a Design Advisory Group unique to that community. Members may include teachers, students, parents/guardians, neighbors, community business leaders and other interested parties. Extensive community engagement will be accomplished through a variety of design charrettes, open houses and other forums as a standard practice with each of these projects.

- Bond progress reporting - OSM expects to report progress of work to the Board at regular intervals and update the community on bond program and specific project status through a newly constructed web page on PPS' public website. The BAC will also provide updates to the Board on a regular schedule. Other bond related activities such as “project briefings”, use of “program contingency”, “Board work sessions”, "ground breakings", "ribbon cutting" and other significant events may be addressed separately.

## Internal Stakeholder Engagement

- OSM project teams will engage a variety of internal District staff during planning, design and construction phases of work. These groups include but are not limited to: Building level staff, Academic Departments, Facilities and

Asset Management, Nutrition Services, Transportation, Security, and Information Technology.

- During the planning and design phases of work the internal groups along with the Project Design Advisory Group will meet to review project details at pre-established milestones such as master plan, schematic design, and 100% design development.

## Budget/Finance

- Bond issuance – Staff is developing plans to issue bonds. The "puzzle" we have to solve has several parameters: the voters authorized PPS $482 million total face value of debt; we have indicated a maximum tax rate of $1.10/$1,000 in year 1; continuing for 8 years, then reducing to $0.30/$1,000 thereafter; we can raise funds that we have a reasonable expectation to spend in 3 years based on tax law and arbitrage criteria; and all of this against the backdrop of the cash needs forecast.

- Financial advisor – Finance staff are working with the District's financial advisor and considering multiple options for combinations of long and short-term bond issues. The good news is that the market is very favorable right now with interest rates that are low and likely to stay that way for at least two years. In addition, our proposed structure, that combines a number of short and long-term issues, gives us considerable flexibility to respond to changing market conditions and circumstances.

- We have adequate funds available under our $45 million line of credit which allows us to move forward with the projects identified for immediate action.

- Although budget law does not require it, we will have a budget amendment in January/February to reflect expected 2012/13 spending and debt issuance.

## Procurement Strategies

- PPS' adopted Public Contracting Rules will guide contracting efforts. Division 48 – Consultant selection: Architectural, Engineering, Land Surveying and Related Services rules will be used to obtain services needed to support public improvement construction contracts. Division 49 – Public Improvements rules will be used to acquire contractor services to construct public improvements.

- Bond funded contacts will fully comply with the District's Policy 8.50.095, Equity in Public Purchasing and Contracting including aspirational goals for minority, women and emerging small business; apprentice trade participation; and student participation. In addition, District staff will engage in proactive outreach activities to maximize MWESB business participation and ensure full and open competition.

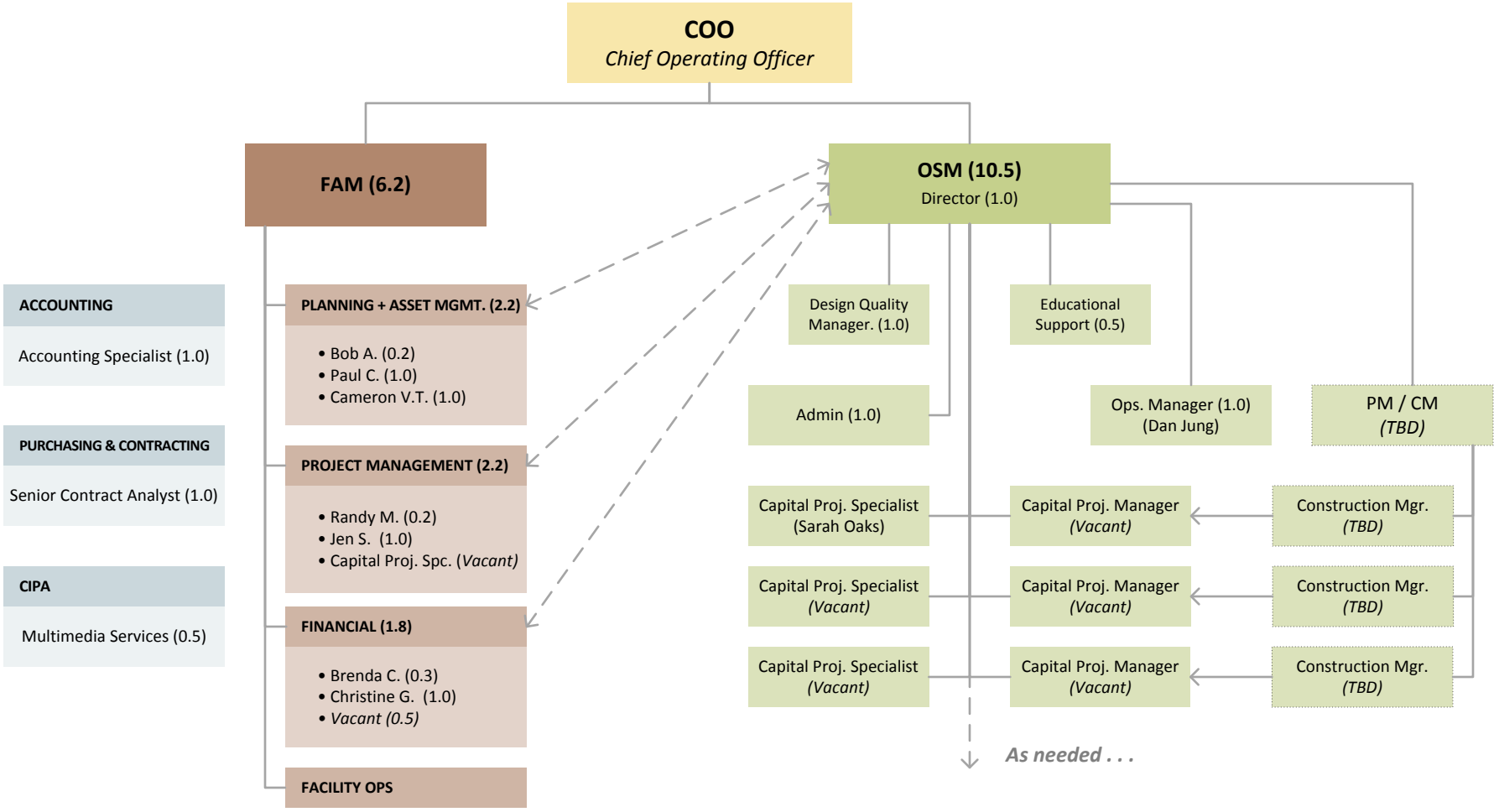
- Staff expects to request use of alternative contracting authority (Construction Manager/General Contractor) for the construction phase work at Roosevelt, Franklin and Grant due to the complexity and phased schedule requirements. Other projects will likely utilize the traditional design, bid and build method such as is being used for the Summer 2013 Group 1 projects. Finally, Division 47 – Goods and Services rules will be used to acquire FF&E items not considered "intrinsic" to the building and therefore not a part of the construction contract itself.

Attachments:

A. Organization Chart – Blended OSM/FAM Team
B. GO Bond Conceptual Schedule

# BLENDED OSM/FAM TEAM

*10.25.2012*




**NOTES**

- ✓ Bond funded FTE ( )
- ✓ Bond funded contract
- ✓ OSM positions all Bond funded

**BOND FUNDS**

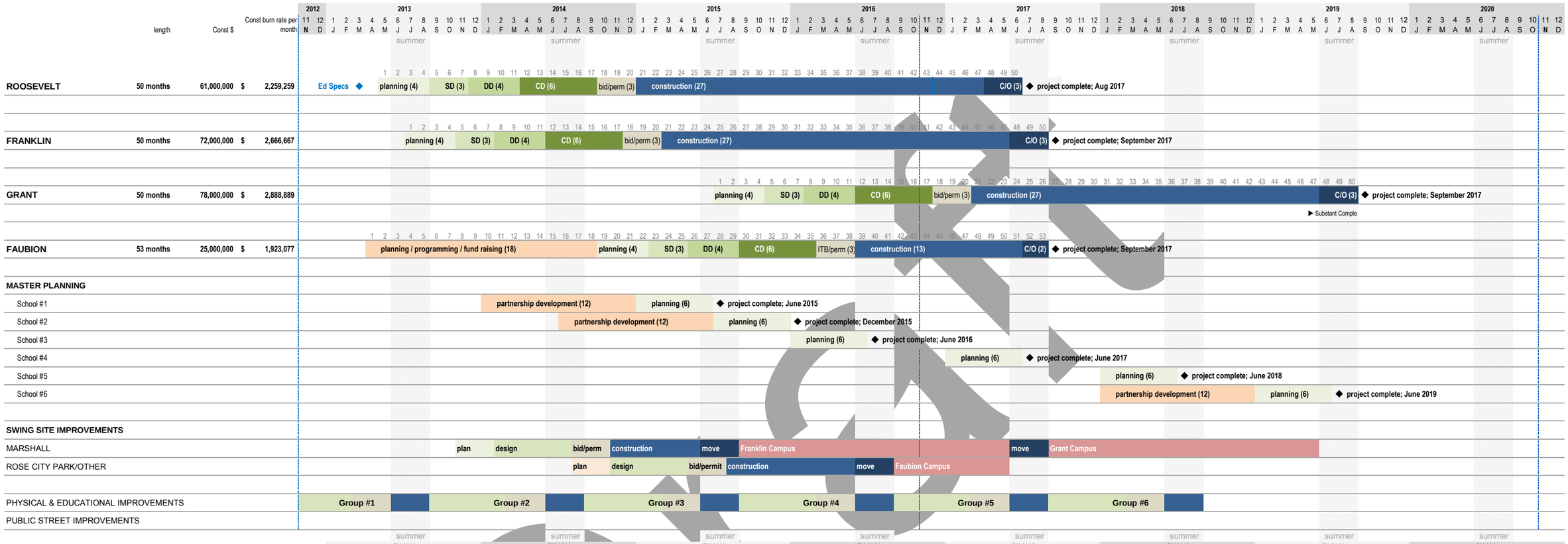
| | |
|---|---|
| ✓ PPS FTE | ~ 19.2 |
| ✓ Consult FTE | ~ 4.0 |
| | **23.2** |

**DRAFT**

*May contain estimations or errors*

***Not for Publication***

# GO Bond Conceptual Scheduling: November 19, 2012




| | length | Const $ | Const burn rate per month | |
|---|---|---|---|---|
| ROOSEVELT | 50 months | 61,000,000 | $ 2,259,259 | |
| FRANKLIN | 50 months | 72,000,000 | $ 2,666,667 | |
| GRANT | 50 months | 78,000,000 | $ 2,888,889 | |
| FAUBION | 53 months | 25,000,000 | $ 1,923,077 | |
| **MASTER PLANNING** | | | | |
| School #1 | | | | |
| School #2 | | | | |
| School #3 | | | | |
| School #4 | | | | |
| School #5 | | | | |
| School #6 | | | | |
| **SWING SITE IMPROVEMENTS** | | | | |
| MARSHALL | | | | |
| ROSE CITY PARK/OTHER | | | | |
| PHYSICAL & EDUCATIONAL IMPROVEMENTS | | | | |
| PUBLIC STREET IMPROVEMENTS | | | | |

| | | | CY 2013 | | | | CY 2014 | | | | CY 2015 | | | | CY 2016 | | | | CY 2017 | | | | CY 2018 | | | | CY 2019 | | | | CY 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| **Debt Repayment** | 45,000,000 | 45,000,000 | 45,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Bond Issuance** | 3,000,000 | 3,000,000 | 1,800,000 | - | - | - | - | - | - | - | - | - | - | - | 1,200,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Swing & Trans** | 10,000,000 | 10,000,000 | - | - | - | 100,000 | 300,000 | 500,000 | 500,000 | 500,000 | 800,000 | 800,000 | 700,000 | 800,000 | 800,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 300,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | - | - | - | - | - | - |
| **PBOT** | 5,000,000 | 5,000,000 | - | - | - | - | - | - | - | - | 250,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 250,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| **HS Master Planning** | 1,500,000 | 1,500,000 | - | - | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 105,000 | 105,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| **Program Contingency** | 20,000,000 | 20,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| **Group #1** | 11,500,000 | 11,500,000 | 575,000 | 2,300,000 | 8,050,000 | 575,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Group #2** | 12,000,000 | 12,000,000 | - | - | - | - | 600,000 | 2,400,000 | 8,400,000 | 600,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Group #3** | 12,000,000 | 12,000,000 | - | - | - | - | - | - | - | - | 600,000 | 2,400,000 | 8,400,000 | 600,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Group #4** | 13,000,000 | 13,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | 650,000 | 2,600,000 | 9,100,000 | 650,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Group #5** | 13,000,000 | 13,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 650,000 | 2,600,000 | 9,100,000 | 650,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| **Group #6** | 13,000,000 | 13,000,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 650,000 | 2,600,000 | 9,100,000 | 650,000 | - | - | - | - | - | - | - | - |
| **Roosevelt HS** | 70,000,000 | 70,000,000 | - | 350,000 | 350,000 | 700,000 | 700,000 | 700,000 | 2,100,000 | 5,600,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 4,900,000 | 3,500,000 | 2,100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Franklin HS** | 85,000,000 | 85,000,000 | - | - | 425,000 | 425,000 | 850,000 | 850,000 | 850,000 | 2,550,000 | 6,800,000 | 8,500,000 | 8,500,000 | 8,500,000 | 8,500,000 | 8,500,000 | 8,500,000 | 8,500,000 | 5,950,000 | 4,250,000 | 2,550,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Grant HS** | 95,000,000 | 95,000,000 | - | - | - | - | - | - | - | - | - | - | 475,000 | 475,000 | 950,000 | 950,000 | 950,000 | 2,850,000 | 7,600,000 | 9,500,000 | 9,500,000 | 9,500,000 | 9,500,000 | 9,500,000 | 9,500,000 | 9,500,000 | 6,650,000 | 4,750,000 | 2,850,000 | - | - | - | - | - |
| **Faubion HS** | 28,000,000 | 28,000,000 | - | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 140,000 | 280,000 | 280,000 | 560,000 | 1,120,000 | 1,120,000 | 2,240,000 | 4,200,000 | 4,200,000 | 4,760,000 | 5,040,000 | 2,800,000 | 840,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| | **437,000,000** | 437,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 437,000,000 | 47,375,000 | 2,720,000 | 8,910,000 | 1,885,000 | 2,535,000 | 4,535,000 | 11,935,000 | 9,405,000 | 15,600,000 | 19,350,000 | 26,255,000 | 19,115,000 | 21,840,000 | 23,410,000 | 31,870,000 | 23,220,000 | 24,580,000 | 25,610,000 | 25,855,000 | 12,545,000 | 11,350,000 | 13,300,000 | 19,800,000 | 11,350,000 | 7,850,000 | 5,950,000 | 3,850,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | | 437,000,000 | | | 60,890,000 | | | | 28,410,000 | | | | 80,320,000 | | | | 100,340,000 | | | | 88,590,000 | | | | 55,800,000 | | | | 18,650,000 | | | | 4,000,000 | |
| | | | | 0.020 | | 1.020 | | 0.025 | | 1.046 | | 0.025 | | 1.072 | | 0.030 | | 1.104 | | 0.030 | | 1.137 | | 0.030 | | 1.171 | | 0.030 | | 1.206 | | 0.030 | | 1.242 |
| | | 482,162,273 | 48,322,500 | 2,774,400 | 9,088,200 | 1,922,700 | 2,650,343 | 4,741,343 | 12,478,043 | 9,832,928 | 16,717,545 | 20,736,186 | 28,135,843 | 20,484,351 | 24,106,700 | 25,839,645 | 35,177,680 | 25,629,925 | 27,945,007 | 29,116,015 | 29,394,555 | 14,262,413 | 13,290,932 | 15,574,396 | 23,185,943 | 13,290,932 | 9,468,179 | 7,176,518 | 4,643,629 | 1,206,137 | 1,242,322 | 1,242,322 | 1,242,322 | 1,242,322 |
| | | 482,162,273 | | | 62,107,800 | | | | 29,702,655 | | | | 86,073,924 | | | | 110,753,950 | | | | 100,717,991 | | | | 65,342,203 | | | | 22,494,463 | | | | 4,969,286 | |
| **Escalation** | 45,000,000 | 45,162,273 | | | | 1,217,800 | | | | 1,292,655 | | | | 5,753,924 | | | | 10,413,950 | | | | 12,127,991 | | | | 9,542,203 | | | | 3,844,463 | | | | 969,286 |
| | **482,000,000** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |