



# Meeting Minutes | July 16, 2014

## Portland Public Schools Bond Accountability Committee (BAC)

PORTLAND PUBLIC SCHOOLS  
Office of School Modernization

501 North Dixon Street • Portland, OR 97227

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*Members present:* Kevin Spellman, Steve March, Tom Peterson, Willy Paul, Louis Fontenot, Cheryl Twete

*Board members present:* Pam Knowles (Board liaison)

*PPS staff present:* Jim Owens, Ken Fisher, Darwin Dittmar, Sharie Lewis, Cheryl Anselone, Jan Osborn, Tony Vandenberg, Debbie Pearson, Michelle Platter, Erik Gerding, Ayana Horn, Sara King, Ryan Dutcher

*Public Present:* Ted Wolf: Our Portland Our Schools

*Next meeting:* Wednesday, October 15, 2014, Concordia University (Faubion Replacement Project)  
4:30-6:30PM Meeting

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### I. Welcome & Introductions

Kevin Spellman opened the meeting. Introductions of committee members, PPS Staff and public.

### II. Public Comment

- None

### III. Program Update

- Program Staffing changes: Erik Gerding was selected/hired as Project Director. He will manage the Faubion project...Ayana Horn was selected/hired as Project Coordinator. She will work with Erik on managing the Faubion Project...OSM expects to begin the recruitment process for the Grant HS "full modernization" project next Spring.
- Overall program remains "green" on the Balanced Score Card (BSC). The program currently has nine "active" projects
  - Staff is still showing IP13 as active due to additional drainage work at Alameda. All contracts have been closed out except this small contract for this drainage issue.
  - IP14 is underway with 12 schools receiving various public improvements this summer. The project is on time and on budget and hitting quality requirements. Six construction contracts are in place. There is a strong team in place including two Heery construction managers. Staff has taken lessons learned from last summer's project and are applying those to this year's work.

Expect to achieve substantial completion by August 22<sup>nd</sup> on all six of the construction contracts.

- The bond program will have three IPs (Improvement Projects) running at any time. One in closeout, one in bid/construction phase and one in design phase.
- Staff selected and awarded the contract for the IP15 A/E team sooner than IP14 to get started on the facility assessments. An item we had learned from IP13.
- Staff has also learned from IP14 and implementation of OCIP that we will need to get our construction ITBs out sooner for IP15.
- Both the Franklin and Roosevelt High school projects are fully into design development. With the master plans approved last winter and the schematic designs approved in late spring, staff is focused on the delivery of completed projects by fall 2017.
- The Faubion master plan was approved and the partnership with Concordia University is moving forward with positive feedback. The project is currently on a planned hold for Concordia fundraising efforts. Schematic design will continue in September for this project pending on the fundraising. Need to have all funds in place prior to moving forward with the balance of the design.
- The precursor to the Franklin project are the improvements to the Marshall campus where Franklin students will reside during the modernization.
  - Work at Marshall has begun for the fire alarm system with Point Monitor.
  - A pre-GMP agreement is in place with Skanska to do the improvements at Marshall. This way the team working on Franklin will be working on Marshall together to make sure that all components are ready for Franklin students to move.
  - Staff is creating a plan for all preparations for FF&E and program apparatus that is needed for Marshall to become an active high school building again.
  - The work is expected to be completed by the end of 2014 so staff can showcase the facility to Franklin and Grant families. Another significant effort in late Spring/Summer will occur to place FF&E and configure spaces.
- Program over next 3 months:
  - Both high school projects will be in either design development or in the construction documents phase and the phasing plan for Roosevelt will be completed.
  - Expect that Faubion will be continuing in the schematic design phase
  - IP14 will have completed work and IP15 will be into design phase
  - Q: “How does IP15 compare to the IP14 project?” A: IP15 is a hybrid project. There are 8 schools in the primary project focusing on seismic, ADA, and roofing. There is also IP15-SCI that will be targeting schools with limited scopes such as ADA and science classroom improvements. Plan remains to complete all science classroom improvements before the start of the 2016 school year.

- Q: “With the Alameda work will there be more billing coming in?” A: Staff has some invoices processing for close out but really we only have one contract open for the drainage work that is being done and completed by fall. The project is open and active but all four main contracts have been closed out and any new expenditures are for the drainage issue only.
- Q: “Are the market conditions influencing bid outcomes?” A: On the consultant side we continue to see robust competition. On the construction side we’re not seeing as much competition as expected. As you know, with the IP14 work we doubled the contracts to six to get more competition. We are only seeing 2-3 firms bidding on the work. The firms that are bidding have previous school district experience and three firms that have been hired for this year’s work worked with us last year. As we look at competition the nature of the market is changing and we are moving farther out of the recession. We are seeing bid prices coming in higher on IP14 and staff is watching very closely, monitoring construction indexes in the Portland area. As the CM/GC comes online for the high school projects with bidding work next year, that will be a clear indicator of where we are headed.
- Schedule
  - Schematic designs for FHS and RHS have been delayed in excess of 4 weeks which has triggered a red (difficulty) status on the Schedule perspective.
  - Staff are working on recovery schedules to get us back on schedule. We are expecting to see this change and improve as we move forward in the projects.
    - Q: “Is Concordia University expected to come forward with funding for their portion of the design process?” A: Yes, Concordia is obligated to provide some design funds. We have a cost sharing agreement in place and staff will use that as a model for the rest of SDs and DDs to establish Concordia’s contributions for their portion of the costs.
    - Q: “September 1<sup>st</sup> is right around the corner. How is Concordia’s fundraising going? And what happens to the project if they are not ready by then?” A: Concordia has fundraised over \$4 million to date. Concordia is expected to contribute over 15 million to the project. Other funding sources such as New Market Tax Credits are being evaluated. September is the project’s target date to raise those funds and staff continue to work closely to track their progress.
  - IP14 is currently showing as “yellow” on the BSC due to a variety of challenges including late design completions, permitting, OCIP, etc. Due to having the NTPs issued later than expected and the compressed schedule this summer, staff is choosing to keep this cell yellow as there are “concerns”.
    - Q: “Is it your intent to get the schedule done earlier for IP15?” Yes that is our intent.
- Stakeholders
  - In this section we look at building level leadership, maintenance and DAG (Design Advisory Groups) feedback based on where we are within a project. The responses are tabulated for the BSC. As a result of the performance audit

staff is looking at a more automated way to obtain feedback with an online survey tool rather than the email method currently used.

- Q: “Looking at the yellow for Roosevelt, does this mean that we need to do something to move this projects feedback to green?” A: The results of the feedback are quantitatively scored. The performance measures and targets are just over 3.0 so that is why we are in the yellow. This only one survey of feedback from the 16 people on the Roosevelt DAG. We are working to get more feedback from those members. The project team is looking at the written feedback and taking it into consideration.
- Budget
  - Across the program all project budgets are green. There was a minor increase just over \$136k due to FAM’s contribution to the OCIP program and Concordia’s contribution to the Faubion project design.
  - There have been several changes of budgets internally:
    - Improvement Project Reassessment
      - IP18 & IP19 scope reduction: \$3 million
      - IP14 budget increase: \$3 million
    - Escalation applied to Grant high school: \$10 million
    - Schematic Design budget increase:
      - Franklin High school: \$8.3 million
      - Roosevelt High school: \$8 million
      - Grant High school: \$4.4 million
    - Escalation Contingency moved from program to project budgets
  - Upwards of \$33.7 was moved between projects in the overall budget.
  - Staff is monitoring the amount of invoices approved which is currently at \$70.4 million approved.
  - The program cash flow is monitored on a monthly basis by staff, and the program is currently at less than 4% off projections. Staff monitors this number to make sure the program is meeting arbitrage requirements.
  - The 3 million moved from IP18 & 19 will be refunded as other funds come into the program.
  - All escalation has been applied now across the program. The program started with \$45 million in Escalation Contingency. That now has been allocated to the projects. The program also has an additional \$10 million in program reserve and staff is looking to the bond premiums as another future source of funds for the program.
    - Q: “Why have you moved the escalation contingency balance from the program and what was the intention of the escalation? A: It was intended for inflation and market conditions. Staff was intending to allocate over time but changed the approach to allocate early rather than later. This allowed project budgets to be whole and move forward. As SD estimates came in we were using future dollars needed so project budgets needed to have the escalation applied to be able to compare apples to apples.

- Q: “What was the discount factor?” A: The program still has access to the program reserve and staff is cautiously optimistic about the bond premium and other changes in the projects as we go forward that we could take advantage of.
- Q: “Since you have reduced the Escalation Contingency now instead of later, how do I explain the Escalation Contingency to zero several years before we start the project, especially since we do not know the market conditions or the scope at this time? The escalation applied to FHS & RHS were because of market conditions and not additional scope. The program started with 45 million for escalation that at some point would be applied to the projects. We have now applied that amount to the projects.
- Q: “Have you fudged what the escalation is to be used for to increase the scopes of the projects?” A: We have not used escalation contingency to fund additional scope.
- Q: “Are you carrying escalation for Grant High school as a separate line item in the project budget?” A: Escalation has been allocated to the GHS project.
- Q: “Do you have contingency and escalation in each project?” A: Each project contains a contingency line item. It ranges from 10-15% when the project begins.
- Q: “What is the percentage of construction budget increase in IP14 compared to IP13? A: It was below 2% early on but now has jumped an additional 1.3%. Staff has received good prices on the Marshall campus fire alarm project and the pre-GMP amendment but the IP14 summer work exceeded its construction budget by about \$3 million. The IP13 funds that were left were put back into the IP projects.
- Q: “With the scope reduction of IP18 & IP19 what is changing?” A: There will be a shaving of scope. Still looking at seismic, roofing, ADA and science classrooms but reducing incrementally how much work will be done. The bond language provided a generalized idea of the work to be done but staff needed to manage the overage of this summer’s work and we will look to these projects as other funds come into the program.
- Q: “For example if IP14 had, say, 5 million in savings, would that go back to these projects?” A: Yes, it would. Staff discusses where the funds for the IP14 overage should come from and felt taking from the end of the program worked best to give us time to get funds back into those projects. No money from the IP budgets went towards the high schools.
- Q: “IP14’s increase of \$3 million was that due to any additional scope?” A: No, it just cost more.
- Q: “Was the \$33 million out of the bond program exclusively out of escalation?” A: Yes, the majority was.

- Equity
  - Staff continues to evaluate and track the MWESB reporting. The District’s aspirational goal of 18% is to be re-evaluated annually. OSM staff will be working with others in the District to look at this goal.
  - Staff is waiting for the first report from the City of Portland regarding Workforce Equity and the apprenticeable hours reported.
    - Q: “Looking at MWESB and the IP14 projects, do you know the extent of the contracts that primes have let to MWESB?” A: “Staff has an idea anecdotally but we only receive this data through monthly pay apps from our contractors and haven’t received those for IP14 work at this point. Also, OSM is only tracking bond funded work and this is a reflection of our projects, not the District as a whole.
    - Q: “You are doing well on the IP work from consultants but not as well with the high schools, why?” A: IP work is currently at a higher percentage and the IP work has three contracts compared to the one contract for each high school project. The design teams for the high school projects are committed to the MWESB aspirational goals and will need to expand as we move forward in the projects but we are still early in the process for consultants and they are not ready to reach out and bring others onto the project.
    - Q: “Are you tracking the number of proposals that have MWESB applied to them?” A: Yes, we also have weighted criteria during the selection process for consultants. For example Oh Planning + Design has been selected for IP15 and is a woman owned business which will go to the entirety of that project where in IP14 one of the three firms qualifies as MWESB and is going toward the full project.
- Student Engagement
  - PPS has placed over 30 PPS high school students in paid internships this summer. Thirteen of those paid interns are doing work directly related to the bond program through PPS’s partnership with WorkSystems.
    - Q: “We see under the student participation metrics that they are still under development. Where are we with this?” A: Staff is working closely with the District’s Career Pathways staff on this area. The main reason the performance targets are still under development is because there is a huge difference between a 36 month contract and a 6 month contract for differing types of projects. How do we report these differences, accurately and for the life of each of the projects?
- Projects
  - Franklin
    - Currently in Design Development (DD)
    - A commissioning agent has been brought on as part of the team as the project goes through DDs and CDs
    - Project is currently going through land use approval

- Q: “Escalation is currently at 7.9% is that enough to increase the student capacity to 1700?” A: Yes but that increase was not done with escalation but from the program reserve.
  - The project schedule was off by 89 days at the end of SD.
  - Looking to be at 50% of DD at the end of July and could make up some time on the schedule there.
  - The project still has 7.9 months in CDs where we might be able to make up time.
    - Q: “GMP is at the end of DD?” A: Yes, at about 90% completion of DD will have the GMP.
    - Q: “Could it be assigned sooner?” A: Really need to go through the reconciliation process to get to the GMP which will need to be later.
- Marshall
  - Currently in the construction phase working on the fire alarm project, building improvements and the field replacement (non-bond funded work).
  - Received good pricing on the fire alarm project and the pre-GMP amendment.
    - Q: “GC contracts let us carry construction contingencies?” A: Yes.
    - Q: “At what percentage?” A: Projects currently looking at 9% now and to move down to 5% as we move through the project. Staff wants consistency between the project and GMP.
  - Work to be completed by the end of this year.
- Roosevelt
  - Project in DD and the project team is continually working on the phasing plan and schedule.
  - Working to get commissioning agent on team
    - Q: “The additional criteria for the two high school, where are we with this?” A: That subject will go in front of the board next Tuesday, July 22<sup>nd</sup>. It will be a borrowing request for the amount needed to increase the scope of both projects to provide additions classrooms which will allow for a reduced student/teacher ratio, additional classes to be offered, and provide for the 100% utilization of the classrooms. The funding is identified as \$2 million for Roosevelt and \$5 million for Franklin.
    - Q: “If the criteria is applied, will the money come from outside the bond program?” A: The money would ideally be from the bond program but could be taken from an outside source if necessary and staff is also looking to the bond premium as a source.

- DDs began about 110 days off schedule. There is a 3 month parallel overlap of DDs and CDs as the mobilization process begins and the team continues its work on the works the phasing schedule.
  - C: “The phasing piece of this project makes it very complicated and challenging.”
- Grant
  - Has become an active project to have brick façade assessed with small contract under \$12k.
  - Staff started assessment now to see if its condition would impact the budget and time for the project.
    - Q: “Comparisons of Grant to Franklin and using the same criteria have been made so why is Grant’s budget \$6 million less?” A: Mainly because Grant is a much smaller site and the configuration of the campus is different. Staff was modeling Grant after Franklin because of similar student population sizes. The site that Franklin sits on is completely owned by PPS and a significant portion of the Grant site is owned by Portland Parks & Rec.
    - Q: “Does Franklin’s site costs make up this difference?” A: Yes, the Franklin budget currently has site costs of approximately \$10.5 million.
    - Q: “Is the study of the brick simply for cosmetics or looking at integrity?” A: That is why we’re doing the study now to know which it is. The brick is relevant to what portions will get rehabbed and historic and could influence new construction versus rehabilitated. Staff expects to know for the status and report on that at the next BAC meeting.
    - Q: “What is the schedule for bringing on the project team?” A: We will be bringing on the Project Director in January 2015 and we are looking to have the A/E team in place that spring to start master planning in late June and into the fall. Staff is planning for this project to use the CM/GC delivery method.
- Faubion
  - The project is through 50% of SDs and the construction duration has flexed some.
  - The budget does show the added escalation but does not reflect the participation from Concordia University.
  - Preliminary work from the soil study shows nothing significant.
  - Project Director, Erik Gerding, currently working on the scope of work for the new contract with Boora for the final 50% of SDs and through to completion of the project.
  - The schedule has been adjusted but is still ahead of original baseline schedule.
    - Q: “The partnership contribution piece is a big unknown, how do we organize for something other than \$15 million coming

from Concordia University (CU)?” A: We have established a level of written commitments for the partnership and Concordia is comfortable moving forward with a requirement that they may have to do interim borrowing for their portion of the project. The District and CU have set a series of interim deadlines that they have agreed to. This is Concordia’s number one project and program (3 to PhD). The intention is that this project can be a model for replication elsewhere in PPS, the state and beyond. There is no other project like this, having the CU College of Education imbedded inside the K-8 setting.

- Q: “Will Concordia have an ownership interest in the building?”  
A: They will have a long-term lease for portions of the building. Staff and Concordia are working on a development agreement that will outline these costs.

- IP13

- The small drainage project remains

- IP14

- The budget was increased by \$3 million
- There are no reportable accidents to date
- Five contractors have been brought on to do the work:
  - P&C
  - 2KG
  - Baldwin
  - Payne
  - Cedar Mill

- Q: “The actual construction budget is more than \$19 million?”  
A: Yes, the contingency will be brought back down and put into the construction budget.

- Work to be completed by the end of summer
- The elevator work will continue without interrupting learning and completed next summer.

- IP15

- Oh Planning + Design was brought on as A/E for all 8 projects
- Currently in project assessments
- Moving schedule forward to make sure NTPs are issued earlier

- IP15SCI

- Budget is at \$2.6 million
- Received bids for design and will select two design firms for this project.
- NTP should be issued by the end of this month.
- This work will extend into the 2015-16 school year.

Board Presentation –  
Tuesday, August 12<sup>th</sup>

Next BAC Meeting  
Wednesday, October 15<sup>th</sup>  
Concordia University (still confirming)  
4:00-4:30pm – Project Boards/Project Team  
4:30-6:30pm - Meeting