



Meeting Minutes | January 15, 2014

Portland Public Schools Bond Accountability Committee (BAC)

PORTLAND PUBLIC SCHOOLS
Office of School Modernization

501 North Dixon Street • Portland, OR 97227

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

Board members present: Pam Knowles (Board liaison) & Greg Belisle

PPS staff present: Jim Owens, Dan Jung, Ken Fisher, Darwin Dittmar, Sharie Lewis, Cheryl Anselone, David Mayne, Jan Osborn, Neil Sullivan, Tony Vandenberg, Karen Polis, Debbie Pearson, Michelle Platter, Sarah Oaks

Public Present: Mike Tisch: Local Bricklayers #1; Scott Bailey: Our Portland Our Schools; Ted Wolf: Our Portland Our Schools; Abby Dacey: Boora Architects; Roger Kirchner: Franklin PTA; Sara King, Pamela Fitzsimmons

Next meeting: Wednesday, April 23rd at Marshall High School
4:00-4:30PM Tour
4:30-6:30PM Meeting

I. Welcome & Introductions

Kevin Spellman opened the meeting. Introductions of committee members, PPS Staff and public. Introduction of Cheryl Twete, new committee member.

II. Public Comment

- Karen Polis, Franklin High School Teacher- See comment attached

III. Program Update

- Program continues to accelerate with four active bond projects – IP14, FHS, RHS & Faubion. The main part of the program is coming into focus as the high school projects move into the Schematic Design (SD) phase and Faubion master planning continues. Staff reported to the PPS Board of Education in December 2013 on year 1 accomplishments and highlighted that work remains on time and budget.
- Budget breakdown: With the addition of the bond premium sale PPS is looking at a program total of just under \$500 million. The bond premium is currently not being allocated to projects, as staff evaluates market conditions and how they may impact future bond sales.
- Program has also tapped into additional funding sources for projects like the SRGP grant for the Alameda seismic work completed last summer, SB1149 funding and additional funding sources.
- Since the start of 2014, both the Roosevelt and Franklin high school projects have moved out of the Pre-Design Phase (Master Planning) and are starting work on the Schematic Design

Phase. The program will be integrating the CM/GC construction delivery model for both high school projects. In January, staff selected the CM/GC firms: Lease Crutcher Lewis for the Roosevelt project and Skanska USA for the Franklin project. Award recommendations will be presented to the BOE on January 21st.

- The IP13 project has been completed successfully. Improvements were made at six schools. IP14 design is underway. Staff anticipates awarding three construction contracts and will start construction in June once students have departed for summer break. Twelve school sites will be improved this summer.
- EdSpec Phase I, "Facilities Visioning" was completed in September. Phase II "Comprehensive high school EdSpec Program" will be presented to the board on January 21st. Staff chose to focus work on the high schools to have a complete document to inform the design teams in the work on the high school projects. Staff then expects to follow-up with the middle school, PK-8 and PK-5 EdSpec programs in March.
 - Q: "Ideally EdSpec work would be completed before Schematic Design. How is this affecting the design? A: "This hasn't been a hindrance at this point. The consultant working on the EdSpec has been coordinating with the High School design teams. This document will also affect the master planning of the other high schools later in the bond."
 - Q: "Is the EdSpec development driving the question about shared teaching space?" A: "Yes, primarily."
- The former Marshall high school has been identified for use by both the Franklin and Grant communities as their swing site during the modernization of their schools. On January 11th, staff held a preview at the Marshall campus for the Grant and Franklin communities. Approximately 400 people were in attendance. Transportation for the swing sites still needs to be determined and staff plans to message the program decision to the Franklin community later this spring. Marshall requires an update to the fire alarm system and other building and site improvements to accommodate students and the work is currently under design. Staff expects to complete the improvements by February 2015. Staff wants time to configure the school for Franklin staff and to also give tours for the Franklin community.
- Anticipated Progress between now and next BAC meeting
 - Franklin and Roosevelt projects will complete schematic designs and CM/GC firms will be part of teams.
 - Faubion PK-8 will have completed master planning.
 - IP13 will be closed out and IP14 will be preparing ITBs (invitation to bids).
 - EdSpecs will be completed.
 - Marshall Swing Site budget finalized.
- Financial Audit
 - Sharie Lewis, PPS Director of Accounting Services, presented the committee with an overview of the financial audit findings by external auditor, TKW. TKW reviewed contracts in place during the 2012/13 fiscal year. The program had expended about \$49 million with \$45 million of that amount going to debt repayment. The program expended about 10.1% of the total bond program during the first period. The audit found nothing of note on internal controls that the program and district have in place. Nevertheless staff is continually working on refining the process between

accounting and OSM. The next audit will be the real test because there will be more items to review.

- Performance Audit
 - Richard Tracy, Bond Performance Auditor with Hirsh and Associates, presented the committee with an overview of what the performance audit will be examining this year. The performance auditing process includes annual reviews that will be reported by June of each year. Items that the auditors will be looking at include: Are there systems and processes in place to plan and implement the bond program? Is the program operating as it should? Reviewing processes for invoices, contracts, project management and test those systems that are in place. The auditors will produce an annual report to show if the program is achieving primary goals such as schedule, budget, equity, and safety objectives. The auditors have been in the planning phase during November and December 2013. They are currently completing their field work in January, February and March 2014. In April 2014 they will draft their report to present to staff. The presentation of the audit findings will be brought to the board in June 2014. BAC members will be provided an opportunity to review prior to the Board.
 - Q: "What is the audit benchmarking against?" A: "Professional practices and standards for the industry and against the voter approved bond measure itself."
 - Kevin Spellman, BAC chair, met with the Performance Auditors and presented them with issues and items for them to look at that the committee wanted them to be aware of.
- Balanced Score Card (BSC)
 - The BSC is provided monthly to the board. Presentations are made quarterly. Quarterly OSM presentations will align with BAC quarterly presentations.
 - Overall perspective
 - Staff is currently working on several memorandum of understandings (MOUs), including:
 - Portland Bureau of Transportation MOU – offsite improvements for bond projects.
 - PGE MOU - Solar paneling installation on the IP 13 &14, FHS & RHS sites.
 - Q:"Is the solar work part of the bond program?" A:"The Summer Improvement Project scopes do not include solar technology. However, staff did complete a "bond funded" engineering feasibility study to determine the suitability of the IP13 & IP14 sites to accommodate solar installations. Staff expects to partner with PGE who will fund and manage the installation of the solar improvements. No bond dollars will be used for solar on summer projects. The "full modernization" projects at FHS, RHS and GHS will include solar components as will the replacement of Faubion K8.
 - Schedule perspective
 - All active projects are currently on schedule. A decision was made in December 2013 to use the Marshall campus for Grant High School during the schools "full modernization". There has been significant outreach to the Grant community, including feeder schools, regarding use of Marshall.

- Staff has added projected occupancy dates for the projects to the slide.
- Stakeholder perspective
 - Staff is refining the DAG (Design Advisory Group) feedback document and will be sending out to the Franklin and Roosevelt DAGs.
 - Staff has received feedback from the building level and maintenance on the IP13 work that was successful.
 - Staff will be sending out IP14 feedback questions on the planning, work scope knowledge and how work will be accomplished without interference of the learning. Staff is starting to communicate out to the communities about what will be happening.
- Equity perspective
 - Staff continues to work on this area. The percentage is based upon the monthly amount paid. >18% is green, >10% yellow, <10% red. Staff is doing a lot of outreach with groups to encourage bidding. The overall bond program is currently at 12%.
 - Q: "Looking at the CM/GC firm Skanska USA/Inline. Inline is a minority owned firm, correct? How will this go against percentage during pre-construction and after?" A: "Skanska is the prime contractor and a non-MWESB owned corporation. Inline, though a partner, is a first tier subcontractor. When Skanska invoices PPS they will identify amounts due to MWESB owned subcontractors and measure progress on a month to month basis."
 - Q: "Is there anything you can do to influence a higher percentage?" A: "PPS requires contractors competing for work to conduct good faith outreach efforts with MWESB owned firms. On negotiated work, solicited thru RFPs, PPS uses criteria that evaluates how firms intend to address MWESB participation. These are examples of how staff can influence higher MWESB participation levels."
 - Q: "The red & yellow cells show areas to focus on. How can we influence improvement? Or is this the reality of what they will be?" A: "The equity perspective includes three sub categories – business equity, workforce participation and student engagement. Each are measured as shown. Although the measures reflect actual results from month to month, staff continues to emphasize expected outcomes. And firms tend to be creative in achieving these important socio/economic objectives."
 - PPS is working with the City of Portland to assist in monitoring contractor engagement with apprenticeable trades. Objectives have been established that require 20% participation by state registered apprentices during construction on a prime contract over \$200,000 and subcontract over \$100,000.
 - Q: "Goal on per craft basis?" A: "Each applicable contract will be reviewed for compliance."
 - Q: "Will each sub be examined?" A: "All sub contracts over \$100,000 and a prime over \$200,000. Staff will follow Portland model about how to average sub participation. City will provide feedback and a recommendation regarding LD's associated with it."

- Q: "20% normal or aggressive?" A: "Mid-range per the City of Portland."
- Q: "How will this objective be broken out in regards to MWESB?" A: "Staff will need more clarification of apprentices and how to break them down with minorities and women from the city."
- Q: "Does Objective A, Meets Aspirational Goal MWESB, use sheltered programs or set aside work?" A: "PPS aspirational goal is not intended as a "set aside" objective. This is a broad district objective not restricted to bond funded contracts."
- Q: "In regards to Objective B, Apprenticable Trades Participation, we do have experts on this committee that could help." A: "Once document is received from the city with the proposal staff will schedule meeting time with committee members."
- Staff continues to work on student involvement. Firms are signing up on BizConnect, but staff feels we need a more robust program. What are the firms doing? How are they connecting with students? How are students being directed to opportunities? Staff is looking at this more deeply to increase student participation.
- Budget perspective
 - Staff has extracted oversight costs from the projects and placed in the bond program (2012 bond project). Project Managers have adjusted budgets that don't require accounting for District staff cost and instead focus contracting and permit costs. Upon project completions, District staff costs will be allocated back to the projects per accounting requirements.
 - Escalation has been added to the projects to give PMs full cost visibility on their budgets for the projects.
- Program Cost Report
 - The total current program budget remains at \$498 million. No change from our last meeting. A number of inter-project budget changes have occurred since the last meeting.
 - Pursuant to the resolution passed by the BOE on Nov 18; the target capacities for the high schools increased from 1500 students to 1700 (except in RHS's case where the student capacity increased to 1350 students and the core capacity to 1700) which is expected to result in a transfer of \$10M from the BOE Reserve to the HS projects. Please note: the BOE will make a final decision on moving these funds during review of the Schematic Design plans scheduled for March; however the budgets shown here include the transfer to allow the project teams to adequately plan for this additional scope.
 - Consistent with our escalation allocation methodology escalation budget was transferred to both FHS and RHS.
 - And we moved the Construction Management Budget and Cost Forecasts from the individual projects into the Program project. Again this has a Net Zero impact to the overall bond program; what we did was simply take a scope and accompanying budget and expenses and moved them from the project level to the program level. This allows us to more easily manage oversight costs.

- Overall about \$21M has been transferred from program level contingency into projects since our last meetings. The project teams have incorporated this funding into their forecast and as one would expect the total program Estimate at Complete has increased. In October it was \$420M, today we're at \$434M. Accordingly the total Forecasted Over/Under has moved from \$78M to \$64M.
- It's worth reminding everyone about our forecasting method. Project managers do not forecast spending the project contingency until it's actually required to complete the work. This provides visibility into the amount of contingency remaining on the project (and program) and is a primary risk management tool used by the District. As a quick example, you will see GHS shows a Forecast of (\$11.8M) – which equates to a 15% current project contingency.
- All projects continue to forecast under budget with the exception of the Marshall Swing Site project. The forecast on the Marshall project is a function of matching scope with budget. Unlike our other projects, Marshall did not start with defined scope of work. \$2.5M was transferred into the project as a "starting point" -- currently the project team is undergoing a process to identify the necessary scope of work. Once that is complete the budget and/or forecast will be updated.
- Projects do not forecast use or expenditures of their contingencies.
 - Q:"For the Franklin, Roosevelt and Faubion projects what did the contingency start at?" A:"The Franklin and Roosevelt projects started at 15% contingency based on the programs risk management strategy. However, are now projected at 11%. Faubion started at 10%.
 - Q:"The Forecasted Over/Under column and looking at the total resources for the program. Clarify the \$16.3 million dollar difference." A:"That is the total resources for the program. Additional resources have come into the program (projects). Any dollars coming in would be imbedded into the project, extra funding like SB1149 or district general funds will be shown here."
- 2012 Bond Program
 - Construction management moved from projects to the program.
 - Escalation has been moved out
 - The board reserve has been dropped to \$10 million from \$20 million.
 - Bond oversight costs are forecasting \$1million over budget for the eight year program. Staff will continue to monitor. Do not want this to exceed 5% - 6% of total program cost.
 - Traffic engineering services at a program level versus at project for continuity throughout the program.
 - Q:"Discussion of board to put additional work on your plate with another bond. How will this affect these numbers?" A:"Staff is factoring a prospect of a second bond. The program anticipates that we have a follow-up bond. Our blended team is designed to expand and contract as needed."

- Q: "How have you budgeted for escalation?" A: "The bond measure included a \$45million escalation line based on estimated cost increases over the eight year program duration. In terms of an allocation methodology, staff allocated escalation \$\$\$ based on inflation growth from Nov 2012 to the mid point of construction. The \$\$\$ are transferred into the project when the main design contract is awarded."
 - Q: "What if costs increase beyond that?" A: "The bond program includes a program reserve that can be used for cost increases due to inflation and other market conditions."
- Projects
 - Schedule slide for each project was created at the request of the BAC. This slide should give a schedule update and let you know where we are. The top section remains the summary of the schedule. The bottom section looks at significant milestones and assessments. The slide shows the project baseline, the schedule update, and the actual dates. The rows highlighted in green show the dates that have been achieved. Not all milestones are on the critical path.
 - Q: "The baseline schedule has taken a month out of CDs. Does the design team know? Is it reasonable to have it all come out of CDs and could it be shifted if needed?" A: "Yes, design teams are aware."
 - Q: "Comparing this to the program update, what would cause something to go from green to yellow? How will we see the schedule on the BSC?" A: "The BSC measures are aligned to the critical path. Green 0 day impact and construction completion. 0-4 weeks, yellow and red 4-6 weeks."
 - Q: "Is there some indication of risk in the program and how does this call out to the schedule? How do we become aware of risks?" A: "The BSC tool helps to give understanding."
 - Q: "I have worked with other programs where permitting issues with the city has greatly affected the schedule. I don't see permits in your schedule milestones. What is your relationship with the city? How will you expedite this process?" A: "We have conversations on going with the city. Project Directors are points of contact with the city for their projects and with the design team about timelines and expectations. We are watching very closely. At this stage it is early, but will be listing permits as a key activity on the schedule. The summer work achieved permitting with a lot of hard work and new relationship building with the city."
 - Marshall Swing Site
 - Fire alarm system will need to be upgraded at a cost of \$1.3 million. This will go out to bid in February and all work completed by the end of 2014.
 - Roosevelt

- Schedules at this point are similar for both high schools. The CM/GC contractor will examine construction phasing and help adjust milestones.
- Franklin
 - The CM/GC contractor will assist the District and Design Team with estimating and scheduling.
 - Currently in schematic design phase.
- Faubion
 - Discussion continue with Concordia on project scope and budget.
 - Interim Project Manager will be breaking down budget.
 - Expect to present Master plan to the BOE in March.
 - Concordia/BOORA currently working with St. Michael's church to determine the scope of their partnership in project.
 - Land use needs to start earlier due to timeline but not too deep until program is more defined.
- IP13
 - Currently closing: retentions have been released.
 - Q:"\$1million savings pretty solid?" A:"Yes. We will be moving the savings to the COO contingency shortly."
- IP14
 - 3 design teams are developing three construction packages:
 - Q:"Seismic improvements are at what level?" A:"Incremental seismic improvements, principally concentrated around the roof diaphragm and wall connections. Also, portions of non-load bearing masonry walls around egress paths of the schools. Roofs first and then egress paths. Schools are not brought up to current code but are improved incrementally thereby enhancing safety."
- EdSpec
 - Q:"Concern about shared classroom space presented during public comment; how are these concerns being addressed and will there be a forum for these concerns?" A:"During schematic design these will be vetted. Our program has hired, John Wilhelmi, former PPS high school principal, to work with the project teams and the Office of Schools to message education pedagogy and shared teacher spaces and collaborative learning."
 - Q:"Who is the group developing the EdSpecs?" A:"OSM is managing this effort and retained an architectural planner (DOWA-IBI Group) to help develop. Numerous forums with teacher groups, administrators and selected professional groups have been held to obtain input into this process. "

BAC Presentation to the board:
Monday, February 24th

Next BAC Meeting:
Wednesday, April 23rd
Marshall High School
Building Tour: 4pm
Meeting 4:30-6:30pm

Attachments:
Public Comment

Good afternoon. My name is Karen Polis and I am a 21 year teacher for PPS; the last 20 as a proud teacher at Franklin High School. I am here today to ask you to hold the district accountable for the decisions it is making that will make the new building inadequate to meet the needs of students and staff on day one, let alone year 10, 20, 40 or 50 despite the approval of additional funds to enlarge the school's capacity to 1700 students.

During a staff meeting on January 6, teachers were told that in the new design there is not enough room for each teacher to have his or her own classroom. Odd, considering the addition of tens of thousands of square feet beyond Franklin's current foot print. Shouldn't classrooms be a priority in a school modernization effort?

According to the teacher member of the DAG, the idea of shared classrooms has never been discussed in any meeting.

In this January 6th meeting, the rationale for shared rooms was that rooms would be empty when a teacher did not have a class. This is simply not true. In addition to grading papers and preparing lessons, when not teaching, teachers use classrooms to meet with individual students, small groups of students, other teachers, parents, and to make confidential parent/guardian phone calls.

"Shared classrooms" is not best teaching practices. Storage of teaching materials, bulletin board space, desk/table arrangements are but a few obstacles in sharing rooms.

Compounding the issue of shared classroom is the lack of any designated space for a staff room. If teachers share classrooms and there is no staff room, where are they to go during prep periods to do all the activities I just described? Where will teachers and staff be able to gather to eat during their duty free lunch?

Another concern with this design is despite the addition of several performance spaces, there is no place for the entire student body to gather except the gymnasium. A gymnasium is not the appropriate venue for all the whole school activities we do such as a multicultural assembly, senior academic assembly, or the rose festival assembly. Our current auditorium has the capacity to hold 1500. Students will not all be able to share the experience of these activities. They will have to be done in shifts.

It seems while the approved design plan attempts to take Franklin several steps into the future, it is actually taking some missteps into the future.

I have shared these concerns in teachers' meetings with designers and project managers only to be told that it is not the appropriate venue for these discussions—they are district decisions.

I have volunteered to be on the classroom design committee that begins meeting this week.

I now bring these concerns to you and ask you this, the taxpayers have approved millions of dollars for this project. Why is the district planning to be short of space for classrooms in an ideal school before a single shovelful of dirt has been moved?