

# Meeting Minutes | April 23, 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, John Mohlis, Willy Paul, Louis Fontenot, Cheryl Twete

*Board members present:* Greg Belisle

*PPS staff present:* Jim Owens, Dan Jung, Ken Fisher, Darwin Dittmar, Cheryl Anselone, David Mayne, Jan Osborn, Neil Sullivan, David Wynde, Karen Polis, Debbie Pearson, Michelle Platter, CJ Sylvester, Jen Sohm, Kimm Fox-Middleton

*Public Present:*

Scott Bailey: Our Portland Our Schools; Ted Wolf: Our Portland Our Schools; Roger Kirchner: Franklin PTA

*Next meeting:* Wednesday, July 16th at PPS Central Office (BESC)  
4:30-6:30PM Meeting

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### I. Welcome & Introductions

Kevin Spellman opened the meeting and introductions were made.

### II. Public Comment

- No Public Comment

### III. Bond Program Overview

- There has been significant progress in the implementation of the bond program and we continue to move forward in a positive direction. Overall perspective remains in the “green”
- Staff continues preparations for the upcoming summer Improvement Project (IP14) that will involve 12 school sites. Currently in bid phase, staff expects to award six construction contracts over the next two months. Compared to last summer we will have approximately one week less to accomplish the work due to make-up snow days added to the school calendar. ITBs to contractors went out expecting a 6 day work week.
- Staff is in the process of implementing several programmatic initiatives.
  - OCIP (Owner Controlled Insurance Program) will be used on construction contracts over \$100,000. OCIP will allow PPS to standardize general liability, umbrella and pollution risk insurance and also increase opportunities for MWESB firms.

- PPS's Contractor Workforce Equity Program will be implemented using an IGA between PPS and the City of Portland. The city will manage the program in support of PPS project teams. It will apply to prime contracts greater than \$200,000 and each subcontractor having a subcontract of \$100,000 or more. Prime contractors will ensure that a minimum of 20% of labor hours in each apprenticeable trade performed are worked by state registered apprentices.
- Our two high school projects, Franklin and Roosevelt are in schematic design and are working to align schedules, scopes and budgets. Both schools have their CM/GC contracts awarded and are actively engaged with the project teams; Skanska on the Franklin project and Lease Crutcher Lewis on the Roosevelt project.
- The Faubion master plan was approved by the Board last month. The partnership with Concordia University is continuing to progress. The master planning contract with Boora Architects was amended to begin schematic design phase focusing on the land use planning. Staff and Concordia will decide when to continue the second half of the SD once we get to that point. Completion of the project is still scheduled for Fall 2017.
- Auditing – the program continues to have both financial and performance auditing.
  - The financial audit was presented at the last meeting.
  - The performance audit for the first year of the program will be ready in June. Staff will provide an opportunity to review audit findings with you prior to Board presentation on June 23rd.
- The Superintendent has convened a Bond Development Advisory Committee to evaluate high school planning criteria for potential future bond planning. Specifically which high schools will be the priority and what are the criteria for deciding the priority. This will also inform staff the sequencing of the master planning of the remaining high schools in the 2012 bond program. There will be a committee meeting next week followed by some community open houses in May to get further input before going forward to the board.
- The OSM master events calendar is being sent out to the committee on a regular basis and is included in their packets. This is a moving snapshot of the program's major activities that are underway.
- The balanced score card- this tool changes on a monthly basis and formally goes into the board packets on a monthly basis. Staff is starting to have concerns in several areas primarily with the equity area and now some in our project schedules.
- FHS/RHS/GHS Additional Criteria – Jim Owens outlined a new topic that staff will soon present to the Board that will significantly impact the size of the fully modernized high schools. Approximately 24,000 s.f. in additional space at each high school is involved with budget, scope and schedule implications. Considerations include;

- The 2012 Long Range Facilities Plan incorporated a different student capacity methodology using a square feet per student metric based on type of instruction space (“Instructional model”). Previously student capacity was measured using teacher FTE.
- The “instructional model” did not take into consideration several student driven value factors relating to the 100% utilization of general education classrooms, specifically relating to opportunities to obtain more graduation credits.
- The Board previously authorized staff to construct GHS/RHS/FHS to larger student capacities. However, the instructional model did not take into account adding additional classrooms and the student/teacher ratios.
- Using this new criteria and working with the building administration on academic scheduling , staff wanted to constrain teachers to work in no more than two classrooms per day and to have related subjects share classrooms and to have appropriate teacher prep periods attached. These ideas would focus on the general education classrooms only.
- Staff is still evaluating the cost of this change in scope, budget and schedule implications and these items would be presented within the schematic design presentations.
- Q: “Assuming benchmarking has been looked at that has taken place inside the district and out?” “How does this compare and in reason?” “Also, is this in line with the EdSpec and use of office space versus class space?”
- A: “This was a pedagogy shift with shared use of classroom space and it was benchmarked against K-12 districts across the country. This is a change from how PPS has operated in the past, but felt with the modernizations it was an opportunity to step forward with our thinking. There is still some concern with teachers relative to the shared classroom but staff has been implementing features to help them adapt through professional development for staffs. Our Education Liaison, John Wilhelmi, has been working with building administration and the Office of Schools to help the staff prepare for these changes.

IV. Balanced Score Card – Overall perspective

- Reviewed as part of Program update

V. Balanced Score Card – Schedule perspective

- Delays in completing Franklin and Roosevelt schematic designs are causing increased concerns, hence the cells are “yellow”. However, staff believes the time can be made up during the balance of design phase or during construction.
- IP14’s bid framework was changed from three to six ITBs after the initial bid opening for one of the construction packages resulted in only one contractor bidding. Staff

expects that by repackaging into more ITBs and hence small \$\$\$ value will result in more competition and better pricing. Bid opening schedules are shown on the OSM master events summary.

- The IP15 project is underway. Received design proposals that are currently under review. Staff expects to select two firms for this project. Staff is also planning an IP15A project to make ADA & Science classroom improvements at additional schools with the work extending into the FY15/16 school year. Budget changes are being made in eBuilder. More details to follow.

VI. Balanced Score Card-Stakeholder perspective

- Staff is very pleased with the input from building leadership and maintenance/operations on the completed IP13 work and also the IP14 work as we complete the design phase.
- The survey instrument was sent out to the FHS & RHS DAGs (Design Advisory Group) and staff should have feedback in near future.
- This perspective shows how our internal stakeholders are viewing the work and getting important feedback from them.

VII. Balanced Score Card-Budget perspective

- All projects are in the “green” and currently under budget based on current projections.
- Franklin and Roosevelt project teams are working with their CM/GC (construction management/general contractor) firms on cost projections to align with budgets. The costs of the “additional criteria”, mentioned earlier, are being factored into the analysis.
- IP budgets. Staff looked at the project framework and sequencing plan and decided that 8 (IP13-IP19) managed projects versus 6 (IP13-IP18) would be more feasible. No scope has been added to these projects at this time. At the next meeting the committee will see these budget changes. Also reminder that IP16 won’t be announced until next Spring.
- Q: “What is the point of splitting up the project (IP15)?”
- A: “Annually staff looks at the scope identified for that project and the prioritization of the work and then reshuffle the project. In IP15 staff saw this as a way to bundle scope more efficiently such as the science lab upgrades. The bond blended team will be expanded assigning PMs to assist Michelle and Mike in the work and also give staff an opportunity to increase the number of schools to be completed in IP15.
- Q: “What is the protocol for project changes using e-Builder and moving scopes, schedules and budgets together?”
- A: “The protocol is initiated at the program level. The dynamics of the IP work gives staff the ability to move around project scopes, schedules and budgets as needed. The decision is made by staff and the board is informed of changes. Staff does

evaluate on an annual basis the work remaining to be completed. A roof that is now more critical and needs attention but had previously been listed for IP17 may get moved into IP15. This gives staff the capacity to be agile if needs arise.”

- Q: “Between last report and this one it’s hard to see the changes.”
- A: “If you look at the Project Management Cost Report, all changes have been footnoted at the bottom of the report.”
  - \$620,000 was moved from Swing Site to Faubion as a reimbursement of the portable classrooms.
  - \$750,000 SB1149 funds were moved into IP14 as a new resource to the program.
  - \$15,000 from FAM for their portion of e-Builder costs.
  - \$(62,560) fund 405 savings into the program.
- Concordia’s contribution to the Faubion project will be injected into this budget.
- Other funding sources such as the SRGP grant will increase the size of the program.
- Q: “Why hasn’t as much money been spent at Roosevelt as compared to Franklin?”
- A: “This looks like more of a timing issue with invoices. Several invoices were not prepared correctly and so consultants are behind in billing.”
- Q: “Are we spending at the rate we should be?”
- A: In total the program has spent approximately \$65,000,000 (including \$45,000,000 in debt repayment). Monthly OSM tracks spending against an 8-year cash-flow and the District’s annual fiscal year budget. Spending to date has been largely as anticipated.
- Marshall did not have a defined scope knowing that staff would go through the process to establish scope and thus the budget will increase to \$3.4 million from the Swing Space/Transportation project going forward.
- The 2012 Bond Program project had a \$1 million overage under oversight costs when we met in January and staff was keeping a close eye on it. The cost had decreased but the project encumbered the OCIP program for \$2.2 million in the last five days. Staff determined to cover the OCIP costs from the \$1 million budget savings from IP13 and the COO contingency rather than from the project budgets. These changes are in process. Brown & Brown is our insurance broker of record and structured the OCIP program for us. There will be an administrator who will be working with contractors. The insurance program will cost \$2.2 million over five years and will need to be adjusted to cover the eight year bond program.
- Q: “What does the program cover?” A: “Liability, umbrella, collision and builder’s risk<sup>1</sup> are what are covered.”
- Q: “You are now taking on that risk and now only successful if you have a low amount of claims. What additional resources will you have to support that?”

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<sup>1</sup> Builder’s Risk is carried by the district but outside the OCIP.

- A: “Heery has on-site construction managers on projects and they will have oversight of project safety.”
- Q: “Which contracts will be a part of the program?”
- A: “Contracts connected to formal procurements of Division 49 over \$100,000 regardless of fund source.”

#### VIII. Balanced Score Card-Equity perspective

- Objective A- Business Equity. MWESB remains constant at 11.5% overall but some projects cells have gone into the red. As this summer’s IP work begins activity will increase.
- Objective B-Workforce Equity. The IGA with the City of Portland’s workforce hiring and training program focused on apprenticeable trades. IP14 will be the first project to utilize this program.
- Objective C- Career Learning. To date firms have interacted with BizConnect but not the best metric to show career learning since only one tool and does not show all that is happening. Staff has been working on a new metric to measure career learning and would like your input on this:
  - Tier 1 – large group activities such as career fairs
  - Tier 2 – short term one on one activities such as job shadows, mock interviews
  - Tier 3 – long term one on one activities such as internships
  - Staff is still reviewing what performance targets would be for this metric for the balanced score card.
  - Worksystems partnership along with grant received by PPS for career learning will help create internship opportunities with bond contractors.
  - Staff are hoping for up to 10 internships this summer through this program and an additional 3 internships outside of this program with Heery, DOWA, and Bassetti.
- Q: “Have you talked to students about how they can participate in student learning through this work outside of construction itself? Such as documenting, web information, and reaching out to kids who are on the creative side?”
- A: “We are having many conversations around jobs and staff is working with the high school career coordinators to make sure they are aware of the work and opportunities. There is a strong undercurrent at the schools and wanting to be involved. As a reminder up until this year the district has not had full time career coordinators at schools because of budget constraints.
- C: Committee likes the definitions of the metrics but not sure about how to capture performance targets. Request a list of activities on a slide for next meeting.

- IX. Project Updates-the program currently has 8 projects happening right now. Project teams are doing great work making all of this happen.

- Franklin Modernization
  - Estimates for the schematic design are being reviewed and looking at VEs (value engineering) to bring project into budget. The overall budget remains the same.
  - Debbie Pearson, Project Director, led the project team – DOWA, Skanska and Heery at the Franklin High School workshop in a Construction Career Day. Approximately 80 students attended and learned about being an owner’s rep, designer, construction manager and contractor. Students were split up into groups and they had to design a structure from marshmallows and spaghetti.
  - Skanska is on board as the project’s CM/GC and working on the GMP and will be refining that as we move into the DD (design development) phase.
  - Permitting for the project is on schedule and the pre-app meeting with the city was very successful today.
  - Schedule:
    - Schematic design to be presented to the board on May 12<sup>th</sup> and approval on May 19<sup>th</sup>.
    - Land use and building permitting has been added to the schedule table.
    - Design projections and how much time has been spent in each phase has been added to the slides.
    - Currently sit at 75 days over baseline schedule. Last time we met the project was at 25 days. Staff does have concern about this but could be mitigated during the CD phase and as we analyze schedule with the CM/GC firms we could start possibly seeing an overlap of phasing schedule bars.
    - Q: “Usually there is a delta from the contractor. How is the schedule looking?”
    - A: “The project team is deep into VE and connecting the scope with the capacity increases to 1500 and 1700 almost set. The additional criteria provide more impact to the project. Staff wants to be as conservative as we can be with schematic design estimate but having the team all together, already having the CM/GC on board we have a more aligned message. Important to remember that schematic design is very early in the project and to have a reasonable estimate and we do expect the budget to increase with this additional criteria.”
    - Q: “Looking at the master plans and the amount of new construction are there concerns about keeping to the budget?”
    - A: “Staff are evaluating and trying to build correctly and to provide an intentioned and quality product.”

- Q: “Clarification, it is the intention that the existing SDs stay in budget, the additional money will relate to the additional criteria?”
  - A: “We will have an additional meeting with the committee to review the SDs when we are ready to present.”
  - Q: “What is the assessment of the additional criteria on the schedule?”
  - A: “The assessment of the additional criteria on the construction schedule has not been established at this time. But it will impact the remaining design phases as well as construction.”
  - C: “Not a good trend but still have time to possibly make up.”
  - Q: “What funds are you looking at for the additional criteria?”
  - A: “Staff is looking at several funds: bond premiums, improvement projects as we go out past IP15. The bond had specific language stating improvements up to 63 schools. The \$45 million program component for escalation that would be applied to the additional criteria, looking at borrowing from the future- annual IP work and at the bond issuance in the spring of 2015.”
- Marshall
    - The fire alarm system construction bids will be received tomorrow and will cost over \$1 million. There were 3 firms at the pre-bid meeting and staff is expecting good competitive bids.
    - There will also be improvements to the facility and the football field will be replaced with turf, using non-bond funds for the field.
    - The schedule is pretty static with only the three areas of upgrade and it is expected that all work will be completed by December 2014. The period after construction and before Franklin moves to the facility will give the project team an opportunity to have the community see the campus.
  - Roosevelt
    - The budget remains constant.
    - There has been community concern over the CTE programs and how they were selected. Staff is working with building leadership to show the community how the programs were chosen and how they were certified by the state.
    - Q: “What is maker space?”
    - A: “Maker space is a combination of industrial arts needs in one space so not just a wood shop or metal. It gives students and staff an opportunity to see how all of these components work together to create a product. The space is customizable to the site and the programs for each school.”



- Looking at the schedule you will see that the phase bars are starting to overlap. This is definitely expected since this is a phased project. The first project team phasing meeting will happen next week. Staff will add an additional slide to show the phasing of the project.
- Staff is scheduled to present the schematic design to the board on June 9<sup>th</sup> and have adoption on June 23<sup>rd</sup>.
- The project is currently 110 days off the baseline schedule. CDs in this model show 8.6 months and staff feels there is some flex time there to make up time and also during the phasing.
- Q: “It looks like the duration of DDs increased by 60 days from the baseline. Why?”
- A: “This was to take into consideration about how we are phasing documents and phasing development now into DD rather than in schematic. It’s timing on how we phase the work itself and how we develop the design packages.”
- Faubion
  - Master plan was approved on April 16<sup>th</sup> by the board.
  - A contract amendment is underway with Boora Architects to include 50% of the schematic design and to get started on the land-use process.
  - The budget has changed with the \$620,000 put back into the project for the portables from the Swing Site project.
  - The traffic study has started as the project moves into the schematic design phase.
  - Schedule has schematic design starting in May. With the window at the end of CDs and construction for the continuation of the fundraising period.
  - Concordia is currently projecting approximately 15.1 million raised by all partners.
  - Q: “Are you depending on the funding from partners? How does this tie together?”
  - A: “We are pretty confident that this will all come together and able to move forward just a question of timing. If partner funding did not come together the district is still responsible for building a K-8 school. Concordia has staffed a development team to work on this project and the district is working with them on fair market tax credits. There are development agreements, cost sharing and many different aspects to this project that make it very complex.
  - Q: “If Concordia does not raise enough money does PPS lend then money?”
  - A: “No. They could borrow money and get bridge loans themselves for their portion.”
  - Q: “Has there been a decision to use CM/GC for this project?”

- A: “Staff has thought about alternative procurement but not specifically about CM/GC. There are funding limitations that could influence strategy.
- IP13
  - All monies have been released and retention finished. Currently have not closed out project due to warranties and owner’s manuals that PM needs to review. Expect this project to be closed out before the next meeting.
  - \$1.1 million has been transferred out of the project. A small amount remains to cover drainage issue at a school site.
- IP14
  - There are 3 design firms on board and ITBs went out on 3 construction packages. Only 1 bid was received and was over budget. Staff reviewed and decided to go out with 6 construction packages and get ITBs and notice to proceed by June 1<sup>st</sup>.
  - Q: “You only received 1 bid on 1 package? Any feedback?”
  - A: “Yes the feedback was that many firms have other work right now. Firms did not have the right people for the jobs on hand right now. Staff is hoping smaller packages will allow us to work with smaller firms.
  - Q: “These will have the OCIP program?” A: “Yes.”
  - C: “This will cause a fair amount of work for the contractors and administration.” A: “Firms have responded that the Workforce Equity has not had an impact on their decision to bid. Staff increased the work week to 6 days and are hoping this attracts more bids.”
  - The project budget has increased since last meeting with the addition of the SB1149 funds.
  - The schedule has moved on from the design phase and staff is using permit packages with city.
- IP15
  - The budget for this project has not been broken out yet.
  - A/E firms have submitted proposals and staff are evaluating for selection.
  - Q: “How many proposals?” A: “We received 10 proposals.
- Educational Specifications (Ed Spec)
  - The schedule for Ed Specs is now projected to end in July for the final portions of the Ed Spec.

Meeting Adjourned