

BOARD OF EDUCATION

Portland Public Schools
REGULAR MEETING
August 12, 2014

Board Auditorium

Blanchard Education Service Center
501 N. Dixon Street
Portland, Oregon 97227

***Note:** Those wishing to speak before the School Board should sign the public comment sheet prior to the start of the meeting. No additional speakers will be accepted after the sign-in sheet is removed, but testifiers are welcome to sign up for the next meeting. While the School Board wants to hear from the public, comments must be limited to three minutes. All those testifying must abide by the Board's Rules of Conduct for Board meetings.*

Public comment related to an action item on the agenda will be heard immediately following staff presentation on that issue. Public comment on all other matters will be heard during the "Public Comment" time.

This meeting may be taped and televised by the media.

AGENDA

- | | | |
|----|--|---------|
| 1. | <u>PUBLIC COMMENT</u> | 6:00 pm |
| 2. | <u>SUPERINTENDENT'S REPORT</u> | 6:20 pm |
| 3. | <u>QUARTERLY UPDATE: BOND ACCOUNTABILITY COMMITTEE</u> | 6:45 pm |
| 4. | <u>QUARTERLY UPDATE: OFFICE OF SCHOOL MODERNIZATION</u> | 7:05 pm |
| 5. | <u>CORRECTIVE ACTION PLAN UPDATE</u> | 7:20 pm |
| 6. | <u>BUSINESS AGENDA</u> | 7:40 pm |
| 7. | <u>ADJOURN</u> | 7:55 pm |

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District is committed to equal opportunity and nondiscrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.

MEMORANDUM

Date: August 12, 2014

To: Members of the Board of Education

From: Bond Accountability Committee (BAC)

Subject: 6th BAC Report to the Board

Background

In the November 2012 election, voters approved a \$482M capital improvement bond for Portland Public Schools. The PPS Board appointed a Citizen Bond Accountability Committee to monitor the planning and progress of the bond program relative to voter-approved work scope, schedule and budget objectives.

Recent Activities

The BAC met on July 16 at the District office. As is the case with all meetings, it was publicly noticed and open to the public. OSM staff continues to be very helpful and supportive of the process, and demonstrates a consistent commitment to transparency and clarity in all dealings with the BAC.

We received reports on the design status on Roosevelt and Franklin High Schools, the schematic design process for the replacement of Faubion, the kick-off of Summer 14 work (IP14), and planning for Summer 15 work (IP15). We also learned about fire alarm, tenant improvement, and site improvement work at Marshall High School in preparation for Franklin students in 2015. Finally, staff reported on a study at Grant High School's exterior brick condition.

The IP 2014 work at 12 schools is broken down into 6 packages with a revised budget of \$19.2 million. This work is even more challenging than last summer's program, requiring more oversight, with only 63 calendar days available. (Recall, however, that work on elevators at 3 of the schools will continue during the school year with a planned summer 2015 completion.) OSM has adopted some of the lessons learned from the successful IP13 experience, particularly relating to change order and invoice processes.

Lessons learned have also caused OSM to engage a design team for IP15 much earlier than prior years. Work at 8 schools with a budget of \$12.5 million is planned, along with additional Science Classrooms and ADA upgrades (\$2.6 million) at an additional 19 locations.

The Faubion team has halted schematic design at the 50% stage while Concordia fundraising is ongoing, with the expectation of a September re-start. We have some concern over how to balance progress with the design process without full funding, but do not suggest any change of plan at this point. Like everyone, we are excited by this unique and exciting partnership, and will follow progress with great interest. We are planning to hold our October meeting at Concordia.

The BAC received an update on MWESB participation that, since only consultant work has occurred since our last meeting, is little changed (11%). Data from IP14 construction work was not yet available, but we do not expect an uptick since contractors are selected through a bid process. We will continue to monitor the results and remain confident that the District will have a superior experience on the upcoming CM/GC projects that, of course, involve more significant dollars.

Staff also reported on progress on the excellent recommendations made by your Performance Auditors. Work on several has been completed, and we will continue to monitor.

Current Issues

New Procedures for construction contracts. The new Owner Controlled Insurance Program (OCIP) and the Workforce Training and Hiring Program are both in place for the first time on the IP14 projects. OSM reported on an OCIP learning curve in registering contractors prior to Notices to proceed. We believe that the experience will lead to a smoother process next year.

City of Portland staff will administer the Workforce program and we again applaud the District for adopting a program that is familiar to contractors. Issues will inevitably arise as the District and the City learn to work together on this, but we fully expect the goal of 20% apprenticeship participation to be achieved.

Student Involvement. Staff reports on student involvement are very encouraging. Many summer internships are in place, and several student activities occurred in July.

OSM is still working on appropriate metrics for student involvement, and we agree that it's a difficult challenge. However, we will continue to work with staff as appropriate so that we can all see that significant efforts are bearing fruit.

Budget. Staff has continued to provide budget information to us in a transparent format.

Much has transpired since our last report, but we can report that both the program

and the budget remain intact at this point.

Staff demonstrated to us how the project budgets have been adjusted by allocation from the escalation reserve (originally \$45 million). BAC members expressed some concern over this, but were satisfied to know that, while the reserve has been re-allocated to the project budgets, the designers will not be allowed to design to the increased amounts, allowing the escalation dollars to be used for the intended purpose. Some members did share their own experiences of increased inflation and/or market-driven cost factors, and there remains concern that the escalation reserve (project-based or not) may be insufficient.

Notwithstanding that, the BAC believes that the original reserve was a reasonable estimate; as the work is priced and bid out, we will learn whether it is sufficient or not.

Over the last quarter, the “additional criteria” for high schools and its effect on budgets have been the subject of much discussion at the Board level. The BAC is pleased with the decision to not shortchange the promised future IP work in order to fund additional scope at the high schools.

Following our July meeting, the Board has approved other sources of funding for this additional scope and has expressed the hope that these funds may be repaid through savings within the bond program, for example through the current bond premium. No one can say, of course, if that premium will still exist after future bond sales but if it does, we do have some concern about “competition” once again between the high schools and the complete IP program. Time will tell.

Schedule. Staff has continued to provide detail and transparency on each of the project schedules, and the format used has proved to be very helpful to us. Again, we appreciate staff’s responsiveness to our requests in this regard.

Both Roosevelt and Franklin designs are significantly behind the Baseline Schedule, as reflected by the “red” report in staff’s Balanced Scorecard. This delay is due changes in school capacity requirements, the extensive public outreach and involvement processes, and discussions over the “additional criteria” (see above).

This does not mean that the completion dates will change, but time will have to be made up during the rest of the design process and/or construction period, and Franklin in particular is already reporting some progress. We look forward to seeing more detailed design and construction schedules for these schools that will recover the lost time. Schedule impacts at this early stage of the projects can only increase risk to budget, quality, and scope.

Communication. Subsequent to our meeting, a Frequently Asked Questions section has been added to the Building Improvement Bond section of the website. This will be very helpful in communicating issues to the public and we look forward to seeing regular updates.

Summary

It has generally been a good quarter for the bond program. Of course, our overriding concern remains over management of schedule, budget, scope and quality impacts from high school program changes. Assertive risk management strategies are needed to maintain control, and we will be looking to staff to continue its reporting on these at our next meeting.

We continue to be impressed by the caliber and professionalism of OSM staff as well as the design and construction teams, and thank the Board for this opportunity to serve and play a part in what we still expect will be a very successful bond program.



Board of Education Informational Report

MEMORANDUM

Date: August 12, 2014

To: Members of the Board of Education

From: Jim Owens, Executive Director, Office of School Modernization

Subject: Bond Program Status – August 2014

In the November 2012 election, the voters approved a \$482M capital improvement bond for Portland Public Schools. The District's Office of School Modernization Staff has developed a set of performance measures to provide management information for the staff and reporting tools for the Bond Accountability Committee and the Board's oversight role. Performance metrics for the 2012 bond program are based on the Balanced Scorecard (BSC).

Attached is the BSC for the month of August 2014. Staff will present the status of the program. Following the presentation, the Board is welcome to ask any questions relating to that topic as well.

Attachment 1: Balanced Scorecard Report – August 2014
Attachment 2: Project Management Cost Report – August 2014

Narrative Comments:

1. Current MWESB participation is approximately 10%. Staff is in the process of collecting data from the IP2014 contractors.
2. IP2014 contractors are participating in the City of Portland's Workforce Hiring and Training Program. Initial reports firms are close to the 20% apprenticeship trade participation thresholds.
3. The summer student interns are actively engaged in bond work, both in the office and in the field. Performance targets under development.

Color Key	
	Good
	Concerns
	Difficulty



Strategic Obj.	Perform
A	
B	
C	
Average	

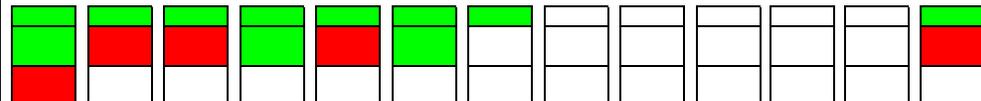
2012 Bond Projects

Improvements 2013	Roosevelt HS	Faubion K8	Improvements 2014	Franklin HS	Improvements 2015	Improvements 2015-SCI	Grant HS	Improvements 2016	Improvements 2017	Improvements 2018	Improvements 2019	Program Mgmt
-------------------	--------------	------------	-------------------	-------------	-------------------	-----------------------	----------	-------------------	-------------------	-------------------	-------------------	--------------

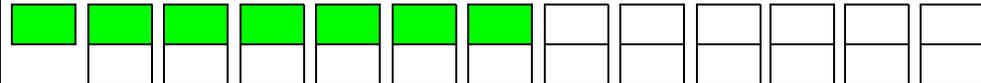


Strategic Objectives	Performance Measures	Performance Targets
----------------------	----------------------	---------------------

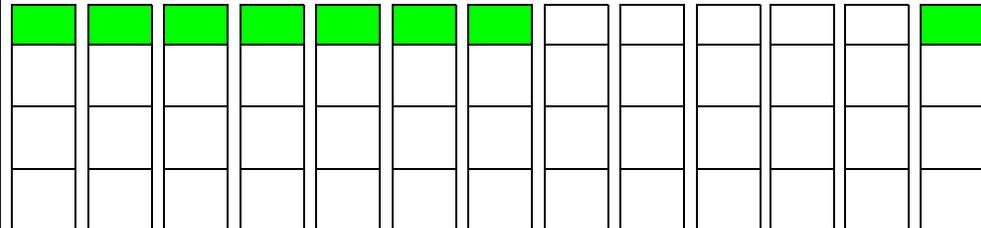
Objective A Meets Aspirational MWESB	1	Project objectives established	Green: MWESB >18% Yellow: MWESB >10%; Red: MWESB <10%
	2	Consultants - % of payments made to MWESB owned	
	3	Contractors - % of payments made to MWESB owned	



Objective B apprenticeable trade participation	4	Project objectives established >\$200k contracts	Green: participation >20% Yellow: participation >10%; Red: participation <10%
	5	Contractors % of labor hours/apprenticeable trade	



Objective C Meets student participation	6	Project objectives established >\$100k contracts	Per AD
	7	Tier 1 - Group Activities EG: career fairs, guest speakers	Under development
	8	Tier 2 - 1-on-1, Short-Term Activities EG: job shadows, mock interviews	Under development
	9	Tier 3 - 1-on-1, Long-Term Activities EG: internships	Under development



Project Cost Summary Report for 2012 Capital Improvement Bond Program

Capital Program Start Date: Nov 2012

Capital Program End Date: Nov 2020

Project Name	Original Project Budget	Project Budget Changes	Current Budget
Grant HS Modernization	88,336,829	5,188,081	93,524,910
Faubion Replacement	27,035,537	2,143,669	29,179,206
Franklin HS Modernization	81,585,655	22,860,103	104,445,758
Roosevelt HS Modernization	68,418,695	23,778,586	92,197,281
Improvement Project 2013	9,467,471	2,595,366	12,062,837
Improvement Project 2014	13,620,121	5,586,678	19,206,799
Improvement Project 2015	13,521,066	(983,607)	12,537,459
Improvement Project 2015 - SCI	0	2,581,763	2,581,763
Improvement Project 2016	15,274,437	(2,955,183)	12,319,254
Improvement Project 2017	6,796,707	3,395,649	10,192,356
Improvement Project 2018	9,062,119	(8,533,237)	528,882
Improvement Project 2019	0	663,638	663,638
Master Planning - Benson HS	191,667	(30,000)	161,667
Master Planning - Cleveland HS	191,667	(30,000)	161,667
Master Planning - Jefferson HS	191,667	(30,000)	161,667
Master Planning - Lincoln HS	191,667	(30,000)	161,667
Master Planning - Madison HS	191,667	(30,000)	161,667
Master Planning - Wilson HS	191,667	(30,000)	161,667
Swing Sites & Transportation	9,550,000	(4,620,000)	4,930,000
Marshall Swing Site - Bond 2012	0	4,000,000	4,000,000
Educational Specification	0	300,000	300,000
Debt Repayment	45,000,000	0	45,000,000
2012 Bond Program	93,181,361	(30,624,433)	62,556,928
	482,000,000	25,197,072	507,197,072

Project Management Cost Report

Report Run Date:		08.01.2014	
Project Estimate At Completion	Forecasted Over/(Under)	Invoices Approved	
84,172,419	(9,352,491)	3,815	
26,261,285	(2,917,921)	889,869	
94,018,732	(10,427,026)	1,939,255	
82,977,553	(9,219,728)	1,397,441	
11,998,147	(64,690)	11,928,599	
16,808,283	(2,398,516)	3,664,294	
10,350,782	(2,186,677)	48,465	
2,228,434	(353,329)	0	
10,471,366	(1,847,888)	0	
8,663,503	(1,528,853)	0	
449,550	(79,332)	0	
564,092	(99,546)	0	
161,667	0	0	
161,667	0	0	
161,667	0	0	
161,667	0	0	
161,667	0	0	
161,667	0	0	
4,930,000	0	0	
3,045,079	(954,921)	190,105	
287,719	(12,281)	270,770	
45,000,000	0	45,000,000	
39,471,994	(23,084,934)	7,096,675	
442,668,939	(64,528,133)	72,429,287	

BOARD OF EDUCATION
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

INDEX TO THE AGENDA

August 12, 2014

Board
Action
Number

Page

Purchases, Bids, Contracts

4953	Revenue Contracts that Exceed \$25,000 Limit for Delegation of Authority.....	3
4954	Expenditure Contracts that Exceed \$150,000 in Delegation of Authority.....	4

Purchases, Bids, Contracts

The Superintendent RECOMMENDS adoption of the following items:

Numbers 4953 and 4954

RESOLUTION No. 4953

Revenue Contracts that Exceed \$25,000 Limit for Delegation of Authority

RECITAL

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) to enter into and approve all contracts, except as otherwise expressly authorized. Contracts exceeding \$25,000 per contractor are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into agreements in a form approved by General Counsel for the District.

NEW REVENUE CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
State of Oregon, Department of Education	7/1/2014 through 6/30/2015	Intergovernmental Agreement/ Revenue IGA/R 61016	Provide funds for Hospital Care educational programs.	\$2,076,612	M. Pearson Fund 205 Dept. 9999 Grant G1462

NEW INTERGOVERNMENTAL AGREEMENTS / REVENUE (“IGA/Rs”)

No New IGA/Rs

AMENDMENTS TO EXISTING REVENUE CONTRACTS

Contractor	Contract Amendment Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
Portland State University	7/1/2014 through 6/30/2015	Intergovernmental Agreement/Revenue IGA/R 56562 Amendment 6	Provide funds to cover the cost of .25 FTE for PK12 STEM TOSA.	\$27,221 \$179,208	M. Goff Fund 299 Dept. 9999 Grant S0269

LIMITED SCOPE REAL PROPERTY REVENUE AGREEMENTS AND AMENDMENTS

No Limited Scope Real Property Revenue Agreements or Amendments

R. Dutcher

RESOLUTION No. 4954

Expenditure Contracts that Exceed \$150,000 for Delegation of Authority

RECITAL

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) enter into contracts and approve payment for products, materials, supplies, capital outlay, equipment, and services whenever the total amount exceeds \$150,000 per contract, excepting settlement or real property agreements. Contracts meeting this criterion are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into agreements in a form approved by General Counsel for the District.

NEW CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
PetroCard Systems Inc.	7/24/2014	Purchase Order PO 120581	District-wide: Blanket purchase order for gasoline for District buses on a requirements basis.	\$225,000	T. Brady Fund 101 Dept. 5560

NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
TriMet and City of Portland	9/1/2014 through 6/30/2015	Intergovernmental Agreement IGA 61015	District-wide: Student transit pass project to provide free transportation on regular TriMet and Portland Streetcar service routes to students enrolled at District high schools and designated Multiple Pathways to Graduation Department programs.	\$966,666	T. Brady Fund 101 Dept. 5560

AMENDMENTS TO EXISTING CONTRACTS

No New Amendments

R. Dutcher