

BOARD OF EDUCATION

Portland Public Schools
REGULAR MEETING
August 16, 2016

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. **STUDENT TESTIMONY** 6:00 pm
2. **PUBLIC COMMENT** 6:15 pm
3. **QUARTERLY REPORT: BOND ACCOUNTABILITY COMMITTEE** 6:35 pm
4. **QUARTERLY REPORT: CAPITAL IMPROVEMENT BOND** 7:00 pm
5. **BOND PROGRAM CONTINGENCY REPLENISHMENT** – action item 7:20 pm
6. **UPDATE: HEALTH AND SAFETY** 7:45 pm
7. **INTERIM SUPERINTENDENT RECOMMENDATION** – action item 8:30 pm
8. **BUSINESS AGENDA** 8:45 pm
9. **ADJOURN** 9:00 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 10, 2016

To: Members of the Board of Education

From: Bond Accountability Committee (BAC)

Subject: 14th BAC Report to the Board

Background

In November 2012, 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 20 at Benson High School, and we were pleased to be joined by Director Kohnstamm. As is the case with all regular BAC 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 its dealings with the BAC.

The Committee received updates from staff that included the Balanced Scorecard report with supporting data on program budget and other metrics, as well as reports on each of the current bond projects. Staff presentation materials and meeting minutes, along with BAC reports, are regularly posted on the District website.

As this report is written, PPS staff is managing the following work:

- Construction at Roosevelt High School.
- Construction at Franklin High School.
- Construction at Faubion PK-8 School.
- Construction on IP 2016 (7 schools).
- Design Development for Grant High School.
- Design work for IP 2017 (16 schools).

The bond program is now at the peak of its construction activity; summer 2016 billings will exceed \$18 million per month. Projections indicate that,

even after the summer push is over, monthly billings between now and September 2017 will still average in the \$13 million range. All of this activity is occurring in a very challenging design/construction regional environment.

Current Issues

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

The total Bond Program has increased over the last quarter by \$434,000 to almost \$551 million, of which \$217 million (39%) has been spent. Excluding the \$45 million debt repayment from bond resources, the program is 34% complete. The increased funds came from earned interest, a small grant from Energy Trust, a small transfer from FAM, and \$90,000 from Franklin alumni to fund brick veneer (previously deleted as a cost-saving measure) at the High School.

Contingencies/reserves at the program level amount to about \$10 million, after the \$2.2 million from the remaining bond premium is allocated to Roosevelt. There is little doubt that this is insufficient to complete the program, especially with pending needs at Franklin HS. However, there are some savings yet to be transferred from earlier IP work, and about \$11 million currently allocated to IP 2017/18/19 could become available if that work scope is postponed. We do expect some additional bond premium from the next bond sale in 2017, but the Board has already allocated \$2.8 million of any such premium to the Roosevelt Maker Space.

Substantial risks still exist in the program so we remain very concerned about this shrinking level of contingency/reserves.

Project Budgets and Schedules. Staff's Balanced Scorecard will continue to show the completed designs for Roosevelt, Franklin and IP16 to be behind the Baseline Schedule, as reflected by the "red" report at the various design levels (although overall they show "yellow"). These delays have many causes, including design changes on the high schools resulting from Board-approved increases in capacity and "additional criteria" modifications. Construction on each of these projects commenced on schedule and, at the time of our meeting, IP16 construction work was on schedule for school opening.

The IP work at Cleveland HS has been challenging due to unforeseen conditions, especially in the roofing substrate which has been found inadequate in some significant areas. That project will definitely be over-

budget as a result, but the overall IP16 budget is forecast to be sufficient partly due to the two IP projects that were canceled.

The construction schedule at Franklin remains on track for a May 2017 building completion (the site remains at July 2017). However, the forecasted cost for the project now exceeds the budget. Staff remains engaged in analyzing and re-forecasting the final cost and we understand that something on the order of \$6 million will need to be transferred from program contingency to complete the project.

As the first of the major modernizations, the Franklin project has in many ways become the “pilot project” (particularly in the modernization of the historic structure) for the bond program in the sense that lessons learned on the project will result in savings elsewhere. Certainly, OSM has facilitated the Roosevelt and Grant design and construction teams’ exposure to the Franklin site which should help on those projects.

Franklin has suffered from cost issues that may or may not arise elsewhere (excess asbestos and other hazardous materials, unforeseen site and other conditions, design issues, City requirements, etc.) and the project has also highlighted contractual and procedural issues that can be avoided on future projects. The performance auditors’ recent recommendations 1 thru 5 address these, and OSM is working on improvements.

There has been significant construction progress at Roosevelt, and much of Phase 1 (new gym building and media center) will be open for school as planned. However, for reasons that OSM will explain, some other areas will have delayed openings. Work on Phase 2 (the historic building) has also started in earnest this summer so that many noisy activities will be completed before school returns. The project contingency is now less than 3%; we continue to have concerns about this given the significant amount of modernization work, with its inevitable surprise elements, in Phase 2.

Given the level of activity and the presence of staff and students on site during the school year, it is remarkable that the project remains accident-free. Everyone involved should be proud of this achievement.

Construction progress at Faubion is going well, with over \$2 million remaining in contingency. Unlike Franklin and Roosevelt, Faubion is a ground-up project with less potential for unforeseen conditions. Nonetheless, the design and construction teams along with the OSM staff should be commended on the progress to date, as well as for keeping the project accident-free.

At the time of our meeting, the design and construction teams on Grant HS were reconciling schematic design estimates for the project. Escalating market prices remain a considerable concern and we understand that substantial efforts will be made during the preconstruction phase to avoid buy-out surprises like those experienced at Franklin.

Design work for IP17 (currently budgeted at \$10 million) is proceeding and, as a “lesson learned” from IP15 and IP16, a greater emphasis has been made on assessing existing conditions at the 16 schools involved. However, the program’s financial ability to accomplish construction next year will be finally determined early in 2017. In addition to the financial analysis, there is also concern that District resources may already be stretched in summer 17 by the moves-in at Franklin, Phase 2 at Roosevelt and Faubion, plus the move-out/move-in at Marshall. Further analysis is needed.

Equity. Staff reports on student involvement remain positive. Ten summer interns are working on various projects.

The employment of apprentices through the Workforce Hiring program continues to exceed the goal and stands at 23%. Updated data, including for IP16, is expected shortly.

MWESB involvement remains a priority and the transition to the District-wide business equity tracking system has and will be helpful. At this point, though, it has not yet been able to merge the early contract performance into the reported figures. The current reported 12.3% of payments to MWESB firms does still not reach the aspirational goal but is much improved.

Safety. As noted above, there have been zero accidents to date at Roosevelt, and the Faubion project is also accident-free. During the quarter, there was one minor incident at Franklin, bringing the total to five (all minor) for the project to date.

Performance Audit. As previously reported, the BAC reviewed the 2016 Performance Audit. We have received regular reports on the District’s progress on recommendations from 2014 and 2015 but, in hindsight, have not have devoted enough time to fully address the issues and the changes that have been made by the District in response to the recommendations. When the summer activity levels die down somewhat, we will look closer at the completeness of work on previous recommendations, as well as the District’s responses to the 2016 audit.

Summary

Portland taxpayers can see their tax money at work at the Franklin, Roosevelt and Faubion sites as well as at the 7 schools in the IP 2016 work, and there's significant behind the scenes work on the design of Grant and IP17. The amount of work being put in place this summer is extraordinary and, predictably, is stretching resources. While there are certainly challenges, we continue to find the budgets and schedules overall being appropriately managed.

We remain impressed by the quality 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 small part in the continued success of your bond program.



Board of Education Staff Report to the Board

Board Meeting Date:
August 16, 2016

Executive Committee Lead:
Jerry Vincent, Chief of School Modernization

Department:
Office of School Modernization

Presenter/Staff Lead:
Jerry Vincent, Chief of School Modernization

SUBJECT: Staff Recommendation for allocation of Bond Program Contingency to facilitate completion of the Franklin High School Modernization.

BACKGROUND

On November 18th 2013, the board approved Resolution No. 4840 “Authorizing Franklin, Grant, and Roosevelt Full Modernization Building Capacities as part of the 2012 Bond Program and Acknowledging Related Impact on the Program Reserve.” This Resolution increased the Franklin High School student design capacity from 1,500 students to 1,700 students. As part of Resolution No. 4840, the Board of Education acknowledged the larger program area for these high schools would require additional resources and accordingly authorized allocation of \$10 million from the Bond Program Contingency to pay for this additional project scope. In total this resolution added approximately 60,000 square feet to Franklin, Roosevelt and Grant.

On May 12, 2014, additional student-driven values (known as “additional criteria”) were identified as necessary additions to current high school construction projects. These additional criteria required the provision of a substantial number of additional classrooms (and related core and supplementary spaces) at each school, over and above the previously adopted Master Plan classroom counts. The additional criteria added approximately a total of 35,000 square feet to Franklin, Roosevelt and Grant.

The Franklin High School Modernization project completed contract documents and began construction in June 2015. Franklin remains on schedule to open in fall 2017, however the project has uncovered numerous budget challenges including unanticipated subsurface rock conditions, excess hazardous materials removal, inclement weather impacts, cost escalation, and additional design coordination. At approximately 50% through the construction phase of the project, these unforeseen budget impacts have significantly reduced the project’s contingency below reasonable levels.

OSM requests approval to allocate \$6 million from the capital bond program reserve to account for previously unforeseen conditions and replenish the Franklin project contingency to a level commensurate with the current construction phase.

PROCESS / COMMUNITY ENGAGEMENT

During the excavation and demolition phases of the project, the unanticipated cost items began to become apparent. OSM monitored the identified items closely and communicated them to appropriate groups and stakeholders including the Board of Education, Bond Accountability Committee (BAC), Performance Auditors, and others. Quantifying the full impact of these items

was not immediately feasible, but OSM communicated the items would be tracked and when better understood, a request for program level contingency would be likely.

OSM anticipated making a request in the summer of 2016 and has provided detailed information to the BAC over the last several months detailing the cost items.

RELATED POLICIES / BOARD GOALS AND PRIORITIES

1. Resolution No. 4608 (May 29, 2012) Resolution to Adopt the Superintendent's Recommended Update of the PPS Long Range Facilities Plan.
2. Board Resolution No. 4624 (July 9, 2012) Development of a General Obligation Bond Ballot Measure and Explanatory Statement for the November 6, 2012 Election
3. Resolution No. 4800 (September 9, 2013) Resolution to Adopt the Educational Facility Vision as part of the District-wide Educational Specifications.
4. Resolution No. 4840 (November 18, 2013) Resolution authorizing Franklin, Grant and Roosevelt High School Full Modernization Building Capacities as Part of the 2012 Capital Bond Program and Acknowledging Related Impact on the Bond Program Reserve.
5. Resolution No. 4853 (December 16, 2013) Resolution Authorizing Franklin High School Full Modernization Master Plan as Part of the 2012 Capital Bond Program
6. Resolution No. 4871 (February 3) Resolution to Adopt District Education Specifications for Comprehensive High Schools

ATTACHMENTS

- A. Resolution No. 5324: Authorization of Bond Program Contingency Replenishment As Part of the 2012 Capital Bond Program

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

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Purchases, Bids, Contracts

The Chief Executive Officer RECOMMENDS adoption of the following items:

Resolutions 5322 and 5323

RESOLUTION No. 5322

Revenue Contracts that Exceed \$150,000 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 \$150,000 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

No New Revenue Contracts

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

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
Reynolds School District	7/1/2016 through 6/30/2017	Intergovernmental Agreement IGA 63318	Columbia Regional Program will provide classroom services to deaf and hard of hearing regionally eligible children.	\$373,250	H. Adair Fund 299 Dept. 5422 Grant S0031
Centennial School District	7/1/2016 through 6/30/2017	Intergovernmental Agreement IGA 63383	Columbia Regional Program will provide classroom services to deaf and hard of hearing regionally eligible children.	\$200,950	H. Adair Fund 299 Dept. 5422 Grant S0031
Portland Public Schools	7/1/2016 through 6/30/2017	Intergovernmental Agreement IGA 63384	Columbia Regional Program will provide classroom services to deaf and hard of hearing regionally eligible children.	\$769,225	H. Adair Fund 299 Dept. 5422 Grant S0031
Gresham-Barlow School District	7/1/2016 through 6/30/2017	Intergovernmental Agreement IGA 63385	Columbia Regional Program will provide classroom services to deaf and hard of hearing regionally eligible children.	\$227,125	H. Adair Fund 299 Dept. 5422 Grant S0031

AMENDMENTS TO EXISTING REVENUE CONTRACTS

No Amendments to Existing Revenue Contracts

Y. Awwad

RESOLUTION No. 5323

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
Earth2O	8/17/2016 through 8/17/2017 Option to renew annually through 8/17/2021	Services S 63371	Provide water dispensers and five-gallon refillable water bottles at all District facilities. RFP 2016-2134	Original Term not-to-exceed \$750,000 Not-to-exceed \$3,750,000 over maximum contract term	Y. Awwad Fund 101 Dept. 5591 Project F1203
Catalyst Pathways	8/29/2016 through 6/15/2017 Option to renew annually through 8/31/2020	Personal Services PS 63311	Provide tutoring services in math and literacy for Title I eligible students at private schools. RFP 2015-1908	Original Term \$184,626 \$755,000 over maximum contract term.	A. Lopez Fund 205 Dept. 5407 Grant G1591
Catapult Learning West	8/29/2016 through 6/15/2017	Personal Services PS 63345	Provide tutoring services in math and literacy for Title I eligible students at private schools. RFP 2012-1497	\$205,361	A. Lopez Fund 205 Dept. 5407 Grant G1591
Albina Head Start, Inc.	8/29/2016 through 6/30/2017	Personal Services PS 63423	Provide child care program for 36 infants and toddlers whose parents are students enrolled in PPS Teen Parent Services at Roosevelt, Madison, and Franklin high schools. Direct Negotiation PPS 46-0525(4)	\$244,400	A. Lopez Fund 101 Dept. 4306

NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

Contractor	Contract Term	Contract Type	Description of Services	Contract Amount	Responsible Administrator, Funding Source
Portland State University	9/1/2016 through 6/30/2017	Intergovernmental Agreement IGA 63341	Provide rigorous, college-level courses to seniors at Jefferson and Roosevelt high schools.	\$159,000	A. Lopez Fund 101 Dept. 5438

AMENDMENTS TO EXISTING CONTRACTS

Contractor	Contract Amendment Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
Hobson, Inc.	8/17/2016 through 8/6/2017 Option to renew annually through 8/6/2020	Digital Resources DR 62287 Amendment 3	Provide a career and college readiness tool to enable students, counselors and parents to plan, track student goals, and promote college and career readiness and results. RFP 2014-1864	Original Contract \$105,686 Amendment 3 \$76,927 Contract Total \$182,613 \$425,000 over maximum contract term	H. Adair Fund 101 Depts. 5424 & 5555

Y. Awwad

Other Matters Requiring Board Approval

The Chief Executive Officer RECOMMENDS adoption of the following items:

Resolutions 5324 through 5326

RESOLUTION No. 5324

Authorization of Bond Program Contingency Replenishment As Part of the 2012 Capital Bond Program

RECITALS

- A. Sixty Six percent (66%) of Portland Public School District ("PPS") voters approved a ballot measure in November 2012 for a Portland Public Schools bond to improve schools.
- B. The approved 2012 Capital Bond Program includes the full modernization of three comprehensive high schools: Franklin, Grant, and Roosevelt with the replacement of the Faubion PK-8 School.
- C. Following voter approval of the capital bond program a community-wide visioning process resulted in Resolution No. 4800 adopting the Education Facility Vision as part of the District-wide Education Specifications.
- D. Consistent with the Facility Vision, phase 2 of the Education Specification process ensued resulting in a comprehensive high school area program which includes required core and advanced educational program; fine and performing arts; athletics; administration; counseling/career; SPED; ESL; student center/commons (also serves as cafeteria); media center; miscellaneous educational, student, custodial, mechanical and electrical support spaces; enhanced electives; partner/community use; and wrap-around service providers.
- E. The 2012 capital bond program was developed with individual project contingencies, a \$45 million program-level escalation contingency, and a \$20 million program-level bond reserve for use at the Board's discretion consistent with the projects identified in the voter-approved ballot measure.
- F. Resolution 4840 was adopted and authorized increasing capacity for Franklin, Roosevelt and Grant High Schools with the use of \$10 million program-level bond reserve funding for implementation.
- G. The Franklin High School Modernization Project is currently approaching 50% complete and has used its project contingency as planned to effectively compensate the contractor for differing site conditions to include unplanned asbestos abatement, mitigation of subsurface rock, unseasonal weather conditions and the procurement of all subcontracts. Additional contingency is required to replenish the project for unplanned costs.
- H. Staff is recommending that \$6 million be moved from the program-level bond reserve funding to the Chief of School Modernization Program Reserve to replenish the Franklin High School Modernization contingency funding to a level deemed appropriate by both the Program and Project Management Teams.

RESOLUTION

The Board of Education directs staff to allocate \$6 million of funds from the program level bond reserve to replenish the Franklin High School Modernization project contingency.

J. Vincent

RESOLUTION No. 5325

RESERVED for Interim Superintendent Recommendation

RESOLUTION 5326

Minutes

The following minutes are offered for adoption:

August 4, 2016