

## **MEMORANDUM**

**Date:** November 3, 2015

**To:** Members of the Board of Education

**From:** Bond Accountability Committee (BAC)

**Subject:** 11th BAC Report to the Board

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### **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 October 21 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.

At the meeting, the Committee received updates from staff that included the Balanced Scorecard report with supporting data on budget and other metrics, and each of the current and upcoming bond projects.

The summer of 2016 was the busiest yet in the bond program, and in the history of PPS. There were a number of achievements during the summer that should be recognized:

- Marshall High School reopened as Franklin High School at Marshall Campus.
- The Tubman facility reopened as Faubion School at Tubman Site.
- Work on IP 2015 (4 construction contracts, 8 schools) was completed, except for the elevator work at Ainsworth and Woodlawn.
- Work on IP 2015 – Science (2 construction contracts, 18 schools).
- Roofing at Maplewood was completed.

- Major construction work got underway at Roosevelt High School and Franklin High School.

While all of this on-site work was underway, staff was also busy completing the design and starting contractor selection for Faubion PK-8 School, continuing design for IP 2016 (12 schools), commencing the Design Advisory Group process at Grant High School, and preparing for master planning at Benson, Lincoln, and Madison High Schools.

OSM staff and the District's design firms and contractors deserve great credit for these achievements.

### **Current Issues**

*Program Budget.* Staff has continued to provide budget information to us in a transparent format. The integrity of the overall budget remains intact.

Budget reports now show a projected overrun of more than \$300,000 for Bond Management, increased partly as a result of a new position to improve Community Relations. While this results from the "lessons learned" study and may well bring value to the program, we are always concerned when overhead costs increase at the expense of brick and mortar. We are less than halfway through the program, however, and less than 30% of the budget has been spent, so we will continue to monitor opportunities to bring this item back within budget.

The Board Reserve remains at \$10 million with acknowledgement that \$2 million may be allocated to the Roosevelt Shop Building project in the future.

*Project Budgets and Schedules.* Staff's Balanced Scorecard will continue to show both Roosevelt and Franklin designs behind the Baseline Schedule, as reflected by the "red" report at the various design levels (although overall both schools show "yellow" for schedule). These delays have many causes, including changes during design in school capacity requirements, the extensive public outreach and involvement processes, and discussions over the "additional criteria".

To date, the BAC had been satisfied with schedule presentations that showed only a few milestones. We are working with OSM staff on a more effective format that will allow us to monitor construction progress more closely. At the time of our meeting, the Franklin project appeared to be on schedule and Roosevelt marginally behind. Staff is working to finalize an agreed baseline schedule with the Roosevelt contractor and expects to catch up very quickly.

Timely permitting from the City of Portland remains a challenge on the major projects. To date, the High School projects have, with the City's cooperation, found "work-arounds" which are not uncommon on fast-track projects. The building permit for Faubion is due right at New Year and any delay there could delay construction.

The Committee continues to have concerns about market conditions causing price increases, and staff reports challenges in the bid market. The subcontract buy-out at Roosevelt is largely complete and the project contingency has remained intact. At Franklin, additional costs have been experienced and, although the project budget remains intact, contingency has been reduced. A subcommittee of the BAC will be meeting with project staff to review this situation.

There was a slight overrun on IP 2015 work due to unforeseen conditions, but both IP 2015 – Science and IP 2015 – Maplewood have experienced savings so, overall, the summer work will return some funds to the program budget. The experience with unforeseen conditions is causing the IP 2016 team to engage in more investigatory work in advance of design completion.

The most significant immediate risk to the program budget is the imminent construction bid for the Faubion project. We support the District's decision to prequalify prime contractors for this bid. The risk largely lies in the subcontractor pricing that will be incorporated into their bids.

*Equity.* Staff reports that student involvement in the program remains impressive. The Balanced Scorecard shows the program to be exceeding the year's goals; the highlight has been an intern count in the high teens during the summer. Grant High School is taking involvement to a new level with 5 students serving on the Design Advisory Group.

Employment of apprentices through the Workforce Hiring program fell below the 20% goal during the summer; it appears that there may simply be a shortage of available apprentices in some trades, but we will look for more analysis from staff at our next meeting.

Contractors still lag behind the aspirational goal for MWESB involvement, a result of the fact that almost all work to date has been awarded on a low bid basis with only aspirational goals applied. Since the District reports MWESB involvement based on payments made, however, any improvement that may accrue on the CM/GC projects may take some time to show up on the Balanced Scorecard. Both CM/GCs have aggressive programs and good histories of MWESB contracting so we remain hopeful that involvement will increase and we have asked staff for a debrief on efforts made and results achieved so that further improvement can be

made in the future.

In total, consultants are meeting the District's 18% goal. However, a drill-down continues to show that there remains room for further improvement. All of the IP work has exceeded the goal, but the other individual projects are falling short. We will continue to remind staff that each of those consultant teams were evaluated and partly selected on their commitment to meeting the goals.

*Safety.* Staff is now reporting on safety at the major projects. There have been two "recordable" accidents to date, both at Franklin and both relatively minor.

There have been concerns, of course, about student and staff safety at Roosevelt since the school is operating around construction. Extra resources are being directed at this issue and, happily, there have been no incidents to date.

*Master Plans.* In order to complete the Master Plans for Benson, Lincoln, and Madison High Schools prior to a Board decision on a 2016 measure, work must begin very soon. As the Board is aware, a new EdSpecs process must precede the Plan for Benson but it should not start until a decision is made on the school's intended capacity. The delay in completing the EdSpecs for comprehensive high schools and a late change in school capacity caused confusion in master planning and schematic design for Roosevelt and Franklin; we should not repeat the error.

*Other.* We understand that staff, working with the designers and contractors at Roosevelt, has completed a report relating to the Shop Building for the Board's consideration. We remain concerned about the distraction that this has caused the project team during this critical juncture, and still believe that this process is a long way from best practice.

Perhaps the single biggest concern we have over the program is the current change in leadership. To date, the BAC has been pleased to work with C.J. Sylvester and Jim Owens in their leadership roles with OSM and we are extremely sorry to see them leave. This concern is not a reflection in any way on Jerry Vincent who is coming in as the new Chief of the Office of School Modernization; while any change in leadership has the potential to improve the program, it can also be disruptive and cause difficulties. C.J. and Jim have developed a highly qualified and effective bond team including OSM staff and outside consultants and contractors, and we wish Jerry every success in moving things forward. We are looking forward to working closely with him.

We are also very sorry to see Michelle Platter leave the District. Michele has served as Project Director for the Roosevelt High School project (and previously handled the Marysville rebuild) where she exhibited intense commitment and professionalism. We understand that a succession plan is underway, but Michelle will be missed.

## **Summary**

The summer of 2015 allowed Portland taxpayers multiple opportunities to see their money at work at 31 schools all over the District, including Franklin and Roosevelt. The pace will only increase going forward. In our judgment, the citizens' money continues to be well spent and effectively 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 a very successful bond program.