

## **MEMORANDUM**

Date: April 14, 2021

To: The Board of Education's School Improvement Bond Committee

From: Bond Accountability Committee (BAC)

Subject: 32th 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.

In May 2017, voters approved a \$790M capital improvement bond measure that included a requirement for citizen accountability and oversight.

In November 2020, voters approved a \$1.206B capital improvement bond measure that included a requirement for citizen accountability and oversight

The current members of the BAC are:

Greg DiLoreto  
Norman Dowty  
Darren Golden  
Angela Jarvis Holland  
Kenechi Onyeagusi, Co Chair  
Tom Peterson, Co Chair  
Dick Steinbrugge  
Cara Turano  
Karen Weylandt  
Beth Woodward

### **Recent Activities**

#### **January 30 BAC Retreat**

The Bond Accountability Committee (BAC) did not review a quarterly bond program report from OSM in January, instead the BAC participated in a virtual retreat on January 30. With the addition of three new member in 2020 and four new members to the BAC in January, the retreat offered an opportunity for the BAC introduce the new members and review the roles and responsibilities of the BAC. It included a brief overview of the three voter approved bond programs, and to discuss a proposed work plan and revised reporting formats for the upcoming meetings. The retreat was very informative and approved a work plan that we hope to be a more efficient use of staff time to prepare

and present at meetings, as well as more productive BAC meetings. In addition to the new reporting formats, the frequency and duration of BAC meetings changed to bi-monthly with a target of two hours. With the addition of the 2020 Bond Program, it was no longer practical to report out on all aspects of the programs in one meeting. The new work plan breaks up the progress reports of bond programs into three categories, each reviewed every 6 months by the BAC. The format also allows more discussion time for the BAC to focus on specific aspects of the programs, and other topics for the BAC to review. The BAC will continue to submit quarterly reports to the Board of Education’s School Bond Improvement Committee.

**Proposed Work Plan**

	Project Updates	Special Topics – to be confirmed
March	2012 / 2017 / 2020 Modernizations	
May	2017 Health & Safety 2020 Infrastructure	Performance Audit Year 4 Draft Workplan
July	2020 Technology 2020 Curriculum 2020 Capacity	Business Equity Update
September	2012 / 2017 / 2020 Modernizations	Performance Audit Presentation
November	2017 Health & Safety 2020 Infrastructure	Financial Audit Presentation

Subsequent to the retreat Tom Peterson and Kenechi Onyeagusi were appointed co-Chairs of the BAC.

**March 31 BAC Meeting**

The BAC meeting on March 31 was held in virtual session and primarily focused on the Modernization Projects Updates. As is the case with all regular BAC meetings it was publicly noticed and open to the public. Staff presentation materials and meeting minutes, along with BAC reports are regularly posted on the District website.

Office of School Modernization (“OSM”) staff continues to be very helpful and supportive of BAC’s oversight and demonstrates a consistent commitment to transparency and clarity in its dealings with the Committee and its members.

In general, the new reporting format was an improvement from past reports and the BAC appreciated receiving the reports and presentation materials in advance of the meeting. There were some inconsistencies in how the data was presented by the project managers that warrants follow up discussions with OSM to improve future reporting. In particular tracking contingency, level of schedule detail, clarity on Business Equity reporting, and more focus on the project risk mitigation.

OSM has filled a number of key staffing positions since our last BAC meeting in October and is currently recruiting multiple staff positions to support the 2020 bond program.

No public comments were offered.

### **2012 Bond Program Update**

The majority of the 2012 Bond program is complete with closeout and final accounting in various stages at Franklin, Roosevelt, and Grant High Schools. The current forecast for the 2012 bond program shows a savings of \$794,451. Business equity is currently 14.33 %.

The remaining projects within the 2012 bond are the Grant Upper Field Improvements and Roosevelt HS Phase IV. Both projects have experienced significant schedule delays due to permitting issues with the City of Portland, that staff is working to mitigate. It was unclear at this time if these projects will be completed when planned. The schedule delays to Roosevelt could result in cost overruns to the budget. No information was presented on Business equity performance for Roosevelt. Business equity results for Grant are currently tracking as planned.

The BAC is concerned about Roosevelt HS Phase 4 and would appreciate an update on progress to mitigate the schedule, budget, and business equity issues prior to the next planned report in 6 months.

### **2017 Bond Program**

In general, the 2017 Modernization projects are progressing well.

Construction at Kellogg Middle School is progressing well and nearing completion. Current budget is forecasted to show a savings of \$1M. Construction contract business equity performance is currently tracking at 4%. Although this performance is well below expectations, OSM doesn't have the same opportunities to achieve higher business equity participation on a competitively bid construction contract than CMGC (Construction Manager General Contractor) contracts. Follow up discussion on Business Equity strategies are planned for upcoming BAC meetings.

Schedule, budget and business equity performance remain the key issues for McDaniel HS Modernization. COVID related issues compounded by weather events have significantly impacted the schedule and budget. Staff and contractors continue to work on mitigation options. Many crews have been working overtime for months to make up for lost time. Although the report is forecasting the project to remain on budget, the full cost implications due to the delays are unresolved at this time and it is doubtful there is sufficient project contingency to cover the anticipated cost overruns. Staff is researching if the project is eligible for funding from the Federal COVID relief funds to offset \$2.1M COVID related costs to date. Staff is also working with the Contractor to improve the business equity participation, which is currently tracking at 3%.

The work at Lincoln High School is progressing with all of the steel structure near completion. COVID issues have caused material shortages and delivery delays and relocation of a PGE transmission duct bank are being addressed. The cost implications

could be an issue for the budget as the PGE line is estimated at \$1- \$1.4M and COVID related costs are at \$890,000 to date. The Lincoln schedule still predicts completion of Phase I by 2022/23 school opening, with Phase 2 work to follow. Business Equity participation on the project is tracking at 21%.

Benson High School is currently tracking well. Construction documents are 50% complete and the district has sold \$40K in existing equipment on the Government Auction system. Management of the Benson and Multiple Pathways budget is a concern given that design is not complete for these projects and the construction contracts are not negotiated or bid out. The team is currently working on value engineering options to reconcile the cost increases that can occur as the design progresses. Swing site work at Marshall and Kenton is progressing well and on track for completion this summer. The schematic design phase of the Multiple Pathways building is complete. Preparation of the Land Use is underway and the public meeting process will be completed in April.

There was no significant progress to report on the 2020 bond as OSM is in the process of staffing the project teams. OSM has yet to transfer the funds allocated in the 2020 bond to fund the \$202M shortfall in the 2017 Bond, needed to complete Benson HS.

We appreciated the quality and professionalism of OSM staff, design teams and contractors as they take on multiple issues and continued willingness to explore new approaches. We thank the Board for this opportunity to serve and play a small part in your bond programs.