



PORTLAND PUBLIC SCHOOLS
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Date: August 29, 2019
To: School Board
From: Dan Jung, Chief Operating Officer
Marina Cresswell, Senior Director OSM
Subject: Madison Modernization Update

The Madison Modernization Project has started construction and the GMP Amendment is on the Business Agenda. A presentation to update the Board on the status of the project is included for consideration.

For ease of reference, the substantive talking points are:

1. The move to Marshall is complete and demolition started on schedule.
2. The GMP is approximately \$4.1M (2.6%) over the PPS construction budget.
3. The project is proceeding as planned and will cover the difference from the project contingency. This leaves a project contingency of approximately 8% of total project costs (10% would be preferred).
4. The 2017 Bond is reserving up to \$5M of Program contingency in the event it is needed to complete Madison.
5. The project's risk management strategy incorporates lessons learned from other PPS projects.
6. The full scope of the project that was approved in the Master Plan is included in the GMP. The project meets Ed Spec and includes all of the field and stadium work as presented to the Board in May 2018.
7. Additional funding to complete the full scope of the project is not needed at this time.

Madison High School Modernization

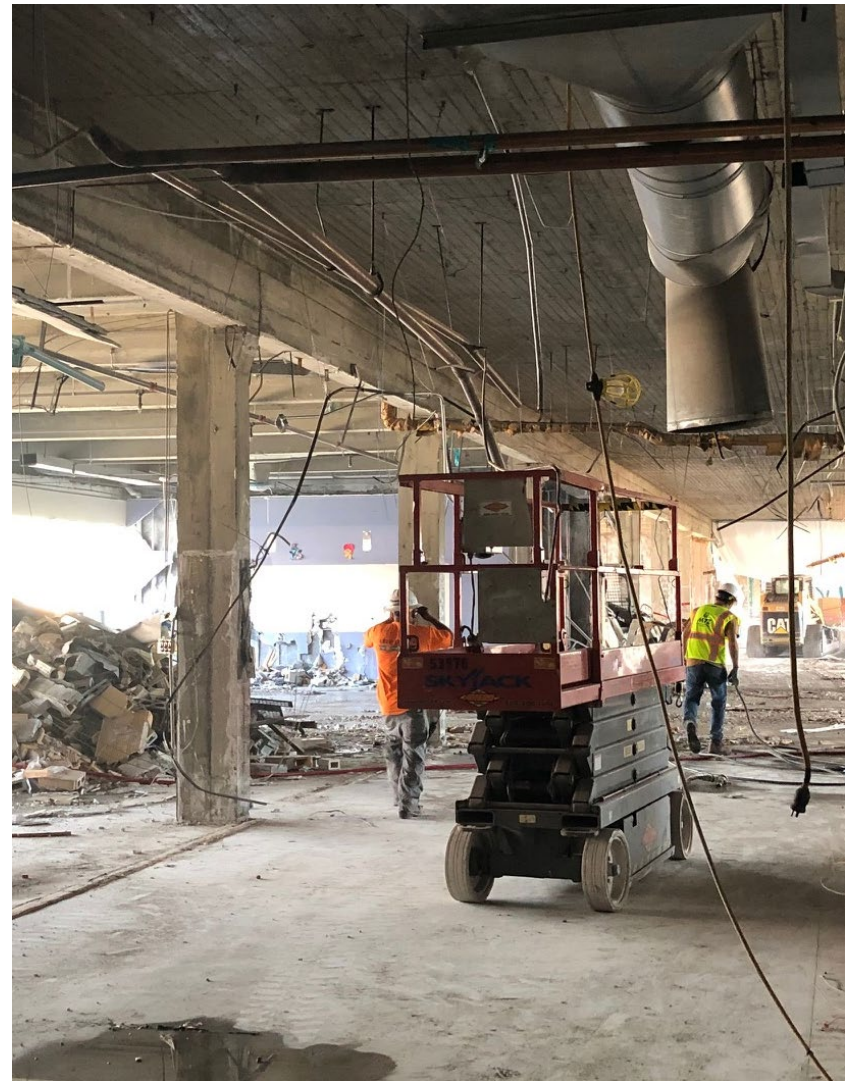
Board of Education Update

Portland Public Schools
September 10, 2019



Schedule Update

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|----|--------------------------------|---------------|
| 1. | Early Work Amendment Approved | June 6, 2019 |
| 2. | Mobilization/Start Abatement | June 17, 2019 |
| 3. | Move to Marshall Complete | June 28, 2019 |
| 4. | GMP Approval | Sept 11, 2019 |
| 5. | Project Substantial Completion | June 28, 2021 |





Budget Update

- Estimate in November 2018 based on 100% Design Development documents was within budget
- Reconciled estimate in March 2019 based on 50% Construction Documents was approx. \$5M over budget after extensive VE process
- Current GMP is approx. \$4.1M over the planned construction budget without any scope or program cuts
- Project will provide additional funding for GMP from MHS project contingency
- OSM foresees potential need for up to an additional \$5M of contingency to address unforeseen conditions in early demolition and construction
- OSM has “earmarked” \$5M in 2017 bond program contingency as backup to support Madison if needed

Budget Challenges

Market Conditions

- a. Independent cost estimator (RLB) raised their “market volatility contingency” from 1.5% in November to 5% in May: “bid busts are becoming more frequent and difficult to predict.” – *Daniel Junge, RLB*
- b. RLB’s estimate for metal stud framing jumped 60-70% in the same time frame due to “an acute lack of framing subcontractors.” – *Daniel Junge, RLB*
- c. A project at the University of Idaho was bid in April by a major Portland CMGC and saw the framing/drywall bids at nearly twice the cost estimate and concrete 60% higher

Scope Increases/Clarifications

- a. PPS added some classroom technology scope to project
- b. Design development of foundations yielded increases in footings and concrete walls
- c. Lab casework/counters more extensive than anticipated after stakeholder input

Estimating Errors

- a. A section of concrete wall tie-backs and undercut of the fields were missed in the DD estimate

Unforeseen Conditions

- a. New geotechnical information required deeper foundations at gym

Value Engineering Background

- Madison floor plan has minimal deviations from Ed Spec and is largely unchanged from schematic design
- Alternate material choices and simplified details have been vetted and accepted with the design team, subcontractors, and FAM
- Third party constructability review on the DD set found no significant design concerns
- Design was presented and analyzed with OSM/FAM staff in an internal VE session to solicit feedback
- Design incorporates Franklin and Grant lessons learned from personnel and subcontractors that worked on those projects
- A third party structural peer review was performed to validate the structural design
- Approximately \$40M of VE ideas were generated and \$18M accepted

Summary

1. OSM is proceeding with the complete scope of the Madison Modernization as approved in the Master Plan
2. Up to \$4.1M of construction costs will be funded by the project contingency. This leaves 8% of project costs remaining in contingency
3. If additional project contingency is needed, up to \$5M will be funded by the 2017 Bond Program contingency
4. Scope reductions (such as deferring the stadium and fields) will remain as viable cost reductions for approximately 1 year if project and program contingencies are insufficient
5. No additional project funding is needed at this time

Questions?