



BEX Oversight Committee

January 13, 2017, 8:30 -10:30 am
 Conference Room 2750, John Stanford Center
 2445 3rd Avenue South, Seattle, WA 98134

Minutes:

1. Call to order: Chair John Palewicz called the meeting to order at 8:33 am.

Committee Attendees:	Present	Absent	Staff	Present	Absent
Fong, Freeman		X	Bath, Chris		X
Goldblatt, Steve	X		Becker, Eric	X	
Williams, Daniel	X		Best, Richard	X	
Griffin, Duncan	X		Coan, Melissa	X	
Palewicz, John	X		Herndon, Flip	X	
Prentke, Richard		X	Kennedy, Mike		X
Schwartz, Ed	X		Kokx, Sherri		X
Stephenson, Robert		X	McBee, Mike		X
Tatge, Steve		X	Moore, Steve		X
			Morello, Lucy	X	
Board Attendees:			Skutack, Mike	X	
Rick Burke		X	Wolf, Joe		X
Jill Geary		X			

2. Approval of Minutes (John Palewicz)
 - Steve Goldblatt requested edits to item 5 of minutes. An e-mail was provided with his proposed edits to the committee for review. He seconded the minutes be approved as edited. The revised minutes were unanimously approved.
3. Budget Update/Project Forecasting Methodology (Melissa Coan/Richard Best)
 - Melissa Coan drew the committee’s attention to monthly summary report of the BEX IV levy programs. She reviewed the structure of the summary document. The top portion of the document summarizes all of the large project budgets. Additional subsections were also included for other facilities works and for

miscellaneous items. Below the expenditure, sections are the various revenue sources.

- She noted that the document corresponds with the District's accounting record and is a closely monitored report.
- Project Managers manage each project summary and provide Capital Accounting with a status update so they know what charges are posted to their accounts. Capital Accounting make adjustments to the report, the report is then provided to the administrative staff in Capital, then posted online.
- Richard Best noted that the BEX IV Budget Transfer/Changes Log provides an explanation for each budget transfer. He indicated that the narrative is a good history for the six-year levy.
- Melissa Coan reviewed the Capacity Flexibility cost center noting the option to build a project for a capacity of 490 students or 660 students. One future expenditure remains, increasing the capacity at Wing Luke Elementary School. She stated Capacity Flexibility dollars were intended for the seventeen major projects.
- Melissa Coan reviewed the Seattle World School CEP Funding noting that board member Sherri Carr approved loaning the Seattle World School \$3,640,000 with the proviso that it be repaid to the CEP fund from one of three options: BEX recovery funds, BTA IV capital levy, or the BEX IV contingency program. CEP fund will have dollars returned from BTA IV capital levy. CEP fund amounts are spent at discretion of the board.
- Richard Best noted that staff would be implementing a thorough review of Genesse Hill, Thornton Creek, Arbor Heights, Hazel Wolf K8, and the Seattle World School project budgets. These projects were all occupied in the fall of 2016. The financial risk to SPS concerning these projects is minor going forward. Mr. Best noted staff were finalizing negotiations on final change orders.
- Richard Best indicated that he planned to start with the projects that were finished, and then have a conversation the following month on the projects to open fall 2017.

Facilities Projects

- Melissa Coan noted that a summary of the Other Facilities Section will be provided next month
- Melissa Coan discussed how budget costs are allocated throughout various facilities sections.

Seismic Improvements

- Richard Best stated that fifty schools have been identified for seismic improvements. He indicated that some of those schools are on our BEX V list of projects to modernize or replace. He noted that they would complete the BEX V study and allow the Board an opportunity to select projects for BEX V prior to implementing seismic improvements at those schools so funds are not wasted. He indicated that those funds would be "fenced" to reduce future levy costs.
- Melissa Coan discussed how moving costs are separated from projects, inclusive of costs spent on interim site locations and transportation to those sites.
- Melissa Coan noted \$28.5 million dollar had been allocated for staff and administrative cost.
- Melissa Coan indicated that the program contingency consists of money awarded by the state construction assistance program. She indicated that to date that the

BEX IV contingency has received \$3.6 million dollars. When the projects are 80% complete we receive the assistance program dollars.

- Melissa Coan noted that SPS has received a block grant from OSPI for ten million dollars for class size reduction particularly for high poverty schools.
- John Palewicz discussed how forecasting is different from accounting. As an oversight committee, all of this needs to be tracked. One of the main tasks at the end of BEX IV is to be balanced out. In forecasting projects, those requiring extra money and those returning money should be identified to be aware of budget issues requiring action.
- Flip Herndon also noted that there is a need to limit the number of times a project is touched. Better forecasting is needed to be as efficient as possible so that staff is not coming to the board multiple times continually doing budget adjustments to the projects.
- Richard Best noted that they are beginning to develop BEX V and that he would like to talk to committee on a high level as to how to structure BEX V for the board so costs are where they should be.

4. Lessons Learned (Sr. Project Managers)

- Mike Skutack presented a PowerPoint presentation walking the committee through the five schools that opened fall 2016 and the lessons learned. He noted that they utilized the SWAT analyses to identify strengths and weaknesses
- The five schools are Arbor Heights, Genesee Hill, Hazel Wolf K-8 at Pinehurst, Thornton Creek Elementary School and Seattle World School at T.T. Minor.

Program Strengths

- All the schools opened on time, educational and technical specification were strong guiding documents. There is a lot of variation in the design of the schools. The School Design Advisory Team (SDAT) provides opportunities to tweak design of the buildings for school staff and the community. Staff and community are being engaged which was shown successful at Thornton Creek; the design has relieved a lot of congestion concerns addressed expressed by the community.
- Continue to engage with SDCI.
- Five projects forecasted to complete with or at budget.
- Flip Herndon noted that as BEX V and BEX VI is considered, there will be fewer and fewer interim sights. He indicated that it is difficult to build buildings on same site while school is in session.
- Mike Skutack noted that one of the strengths of the BEX oversight program is the BEX oversight committee as they pushed staff to improve sustainability, provided guidance concerning program contingency and now are pushing to develop a greater understanding of project forecasting.
- Mike Skutack noted another strength is having the MEP Coordinators to assist in understanding how to operate and maintain a building. Their work has created successful project turnovers to the Facilities department.
- Richard Best noted that the BTA IV levy funds four positions to retrocommission district buildings that help reduce energy costs and address a City requirement to existing facilities every five years. Buildings need to be commissioned and recommissioned due to the complexity of the building systems.

- Lucy Morello noted that these five projects were delivered on schedule, on budget, with good management - no “AHA” ten-million-dollar claim moment.

Program Weaknesses

- Though educational specifications were updated for BEX IV programs, specifications needs to be further refined and continually refined to address the needs of the educational programs and rapidly evolving technology. Educational specifications are changing all the time. There is not a process in place to review specifications.
- Technical specifications need to be continually reviewed.
- Looking at ways to keep on top of construction world as it develops.
- Construction specifications - adding bonding requirements for subcontractors whose work exceeds \$300,000 dollars. Quality problems arose with some subcontractors, as the market is so busy. General contractors are favorable to bonding requirement because it reduces their risk and finds a way to improve quality assurance.
- The idea of bonding vs. not bonding has the risk of putting a higher barrier for some smaller subcontractors. Agree with finding quality comments but it could have unintended consequences. Is there another approach for qualified subcontractors?
- The WSSP has not changed, in a long time. Particularly around material transparency, make sure the contents of materials are safer and less toxic for students and staff. How are we looking to provide specifications in a way that they allow them to keep evolving to better materials?
- Landmark Board provides barriers with respect to cost and schedule.
- There seems to be a disconnect concerning the use of purchasing cooperatives strategically, there is a lot of organizational capacity taken up writing contracts.
- Mike Skutack noted for BEX V Seattle Public Schools should consider getting GC/CM agency certification.
- Currently updating A/E and construction contracts to reflect lessons learned from earlier projects. Good to highlight when changing standard documents.
- Richard Best noted that the District’s sustainability and design to net zero goals may not be achievable with the current budget but projects should be positioned to get there over time. We must insure the “structure” is in place to accomplish that objective in the future.
- Attendees suggested criteria when picking the architect requiring them to show passive design features and how they relate to the specific project.
- Duncan Griffin noted that when the BEX oversight committee sees a project it is often too late in the process and would be disruptive to the design. It would be appreciated to have an opportunity to talk with the selected architects about aspirational goals prior to design beginning.
- Flip Herndon noted that as the design develops there are competing interests. The sites are not always oriented to allow for strong passive design strategies; however, the BEX Oversight Committee is developing a culture within SPS around sustainability. Hazel Wolf is an example of a challenging site yet the architects did a great job addressing passive design given the existing site.

Project threats moving forward:

- Maintaining quality design and installation.
 - The importance of mechanical, electrical, and plumbing systems.
 - Capacity needs.
 - Lack of interim sites.
 - Code and utility requirements.
 - Construction escalation.
 - Changing market conditions.
 - Maintaining educational specifications.
 - Changes in design –changing after the boat has already left the dock. Any change is going to impact cost.
5. Confirm Next Meetings Agenda
- Have committee guidance on BEX V Master planning, present it, and incorporate it.
 - Continue Lessons Learned discussion focusing on process and organizational structure.
6. Adjournment
- The meeting adjourned at 10:30am.