

School Board Action Report

“Every student achieving, everyone accountable”



DATE: May 27, 2009
FROM: Dr. Maria Goodloe-Johnson, Superintendent
LEAD STAFF: Fred Stephens, Director, Facilities
(206) 252-0636, festephens@seattleschools.org

STRATEGIC THEME/ FOCUS AREA: Business and Operational Effectiveness-BEX III Capital

TITLE AND BRIEF DESCRIPTION

BEX III Program Management Modification For Introduction: June 17, 2009
Action: July 1, 2009

Contract modification to DKA Contract P1038 to add \$889,292 in additional services for increase to Program Management staffing at Nathan Hale High School and Denny Middle School/Chief Sealth High School projects as recommended by BEX III Oversight Committee.

TIMELINE FOR IMPLEMENTATION/EVALUATION

- Executive Committee Review: June 2, 2009
- Operations Committee Review : June 4, 2009
- School Board Introduction June 17, 2009
- School Board Action July 1, 2009

RECOMMENDED MOTION

I move that the Superintendent be authorized to approve up to \$889,292 in modifications to the DKA Construction Management contract for enhanced management staffing at Nathan Hale High School and Denny Middle School/Chief Sealth High School projects. The compensation for these services will be funded by the respective project's contingency budgets. The total amount includes DKA Contract Modification 17 for \$121,526 and Mod 18 for \$767,766.

ISSUE

The BEX III Oversight Committee's recommendation is to increase the level of staffing at Nathan Hale High School and Denny Middle School/Chief Sealth High School to provide enhanced construction management of the projects. The enhanced management will provide proactive strategies to minimize attempted claims. The accelerated schedule of the BEX III Program

has been successful by staying ahead of market escalation, but has contributed to a greater demand on staff as projects have been planned and are being built in multiple phases.

There were also project economies realized by keeping the students at Nathan Hale during construction and not relocating them. The complex phasing during construction, requires enhanced project management to minimize disruption of the learning environment.

The preliminary bid packages received for both Nathan Hale and Denny Sealth have produced initial savings in the project budgets. The budget forecast are encouraging, however history has shown that in market conditions similar to what we have now, these savings can be elusive. The award of contracts below budget have the potential of generating a greater number of attempted claims. This Board Action would add an assistant project manager to each project and additional management consultant hours for in depth change order review, estimating and scheduling review. Funding for this effort would be transferred from the respective projects' contingencies.

Contract Modification #17 was an interim compensatory document that was approved to provide immediate construction management staffing relief. Contract Modification #18 will provide additional compensation for enhanced management for the projects' construction duration.

Detail on Funds

	Mod 17	Mod 18	Total Sealth	Total Hale
Sub-Total	\$121,526	\$767,766	\$450,741	\$438,551
			Total	\$889.292

BEST PRACTICES

- The impacts of rising costs can be managed and mitigated employing creative solutions. (Marketing Intelligence CTY Group, 2005)
- Phasing construction to mitigate escalation and to meet the opening date of the school.

RESEARCH AND DATA SOURCES

_____. "The Perfect Storm Has Come: We're in the Midst of the Worst of It –Managing the Risks That Come with Rising Costs." A report by Market Intelligence BTY Group, 2005.

_____. "Quarterly Construction Cost Report: 2008 Fourth Quarter Issue." A report by Rider Levett Bucknall, 2008. <http://www.rib.com>

_____. "Escalation Bid Histogram." A histogram of selected local school project costs June 2003 to June 2008 by Heery International, 2007.

_____. 2002 Seattle School District School Design booklet
www.seattleschools.org/area/facilities/DesignStandards/SchoolDesignManual.pdf

_____. Lackney, Jeffery. "33 Principles of Educational Design."
<<http://schoolstudio.engr.wisc.edu/33principles.html>>

_____. "Sustainable Design for Schools." A report produced by Practical Solutions for Economic and Environmental Vitality, 2001.
<http://www.pprc.org/pubs/schools/index.cfm>

POLICY IMPLICATION

None

FISCAL IMPACT/REVENUE SOURCE

Fiscal Impact: Allows project to stay on track within budget and on time.

Revenue Source: Nathan Hale High School and Denny MS/Sealth Hs project contingencies.

Expenditure: One-time Annual

COMMUNITY ENGAGEMENT PROCESS

Community engagement activities continue at Denny Middle School/Chief Sealth High School and Nathan Hale High School in the form of community meetings, distribution of "door hangers" to alert neighbors to construction impacts, updated web site reports (including construction site web cams) and online newsletters.

CONCLUSION/RECOMMENDATION

Conclusion – Monies are available to administer these program changes in the project contingencies for Nathan Hale High School and Denny Middle School/Chief Sealth High School respectively.

Recommendation - Authorize the use of up to \$889,292 to increase the DKA Construction Management Contract to administer changes to the Nathan Hale High School and Denny Middle School/Chief Sealth High School projects.

Managing proactively now will minimize the potential for changes.

Approve the contract modifications to DKA for these projects.

ATTACHMENTS

001 P1038 DKA Modification 18-*Placeholder*