

**Building Excellence II Levy Oversight Committee
Meeting Notes, March 11, 2005
Stanford Center, Room 2774, 7:30a - 9:30a**

ATTENDANCE:

Members Present

Ron Jelaco, Acting Chair
Mark Melroy
Karin Nyrop
Jim Travis

District Staff

Gary Baldasari
Ron English
Don Gillmore
Julie Krick
Nan Stavshoj

Heery International Staff

Mike Finnegan
Bruce Herr
Roxann Robinson
Ralph Rohwer

Members Absent

David Hudd
Joey Ing
Ed Peters

School Board Directors

Mary Bass
Sally Soriano

Visitor

Chris Jackins

APPROVAL OF JANUARY 14, 2005 AND FEBRUARY 11, 2005 MEETING NOTES

Meeting notes were approved.

REVIEW OF ROLE OF COMMITTEE AND RECOMMENDATION TO BOARD

Ron English explained the process of approving the charge. After the Committee develops a charge, a Board committee would review it. The finalized charge would then be approved at a Board meeting.

Requests to the Committee

- Mark Green has asked that the Committee help with capital budget reconciliation.
- The School Board asks the Committee to look at BEX II levy revenue, BEX III levy planning, and the reconciliation of capital.
- Director Bass suggested that the Committee look at the long-range plan.

Comments from various members on the Committee's role

- The emphasis should be on the program but issues with individual projects should also be part of the charge. The Committee needs to know ASAP what critical issues are developing at the project level. (Staff comment: An early warning sheet is being developed.)
- The Committee is composed of citizens with professional expertise who act as the eyes and ears of the Board.
- The Committee advises the Board. It makes recommendations to the Board. It checks and questions staff and provides expert help on appropriate issues.
- If this is a levy oversight committee then it should oversee everything to do with the BEX II levy - revenues, expenditures, communication to public (public perspective and accurate information), etc.
- Levy planning is more than just construction. The Committee needs to know what the District levy planning process is before it can decide whether or how to be involved in levy planning. The Committee might be involved at a high level or Committee membership might have to change to be involved in BEX III planning. One aspect of planning the Committee might help with is establishing project budgets.
- Director Bass suggested that long-term educational planning should be considered when planning a new levy. (Staff comment: These issues are being looked at but not by the Committee.)
- A BEX III oversight committee would benefit from sharing information with this Committee.
- The Committee's role should not be too broad.

Additional information needed by Committee for understanding of levy process

- Report by the finance director for a discussion of levy revenues and how they are invested.
- Determine what other expertise is needed in order to provide oversight of the levy.
- Review the staffing of the Committee.
- The Committee would benefit from a history of how buildings were selected for previous levies.

Changes to Ron English's charge

- In BEX II revenues statement on Ron's charge: insert "including general reviews of the revenue systems" and delete "does not need".
- BEX II Expenditures statement: In the first sentence, delete the word "not" and insert "as well as". The sentence reads: "Emphasis should be on the program, as well as individual projects."

COMMITTEE RECOMMENDATION TO THE BOARD

- The Committee needs more information before developing a charge
 - Presentation on revenue and expenditures.
 - Presentation on how levies are planned.

REVIEW OF BEX II PROGRAM/PROJECT CONSTRUCTION MANAGEMENT CONTRACT AND RECOMMENDATION TO THE BOARD

Heery report

- Ralph Rohwer, Heery, made a report responding to characterizations about mismanagement of the BEX II program made at the last Board meeting (February 16). A hard copy of the report was distributed.

Review of evaluation of Heery

Ron English briefly summarized his findings of the evaluation of Heery's performance for phase 1 of their construction management contract with the District.

- The cost of the two BEX levies is \$860M. Heery's work shows a \$10M underrun. External influences outside of Heery or staff have resulted in a \$25M overrun.
- The construction programs are a success. They are meeting their goals.
- Project managers (PMs) on site are critical and Heery has provided good people for this job. Replacing them would be a huge problem. In addition, any new PM would have to start work 110 days from now, and would be new to the District and starting in the middle of a complex program. The risk is huge.
- Heery's rates are competitive.
- Don't change a successful program unless there is a compelling reason and a potential high degree of success resulting from the change. There is a high degree of risk changing construction management firms at this time.
- Status of final three projects: Hamilton, South Shore, and the World School
 - Heery is now doing preliminary scoping of moving Hamilton to Lincoln but this would not be a major transition if a new PM came in.
 - South Shore has an architect but there is no longer a Heery PM assigned. The former PM is familiar with the original design.
 - The World School project is not designed.
 - One of projects is relatively small and might be done in-house.

Discussion and comments:

- Director Soriano commented that until now she hadn't understood that cutting the scope at Beacon Hill was possible. Evaluation of site difficulty should be considered when selecting projects. (Staff comment: It is not Heery's job to make those kinds of considerations or recommendations.)

- Various Committee members suggested that Heery and the BEX II program have an image problem. It's important to ensure that the public has an accurate picture of what is happening because in the long run it will affect the ability to work.
- Director Bass stated that "mismanagement" is not all about Heery it is also about the District. She asked that Ralph's report be made available to the rest of the Board. Ralph agreed to attend the Board meeting (March 16) to be available for questions or comments.
- It is not known what it would cost the District to perform its own construction management work. In the long run the Board might consider having options to using a construction management firm.
 - Heery does the following for the District that it doesn't do for other districts: spent \$100,000 to develop a daily checkbook; and developed a construction administration management system that works with the District. Heery's contract is 4.6% of the program budget.
- Immediately assess project management for the remaining three projects (Hamilton, South Shore, and World School). (Staff response: By the time a Heery contract is introduced to the Board in June, development of project management for Hamilton, South Shore, and the World School will be underway. It's possible that the Heery contract would include five schools rather than four.)

COMMITTEE RECOMMENDATION OF CONTINUATION OF HEERY CONTRACT

The Committee members present voted unanimously to support the Board motion to retain Heery and move forward with the four projects (Cleveland, Dearborn Park, Maple, and Garfield). Ed and David e-mailed their recommendations to support the Board motion.

EXECUTIVE SESSION

An executive session was held.

NEXT MEETING AGENDA

- Budget reconciliation, Ron 30 minutes
- Levy planning, Kathy, 20 minutes
- Revenue notes and bolts, Steve, 30 minutes
- Committee membership re: overseeing the levy.

Adjourned at 9:45a