

BEX/BTA Capital Programs Oversight Committee

July 10, 2020, 8:30 – 10:30 AM

Meeting held remotely via Zoom

Minutes

Call to Order (John Palewicz)

1. John Palewicz called the meeting to order at 8:34AM
2. Roll Call:
 - a. Committee Members Present: John Palewicz, Steve Goldblatt, Janet Donelson, Kyle Wang, Daniel Williams, Rob Stephenson, Sherry Edquid, Freeman Fong, Warren Johnson, Steve Tatge
 - b. Committee Members Absent: Duncan Griffin
 - c. Board Directors Present: Eden Mack
 - d. Staff Present: Richard Best, Eric Becker, Becky Asencio, Jeanette Imanishi, Mike Skutack
3. Approval of Agenda and Minutes: Steve Goldblatt made a motion to approve the agenda. Janet Donelson seconded. The motion passed unanimously.
4. Minutes from 6/12: Steve Goldblatt made a motion to approve the minutes. Janet Donelson seconded. The motion passed unanimously.

Budget Update (Richard Best)

1. Richard Best reviewed the BEX IV Program Cost Summary Report through 5/31/20.
 - a. He highlighted a 10K expenditure on Hazel Wolf K-8 project for a final expenditure to receive the permanent certificate of occupancy due to a new requirement by SPU for a connection to a catch basin which came at the end of the project.
 - b. Summer seismic construction projects have started and those expenditures will be on the July report to be shared at the September meeting.
 - c. The technology account is expected to be fully spent at the end of the fiscal year, via a journal voucher.
2. Richard Best reviewed the BTA IV Program Cost Summary Report through 5/31/20.
 - a. Magnolia is now overbudget, as forecasted.
 - b. Ingraham is in close-out mode with one more payment to be made to Cornerstone. Then the project will go to the Board for Final Acceptance in August 2020.
 - c. Distressed school grant projects at Cedar Park, Magnolia Phase II, and West Woodland have all begun, with Coe ES anticipated to begin September 2020.
 - d. West Woodland ES received seven bids with good subcontractor bid coverage. The bids were higher than anticipated, most likely do to COVID-19 protocols.
3. Richard Best reviewed the BEX V Program Cost Summary Report through 5/31/20.
 - a. Major projects in this program:
 - i. West Woodland is under construction.
 - ii. Kimball, Northgate, Viewlands, and West Seattle are mid-design process.
 - iii. OVA and Rainier Beach High School have started schematic design.
 - iv. Architects are working hard to maintain design schedules.
 - v. Due to the revised City of Seattle departures process during COVID-19 pandemic all projects might be behind schedule.
 - b. Revenues were collected in the amount of \$112M. The program has spent \$20M.

Project Status Reports

1. BEX IV Projects as of June 30, 2020
 - a. Major Projects
 - i. Wing Luke is on schedule to achieve Substantial Completion in February 2021. There have been some COVID-19 impacts to address.
 - ii. Bagley is on schedule to open at achieve Substantial completion on July 30, 2020.
 - b. Seismic projects
 - i. Many projects throughout the district in all phases.
 - ii. Orca, Maple, and Beacon Hill received no contractor bids last year, but did this year and the work will be completed this summer.
 - c. Delayed projects
 - i. Lafayette ES, McClure MS and Washington MS were postponed until next summer due to concerns surrounding the supply chain related to the COVID-19 pandemic.
 - d. No concerns about summer work, related to COVID-19. Supply chain concerns, which were anticipated in March 2020 have not been realized.
2. BTA IV projects as of June 30, 2020.
 - a. Webster School project has experienced a reduced workforce, due to COVID-19 and the project's small site. Staff are discussing the cost and schedule impacts with the contractor BnBuilders. The project was due to complete in July 2020 and is now scheduled for the end of September 2020.
 - b. Distressed School Grants projects
 - i. Magnolia ES Phase 2 Classroom Addition under construction.
 - ii. Coe ES is bidding August 2020.
 - iii. Cedar Park ES Restroom Addition has started.
 - c. The appeal process for the Franklin HS field lights project will now be conducted via written briefs.
3. BEX V projects as of June 30, 2020.
 - a. Major Projects:
 - i. West Woodland started on July 1, 2020. It is slightly overbudget due to unanticipated COVID-19 safety protocols.
 - ii. North Queen Anne is in the design phase.
 - iii. West Seattle is concluding design development. It is currently on budget however, a Student and Community Workforce Agreement (SCWA) is anticipated to add cost and put the project over budget. A new cost estimate is in development and will consider the SCWA and COVID-19 impacts. Construction due to being in Summer 2021.
 - iv. Kimball is concluding the design development phase; it is on budget and on schedule. The current challenge is height departures for a three-story building. The new estimate will include the SCWA.
 - v. The Kimball SDAT was led by NAC architects and the Department for Racial Equity Advancement (DREA). NAC is responding to feedback and making changes to the façade.

- vi. Northgate is completing the design development phase. Construction is scheduled for 2021-2023. The project is on budget, but the team anticipates the SCWA will add a 10% increase. In that case, the team is considering scope reductions, like eliminating some new classrooms from the design.

Student and Community Workforce Agreement

- vii. Per the Capital Projects cost consultants, staff anticipate the SCWA will add a 10% cost impact to projects.
- viii. A presentation was made to the School Board at a Work Session on June 17, 2020 and went to the Board for Action on July 8.
- ix. The Board was told it was unclear if there would be a financial impact. Discussion proposed negotiations between the District and trades, directly, rather than having the contractors do that independently.
- x. Janet Donelson encouraged the district to come up with standard agreements, as that process for contractors takes a lot of time and money, they often are told to hire a consultant.
- xi. Eden Mack clarified that the School Board has authorized the Superintendent to enter into negotiations for an SCWA, but the Board hasn't authorized one, yet.
- xii. John Palewicz requested the SCWA be on the committee's September agenda and include Fred Podesta. He directed Richard Best to gather information about the cost estimates and potential impacts, including that some projects won't be performed. Mr. Palewicz and Mr Best committed to discussing the matter, off-line

Construction Update – Turbulent Times, Where is the Market Headed? (Tim Casad, Lydig Construction & Andy Cluness, RC Cost Group)

1. Mr. Best introduced Tim Casad and Andy Cluness,
2. Tim Casad
 - a. Private construction market is significantly reduced.
 - b. In Western Washington the public market has adjusted and proceeding.
 - c. GC/CM projects, which normally see three or four electrical proposals, now receiving greater interest. Mechanical and electrical contractors are moving from the private market into the public market.
 - d. Supply chain concerns remain.
 - e. Fees and overhead margins are dropping from 15% to 10%.
3. Andy Cluness
 - a. Joined by Mark Richardson and Dan Cassady, from RC Cost Group.
 - b. Public projects are receiving more bids, up from two bidders to six bidders.
 - c. Escalation costs were at 6% and have come down to 4.7%.
 - d. COVID-19 impacts include worker distancing, safety protocols, and design teams working at home and outside business hours.
 - e. Private sector projects are delayed or on hold due to COVID-19 pandemic.
4. Mark Richardson
 - a. Public projects continue and the impact on pricing hasn't really materialized.
 - b. More money spent on general conditions, such as laborers maintaining surfaces and turning stretch and flex time into check-in procedures time.

- c. While Amazon in Bellevue continues its three towers, other businesses are hesitant due to concerns about a recession and any changes a vaccine will produce.
 - d. Subcontractors from private sector asking to bid on public sector work.
5. Kyle Wang recommended drafting two plans. Plan A would be cautious as the district focuses on educating students remotely and some construction is delayed. Plan B would be more aggressive and broaden the scope of projects.
6. Steve Tatge noted that, contractors have largely learned how to mitigate COVID-19 protocols. In the event of a deep recession, then the district's funds might go further and allow for more construction.
7. Janet Donelson returned to the SCWA and the possibility of mitigating its financial impact if the market goes down.
8. Mr. Best confirmed that the district has guaranteed funding, in the form of voter approved levies. He acknowledged that depression and recessions have impact on collection of taxes. He asked how severe an impact should the district anticipate.
9. Discussion explored the pros and cons of GC/CM, MC/CM, and EC/CM in terms of hiring a quality general contractor, who applies rigor to the subcontractors bidding, or a hard bid with the lowest bidder and the minimum qualifications.
10. Warren Johnson recommended using the "responsibility criteria." Mr. Casad warned about legal challenges on how those qualifications are applied in the public sector and the importance to make it reasonable and not specific to a particular vendor.

Meeting Re-cap and Next Meeting Agenda Items

1. John Palewicz wants to discuss more about SCWA.
 - a. He appreciated the subcommittee idea.
 - b. He acknowledged Director Mack's suggestion that the committee prepare recommendations for the Board.
2. No meeting in August

Adjourn

1. John Palewicz proposed potential topics for the September meeting:
 - a. SCWA status and next steps

The meeting adjourned at 10:31 AM.