

December 19, 2013 Meeting Minutes

MEETING
OF THE SUPERINTENDENT'S
SPLOST OVERSIGHT COMMITTEE

Sam Moss Center, 1780 Montreal Rd Tucker GA, 30084

December 19, 2013

Mr. Baisier called the meeting to order at 6:09 p.m.

Present at the meeting were: Cathy Blakeney, Chris Avers, Kerry Williams, Paul Baisier, Delilah Wynn-Brown, Herman Lorenz, Wyvern Budram, Kimberly Mitchell, Charlie Rogers, and Narwana el-Shabazz. Not present: Billy Jones

DCSD staff present: Stephen Wilkins, John Jambro, David Lamutt, Dan Drake, Liz Epstein, Joshua Williams, John Foster and Jessica Leterle. Also present: Jim McMahon (Board Member), Don Harris (URS), Al Edwards (CERM), Will Mangram (Brailsford and Dunleavy), Arthur Queen (EGM).

APPROVAL OF AGENDA AND MINUTES

Motion to approve agenda, agenda approved. Motion to approve November minutes, Additions from Mr. Lorenz were requested. Minutes as edited, approved.

2012 SPLOST PERFORMANCE AUDIT

Item skipped to later in meeting, as Cherry Bekaert auditor not yet present.

2013 SPLOST ANNUAL REPORT

Item deferred per DCSD staff, based upon delays from DCSD Finance. Item postponed to a later meeting

PROPOSED PROGRAM ENHANCEMENT ACCELERATION

By David Lamutt, Don Harris (URS), Al Edwards (CERM), Will Mangram (Brailsford and Dunleavy), Arthur Queen (EGM)

Based upon evaluation of schedule and performance of projects, a plan has been developed by the project management for SPLOST IV – the SPLOST Enhancement Program. This Program is based upon revenues coming in higher than projected, allowing for the accelerating of the project timeline. This plan also assumes that DCSD will receive \$21 million from reimbursements from the Georgia Department of Education. Mr. Joshua Williams and Mr. Dan Drake explained the payment schedule on the outstanding technology bonds, which have a final payment of \$34 million at the end of the program. These payments have been budgeted for in the new Program.

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The discussion of the Program was lengthy and detailed, consuming well over half the meeting. Highlights of the discussion included presentation information from URS and concerns raised by Committee members.

Scope and Schedule:

The purpose of the Program is to reduce the overall SPLOST IV schedule from 75 to 60 months – ending in Q3 2017. Doing so is expected to lead to savings from a number of sources; however, there will be a cost to accelerating the schedule, in the form of a higher project management fee.

The Program would result in minor acceleration of 74 projects, and substantial acceleration of 42 projects. Ms. Wynn-Brown asked if these schedules have been accelerated with the schedules of the school year in mind. Mr. David Lamutt responded that it has, to a degree. But based on the many variables affecting the projects the schedules will be a bit fluid, trying to put as many in the summers as is possible.

Overall savings is expected to range between \$4.6 and \$14 million, from two primary sources - inflation and economies of scale. Net of the increased costs of \$3.3 million (discussed below), the savings would range from \$1.3 million to \$11.3 million.

Inflation Cost Savings:

Inflation costs savings would result from accelerating costs in a rising cost environment for construction services and materials. This savings is projected at between \$3.1 million and \$7.3 million. These projections are based on an assumed inflation rate of 3% and 7% for construction goods and services. These rates have been seen in the recent past, per data presented to the Committee,

Savings from Economies of Scale:

If multiple projects are bundled, the Program projections showed savings of between \$1.5 and \$6.7 million. Drawbacks include bundling of awards for larger contracts to fewer contractors. Ms. Avers asked how these contractors will be evaluated – will they be vetted for quality in addition to hard bids. Ms. Wynn-Brown commented that the risk is greater here, in that if something is to go wrong it will go wrong for multiple projects.

Additional Cost; Staffing Increases; Performance Guarantees:

Part of the additional cost of the Program would be for URS to have more staff to manage these contractors, and to hire more support staff for existing staff. Mr. Rogers asked if URS will guarantee that they will deliver on these metrics if DCSD agrees to pay a higher program price. Mr. Lamutt stated that no guarantee is offered. Mr. Rogers asked if this could be based on an early finish bonus instead, etc. Mr. Lamutt stated that hasn't been discussed, as the extra fee will be needed to hire extra support staff.

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Quality Control:

Ms. El-Shabazz asked where the idea for the acceleration has come from, and if DCSD agreed to do this, who would be responsible for the quality of the work? Mr. Lamutt answered that project management will be ensuring greater quality by empowering architects to monitor the work. Mr. Lorenz said that quality should not be affected so long as the program is managed properly.

Affect on Number of Awards & Ability of Small Contractors To Be Successful Awardees:

Ms. Wynn-Brown asked if DCSD wants to do this acceleration in spite of the fact that DCSD will not get to spread the wealth of the work. Mr. Lamutt answered that this set up of bundling is preferred by contractors. This all came about because URS is contractually obligated to review the program and offer improvements as they see them. Ms. Wynn-Brown commented that although this may be appropriate as purely an acceleration plan, it is up to DCSD to review desired outcomes for the economy (distribution of projects/wealth through DeKalb County/Metro Atlanta)

Timing

Ms. Mitchell asked if the legal timeline would be able to be completed in time for an acceleration. Mr. Williams answered that this is something that DCSD is already working on, and that new legal staff has been hired and is working through this effort.

Proposed Cost

To manage the Program, the project management team would require an additional \$3.3 million fee. 7 new positions are proposed to support current URS staff ranging from 24-48 months.

Mr. Lorenz asked how to justify the cost, as the price point per person amounted to 150,000 per person per year. Mr. Rogers asked if there is currently a guarantee of finishing on time and on budget? Mr. Lamutt answered that the SPLOST IV Program is required to finished on time and on budget.

Mr. Rogers questioned if these same guarantees are not be offered on the acceleration. Mr. Lamutt answered that Mr. Rogers was correct.

Mr. Baisier asked where the reflection of savings were that URS will be finishing 15 months earlier (savings for URS). Mr. Lamutt stated that, in the staffing plan, that reduction has already been taken into account. Mr. Lorenz asked if URS would charge if additional projects were added. Mr. Lamutt answered, that unless it was an unreasonable number of additional projects then, no. Mr. Drake and Williams commented that, at this point, DCSD has no intention of adding anymore projects.

Ms. Wynn-Brown noted that there seems to be some hesitation on the Committee regarding this proposal due to the amount of expenditure for URS and particularly the lack of guarantees and the seemingly high cost of additional (somewhat entry level) staffing, as well as concern over “spreading the wealth” in terms of contracts.

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Disposition of Savings

Ms. Blakeney asked what would be done with the potential savings. Mr. Joshua Williams stated that savings would go into project contingency and then the decision with what to do with the money would be brought before the DCSD Board. DCSD also has the budget to increase its staff to accommodate acceleration.

Additional Benefits

Reducing procurement; Contractors may get scarce as construction begins for new Falcons and Braves stadiums; (Mr. Rogers asked if savings for procurement is based upon maximum re-bundling. Mr. Lamutt answered it was.); High quality through consistency; Observable evidence of SPLOST at work; Earlier experience of benefits of Program; Reduction of disruption to community.

Economic Development presentation by Al Edwards – reinvestment in the local community. Ms. Wynn-Brown mentioned that the proposed acceleration will in fact reduce the number of firms that will be awarded work. Mr. Lamutt answered that this number will not change greatly as the number of pre-qualified firms is only 41 A/E firms, for example. Will Mangram presented briefly. He was asked by Mr. Baisier to cut short his presentation, in light of the time already spent on the acceleration issue and the late hour.

Overall, the Committee did not believe that it had sufficient information to make a recommendation as to the Program at this time.

(PPT Attached)

PERFORMANCE AUDIT

By Neil Vitro

A presentation was made on the FY 2012 SPLOST compliance audit (ending June 30, 2012). This audit is required by Georgia law, and assures compliance with certain statutory procedures. It is not a financial audit. Only one exception was noted - it related to the ability to report on project level details. The Committee was advised that this level of reporting was not possible with the software available during the audit period, but that it would be starting with FY 2013.

(PPT Attached)

PROTOTYPE UPDATE

The Gresham Park prototype will not be built at Gresham Park. DCSD is looking at other area locations, including Meadowview. This was in response to the community, which did not want the prototype built there. This will delay the start of the Gresham Park project. Demolition of the existing school is slated to begin on time.

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CONTRACT AWARD UPDATE

The contract award list was presented to the Committee.

(List Attached)

Ms. Wynn-Brown asked if a plan is in place that will encourage more bids from more contractors. Mr. Jambro answered that there is.

SEMI-ANNUAL REPORT AND ANNUAL REPORT

Mr. Baisier noted that the Committee had produced a semi-annual report in March, but had not produced a second such report, and that an annual report was due by the end of December. Discussion was had over whether there should be both annual and semi-annual reports by the Committee. The Committee voted to complete a year-end report of 2013, and going forward to have reports twice a year, in June and December. The bylaws will be amended to reflect this change.

NOTIFICATION/ADVERTISING OF MEETINGS

SPLOST Oversight Committee meetings will be added to January 6th DCSD meeting list agenda. Meetings will also will be added to the DCSD master calendar. Members discussed whether there should there be a blast which include individual schools, PTAs, and Regional Superintendents.

MSR REPORT

Due to the time spent on the acceleration proposal, the MSR report was truncated. Brief discussion was had on Procurement Streamlining; Projects in Scope Development; Demo projects; Earned Value Initiative.

(PPT Attached)

FERNBANK DEMOLITION MEETING UPDATE

By Mr. Stephen Wilkins

Demolition update - Atlanta Demolition is briefing community in their neighborhoods. Mr. Wilkins recommended that the contractor present to the Committee.

RECOMMENDATION UPDATES

Status of introduction to new PR team – Portia Kirkland has been invited to the January Meeting.

The Committee requested that the Chair draft a policy to address the handling of issues that members are advised of by people in the community. That policy should channel the issues to the right people within DCSD, and provides for feedback to DCSD staff if the issue raised suggests systemic SPLOST issues.

The Committee thanked the outgoing Vice Chair, Kerry Williams, for doing an excellent job the last year and thanked him for him service.

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ADJOURN

The Chair moved to adjourn at 8:15p.m. Members consented and the meeting adjourned.