

MEETING OF THE 21ST CENTURY SCHOOLS BOND ADVISORY COMMITTEE
MEETING MINUTES – March 3, 2015

The 21st Century Schools Bond Advisory Committee (Committee) met on March 3, 2015 in Conference Room 916 of the School Board Administration Building. Chairman Martinez called the meeting to order at 3:03 p.m.

Committee Members

Mr. Roberto Martinez
Ms. Cindy Lerner
Mr. Cecil T. Daniels
Mr. Juan Del Busto
Dr. Sean Foreman
Mr. Jack Lowell

Ms. Gepsie Metellus
Rev. Guillermo Revuelta
Mr. Alan Rubin
Mr. Paul Wallace
Ms. Carol Graham Wyllie

Ex-Officio Non-Voting Members

Mr. Jose Montes de Oca
Mr. Jaime G. Torrens

Alternates

Mr. Mario Artecona
Mr. Joseph Gebara
Mr. Rayfield M. McGhee Jr.

Miami-Dade County Public School Attendees

Mr. Alberto M. Carvalho
Mr. Walter J. Harvey
Mr. Jose L. Dotres
Mrs. Judith M. Marte
Mr. Carl Nicoleau
Ms. Daisy Gonzalez-Diego
Ms. Tabitha Fazzino
Ms. Ana Rijo-Conde
Mr. Raul F. Perez

Ms. Isora Castro
Mr. Brian Williams
Mr. Leo Fernandez
Ms. Maria Teresa Rojas
Ms. Tammy Reed
Mr. John Whitehead, III
Mr. Victor Alonso
Ms. Lisa Martinez
Mr. Bobby Gornto

Other Attendees

Mr. Glen White
Ms. Mary T. Cagle

Recording Secretary

Ms. Erika Duarte

Mr. Martinez called the meeting to order and acknowledged that due to the lack of a quorum voting on the previous meeting's minutes would be temporarily deferred. He then introduced Mr. Torrens, Chief Facilities Officer, and asked him to begin his presentation.

Mr. Torrens began his GOB update by asking the Committee to refer to page 3 of the presentation. Mr. Martinez encouraged the Committee to ask questions as the presentation went along.

Mr. Torrens provided an Update on the Year-1 Project Rollout as follows:

- Of the 66 projects under \$2 million, 17 have been completed with the remainder in construction or bidding

- The two larger projects, the addition to M.A.S.T Academy @ Virginia Key and the Miami Norland SHS replacement are in construction. The addition at M.A.S.T is slated to open for August of 2015 and the Norland replacement in August of 2016.
- Approximately 60% of the 119 smaller accelerated projects have been completed
 - 17 new playgrounds have been installed
 - 28 critical HVAC systems have been replaced
 - more than 100 portable classrooms have been demolished

Mr. Lowell asked how about expenditures v. the budget and whether projects were on schedule. Mr. Torrens advised Mr. Lowell that both topics would be discussed later in the presentation. Mr. Martinez also pointed out that there was a section in the presentation detailing budget adjustments.

Mr. Torrens next provided an Update on the Year-2 Project Rollout as follows:

- Initiatives such as expanding the pool of qualified firms to compete for projects, are being met through the SBE program:
 - There are 67 firms involved in the program as prime Contractors or Architects, with many are Small Micro-Businesses and MWBE firms;
 - A key factor in achieving a high level of distribution is the way projects are being grouped for solicitations;
 - advertising groups of projects together assures a certain degree of distribution of work while maintaining the participation of highly qualified firms for said work;
 - 54 of the 79 Year 2 projects (about two-thirds) are being done by Small or Micro-Business firms;
 - In addition to the on-going work, eleven (11) Groundbreaking events have taken place on projects over \$2 million. These events are important as ways of visually communicating progress to the community.

Mr. Torrens returned to the topic of the Small and Micro-Business participation, informing the Committee of the Quarterly Chats taking place with SMBE architects and contractors currently working on M-DCPS projects, as well as firms who may potentially participate. These sessions touch on topics such as competing for work with M-DCPS, billing and payment, including paying sub-contractors in a timely fashion. He noted as an example of the topics discussed at these meetings, a concern regarding the new requirement that Construction Management Firms carry Professional Liability Insurance from their first day of commissioning. This became a financial burden on the small contractors since billable work doesn't typically begin until about 3 months after a work assignment is made. As a result of input received from the Quarterly Chats, an agreement was made to require this mandatory coverage be obtained by the CM firms as of the date an actual Work Order is issued. As evidence of its commitment to the program the District refunded to Small and Micro business firms insurance payments

they had already made from the date of commissioning to the date of issuance of the first work order, subject to adequate proof of payment to the District. This resulted in approximately \$18,000 in refund disbursements. Mr. Torrens pointed out that this was seen as a correction the District needed to make in their procedures.

Mr. Torrens next provided an Update on the Year-3 Project Rollout as follows:

- 17 projects have assigned Architects and Contractors and are in the scoping phase;
- The 37 remaining projects are over \$2 million and require formal advertisements and commissioning by the Board.

Mr. Torrens next discussed the level of expenditures for Facilities and Technology since the initiation of the GOB. He noted that in the prior summer there was an intense surge in the installation of Promethean Boards and instructional technology in general within the schools, which was reflected in the expenditures breakdown. A year later, facilities related expenditures have significantly surpassed the technology expenditures. He noted that the District is starting to see the pace of work accelerate, an effort that will continue to pick up pace as new projects enter the design and construction phases. Mr. Torrens noted that the District will at some point in the near future need to consider issuing additional bonds.

Mr. Rubin pointed out that even though the Facilities expenditures have overtaken the Technology, the presentation shows that the Technology is still growing as well, and asked if this is inclusive of the laptops and the tablets being distributed to the students. Mr. Torrens clarified that the laptops and devices are not funded through the Bond, and explained that even though the bulk of the technology was completed in the summer expenditures will continue to grow, although at a slower pace, primarily in connection with new or replacement schools. Mr. Torrens then pointed out that expenditures totaled approximately \$118 million through the end of February, with another \$103 million of contracted work, which includes contracts awarded. Mr. Lowell asked if expenditures meant money spent in addition to the contracted amount. Mr. Torrens confirmed. Mr. Martinez inquired if there was a projection made for the end of Year 3. Mr. Torrens stated he believes figures will more than likely double.

Mr. Martinez welcomed the Superintendent to the meeting, and asked if he would like to address the Committee. Mr. Carvalho thanked the Committee for their continued volunteer work with the District. He then pointed out that in recent months and on average the Board has been commissioning between \$30-\$35 million worth of projects monthly. He reiterated his commitment to delivering high quality projects on time and in budget.

Mr. Carvalho continued by highlighting the advances made in terms of equity. He reminded the Committee about conversations between the District and many community organizers who wanted to ensure that promises made in 2012 would be realized in terms of fair opportunity, while still adhering to the sound principles of

competition in a market place like Miami-Dade. The School Board attorney has played a vital role in ensuring that policies are created in order to protect the overall process.

Mr. Carvalho concluded by addressing the Disparity Study and clarifying it is a draft (Phase I) and has not been finalized. An economist was commissioned not only to review the first draft of the study and address additional questions presented in order to accelerate the creation of Board policy specific to MWBE, but also to discuss aspirational goals for participation of minority groups in the program. Mr. Carvalho commended the Legal Department once again for their exceptional work in this area.

Lastly, Mr. Carvalho noted that even though it would be ideal to hasten the process, the financial aspect of the Bond program needs to be paced to protect taxpayers. One of the challenges facing the District is rising construction costs due to demand for similar services in the private sector. Mr. Lowell noted that in the private sector costs have risen, on average, 1.5% monthly. Mr. Carvalho then excused himself from the Committee to attend a different meeting.

Mr. Torrens next addresses local business participation. He pointed out that this initiative was a pillar of the GOB program and that to date, the District has been able to achieve over 60% participation by small and micro firms, at the prime contractor level. One of the goals was to enable small firms to graduate to larger projects, something the District is already witnessing. Mr. Torrens stated that verifications are a key aspect of this process to ensure there is compliance. Mr. Torrens then briefly discussed the summary charts displaying projects commissioned for design or construction and a synopsis of each project's participation goals.

Mr. Martinez inquired on the scope for D.A.S.H. Mr. Torrens explained that this is a hybrid project. The District leases gallery space at about half a million dollars a year for student work space. The Treasurer, with the Board's approval was able to secure a \$4.1 million loan, for 10 years, to build an addition above the school to take the place of the gallery space being leased. This work is in addition to the GOB project to renovate the existing building.

Mr. Rubin asked if the percentages on Minority Business participation vary by school. Mr. Torrens explained that when a project is advertised, the Goal Setting Committee, comprised of multiple departments including Procurement and the Office of Facilities is convened by the Office of Economic Opportunity to review the scope and the availability of Small and Micro Business firms available to participate; this then results in goals being set. Goals may vary from approximately 10-30% depending on a number of factors including the size of the project and the nature of work being performed.

Mr. Martinez clarified that some firms although categorized as micro or small firms may also be considered minority or women-owned firms. Mr. Williams confirmed and went on to explain that the District's Race/Gender Neutral Program has a 90% participation rate for MWBE. Even though the District is using a race/gender neutral initiative, it is

maximizing participation on both the minority and the small business side, which is the purpose of the program. Mr. Harvey confirmed as well.

Mr. Torrens continued with the Year 3 update. He explained the difference between delivery methods, i.e. Hard Bid, a method typically reserved for a new building, versus CM @ Risk, which is the preferred method for renovations because it reduces the School Board's risk. In Year 3 there are 37 projects over \$2 million. Projects were grouped by project value to assure greater distribution of the work. He noted that a block of these projects is being reserved for Sheltered Markets, specifically for SBE Firms. Mr. Lowell inquired if we provide training to all these separate entities in order to assure they are following protocol. Mr. Torrens explicated that this is part of what is discussed in the Quarterly Chats.

Mr. McMurphy enquired as to the estimated value of the block of projects reserved for Sheltered Market. Mr. Torrens slides would be shown later in the presentation detailing this information in greater detail. He pointed out that market conditions are tight as Mr. Wallace had previously indicated, and added that this makes it more challenging for Contractors to find Sub-Contractors. One important consideration when looking at the size of projects is the pool of available contractors. Said contractors must be pre-qualified prior to submitting proposals on any project. The District would like to ensure that there are sufficient firms in all groups. He pointed out that as the projects increase in value, the number of pre-qualified firms tends to decrease.

In response to a question posed by the Chair, Mr. Torrens explained that the total project budget amounts were estimated when the Bond was first initiated, and were based on deficiencies found prior to 2012. These amounts were based on the most critical needs at that point in time. Dr. Foreman asked per the presentation at hand, why Miami Beach Senior high is getting a brand new building for \$3.3 million, but Coral Gables Senior High is only doing a renovation and was awarded \$10 million. Mr. Torrens responded by advising that Coral Gables Senior has a new building which is less than 10 years old. It is also located on a site where there wouldn't be any room to construct a new building while continuing everyday school operations. Also, the addition to Miami Beach Senior is small and will replace the only structure not previously touched by the main project. Ms. Metellus inquired about the difference in funding difference with respect to K-8 Centers, and Mr. Torrens stated that the size of the building being replaced is the main factor in determining how budgets are generated.

Mr. Torrens continued by discussing the idea of prototype schools, and explained how they create savings for the District by eliminating a portion of the design fees. These designs can be replicated requiring primarily site adaptation. Mr. Torrens feels that there is the capacity out there for Architects and Contractors to take on this work, which will help them to gradually transition to the next level. Mr. Williams elaborated by pointing out that in turn these firms will also continue to grow in their bonding capacity. As their Bonding capacity rises, so will their ability to compete aggressively for larger scale projects.

Mr. McMurphy inquired if the bonding capacity is directly related to a firm's experience. Mr. Williams replied that the bonding capacity is typically related to a company's financial backing. In addition, the District evaluates a firm's performance over a five-year period to determine what the firm is capable of performing. Ms. Cagle questioned whether we are able to track individual firms' growth through the program in place. Mr. Williams stated that such is the goal of this initiative. He shared that two firms in particular had joined the program as Sheltered Market Micro Businesses, both being awarded \$200,000 Maintenance contracts and since then both had doubled their contract within the same year, and also increased their bonding capacity from \$200,000 to over \$700,000.

Ms. Cagle asked if Mr. Williams if he could project approximately how many Small or Minority firms will be able to confirm this when all is said and done. Mr. Williams advised that while it would be impossible to project an exact figure, he believes it will be more than ten firms. Mr. Lowell asked if these firms are able to compete for private sector work and Mr. Williams indicated they can.

Mr. Martinez requested a motion to endorse the project delivery matrix and grouping strategy so that it may presented to the School Board. The motion was made by Mr. Jack Lowell, seconded by Ms. Gepsie Metellus, and passed unanimously.

Mr. Torrens pointed out that to date, 119 have been advanced with the Committee's endorsement. There are some additional projects in Year 4 and Year 5 which now need to be considered for acceleration. One school in particular is Sweetwater Elementary. There was a settlement with the Department of Transportation for \$1.2 million to do site work related to the widening of SW 107th Avenue. Advancing the proposed renovation project would make sense to avoid interrupting the daily functions of the school for consecutive years. By way of another example, Miami Edison Senior is being recommended to be advanced to Year 4 due to the need for critical HVAC work. Mr. Torrens continued pointing out multiple schools with smaller scopes which were recommended for acceleration. He noted that the advanced work was included in the deficiencies originally identified for each school in question. Dr. Foreman inquired about the source of the funds and Mr. Torrens responded that funding will be advanced from the Year in which the school was originally budgeted.

In terms of issues to date, Mr. Torrens pointed out that although the vast majority of firms have performed up to par and that the GOB rollout has been successful, there are still issues that arise. The protocol with respect to under-performing firms on projects under \$2 million is the cancelation of their Work Order and the reassignment of the project to a different firm. Other issues include finding a greater number of deficiencies than originally listed. Conversely, there are a few instances where the opposite has been found to be the case, resulting in a surplus. Mr. Torrens pointed out that one of the functions of this Committee is to authorize the reallocation of funding as and when necessary. Mr. MacMurphy asked if Contractors whose Work Orders have been terminated would be allowed to bid on future projects. Mr. Torrens stated that it would

depend on how they were terminated. Work Orders do not require Board action in order to be revoked. However, if the District feels a Contractor has performed extremely subpar, the Board can vote to terminate the entity through formal action. In any case, additional work for projects under \$2 million would not be assigned to underperforming firms in the future. Mr. MacMurphy inquired as to the percentage of firms falling under this category. Mr. Torrens stated that to date seven schools have been affected; 1 Contractor and 2 Architects have had their Work Orders canceled.

Mr. Torrens continued the presentation with a description of a proposed funding reallocation from Parkway Adult Educational Center, formally Parkway Middle. Although the critical needs, such as air conditioning and life safety needs, will be addressed, the recommendation was that the remaining funds be reallocated to Myrtle Grove K-8 since middle schools formerly at the middle school are now housed at Myrtle Grove. Mr. Lowell asked about the impact of the K-8 conversion on student enrollment and Mr. Torrens stated that previously Parkway Middle was under enrolled. Myrtle Grove on the other hand, as it evolved into a K-8 center, has increased its enrollment and now requires additional capacity.

Mr. Torrens went on to explain the basis for recommending a deferral of the project at the English Center, a Year 1 project of approximately \$2 million, to a later year and at a higher level of funding. In the meantime, critical needs have been addressed. The recommendation was that the unused balance of approximately \$1.3 million be reallocated to other Year 1 schools which need additional funding. Mr. Torrens displayed slide # 32 in the presentation detailing the available surplus.

Mr. Martinez requested a motion to endorse the proposed funding reallocations and the deferral of the English Center as noted. The motion was made by Mr. Jack Lowell, seconded by Mr. Cecil Daniels and passed unanimously.

Mr. Lowell asked how projects being bid at this time compare to the estimates at hand, and what kind of price increases are occurring. Mr. Raul Perez from the Office of Capital Improvement Projects stated that the District is experiencing a 3-8% increase in the cost of materials and a slight increase in labor costs. Mr. Torrens elaborated by providing some details to the Committee on the District's Direct Purchase Materials Program. This Program gives the District an advantage by savings sales tax on all materials purchased. While initially used only for major purchases the District currently uses it to purchase all materials (when possible).

Ms. Lerner inquired if there is any type of survey or evaluation completed once schools are finalized in an effort to better our services. Mr. Torrens stated that the Office of School Facilities has a liaison from Operations who visits each school upon completion and speaks to the principal to make sure that there are no loose ends from their perspective.

Mr. Williams began the Office of Economic Opportunity's update by highlighting that at presently there is in excess of 30% SBE participation for Year 1 projects. As of

February 25, 2015 there were 622 certified SBE's, roughly 89.8% participation. Ms. Wyllie inquired what a 50/50 company signifies. Mr. Williams explained that it's a company owned by a man and a woman, or husband and wife, neither of whom has 51% or more ownership of said company. Mr. Metellus inquired if Mr. Williams is able to track Haitian participation. Mr. Williams stated it would be difficult, but it can be done. Ms. Metellus asked Mr. Williams to follow up regarding this issue.

Mr. Wallace noted to the Committee that in a previous meeting he had sensed dissatisfaction on the NAACP's behalf and asked for an update. Mr. Williams stated that he met with the President of the NAACP and is addressing the concerns brought forth to the District. He further indicated he believes the relationship is moving in a positive direction.

Mr. Williams continued his presentation by discussing a compliance software system purchased by the District titled B2GNow. This system has been successful with large entities nationwide and it tracks certifications, contractor pre-qualification applications, Small Business/ MWBE goals, sub-contractor payments and workforce utilization, as well as compiles comprehensive payment analysis. The initiative was kicked off in January 2015, and will be fully implemented in June 2015. Mr. Williams stressed that once the software is implemented, all applications will be automated. Contractors will be able to get certified online, as well as fill out their Contractor Pre-Qualification and renewal applications. The process of tracking utilization will also be automated. The sub-contractors will also be able to confirm whether or not they are being paid in a timely fashion. This process is necessary in order to be as transparent as possible in the District's practices. Mr. MacMurphy inquired if this will be able to track retroactively. Mr. Williams stated Year 1 will eventually be loaded even though this system is being implemented as of Years 2/3.

Mr. Brian Williams then provided an update on the Office of Economic Opportunity Outreach activities as follows:

UPCOMING OUTREACH & PARTNERSHIPS:

Southern Florida Minority Supplier Development Council
City of Miami Gardens, City of Opa-Locka and City of North Miami Beach
Money Talks –How to use Construction Contracts and Bonds to get paid
The Surety & Fidelity Association- Year long program/ 9 seminars

Mr. Lowell inquired if the District had any comments on the documentation detailing the NAACP's concerns. Mr. Dotres stated that when the District met with the organization, every issue brought up was addressed. He pointed out that the implementation of B2GNow responded to 3 of the recommendations made. Mr. Dotres emphasized the importance of a strong monitoring component in order to be accurate and consistent. Other recommendations are still being worked on. Mr. Williams stated that an anti-discrimination policy has been created. He also advised that there is currently an RFP out for a diversity professional to train Senior Management in the procurement

Department. An online training was also created for all staff. Mr. Wallace commented that he hopes the NAACP will once again be involved in this process in the future.

Mr. Harvey began by detailing some results of the draft disparity study. He pointed out that the Board has found that there is a compelling governmental interest to remedy the effects of discrimination with regard to the Small Micro-Business Enterprise and Minority Women Business Certification Program. Mr. Harvey then stated that there was a policy approved by the Board in January dealing with Commercial Anti-Discrimination, Diversity and Inclusion to ensure an equal opportunity for all businesses to participate in District contracts and receive District funds while ensuring that District funds aren't used to reinforce discriminatory practices. This policy applies to all contracts. All policies are detailed in the presentation handed out to the Committee. All these policies have been approved by the School Board.

Dr. Foreman inquired if these policies were created in response to the feedback received from the community, or were developed based on a specific issue. Mr. Harvey stated that back in 2011 the Board decided that a disparity study would be done in an order to obtain community feedback. This is part of the policy development process. Mr. Lowell asked if the comments made by the NAACP in previous months accelerated this process. Mr. Harvey stated that in a way they did, but that this had been in motion previous to the feedback provided by the NAACP. Mr. Williams pointed out that until now there haven't been any legal issues.

Mr. Martinez moved on and asked for a vote on the dates for the remaining 2015 upcoming meetings of the 21st Century GOB Bond Advisory Committee: June 9, September 8 and December 8.

Mr. Martinez requested a motion to approve the schedule for the upcoming 21st Century Bond Advisory Committee meetings for the remainder of 2015. The motion was made by Mr. Jack Lowell, seconded by Rev. Guillermo Revuelta and passed unanimously.

Mr. Martinez requested a motion to approve the Minutes of the August 25, 2014 meeting. The motion was made by Mr. Alan Rubin, seconded by Mr. Jack Lowell and passed unanimously.

Mr. Martinez requested a motion to approve the Minutes of the September 9, 2014 meeting. The motion was made by Ms. Gepsie Metellus, seconded by Carol Wyllie and passed unanimously.

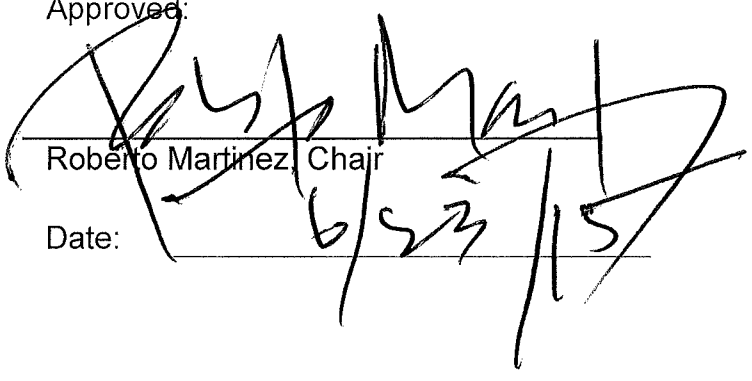
Mr. Martinez stated that it would be necessary to vote on the Committee's Chair and Vice Chair. He clarified that this is something that occurs every two years. Mr. Wallace stated he wished to vote for reelection of both the Chair and the Vice-Chair. Mr. Martinez asked that Mr. Harvey set the request the motion.

Mr. Harvey requested a motion to re-elect Mr. Roberto Martinez as Chair of the 21st Century Bond Advisory Committee, and Ms. Cindy Lerner as Vice-Chair of the Committee. The motion was made by Ms. Gepsie Metellus, seconded by Mr. Paul Wallace and passed unanimously.

Mr. Torrens concluded by advising the Committee that if they would like to sign up to the Adopt a School Program he had the form available, and that Mr. Raul Perez from the Office of Capital Improvements would be contacting each Committee member to set up a walk through at their adopted school.

There being no further business to discuss, Mr. Martinez adjourned the meeting at 4:57 p.m.

Approved:


Roberto Martinez, Chair

Date:

6/23/15