



**Minutes**  
**2012 Bond Project Advisory Team (PAT) Meeting**  
**Parker Elementary Music Magnet School**

**MEETING #:** 17

**LOCATION:** Parker Elementary School

**DATE / TIME:** January 28, 2015, 3:30 pm

**ATTENDEES:** Lori Frodine, Principal; Bryan Berry, AP; Dale Harrison, Teacher; Carol Kehlenbrink, Teacher; Katy Rodgers, Teacher; Alean Zufall, School Secretary; Kristell Nelson, Teacher; Susan Shafer, Teacher; Becky Edmondson, Community Member; Josh Vanlandingham, Community Member – Parent; Christian Sheridan, Brave/Architecture; Mel Butler, HISD – Program Executive (URS); Steven Redmond, HISD – Program Manager (URS)

**PURPOSE:** The purpose of this meeting was to view the presentation on the Bond Program update.

**AGENDA:**

- Introductions
- Highlighting the action items
- Review the finished Schematic Design Books
- View the Bond Program Update presentation.

**DISCUSSION:**

1. Briefly provided status on the action items still in progress.
2. Presented four Schematic Design Books approved for signature by District review. Signed all four by Principal Lori Frodine.
3. Presentation of the Bond Program Update by Mel Butler.
4. Mr. Butler reviewed the commitment of the 2012 Bond for Parker Elementary School.
  - a. Parker Elementary School will be a “21<sup>st</sup> Century Music Magnet”.
  - b. The program budget which the voters approved was \$29,485,000.00.
    - i. The construction budget, which is only a part of the program budget, encompasses abatement, demolition, site work, play fields, and the physical construction of the facility itself.
    - ii. The original construction budget was \$17,525,453.00.
5. Mr. Butler noted that the HISD Board of Trustees received a construction update during the last Board Workshop. This presentation was shared with the PAT and is highlighted below. The presentation itself



can be found at:

[https://www.dropbox.com/s/nx9tp334gdhcx7g/PAT\\_Budget%20Update%202015.mp4?dl=0](https://www.dropbox.com/s/nx9tp334gdhcx7g/PAT_Budget%20Update%202015.mp4?dl=0)

a. Current Economic Climate

- i. Houston and the surrounding areas are experiencing the strongest and highest level of economic activity since the boom of the 1980s.
- ii. HISD and other school districts across Texas are experiencing soaring costs for construction; thus creating challenges to budgets set 2 years ago.
- iii. Eight articles about varying districts across Texas and the U.S. were distributed to the audience showing that all school districts are experiencing soaring construction costs.

b. Rising Demand

- i. Labor and materials are in rising demand due to the recent oil boom in Texas.
- ii. In addition to labor shortages, labor rates have increased roughly 45%.
- iii. Due to material shortages, material rates have increased roughly 40%.

c. 2012 Bond Construction Costs versus Today for K-12

- i. It costs, on average, 44% more to build schools today than it did only 2 years ago.
- ii. In 2011, K-12 schools' average cost was \$149 a square foot. The cost dipped in 2012 to \$146 and rose in 2013 to \$153 a square foot. The trend continued throughout 2014 and now the cost averages \$210 a square foot.
- iii. Some of our neighboring districts are receiving bids in the \$220 - \$250 per square foot range.
- iv. Inflation was built into the budgets for all HISD bond schools; however, no one anticipated 44% inflation in only 2 years.
- v. HISD budgeted an average of \$160 a square foot for the 2012 Bond projects, more than \$14 per square foot more than the average cost at the time. Inflation was accounted for in a separate line item of the project budget.

d. Scope to Budget Process

- i. Checkpoints are scheduled on all projects at schematic design, design development, and construction document submittals to compare the estimated cost with the budget.
- ii. The Schematic Design Document review for Parker Elementary revealed the estimated cost of the project was higher than the budget would allow. Construction costs increased significantly during the six months prior to this checkpoint.
- iii. Throughout the process, the District, the Architect and the Construction Manager at Risk worked to close the gap between the estimate and the budget. This process will be ongoing until the new school is complete.

6. Addressing the Gap



- a. Mr. Butler reiterated that the team is working to reconcile the scope to the project budget.
    - i. For each of the 2012 Bond projects, HISD contracted with Construction Managers at Risk (CMAR) who not only will build the school but during the design phases review the documents and provide input to maximize what will be constructed.
    - ii. The final contract for the GMP (Guaranteed Maximum Price) with the CMAR is still being negotiated.
      - 1. Bids that are being received are not as low as originally anticipated due to the increased construction activity in the oil and gas industry.
  - b. HISD reallocated funds within the project budgets to increase the construction budget line item.
    - i. HISD included line items in the program budget for inflation and for reserves. The reserves are intended to cover any unforeseen conditions that might occur on the project.
      - 1. HISD increased construction budgets by reallocating the entire inflation budget into the construction budget, raising the average per square foot to \$175.
      - 2. Fifty percent (50%) of reserves were added to the aforementioned cost per square foot, increasing the final cost per square foot to \$182. (Original construction budget + 100% inflation + 50% of reserves).
      - 3. The reallocation results in a revised construction budget for Parker Elementary of \$20,353,453.00, an increase of \$2,827,933.50.
    - ii. 50% of the reserves remain in the overall project budget for unknowns.
  - c. The 2012 Bond budgets, on average, still have a \$28 per square foot gap that HISD is working to close. Addressing that gap may require other strategies, but no recommendations or decisions have been made. District staff is working with the Board of Trustees on the best path forward. In the future, the PAT and community can expect:
    - i. Continued negotiations with contractor.
    - ii. Ongoing school communications with the latest updates.
    - iii. Evaluations of market trends to determine the strategic timing for a construction start.
    - iv. Continued evaluation of contractor prices to get the best prices in today's market.
  - d. Mr. Fields asked that everyone be patient as the construction cost challenges are addressed.
7. A handout of the updated construction budget based on the formula described in the presentation was provided to the PAT members.

**ACTION ITEMS:**

- 8-01 Provide update on Scout House. (Program Manager) **PROGRESS**
- 15-01 Provide update on the 2007 Bond funds not used for Parker ES and their disposition for the 2012 Bond. (Program Manager) **PROGRESS**

**HOUSTON INDEPENDENT SCHOOL DISTRICT**



15-02 Schedule a tour of Kennedy Elementary and other school sites where vertical windows in classrooms have been utilized. (Program Manager) **PROGRESS**

**WHAT TO EXPECT AT THE NEXT PAT MEETING:**

1. Review of progress on the project.

**NEXT PAT MEETING:**

The next meeting will be on Wednesday, February 25, 2015 at 3:30 PM

Please review these meeting minutes and submit any changes or corrections to Steven Redmond. After five (5) days, the minutes will be assumed to be accurate.

Sincerely,

Steven Redmond, AIA, Program Manager  
HISD – Construction & Facility Services  
3200 Center Street, Houston, TX 77007  
Phone: (713) 556-9423  
Mobile: (713) 277-4400  
[Sredmon1@houstonisd.org](mailto:Sredmon1@houstonisd.org); [Steven.redmond@urs.com](mailto:Steven.redmond@urs.com)