



**Minutes**  
**2012 Bond Project Advisory Team (PAT) Meeting**  
**Dowling Middle School**

**MEETING #:** 18

**LOCATION:** Dowling Middle School library

**DATE / TIME:** February 11, 2015, 4:30pm

**ATTENDEES:** (those marked with a check were present)

<input checked="" type="checkbox"/>	Guinn, Tynette	Principal	<input type="checkbox"/>	Bankhead, Dan	HISD
<input checked="" type="checkbox"/>	Collier, Mona	Faculty	<input type="checkbox"/>	Barrera, Gloria	HISD
<input checked="" type="checkbox"/>	Cotter, Thomas	Faculty	<input type="checkbox"/>	Clayton, Clay	HISD
<input checked="" type="checkbox"/>	Douglas, Janet	Faculty	<input type="checkbox"/>	Ford, Eric	HISD
<input checked="" type="checkbox"/>	Hart, Betty	Faculty	<input type="checkbox"/>	Harris, LaJuan	HISD
<input type="checkbox"/>	Jarvis Kelley	Faculty	<input type="checkbox"/>	Hollingsworth, Matisia	HISD
<input type="checkbox"/>	Mallard, Sharvete	Faculty	<input type="checkbox"/>	Peeples, Andreas	HISD
<input checked="" type="checkbox"/>	Thompson, Jacqueline	Faculty	<input type="checkbox"/>	Robertson, Sue	HISD
<input checked="" type="checkbox"/>	Johnson, Walter	Faculty	<input checked="" type="checkbox"/>	Woods, Mike	HISD
<input checked="" type="checkbox"/>	Veal, Antronette	Faculty	<input type="checkbox"/>	Wright, Kedrick	HISD
<input type="checkbox"/>	Ruiz, Norma	DMS	<input type="checkbox"/>	Chloe Chen	HKA
<input checked="" type="checkbox"/>	Sandifer, Evelyn	Parent	<input checked="" type="checkbox"/>	Adam Froelich	Corgan
<input type="checkbox"/>	Sandifer, Dinochi	Student	<input checked="" type="checkbox"/>	Harrison, James	HKA
<input checked="" type="checkbox"/>	Green, Larry	Councilmember	<input type="checkbox"/>	Haskew, John	Corgan
<input checked="" type="checkbox"/>	Harris, Vivian	Community	<input type="checkbox"/>	Horstman, Eric	Corgan
<input checked="" type="checkbox"/>	Scurlock, Linda	Community	<input type="checkbox"/>	Kornberg, Daniel	HKA
<input checked="" type="checkbox"/>	Washington, Willie Ray	Community	<input checked="" type="checkbox"/>	Jacobs, Charles	HKA
<input type="checkbox"/>	Mayes, Jody	HISD	<input type="checkbox"/>	Rivera, Victoria	HKA
<input checked="" type="checkbox"/>	Cobb, Kristen	HISD	<input checked="" type="checkbox"/>	Harris, Roger	Turner Const
<input type="checkbox"/>			<input checked="" type="checkbox"/>	Castaneda, Steven	Corgan



**PURPOSE:** The purpose of the meeting was to present an update of the 2012 Bond Program.

**AGENDA:**

- Introductions
- 2012 Bond Program Update
- Schedule

**DISCUSSION:**

1. Mike Woods, HISD Project Manager welcomed visitors and members to the meeting.
2. Mr. Woods 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 60% Construction Document review for Dowling Middle School 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.



3. Addressing the Gap:
  - a. Mr. Woods 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 Dowling Middle School of \$40,469,385, an increase of \$8,174,529.
    - 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 are 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 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. Woods asked that everyone be patient as the construction cost challenges are addressed.
4. Discussion subsequent to the video presentation included:
  - a. Members expressed concern that the entire project is scrapped. Mr. Woods explained that, although the schedule would be effected, the district was still committed to delivering a new facility for Dowling Middle School and the community.
  - b. An update on the status of the current design was requested by Councilmember Green. Mr. Woods explained that the architects have progressed the project to 60% construction documents. However, due to the budget issue precipitated by rising construction costs, the scope to budget process will reevaluate the design.
  - c. Vivian Harris, community member was concerned that quality of the building would suffer because of the adjustments. Mr. Woods restated that the construction budget had been increased from \$32,294,856 to \$40,469,385, approximately 12%. Even with the increase, as currently designed the project is still over budget. Modifications would be addressed to minimize the impact to the building.
  - d. Principal Guinn requested an updated copy of the budget for next PAT meeting. Mr. Woods expressed that he wasn't sure if that is possible at the time. Councilman Green then informed others in the meeting that getting Information from HISD is difficult because everything from must be signed but that there is a need for an updated budget and for all to know what is going on.



- e. Mr. Woods explained that the project team is already scheduled to meet and discuss the disparity between the budget and estimate. The design and construction team members will take a closer look at the gaps, budget cost, and looking at the contractor's numbers.
- f. Administration and Community members were frustrated with what they perceived as a lack of information. They requested that decision makers representing the district attend future meetings.
- g. Councilman Green expressed that the community wants the building they were promised at the charrette.

**ACTION ITEMS:**

- 1. Add Vivian Harris, Jacqueline Thompson and Mona Collier to the meeting invitation.
- 2. Provide an updated schedule for construction.

**NEXT PAT MEETING:** Wednesday, March 11, 2015 at 4:30 pm, Dowling Middle School Library

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

Sincerely,

**Mike Woods**

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Email: [mwoods2@houstonisd.org](mailto:mwoods2@houstonisd.org)