

Date: June 21, 2018

For ACTION: _____
For INFORMATION: X
Board Agenda: Yes X
No _____

FROM: Mignon R. Anthony, Chief Operating Officer

THROUGH: Dr. Lois Berlin, Ed.D., Interim Superintendent of Schools
Michael Herbstman, Chief Financial Officer
Richard Jackson, Director of Educational Facilities

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: Supplemental Information Regarding the George Washington Middle School Kitchen/Cafeteria Renovation Project

SUMMARY: On May 24 and June 7, 2018, the Board was asked to consider and approve two actions associated with the George Washington (GW) Middle School kitchen-cafeteria renovation project. The first action requested the approval of the contract for construction and installation of the project. The second action requested the approval of a transfer of reserve account funds into the GW Capital Improvement Program (CIP) account to support the contract. On both occasions, the Board raised questions with staff regarding the reason for the difference between what was understood to be the estimated cost of the project (\$1.2M) and the actual contract amount (\$1.6M). The Board also questioned the timing of and need for the CIP Reserve Funds transfer.

Although the Board has already acted affirmatively to move the GW project forward, staff has prepared this memorandum to review the complex set of circumstances and decisions that resulted in the GW project taking a seemingly long three-year journey to complete. The memo will hopefully clarify for the Board that at the core of the impression of error was a disconnect between the Board's expectations of the original concept design (and associated funding), and what became the final design and engineering requirements, as well as the impact of School and Nutrition Services (SNS) funding limitations. Staff's delays in reporting new information and unanticipated project costs exacerbated this impression. This memo focuses primarily on the timeline of actions taken versus specific procurement cost factors.

Finally, the memorandum offers lessons learned for bridging the gap of future work. Coordinating and communicating complex issues, both internally between various ACPS offices with different financing streams and responsibilities is key. Interface with the Board in the face of changing assumptions is equally significant. A successful delivery of the GW kitchen-cafeteria renovation is currently underway with an anticipated opening for the start of school year 2018-2019.

BACKGROUND:

2015 - 2016

In early 2015, the SNS office worked with a cafeteria design consultant to develop the initial concept for a GW cafeteria modernization. This work involved high level layouts that imagined a redesigned seating and serving area renovation that would significantly improve the GW cafeteria experience and modernize the space. It did not include a new kitchen or service support areas upgrade, however, SNS surplus funds could pay for new kitchen equipment.

In June 2015, the request to use surplus funds of \$1.5M was not approved, making it too late to conduct any GW work during that summer. The Board directed a study of all ACPS cafeterias not already in the CIP plan.

Using CIP funds, SNS managed a Cafeteria Study which was delivered in early 2016. The report produced a general assessment of the condition of all ACPS cafeteria capacities and conditions. The report provided recommended approaches for upgrading cafeterias. The estimates provided assumed a combined approach, conducting design and modernization of several ACPS cafeterias at the same time to save costs. The GW cafeteria upgrade was estimated at \$1.2M in this report. It also contained pricing estimates for SNS kitchen equipment and aesthetic finishes.

In September 2016, the GW project was assigned to an Educational Facilities (EdFac) project manager for execution with a Board approved SNS budget of \$1.5M.

2016 - 2017

Late 2016 - EdFac employed architectural subcontractors to conduct a comprehensive survey of all GW kitchen/cafeteria spaces, infrastructure (dining/cafeteria, serving area, kitchen and food preparation, storage and offices) and equipment.

EdFac used job order contractors (JOCs) to evaluate the initial SNS design concept, consider additional requests like raising the ceiling, and develop preliminary estimates of the potential engineering work required. Particular attention to areas that would be disturbed during construction were assessed. Concerns were raised about asbestos, particularly in the ceiling of the cafeteria/dining area.

Spring 2017 – The mechanical engineering subcontractor notified EdFac that it was concerned about inadequate fresh air and air circulation entering the spaces. Fans were being used very heavily throughout the area. EdFac, beginning the design in earnest, initiated a full engineering schematic design and construction documentation activity.

Summer 2017 - During the review of potential construction phasing options, GW underwent a major pipe burst, affecting the cafeteria.

Construction was not possible at this point due to the incomplete design and impracticality of trying to phase parts of the project and not in its entirety.

Fall 2017 – Informal discussions began with the City Office of Code Enforcement about the requirement to increase outside air and circulation not only in the dining area but also in the kitchen area during this renovation – and not as a separate project. The city would require a redesign of the HVAC exhaust and duct system and it would not be waived. EdFac continued with design and engineering details that tried to consider alternate approaches to save time and costs, but to no avail.

Winter 2018 - Based upon JOC general contractor and subcontractor input, the EdFac team contracted for the asbestos remediation work (reported in the Educational Facilities Quarterly Report, February 2018). The asbestos removal was completed in March during Spring Break and included associated new duct work in the ceiling of the cafeteria. This work was lined up to avoid negatively impacting the schedule of construction for the full renovation during Summer 2018. EdFac System-wide Code Compliance funds were used to finance this work.

Spring 2018 – The official permit set was completed and submitted to the City. The Scope of Work (SOW) for a Request for Proposals (RFP) was developed and a final updated estimate was sought from the EdFac third party estimator.

A Request for Proposals was publically issued based upon the SNS funds availability of \$1.2M in order to ensure that a Summer 2018 schedule could be met. Prior to the bid opening, the EdFac third party estimate was received, exceeding the \$1.2M budget.

The Operations/EdFac team, SNS, and Finance/Procurement teams expedited an amendment requiring bidders to restructure their fee proposals and separate portions of the work that could be selected or not (“add-alternates”). In order to support this expedited requirement, an additional funding authority of \$500K (to total \$1.7M) from the anticipated CIP Reserve funds transfer was committed to the procurement.

The third party estimate and SNS equipment estimates were reanalyzed resulting in a significant reduction, however, it was not enough to cover the fee proposals submitted by bidders.

A successful offeror was selected and recommended to the School Board. The contract was approved and awarded. It includes the GW cafeteria/dining area, walls, electrical, floors, ceilings, lighting and all kitchen and serving line equipment as originally envisioned. It also includes the same envelope improvements in the kitchen, food preparation, storage and office areas, as well as mechanical (HVAC), electrical and plumbing upgrades throughout.

CIP system-wide funds (HVAC), CIP Reserve funds and SNS funds were used to award this work.

* Cafeteria/dining furniture and wall art/graphics are being procured separately using SNS funds (approximately \$300K additional).

LESSONS LEARNED:

Projects managed by multiple offices and with multiple funding sources are atypical. The following issues will be addressed given the lessons learned from the GW kitchen-cafeteria renovation project:

1. What will improve the timing on future projects like this one?

Dedicated CIP funding has been included in the FY19 CIP for upcoming kitchen/cafeteria projects, making these projects follow a more typical process and workflow. This will allow for greater control and consistency in project management and execution, and a better understanding of the technical basis for design, priorities and challenges that influence changes in process, response, funding and timely notifications.

2. What process improvement steps need to be addressed for delivering projects with multiple funding sources?

Greater and more frequent collaboration among all stakeholders jointly around key issues is mandatory in order to identify and control problems earlier.

3. What can be done to improve the process for informing the School Board of significant changes and impacts on projects?

Develop an improved set of indicators and/or communications mechanisms to communicate to the Board ongoing background issues and progress or challenges facing project scope and funding. Unforeseen conditions are not uncommon. However, Operations needs to institute improved benchmarks for timely notifications to the Board of potentially significant impacts. The Board must consider implementing subcommittee exchange opportunities and updates on large and/or complex Educational Facilities projects.

RECOMMENDATION:

The Superintendent recommends that the School Board receive the presentation on the George Washington Middle School kitchen/cafeteria renovation project.

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