



Wenatchee School District Board Workshop

Minutes of Dec. 16, 2014
WSD District Office

Board Members Present

6:00 PM

Staff Present

Laura R. Jaecks
Robert Sealby
Jennifer Talbot, Vice President
Jesús Hernández

Brian Fiones, Superintendent
Cabinet

I. Board Workshop 6:00 p.m.

Jennifer Talbot, Board Vice President, opened the board workshop at 6:00 p.m., with the Pledge of Allegiance. Walter Newman was excused due to illness.

David Zeitlin, Hill International, Architect & Senior Project Manager and Facilities Director Bryan Visscher presented the following presentation in a Powerpoint and summary of the agenda.

Workshop Agenda

1. Overview
 - a. What is being asked:
 - i. Adoption of an Updated Procurement Policy
 - ii. Includes:
 1. Professional Services Contract
 2. Contract Signing Authority
 3. Spending Authority
 - b. Why are these updates needed?
 - c. Current policy and why it needs to be updated
 - d. Board budget approval – what does that mean
2. Financial overview & Accountability
 - a. Program Organizational Chart
 - b. Process for expenditures of large Capital programs
 - c. Program budget review
 - d. Project budget review
 - e. How are we accounting for expenditures?
 - f. Google Site, where can the Board review the budget
3. Best Practices
 - a. What works well
4. Proposed Professional Services Agreement
 - a. Review and discussion
 - b. Pioneer MS Geotechnical Services Agreement
5. Proposed Procurement Policy review and discussion
 - a. Contracting authority
 - b. Spending authority

Powerpoint:

Capital Improvement Board Workshop
Board Procurement Policy, Spending Authority & Contracts
Why Does Current Policy need Updating?

- | | |
|--|---|
| 1. Overview | |
| 2. Financial overview & Accountability | |
| 3. Best Practices | <ul style="list-style-type: none"> • Has not been updated in over 10 years |
| 4. Proposed Professional Services Agreement | <ul style="list-style-type: none"> • Expands authority to fit large Capital bond program |
| 5. Proposed Procurement Policy review & discussion | <ul style="list-style-type: none"> • To Provide a basis for alternate contracting methods (GCCM) |
| 6. Board Action Items | <ul style="list-style-type: none"> • To conform with current requirements of the RCW and WAC |

Overview: What is being asked of the Board? Why are these updates needed now?

• Adoption of an Updated Procurement Policy

Includes:

- Implementation Responsibility
- Contract Signing Authority
- Spending Authority
- Policy
- Procedures

• Adoption of a Professional Services Agreement Template

- New board policy reflects updates & changes to the RCW and WAC
- The Capital Improvement Program requires different contracting procedures than other types of procurement. Specifically the District has elected to use the General Contractor Construction Administrator (GCCM) process. The policy lays out the fundamental GCCM procedures required by RCW 39.10.
- Provides for an defined method of contracting which is efficient, responsible and accountable for both the Capital Improvement Program and all District wide procurement.

Why are these updates good for WSD?

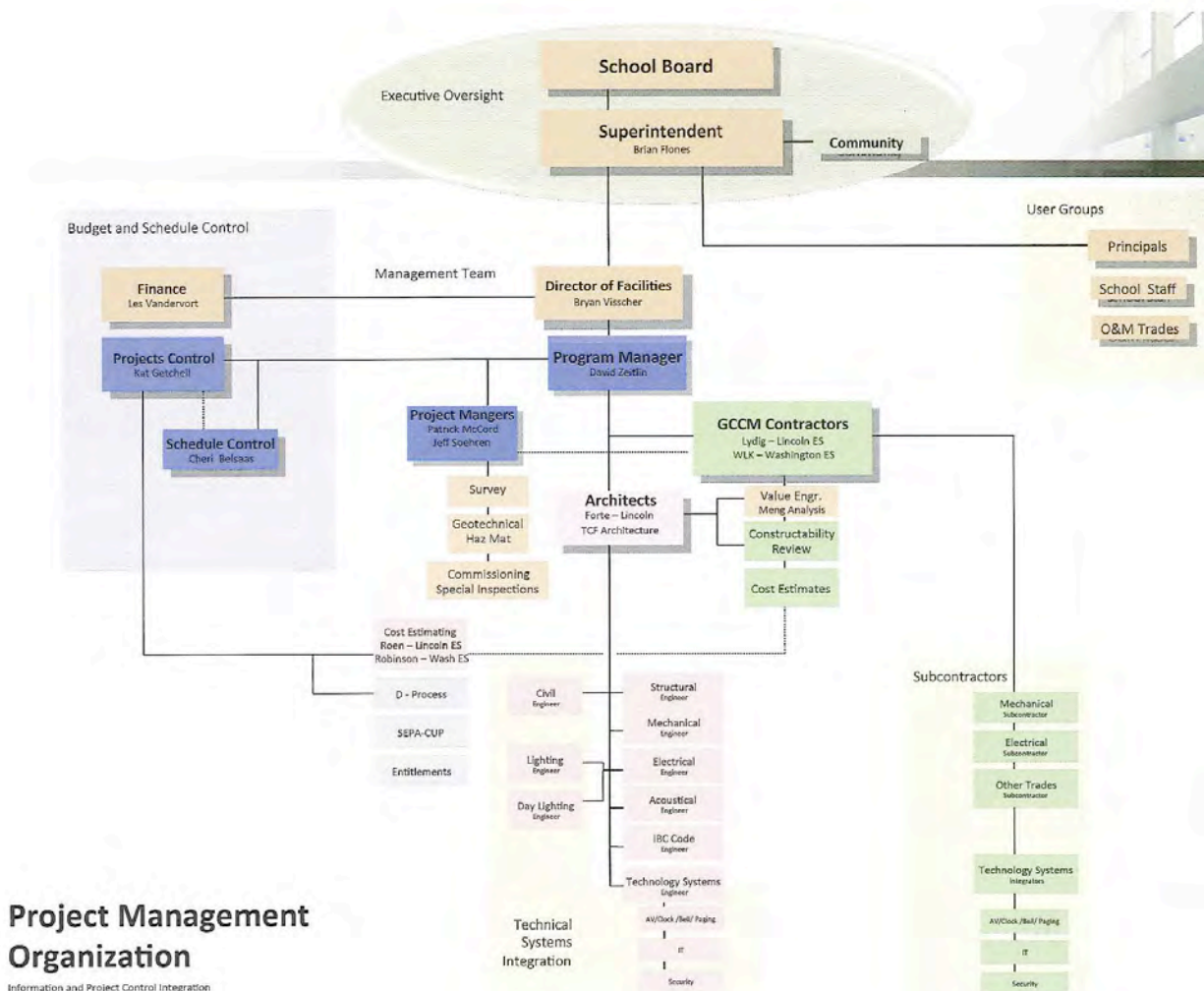
- Follows best governance practices for public institutions
- Good contracting policy procedures which are in compliance with the current RCW and WAC requirements are in the Districts best interest
- Good fiduciary management policy makes for easier accounting and State Audits
- Sets clear management goals and levels of responsibility for District Leadership Team and Directors

What Does Board Budget Approval Mean?

- Board Authorization of a project budget gives the Superintendent direction and authority to move forward on contracts and expenditures within the limits of the budget.
- No additional authorization is necessarily required.
- Board retains oversight responsibility.

Financial Overview & Accountability

- Program Organizational Chart
- Capital Project Expenditure Process
- Program budget review
- Project budget review
- How are we tracking expenditures?
- Google Site, where can the Board review the budget



Capital Project Expenditure Process

1. Begins with a well thought out Budget
Input from industry professionals:
 - a. Project Managers
 - b. Cost Estimators
 - c. Architects & Engineers
2. Reviewed and Approved by School Board
3. Updated regularly during design process
4. Budget update review and approval by:
 - a. School Board
 - b. Superintendent
 - c. Facilities Director

Program & Project Budget Review

[Capital Improvement Program Budget REVISED 112414.xlsx](#)

Demonstration on how google docs works for the facilities paperwork, contracts, tracking and approvals.

How are we tracking expenditures?

Purchase order tracking

1. Citrix / Skyward / WesPac – Reports
 - a. Transaction Recap Bond Report
 - b. Project to date Purchase Order Summary Report
2. Budget Updates
 - a. Completed Monthly posted on Google Drive
 - b. Posts all Purchase Order expenditures to the Budget
3. Budget review & Update Process
 - a. WSD Accounting Manager – Coordinates and Monitors
 - b. Hill Project Controls Manager – Updates
 - c. Hill Project Manager – Monitors project budget & anticipates future expenditures
 - d. Hill Program Manager – Develops and Monitors
 - e. WSD Facilities Director – Develops and Monitors
 - f. WSD CFO – Monitors, Monthly updates
 - g. WSD Superintendent – Monitors, Monthly updates
 - h. WSD School Board – Oversight, Quarterly updates

Invoice review and payment procedures

1. Vender
 - Posts invoice to Google Drive Drop Box
2. Hill Intl.
 - Reviews
 - Checks against Purchase Order
 - Works with Vender on clarifications and/or modifications
 - Recommends payment to Wenatchee School District
 - Forwards to WSD via Google Drive Drop Box
3. Facilities Director
 - Reviews & Approves
 - Sends to Accounting for processing
4. Accounting
 - Prepares accounts payable for consent agenda Board Approval
 - Processes warrant run

How are we accounting for expenditures?

How is the Board Apprised of Expenditures

1. Board Meeting Change Order Ratification
2. Quarterly board updates
3. Closed session updates as requested
4. Executive reports
5. Capital Improvement Program Budget on Google Drive
6. Upcoming Website

Facilities Website in the making

- Board Web Page – What do you want to know?
 - Executive Reports
 - Program Budget
 - Program Budget updates
 - Individual Project Budgets
 - Schedules
 - Progress Photos

Google Site: Budget Review

- How do I find financial information on Google Drive?
- Google Drive
 - Capital Improvement Program
 - CIP Overall Program
 - CIP Budgeting and Cash Flow
 - Capital Improvement Program Budget

<https://drive.google.com/drive/#folders/0B4x1f-AUjT3FWlNGbmZWa11WHc/0B4x1f-AUjT3FenoZTnd2aWdnZlU>

Best Practices

1. What works well?
 - a. Board retains key contract and spending authorization on large contracts for general contractors, Architect and Engineering Contracts and large Furniture and Equipment expenditures (over \$XXX,000.)
 - b. No change will exceed the School Board Authorized budget within any project budget.
 - c. Quarterly financial board updates
 - d. Board retains
 1. Granting authority
 2. Oversight of all contracts and expenditures
 3. Approval of construction contracts over (\$XXX,000)
 4. Approval of Consultant contracts over (\$XXX,000)
 5. Official approval of change orders

Best Practices

2. Why is this a good idea for major capital improvement projects?

- Moves process forward in a timely manner without costly delays.
- There is not always time to get Board approval in the two week meeting rotation time frame for all contracts.
- Allows Board to be in a governance and oversight role while granting responsibility for day to day management to key leadership staff.
- Shares accountability with District leadership and management
- Process requires multiple contracts most of which are under \$100,000.
- Design process is complicated and requires modifications along the process. Sometimes there is the need to react quickly to changes
- Construction process moves at a quick pace. Construction changes are negotiated as they come about.
- Avoid delay claim - Need to agree and authorize changes timely to avoid delaying the progress of the work so as to avoid a delay claim by the contractor or subcontractor.

Best Practices

3. Examples of what other Districts are doing

- Examples of good policies by other Organizations & Districts
 - WASBO Purchasing Handbook, Chapters 2 & 3 [WASBO Purchasing Policy.pdf](#)
 - Bellevue School District [Bellevue School District Board Purchasing Expenditures Policy.pdf](#)
 - Seattle School Board Procurement Policy [Seattle School Board Procurement Policy.pdf](#)

4. Who should have authorization for contracts and spending limits

- Contracts with spending authority up to \$XXX,000
 - Brian Flones - Superintendent
- Contracts and spending authority up to \$XXX,000
 - Jon DeJong - Deputy Superintendent
 - Les Vandervort - Chief Financial Officer
- Contracts and spending authority up to \$XX,000
 - Bryan Vissicher - Facility Director

5. Discussion on Pros and cons of Board retained authority v. delegated authority

Questions to ask yourself

- How involved does the board want to be on a day to day basis?
- Do you want to meet at the drop of a hat when the need arises for signing and spending authorization?
- Do you want to be working at a governance level, administrative level or somewhere in between?

Proposed Professional Services Agreement

1. Reasons for a District Contract

- Define the terms
- Understand what is in the contract
- Consistency between vendors
- Ease of review by School Board and Staff
- Consistent administration

2. Types of Contracts typically used in CIP

- Architectural Services Agreement
- Professional Services Agreement
- Construction - Public Bid
- Construction - GCCM Preconstruction services
- Construction - GCCM Construction
- Goods only

Proposed Professional Services Agreement

3. Common Contract Components

- Responsibilities of the Consultant
 - Scope of work - Defines what the vendor is going to do.
 - Often provided by the consultant and attached as an exhibit
 - Can be developed by the District in a RFQ or RFP
 - They will deliver to the District the specified work product
 - They will do it according to professional standards and with due diligence
- Responsibilities of the Owner
 - The District will pay the vendor a specified amount and under standard account payable practices of the District
 - Who will represent the District
- Schedule - Defines when is the vendor going to do the work
 - Negotiated between the parties
 - Determined by project needs
 - Determined by the District as part of the Bid terms
 - Time is of the essence: Vendor will do the work in a timely manner and by or before the deadline
- Price - Details how much it will cost

Proposed Professional Services Agreement

WSD - Professional Services Agreement - 141214.DOCX

Terms - Define a legal framework in which the parties will work together.

- Instructions and approvals
- Terms of Payment
- Changes and Delays
- Differing Conditions
- Insurance
 - The vendor will carry insurance
 - Set limits of insurance
 - Describes type of insurance
 - Provide the district with proof of insurance
- Indemnification and Hold Harmless
 - Protects the District from vendors errors and omissions
- Performance by Contractors, Subcontractors, and Suppliers
- Ownership of Documents
- Independent Status of the Consultant
 - District is not responsible for paying any taxes (other than sales tax on goods where applicable)
- No Third-Party Beneficiaries

Proposed Professional Services Agreement

11. Governing Law and Forum

- Vendor will comply with all applicable laws
- Which Laws have precedent

12. Serviceability

13. Equitable Relief

14. Wavers

15. Environmental Protection

16. Safety

17. Termination

- Terms of how agreement is terminated before work is done with or without cause.
- Claims and Disputes

18. How disagreements will be resolved

26. Costs of Attorney's Fees

27. Supervision and Conduct

28. Washington State Criminal Identification System Requirement

- Vendor is responsible for background checks and compliance with RCW

29. Counterparts

Case Study

• Pioneer MS Geotechnical Services Agreement

- Project scope increased to include the Apple Bowl Lights and Turf.
- Geotechnical investigation became needed for the Apple Bowl light pole replacement work to verify soil bearing strength.
- This comes close to bidding the project.
- In order to proceed in a timely manner a new contract and purchase order need to be approved.
- Having the policy in place would allow this work to go forward without delay.
- [PIO - Wenatchee SD Pioneer MS Field Light Borings - 141209.pdf](#)

Policy prepared by Greg Guedel of Foster Pepper PLLC

Includes:

- Who is responsible for Implantation
- Spending Authority
- Contracting authority
- Procedures

The proposed policy would replace:

- Policy 6210 Purchasing Authorization and Control [policy_6210 Purchasing Authorization and Control.pdf](#)
- Policy 6220 Bid Requirements [policy_6220 Bid Requirements.pdf](#)
- Others

New Draft Policy:

- [WSD - Procurement Policy v.1 - 141209.doc](#)

Discussion points:

- Policy and Procedure is 10 years old and needs revising
- Organizational chart summary review
- Capital Project expenditure process
- Project Manager responsible to communicate to the community
- Project summary overview
- Anticipated state share
- Policy standards already in place
- Recourse if policy is not followed
- Claims and disputes handled by Project Manager
- Budget on Google docs for transparency
- Changing policy and procedure needs another evaluation before taking this on

- Process needs to be improved for a smooth progression of the workload
- Google docs drop box used for invoices approval process
- How board is kept informed of the expenditures
- Spreadsheet for each step on Google docs for easy access and review, constant movements for updates
- Board and community get updates at the same time
- Weekly meeting minutes available on project meetings
- Always be prepared, what we cannot predict will happen
- Examples of situations other districts encountered
- Having community meeting at each school and know the faces of the community
- Websites with simple links to go to for updates and information
 - Executive reports
 - Program Budget
 - Program Updates
 - Schedules
 - Progress photos
- Weekly or Quarterly reports to the board discussed -undecided
- The board doesn't want a daily report of mile points, going for transparency but not micro-management
- Reports at regular board meetings would be sufficient, some of the board agreed
- Best Practices what works well: Superintendent \$100,000 to \$150,000 signature authority
- Not practical to bring every change order to board, there are 2-10 per month, some for lower costs, slow down the whole process and can be fined by contractors for holding up their work when they could be finishing and doing other jobs
- Delegated Signing authority needed for Supt., CFO and Dir. of Facilities. Limits can be put into place.
- Safety guard in place is essential to keep on top and some sense of control
- We need to decide whether the board wants to be a governance board or managerial board
- Our trust is needed for the professionals we have in place, knowing they have our best interest at heart, we don't want to slow down the process and cost the district more money
- Our management team have given references and an excellent track record
- RCW 5% set aside for allowable ground changes/ 8-15% for remodels
- Policy No. 6220 includes RCW's and WSSDA guidelines
- We need a clarification in language of policy – if CFO has questions then board members have questions on the proposed policy, need more investigation before adopting, if we just need a few language changes those are easy to make happen, more thought and discussion needs to go into adopting a new policy.
- Proposed policy encompasses the whole finance department and they cannot function under the same process as capital projects language CFO just saw policy yesterday, needs time to review.
- Supt. Flonas is comfortable with \$25,000 delegation of authority for change orders, not \$100,000 unless approved by board.
- Recommendation from David Zeitlin, Hill International, Architect & Senior Project Manager for signature authority is \$100,000 for Brian Flonas and Les Vandervort and \$25,000 for Bryan Visscher for capital projects per project.
- Caveats, budget tracking and accumulative stop gaps, 5% contingency all clarified
- Illustrations of Google-docs tracking, invoicing etc., Ms. Jaecks suggested an alternative software to be used by the district, Mr. Visscher will look into that software.
- What review process vetted out by GC/CM, architects, consultants, project manager review – Brian Flonas and Bryan Visscher: software traps all pending date for constant review – transparent
- Situations that can occur out on the jobs, unexpected situations that can hold up the project
 - Sub-contractors
 - Months big picture
 - Cost overruns
 - Time delays
- Board members suggested pending issues be reported at quarterly update
- Will need a tracking method of a running total against contingency
- Spread sheet of 5% contingency online Google docs
- Accumulative amount questioned whether that would equal the \$100,000
- \$917,000 WA project .5% change order would be nominal
- Bundled change order would be the best approach at the end of a month/every two weeks & all go to the board
- Discussion of what is being “too controlling” or what is considered being “involved”
- Comparisons from other districts - what they are doing - 2/3 of state is following standard \$100,000 delegation of authority to Superintendent/CFO and \$25,000 change order delegation of authority
- Board not questioning integrity of Hill International but wanting to have a clear picture of what is a responsible leave of involvement and participation for our public's interests
- Superintendent Flonas will come back with recommendations to the board for his part of signature authority per project.
- Further discussion on Policy/Procedure, procurement, architect, small works and GC/CM and possible condensing the policies

- Consultant Contracts discussed

Motion Made by Laura Jaecks: A temporary delegation of signature authority of \$50,000 for professional service contracts be given to Superintendent Brian Fones now and until January 13th Board Meeting at which time Superintendent Fones will recommend amounts to be put into place to the board.

Seconded by Robert Sealby

Unanimously Approved

Board Action

1. Geotechnical services by Nelson for light poles at the Apple Bowl

Contract Amendment: Geotechnical Engineering Exploration, Evaluation and Report for Washington Elementary School: Bryan Visscher presented the following amendment to the Geotechnical Engineering contract:

This is to serve as a contract amendment for geotechnical subsurface investigation, evaluation and report within the Washington Elementary School property located at 1401 Washington Street in Wenatchee, Washington.

Our original proposal dated June 27, 2014 for \$7,600 was for subcontracted trackhoe-excavated test holes to perform our analyses. An amended proposal dated July 1, 2014 was requested to instead provide the explorations using subcontracted drilling methods instead, due to the significant damage possibility and increased depths which raised the costs to \$10,800. In an email to Jeff Soehren with Hill International, from David Nelson with NGA dated July 31, 2014, an additional cost of \$1,500 was presented as requested due to increased boring depths and field time. The total was then a maximum of \$12,300. The invoiced amount on September 12, 2014 was for \$12,270.54. This contract amendment is to include those costs.

A portion has been paid by the District for the amount of \$7,600. The total amount now due is \$4,670.54, making the total contact (amended) amount of \$12,270.54

Please note that interest at the rate of 1.5% per calendar month shall be assessed on accounts unpaid 30 days after invoice.

MOTION MADE: Jesús Hernández made the motion to approve the Contract Amendment: Geotechnical Engineering Exploration, Evaluation and Report for Washington Elementary School as presented by Bryan Visscher.

SECONDED: By Laura R. Jaecks

PASSED UNANIMOUSLY

MEETING ADJOURNED: Board President Laura R. Jaecks adjourned the open meeting at 8:10 p.m.

President

Superintendent

Date