

Report to The Portland Public Schools Board of Directors

Date: January 22, 2025

From: Bond Accountability Committee

Subject: BAC Report #46

Committee Charge

The Portland Public Schools Board of Education (Board) has appointed a citizen Bond Accountability Committee ("Committee") whose charge is to monitor the planning and progress of the bond programs relative to voter-approved work scope, schedule, and budget objectives.

The duties of the Committee are (i) to receive reports on the status and planned implementation of the bond program; (ii) to determine whether such status and implementation are consistent with the program approved by the voters; and (iii) to report their findings to the Board.

The current members of the BAC are:

Greg DiLoreto
Norman Dowty
Jessica Dunham
Chris Dunning
Travis George
Ryan Kinsella
Annie Kwon
Jonathan Trutt
Cara Turano, Chair

Background;

In November 2012, voters approved a \$482M capital improvement bond measure for Portland Public Schools. In May 2017, voters approved a \$790M capital improvement bond measure. In November 2020, voters approved a \$1.206B capital improvement bond measure.

All regular BAC meetings are publicly noticed and open to the public. Staff presentation materials and meeting minutes, along with BAC reports are regularly posted on the district website. Meetings are also video recorded, which allows BAC members unable to attend scheduled meetings to watch the proceedings and review the materials at their convenience.

The BAC meeting on January 22, 2025 was held online. Five new BAC members were introduced. Nine members participated in the meeting, Greg DiLoreto, Norm Dowty, Jessica

Dunham, Chris Dunning, Travis George, Ryan Kinsella, Annie Kwon, Jonathan Trutt, and Cara Turano. The meeting covered five areas: Year 5 performance audit, bond program administration update, 2017 Modernization project update, 2020 Modernization project updates, and 2020 Technology project update. The BAC 2025 Work Plan was covered as well. There was public comment regarding the Center for Black Student Success and encouraging the BAC to strongly emphasize their feedback to the PPS Board.

Report

1. Whether the school district bond revenues are expended only for the purposes for which the bonds were approved, and that bond revenues are not used for any purpose prohibited by law;

- The BAC reviewed the Bond Program Administration report and additional reports specific to bond revenues and expenditures.
- **Based on the information provided, it appears that the school district is spending revenues only for the purposes for which the bonds are approved.**

2. Whether the bond budget is sufficient to complete the scope of work as outlined in the voter-approved bonds;

- At the January meeting the BAC reviewed the Bond Program Administration report as well as the 2017 and 2020 Modernization Projects, 2020 Technology Projects reports, and Year 5 Performance Audit Presentation.
- The Year 5 Performance Audit was thorough and aligned with an assessment of the budget, scope and schedule of the bonds.
- **Based on the information provided, it appears that the 2012 bond program will have sufficient funding to complete the scope of work. Current projected costs for the 2012 bond program are 99.9% spent, estimated to be \$452,000 under budget, the same amount as shown at the BAC July meeting.** No active projects remain and the goal is to have that bond closed out by June 30th, 2025.
- **Based on the information provided, it appears that the 2017 bond program will have sufficient funding to complete the scope of work. The program is 90% spent as of the January 2025 meeting.** The current forecast is indicating approximately \$43 million under budget for the 2017 bond program. Of that amount the Lincoln High School modernization continues to forecast approximately \$18.6 million under budget. An additional approximately \$22 million remains in contingency as of January 2025 which will likely be used to cover overage costs at Benson.
- Specific to the 2017 Health & Safety projects, any funds not needed to complete certain H&S scope get reallocated to other H&S categories so the full \$150M dedicated to H&S is utilized as such. **An additional \$26 million of unallocated funds is available to Health & Safety projects and \$100,000 unallocated for athletics.** The BAC was apprised that \$10 million in 2017 bond funds were committed to facilities projects that will improve thermal comfort as agreed to in contract negotiations with the Portland Teachers Association.

- **Based on the information provided, the 2020 bond program is projecting sufficient funding to complete nearly all of the scope of work. At this time 47% has been spent.** The result of the delay in the next bond measure from November 2024 to May 2025, caused a funding gap for technology for the ERP replacement project. Therefore, \$7.9 million to technology to bridge that gap until the 2025 bond measure is passed. Contingency and unallocated project funds for the 2020 bond program are approximately \$87 million. As of the January 2025 meeting, no funding has been spent on the CBSE (Center for Black Student Excellence) and bond funds may only be spent on capitalizable assets once assets have been defined.

*3. Whether the projects planned, in progress, and completed will meet the **scope of work** specified in the voter-approved bonds; and*

- The BAC reviewed the 2017 and 2020 modernization projects as well as the 2020 technology project during this update.
- **Based on the information provided by staff, it appears that the school district is proceeding with work that meets the intent of the scope of work specified in the voter-approved bonds.**
- Modernization projects: Benson and MPG opened on time to accommodate students for the 2024-2025 school year. The Benson modernization schedule is impacted by both a recent flood in the gym and the fact that students are occupying the building. Completion at Benson is 4 to 5 months out while MPG will be in completion in the next few weeks with both meeting the scope of work. Jefferson, Wells, and Cleveland are in the same position regarding scope with the cost reduction strategies currently underway at the direction of PPS Leadership that have paused work.
- Technology projects plan on being finished by 2029 including classroom modernizations which aligns with the schedule and the project is planning on using all of the funds available. The ERP Replacement Planning project will be covered by the current budget which was uncertain at the previous BAC meeting and the ERP implementation will take place with funds allocated from the 2025 bond.

*4. Whether the projects are being delivered on **schedule** relative to the voter-approved bonds;*

- The BAC reviewed the 2017 modernization projects, 2020 modernization projects and technology projects during this period.
- **Benson and MPG closeout, punch list, and commissioning activities continue with MGP achieving substantial completion.**
- Design for Jefferson, Cleveland, and Wells HS modernizations are currently on hold at the direction of the PPS Board to study cost saving strategies. Based on the direction of leadership, the delay in schedule could be significant.
- Technology projects are being monitored with scheduling impact but anticipates finishing on time.

5. *The Committee will receive and review copies of annual performance audit reports and financial audit reports to ensure Bond revenues are expended in compliance with state law and the ballot measure language.*

- **All bond revenues appear to be in compliance with state law and the ballot measure language.**

Additionally, the Committee may provide feedback and/or advice to the Board on one or more of the following topics:

- *Alignment with the goals and principles of the Long Range Facilities Plan;*
 - *Alignment with the goals of the Business Equity Policy;*
 - *District standards and innovative practices for achieving lower maintenance and construction costs while improving operating efficiency, sustainability, and increasing building longevity;*
 - *Historic preservation and school renovation opportunities compatible with the architecture of surrounding Portland neighborhoods;*
 - *Potential capital partnerships for joint and shared use of PPS facilities;*
 - *Implementation of appropriate ways to address seismic issues;*
 - *Topics and scope for the annual performance audit work plan;*
 - *Compliance with ADA; and*
 - *Communicating key information related to the bonds to the School Board, public groups, organizations and stakeholders.*
- Total cumulative Business Equity is down from the previous report 16.63% to 16.47% while the current 12 months is down from 16.14% to 15.75% which continues to trend below the 18% goal. It must be noted however, business equity utilization data represents a point in time and may not fully represent actual payments received by Certified Business.
 - Cumulative Workforce Equity performance remained the same from the previous report as did minority workforce participation at 32% (the goal is 25%) and female workforce participation remained at 6% (the goal is 14%). Apprenticeship stayed at 23% (above the 20% requirement).

General Comments

In the interest of improving the effectiveness of the BAC and our ability to meet the intent of our charter we have offered recommendations to OSM staff that include:

- In previous reports the BAC had requested additional members. We are happy to add five new members to the BAC in January 2025.
- **The BAC requests to review the cost reduction studies as well as the Cornerstone report when it is released by the Superintendent. If these items are released to the public the BAC asks to receive notification that the documents are available.**

- The BAC appreciates the cost saving strategies being explored for the 2020 Modernization projects including Jefferson, Cleveland, and Wells and wants to reiterate that this hold on the projects will have an impact on the schedule of the projects as well as potential escalating costs.
- The Center for Black Student Excellence is at high risk of not being delivered on time or as intended. The BAC hopes that based on recent news media the work plans, schedules, and conceptual cost options for three potential locations will be determined by the end of February. The BAC would appreciate hearing CBSE plan updates from OSM in between meetings especially in regards to press regarding bond related initiatives.
- **The BAC would like to see a comparison for the ERP implementation to other similarly sized school districts to understand how/if the \$62 million budget aligns in terms of costs.**

In conclusion, we commend PPS with what they have accomplished as the number of projects is numerous and are complex. Projects are generally coming in on time and within budget and scope with the exceptions previously noted. We continue to appreciate the quality and professionalism of OSM staff, design teams and contractors as they take on multiple issues and ongoing efforts to explore new approaches. We thank the Board for this opportunity to serve and play a small part in your bond programs.

Related Documents

- BAC Charter:
<https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/62/BAC%20Charter%20-%20Updated%2005%2011%202021.pdf>
- BAC Work Plan:
https://docs.google.com/document/d/1DX6VyGzZVBcFITPxeQ_Is0PCQ2L_uVtJhx0UcDug6ec/edit?usp=sharing Bond Language
 - 2012: <https://drive.google.com/drive/folders/1L36sTDiPhE-1va0Z8oU8Qg5kNCCTcU2a?usp=sharing>
 - 2017: <https://drive.google.com/drive/folders/1LRj4fRSxxs--qm25wiObdbd3RvaEKcqb?usp=sharing>
 - 2020:
<https://drive.google.com/drive/folders/1L5KdsckqmQ9LfeSqjgWvcCzsMYsTdAXA?usp=sharing>
- OSM documents
 - January 22, 2025, BAC Materials:
<https://www.pps.net/site/Default.aspx?PageID=466>