

Report to The Portland Public Schools Board of Directors

Date: December 20, 2021

From: Bond Accountability Committee Report #34

Subject: BAC Report #34

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 current 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
Darren Golden
Angela Jarvis Holland
Kenechi Onyeagusi, Co Chair
Tom Peterson, Co Chair
Dick Steinbrugge
Cara Turano
Karen Weylandt

Background;

In November 2012, voters approved a \$482M capital improvement bond 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, that allows BAC members unable to attend scheduled meetings to watch the proceedings and review the materials at their convenience.

The BAC meeting on September 29 was held in virtual session. All members except Angela Jarvis Holland and Cara Turano were present. In addition to the program update, the meeting primarily focused on the Modernization Projects Updates with the exception of Benson High School, review of the BAC charter and a discussion on OSM reporting format. Report out on Benson Modernization project was planned to be a special BAC meeting in October.

The BAC met jointly with the Board Facilities and Operations Committee on November 17, 2021, to review the Benson Modernization Budget and the results of the 2020 Audit. This meeting was held in the district offices with the option of attending virtually. Tom Peterson and Greg DiLoreto attended in person and Karen Weylandt and Norm Dowty attended virtually. Because there was no special BAC meeting as originally proposed for the BAC to review the Benson budget recovery options, and the joint meeting format and agenda did not allow time for the BAC members to comment or ask questions of the staff, there was no genuine opportunity for the BAC to provide comments or advise the Board Committee about the staff recommendations.

The BAC met on December 13, 2021, this meeting was held in the district offices with the option of attending virtually. Greg DiLoreto attended in person, all other members attended virtually. Tom Peterson, Norm Dowty and Cara Turano did not attend. In addition to the program update the meeting focused on the Health and Safety and Infrastructure programs, Benson Modernization budget and the performance audit. Co-chair Kenechi Onyeagusi led the meeting.

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 Project Management Cost 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;

- The BAC reviewed The Project Management Cost Report and additional reports specific to bond revenues and expenditures.
- The 2012 bond is winding down with the only remaining work being Roosevelt Phase IV and Grant Upper Field Improvements. It appears that the 2012 bond program will require \$267,136 of other funds to offset cost overruns for Grant Upper Field improvements due to pandemic related costs.

- Other than Benson/MPG, there appears to be sufficient funding for all other programs and projects within the respective 2017 and 2020 Bond programs budgets and other funding sources.
- Funding for the Benson/MPG budget forecast shortfall will require allocation of program contingency funds from the 2017 and 2020 bonds. Although it appears that the budget recovery exercise presented to the BAC should address the budget shortfall, the recent program reports do not include a report specific to Benson and MPG that show the respective combined budgets from the two bond programs.
- Given the very conservative program contingency in the 2020 bond and projected interest earning presented at the joint meeting, there appears to be sufficient budget to complete the work approved by the voters. The recent program report does not reflect the projected interest earnings. Staff intends to update those reports when the financial systems are updated. IN light of current construction trends and the financial implications of Benson/MPG cost overruns to the 2020 bond, the BAC recommends staff provide an undated budget forecast review of the other projects and programs in the 2020 bond.
- Additional review of bond revenue spending will be discussed when the financial audit is provided.

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

- BAC reviewed the Modernization projects, Health and Safety, and Infrastructure project reports during this period.
- 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. Project teams are proactively working to mitigate potential scope implications due to current cost escalation issues.

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

- BAC reviewed the Modernization projects, Health and Safety, and Infrastructure project reports during this period.
- Based on the information provided by staff, it appears the school district is meeting the schedule approved and expected relative to the voter-approved bonds. Of special note was the completion of Kellogg Middle School and McDaniel High School, and beginning construction of Benson High School. All other projects reviewed appear to be proceeding on schedule. Project teams are proactively working to mitigate potential schedule impacts due to COVID, cost escalation and supply chain issues.

*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.*

- The BAC reviewed the annual performance audit that focused on the 2017 Bond Business Equity performance. The BAC concurs with the findings and recommendations of the audit. Business equity has been an ongoing focus by the BAC and we will continue to advocate and support staff with improving and achieving district business equity goals and practices.

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.*
- Business Equity performance is presented for every program or project. The metric is based on actual spending against the district's goal of 18%. While financial tracking is important, understanding what are realistic goals for each project and demonstrating all the efforts to encourage opportunities, as well as the types and number of contracts are also beneficial. Based on the information provided by staff it appears that the school district is committed and working very hard to achieve their business equity goals, despite not always achieving the goal for every project. As the performance audit eluded too, the district should establish multiple metrics to demonstrate how well the project is achieving the district business equity goals.
 - Other district goals (i.e. long range facilities plan, ADA, Seismic etc) are presented to the BAC periodically or only at certain stages of a project's development. Therefore, not all BAC members are aware of how projects are in alignment with other district goals. This is an area where the BAC is working with staff to offer additional information and highlight how Bond programs and projects are addressing other district goals.

General Comments,

This report completes a year with four new BAC members, increased meeting frequency, and changes to meeting format and agenda topics. We have made some progress adjusting to the new format, and appreciate staff's recent effort to modify the program reports the BAC requested in September. However, there is still more work to be done and our hope is next year we can resume a more consistent meeting schedule. The Benson Budget challenges required

rescheduling the November BAC meeting and a special joint meeting with the Facilities and Operations Committee, which were not well attended by the BAC due to conflicts with the new dates. In the interest of improving the effectiveness of the BAC and our ability to meet the intent of our charter we have offered a number of recommendations to OSM staff that include:

- Timelier reports to the BAC, consistent budget forecasts reporting, and better clarity regarding the overall budget status of Benson and MPG.
- Staff should document lessons learned and implement subsequent management changes necessary to avoid another budget recovery exercise that occurred with the Benson.
- The BAC has yet to receive information about the implementation plan for the Center for Black Student Excellence project. BAC requests that staff schedule a presentation addressing the strategy to deliver this project.
- Improvements to the how progress with other programs like Health Safety, ADA Improvements, etc. are reported.

In conclusion, we commend the district with what they have accomplished this past year despite all the unprecedented challenges they are dealing with. 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
- BAC Work Plan
- https://docs.google.com/document/d/1XwJWhpz7v_OTASh5Dms117A8TCzCnrjz_MCY_KOaj2d8/edit?usp=sharing
- Bond Language
 - 2012
 - 2017
 - 2020
- OSM documents
 - September 29 BAC Materials,
 - <https://drive.google.com/drive/folders/1qzFrcP-fhJkRXwSLM9MbUJGWohI766NU>
 - November 17 BFOC & BAC Materials
 - <https://meetings.boardbook.org/Public/Agenda/915?meeting=505946>
 - December 13, BAC Materials,
 - <https://drive.google.com/drive/folders/1c23na4Pfr5MySvyPHen5b30hLgTcXLh>