

# **Report to The Portland Public Schools Board of Directors**

Date: March 31, 2022

From: Bond Accountability Committee Report #35

Subject: BAC Report #35

## **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  
Tom Peterson, Co Chair  
Cara Turano, Co Chair  
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 January 26, 2022 was held in virtual session. Only three members participated, Greg Deloreto, Karen Weylandt, and Tom Peterson. The video of the meeting was

made available to the other members. In addition to the bond program administration update, the meeting primarily focused on the 2020 Bond Technology and Curriculum programs.

The BAC meeting on March 14, 2022 was held at McDaniel High School. Greg DiLoreto, Darren Golden, Tom Peterson, Cara Turano and Karen Weylandt attended the meeting. The meeting was held in person with a video live stream. In addition to the bond program administration update, the meeting primarily focused on the Modernizations projects within the 2012, 2017, and 2020 Bond programs.

## **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, Modernization projects, Information Technology, and Curriculum Bond programs revenues and expenditures during this period.
- Due to the unique nature with implementation of IT and Curriculum programs, the district is meticulously evaluating how much of the proposed 2020 Technology and Curriculum Bond programs work scope is compensatory under the bond and how much needs to be funded from the General Fund. This may result in additional scope that can be funded from the Bond program, but also requires additional funding from the district's general fund to cover implementation costs that are not compensable under the Bond. Staff is evaluating strategies to address supply chain and current cost escalation issues for the IT projects to mitigate potential budget implications.
- Based on the information provided, it appears that the 2012 Bond program will have sufficient funding to complete all the scope of work. Close out of Franklin, Grant, and Roosevelt Phase VI along with anticipated savings for program administration costs are currently projected to offset anticipated cost overruns for Grant Upper Field. Current projected costs for the 2012 bond program are \$221,346 under budget.
- Based on the information provided, it appears that 2017 and 2020 Bond programs will have sufficient funding for all of the modernization projects. The two recently completed projects McDaniel HS modernization and Kellogg Middle School, and Lincoln HS modernization which is on track for completion this year, are all currently projected to underrun their respective budgets for a combined total of approximately \$8.7 million.

The current budgets for Benson and Jefferson appear to be sufficient, however Benson is in the early stages of construction and Jefferson is in the master planning phase. Given OSM's successful management of recently completed construction projects despite all the unique challenges that the pandemic presented, we believe Benson can be completed within the current budget. Jefferson budget will likely change as the project design develops in the coming year.

*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 Modernization projects, Information Technology and Curriculum Bond programs 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.
- Jefferson HS Modernization and the Center for Black Student Excellence are in the master planning phase and the final scope for those projects are not fully developed at this time.

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

- The BAC reviewed the Modernization projects, Information Technology and Curriculum Bond programs reports during this period.
- Based on the information provided by staff, it appears the school district is working to meet the schedule approved and expected relative to the voter-approved bonds.
- In general, the Technology projects are being implemented on schedule. Although supply chain and cost escalation issues could have schedule implications going forward.
- In general Implementations of the Curriculum program is being delivered on schedule, with four significant curriculum programs implemented this past year. Completion of the curriculum adoption process should improve the implementation process and compliance with Oregon Department of Education Division 22 Standards.
- With the exception of Roosevelt Phase IV and Grant Upper Field Improvements all of the current Modernization projects are on tracking on schedule.

*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 received information that tracks progress with implementation of recommendations from previous audits but did not discuss in the meeting. There are a few outstanding recommendations dating back several years that have not been addressed. But overall OSM has worked to address the majority of the recommendations.

*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.*
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- Business Equity performance is presented for capital improvement programs or projects. The metric is based on actual spending against the district's goal of 18%. 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.
  - Workforce Equity performance is presented for capital improvement programs or projects. In general, the district appears to be exceeding the overall goal, although low participation for women. The next audit report is focusing on this issue and we should see recommendations from that audit later this year.
  - To our knowledge the district does not have Business and Workforce Equity goals for the implementation of IT and Curriculum programs.

#### *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 a number of recommendations to OSM staff that include:

- Improvement with how progress with the implementation of the 2020 IT and Curriculum programs compares with the scope of the work that was identified in the Bond is reported.
- Refinement of the budget reporting for the 2020 IT and Curriculum programs to better define the specific scopes of work, as well as contingency.
- Recruitment of new BAC members to fill the two vacancies.
- Implementation of other Business equity metrics recommended in the recent performance audit.

Former co-chair Kenechi Onyeagusi recently took on a chairmanship role for a state social equity committee and given her other commitments and responsibilities to her organization, requested we find another co-chair. Cara's role with Technology Association of Oregon has changed and she has more time to commit to the BAC, and subsequently agreed to replace Kenechi as co-chair of the BAC. Kenechi plans to continue to participate as a member of the BAC and the committee will continue to benefit from her wisdom and perspectives that she brings.

In conclusion, we commend the district with what they have accomplished to date 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](https://docs.google.com/document/d/1XwJWHPz7v_OTASh5Dms117A8TCzCnrjz_MCY_KOaj2d8/edit?usp=sharing)
- Bond Language
  - 2012
  - 2017
  - 2020
- OSM documents
  - January 26 BAC Materials,
  - <https://drive.google.com/drive/folders/1vHrEe6fMgHdWwRBjJSO2FpwfXuqSqROP>
  - March 14, BAC Materials,
  - <https://drive.google.com/drive/folders/1ESck2sPPzO3Bi7AjtCtQbyx2fiLfiQtJ>