

BOARD OF EDUCATION

Portland Public Schools
Regular Meeting
May 14, 2012

Board Auditorium

Blanchard Education Service Center
501 North Dixon Street
Portland, Oregon 97227

Note: Those wishing to speak before the School Board should sign the citizen comment sheet prior to the start of the regular meeting. No additional speakers will be accepted after the sign-in sheet is removed, but citizens are welcome to sign up for the next meeting. While the School Board wants to hear from the public, comments must be limited to three minutes. All citizens must abide by the Board's Rules of Conduct for Board meetings.

Citizen comment related to an action item on the agenda will be heard immediately following staff presentation on that issue. Citizen comment on all other matters will be heard during the "Remaining Citizen Comment" time.

This meeting may be taped and televised by the media.

AGENDA

1. **CITIZEN COMMENT** 5:00 pm
2. **COMMITTEE RECOMMENDATION:
LONG RANGE FACILITIES PLAN** 5:20 pm
3. **BREAK** 5:50 pm
4. **APPROVAL OF TENTATIVE AGREEMENT** (action item) 6:10 pm
5. **APPROVAL OF 2012-2013 BUDGET** (action item) 6:40 pm
6. **BUSINESS AGENDA** 8:00 pm
7. **ADJOURN** 8:10 pm

The next meeting of the Board will be a Study Session on **May 21, 2012**, at **6:00 pm** in the Board Auditorium at the Blanchard Education Service Center.

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. All individuals and groups shall be treated with fairness in all activities, programs and operations, without regard to age, color, creed, disability, marital status, national origin, race, religion, sex, or sexual orientation.

Board of Education Policy 1.80.020-P



PORTLAND PUBLIC SCHOOLS

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SUPERINTENDENT'S RECOMMENDATION TO THE BOARD AND STAFF REPORT

LONG RANGE FACILITY PLAN

Board Meeting Date: May 14, 2012

Executive Committee Lead: C.J. Sylvester, COO

Department: Facilities & Asset Management

Staff Lead: Robert Alexander, Program Director,
Planning and Asset Management

I. ISSUE STATEMENT

A Long Range Facility Plan (Plan) update is critical to help guide decisions relating to the District's facilities and potential financing mechanisms, including any potential capital bond measures for voter-approval. Additionally, Oregon Revised Statutes (ORS) require school districts to have and update a 10-year facility Plan.

II. BACKGROUND

The Superintendent in December, 2011 convened a 39-member committee to recommend updates to the District's Long Range Facility Plan (Plan) for possible consideration by the Board of Education. The Long Range Facility Advisory Committee (Committee) represents a broad cross section of the PPS community including students, parents, teachers, PTA members, unions, business interests, architects and neighborhood associations. The Plan identifies goals and guiding principles for capital investments to District facilities. While the Plan is not a specific bond proposal, it does recommend plan options for a capital plan and will be an important source document for future capital proposals. The Plan also meets the requirements of ORS 195.110 requiring an updated Plan.

The Committee met from December 2011 through April 2012 nine times in full session, with five additional smaller sub-committee sessions. Committee members reviewed wide-ranging materials from enrollment forecasts to historic preservation to capital financing options which informed the development of the Plan. On April 10, 2012, the Committee reviewed funding options and refined capital investment priorities. The final meeting held on April 24, 2012 helped the Committee further refine the Plan's guiding principles and capital planning options to address the long-term needs of the district. The Goals, Guiding Principles, Recommendations and Plan Options reflect the work of the Advisory Committee and establish a framework for capital investment priorities. The Advisory Committee and Plan also recommends a series of next steps to be pursued which would supplement the Plan.

III. RELATED POLICIES/BEST PRACTICES

The following Board policies informed and directed the Plan creation:

1. Resolution 3986 - Criteria to Determine the Order of Rebuilding and Renovation of PPS School Buildings to Create 21st Century Schools, Adopted: 10/13/2008;
2. Resolution 3987 - Adopting Guiding Principles to Use for Developing and Implementing a 21st Century School Facilities Plan, Adopted: 10/13/2008 (See staff recommendation regarding supercede);
3. Resolution 4042 - Establish a New Fund, Fund 405, the 21st Century Capital Project Fund, Adopted: 2/23/2009;
4. 8.80.010-P - High Performance Facility Design, Adopted: 6/1971, Amended: 8/12/2002.

IV. FISCAL IMPACT

Adoption of the Long Range Facility Plan update will assist the Board in developing future capital program alternatives to support future facility capital investments. The Plan will provide a framework for efficient and effective ways to allocate capital resources with a sustainable investment strategy.

V. COMMUNITY ENGAGEMENT

The Committee worked to maximize public engagement through use of a project website that includes video summaries, as well as public comment periods during each meeting. Principals of each high school cluster that hosted a committee meeting were invited and asked to notify their teachers and parents of the event. Committee meetings were also publicized through a series of outreach events District staff held on key topics which relate to the Plan as well as the facilities. The Committee meetings were held in schools throughout the district.

Separate outreach events have included an **Advanced Learning Symposium** which was held February 22, 2012. Many Committee members attended this all-day session on the importance of facility design in student achievement primarily attended by teachers. In addition, a session on **Accessibility & Universal Design** was held on March 8, 2012, to discuss accessibility to key programs throughout the district by all learners. **Earthquakes and Schools** was held March 14, 2012, which discussed seismic activity in our region, implications for older buildings, seismic retrofits and additional work that need to be completed. A **Historic Schools** symposium was held on reuse of historic schools on April 5, 2012 to discuss the benefits of adapting buildings for modern uses. Summaries of these sessions are posted on PPS.net along with the Long Range Facility Plan materials.

VI. BOARD OPTIONS

Deny, amend or adopt the Superintendent's recommended Long Range Facility Plan update.

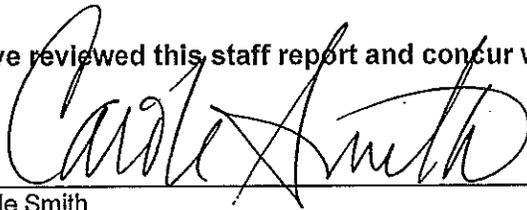
VII. STAFF RECOMMENDATION

Staff recommends the Superintendent present the draft Long Range Facility Plan update to the Board of Education for public hearing on May 21 followed by adoption on May 29. Staff also recommends the authorizing resolution for adoption of the Long Range Facility Plan also supercedes prior Resolution 3987 - Adopting Guiding Principles to Use for Developing and Implementing a 21st Century School Facilities Plan as the guiding principles of the Long Range Facility Plan will supersede those of Resolution 3987.

VIII. TIMELINE FOR IMPLEMENTATION/EVALUATION

Staff plans to begin work on follow up/action items immediately. Staff will continue to work with Committee members to identify key metrics that will measure the success of facility capital spending.

I have reviewed this staff report and concur with the recommendation to the Board.



Carole Smith
Superintendent
Portland Public Schools

5/10/2012

Date

ATTACHMENTS

- A. Discussion Summaries, Meeting #8 and #9
- B. Cover Letter from Chair Nancy Hamilton
- C. Long Range Facility Plan

RESOLUTION No. xxxx

Resolution to Adopt the Superintendent's Recommended
Update of the PPS Long Range Facility Plan
and Supersede Resolution No. 3987

RECITALS

- A. In December 2011, the Superintendent convened a Long Range Facility Plan Advisory Committee (Committee) to make recommendations for the update of the District's Long Range Facility Plan (Plan). The Superintendent charged the Committee with the development of capital investment priorities for District facilities.
- B. The 39 member Committee represented a broad cross section of the PPS community including students, parents, teachers, PTA members, unions, business representatives, architects, and neighborhood associations. Starting in December 2011, the Committee met nine times. Subcommittees of the larger Committee met five times in April 2012. The Committee process was facilitated by Mahlum Architects with assistance from Carol Turner. Committee meetings concluded on April 24, 2012 producing a recommended draft of the Plan.
- C. Committee meetings were held at the Blanchard Educational Services Center (BESC) and eight different schools throughout the District. Outreach included notices of the meetings which were sent to principals and teachers of every school as well as being posted on the PPS website and emailed to an interested party list. Committee members received public testimony at every meeting. PPS staff maintained an on-line response log to questions heard during public testimony and from Committee members. Video recordings and summaries were posted on line for review by the public and Committee.
- D. Committee members considered a variety of materials to inform the goals, guiding principles, and capital plan options of the Plan. Committee members reviewed 13 different issue papers on topics ranging from student enrollment forecasts to historic preservation to capital plan options in addition to presentations on key topics by subject matter experts. Committee members also engaged in a number of exercises designed to refine capital investment priorities.
- E. Committee members were also encouraged to attend the District's "Buildings and Learning" series of presentations organized by the Office of School Modernization and Facilities and Asset Management during the winter of 2012. Topics included 21st Century school environments, historic preservation, capital financing and funding, universal access, earthquakes and seismic safety.
- F. The Plan provides the Board of Education with goals and guiding principles for use in capital investment decisions and is an important source document for future capital bond planning. The Plan also recommends a series of next steps to begin implementation of the plan.
- G. The Plan complies with Oregon Revised Statutes (ORS) 195.110 which requires "large" school districts (those with more than 2,500 students) to develop a long-term facility plan. Cities and/or counties that contain more than 10% of the population of a large school district must then adopt the facility plan as an element of their comprehensive plans. PPS will be involved with the update of the City of Portland Comprehensive Plan as part of the Portland Plan process and will work with City staff to incorporate the Plan into the City's Comprehensive Plan.

- H. The Superintendent recommends adoption of the Plan by the Board of Education. The Superintendent also recommends their action supercede Resolution 3987 - Adopting Guiding Principles to Use for Developing and Implementing a 21st Century School Facilities Plan as the guiding principles of the Long Range Facility Plan will supersede those of Resolution 3987.

RESOLUTIONS

1. The Board affirms the premise of the Plan that the quality of educational environments contribute to success of students and teachers. The Board affirms the goals, guiding principles and methodologies of the Plan as the basis for capital investments in District facilities. The Board also affirms the next steps of the Plan to begin implementation of the Plan.
2. The Board commends the time and work of the Committee.
3. This resolution, when enacted, will supercede Resolution No. 3987.
4. The Board adopts the Long Range Facility Plan as recommended by the Superintendent.

C. Sylvester/B. Alexander

DRAFT

NANCY HAMILTON'S INTRODUCTION

Declarative Statements

- Building for a known specific program capacity makes sense.
- Capital bonds are necessary for this work to proceed and be completed.
- Strategic use of funds to replace/modernize facilities along with some portion of funds for other immediate infrastructure needs.
- The public needs to weigh in on the LRFP.

PUBLIC COMMENTS

1. Bob Clark: Parent, SE Resident, concerned about location of Lincoln High School inside urban renewal district and the impact of capital bond measure. Also concerned about potential relocation due to site restrictions of inner city campus.
2. Mike Roach: Thank you to the LRFP committee members for their hard work!
3. Steve Pinger: PPS parent, trying to understand the comfort level of committee members with giving direction to PPS board when the issue of optimal enrollment size and relevance of middle schools is still unresolved within PPS.

Response to #3: Nancy Hamilton: Committee will not issue recommendations in regard to relevance of K-5 or K-8 schools and will not make any recommendations in regard to educational program. However, the committee will evaluate scenarios in regard to total number of schools within PPS.

4. Multiple members of public voiced concern about lack of clarification about what kind of programs were supported with last capital bond since some investments included improvements to existing middle schools.

COMMON THEMES DEVELOPED DURING PAST MEETINGS

- There is a desire to express a **bold vision** for the master plan and especially the first phase of the master plan. Something that can inspire the public to rally behind the district.
- The **first phase of the master plan is critical** in building public trust and to demonstrate that PPS can do the work successfully. It is needed to build credibility.
- There may be merit in having the **first bond be a smaller size**, with larger bond campaigns following once success is proven.
- A **strategic approach** that fully renovates/replaces schools should be where the bulk of the money goes in each campaign.
- Some money must be spent to **fix the worst facility needs**. This needs to occur in each phase. These would include seismic, accessibility, fire systems, and leaks.
- **Partnerships** should be pursued to leverage money and be bold and innovative in the community.
- **High school focus** has merit for a number of reasons: minimize students having to live through several construction projects, touch a large percentage of the student population.
- Endeavor to **significantly re-build/fully renovate** the portfolio over a 30-40 year timeframe.
- There is skepticism that all facilities will be required to meet the population demand.

ISSUES TO RESOLVE

- How aggressive vs. conservative to be in the first bond?
- What is the story to be told?
- Involve students in the planning process.
- How do we arrive at— program size consolidate/school size – capacity?
 - :: Be aware of socio- economic factors when looking at schools
 - :: Impact of limited budgets
- What can we save with partnerships? What is realistic?
 - :: Earned income opportunities
 - :: Property with high equity (e.g. Washington- Monroe, Blanchard)
 - :: Look at high schools – open 24/7
 - :: Creates community investment
 - :: Are savings really as much as the vision (promises)?
- Clarify the relationship between this work and bond development.

GROUP SCENARIOS: PROS AND CONS

Group 1

- It is important to do the work faster rather than slower. Ideally accomplish in 3 phases over 24 years.
- Focus on full renovation/replacement.
- Provide some money for safety issues.
- Be innovative through: mixed use, partnerships, be brave, engage the community.
- Provide a geographic mix for the work to be accomplished.
- Be mindful of higher need communities.
- Do the FTS (facilities that suck) first.
- Want effectively all new schools in 24 years.

Group 2

- Fix the high schools first.
- Address ADA, egress and safety issues also.
- Build larger schools/sites to consolidate: improve resource use and provide robust programs.
- Priority 17 schools—FCI or higher done by phase 3
- Consider co-location.
- Provided two scenarios. One with less than \$399M in first phase (less than the largest bond ever passed in the state), another with tax impact around the \$1.80/1,000 or \$640M level.

Group 3

- Best use of the money is to focus on fully renovate/replace. Rough split of dollars sought to be 75% fully renovate and 25% fixing worst life safety issues.
- Spread the work over all grade levels.
- Merit in seeking less money in the first phase and building public confidence.
- Provided two scenarios. One with tax impact around the \$1.80/1,000 or \$640M level, another at .less than \$440M in first phase

- Desire for a strong “story” such as “All KG in a new school by high school” or first step provides seismic safety for 20% of the kids.

Group 4

- Fully renovate/replace three high schools first.
- Subsequent campaigns to fully renovate/replace remaining portfolio.
- May not need full building stock in the future.
- Spend money on providing warm/safe/dry and protecting capital investment
- Work on building shells first (walls and roof).

MEETING ADJOURNED AT 8.30PM

Group 1

| EXAMPLE: A | | | | | | | Draft: For planning exercise only | |
|--|---------------|-----------------|---------------|--------------|--------------|--|--|--|
| Possible Bonds | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | Current District Total | Remaining sites | |
| Step 1) Identify the number of schools (and grade levels) to be fully renovated or replaced. | | | | | | | | |
| HS | 4 | 4 | 1 | 0 | 0 | 9 | 0 | |
| 6-8 | 4 | 4 | 5 | 0 | 0 | 13 | 0 | |
| K-8 | 8 | 10 | 10 | 0 | 0 | 28 | 0 | |
| K-5 | 2 | 12 | 16 | 0 | 0 | 30 | 0 | |
| Total | 18 Schools | 30 Schools | 32 Schools | 0 Schools | 0 Schools | | Full Renovation/ Replacement Cost | |
| Total Cost | \$700,000,000 | \$950,000,000 | \$805,000,000 | \$0 | \$0 | | \$2,455,000,000 | |
| Step 2) Allocate funds for targeted capital projects throughout the district | | | | | | Current Backlog | | |
| Structural (Seismic) | \$125,000,000 | \$125,000,000 | \$0 | \$0 | \$0 | \$280,000,000 | | |
| Exterior | \$0 | \$0 | \$0 | \$0 | \$0 | \$121,000,000 | | |
| Roofing | \$0 | \$0 | \$0 | \$0 | \$0 | \$106,000,000 | | |
| Elevators & Access | \$0 | \$0 | \$0 | \$0 | \$0 | \$67,000,000 | | |
| Systems | \$0 | \$0 | \$0 | \$0 | \$0 | \$370,000,000 | | |
| Interiors | \$0 | \$0 | \$0 | \$0 | \$0 | \$303,000,000 | | |
| Site work | \$0 | \$0 | \$0 | \$0 | \$0 | \$75,000,000 | | |
| Total | \$125,000,000 | \$125,000,000 | \$0 | \$0 | \$0 | Current Backlog Total \$1,572,000,000 | Remaining Capital Requirements -\$184,415,886 | |
| Program Fees | \$60,000,000 | \$45,000,000 | \$30,000,000 | \$30,000,000 | \$30,000,000 | | | |
| Total Cost | \$885,000,000 | \$1,120,000,000 | \$835,000,000 | \$30,000,000 | \$30,000,000 | | Total Program \$2,900,000,000 | |

\$1,165,000,000

Capital required for a "10 year plan" using 8 year cycles (un-escalated) = Phase 1+25% phase 2

\$1.6 billion represents the current backlog of deficiencies district wide. Full renovation and capital allocation will reduce current deficiency backlog. However, new and existing schools will add to capital replacement over this 40 year time frame. This additional amount is not reflected above.

Program Fees (Estimated): Debt services (Rosa Parks, Boilers, Solar Roofs), Reserves, Issuance cost, Escalation, Swing space.

Group 2

| EXAMPLE: A | | | | | | | Draft: For planning exercise only | |
|---|---------------|---------------|--------------|--------------|--------------|--|---|--|
| Possible Bonds | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | Current District Total | Remaining sites | |
| Step 1) Identify the number of schools (and grade levels) to be fully renovated or replaced. | | | | | | | | |
| HS | 5 | 4 | | | | 9 | 0 | |
| 6-8 | | | | | | 13 | 13 | |
| K-8 | | | | | | 28 | 28 | |
| K-5 | | | | | | 30 | 30 | |
| Total | 5 Schools | 4 Schools | 0 Schools | 0 Schools | 0 Schools | | Full Renovation/ Replacement Cost | |
| Total Cost | \$425,000,000 | \$340,000,000 | \$0 | \$0 | \$0 | | \$765,000,000 | |
| Step 2) Allocate funds for targeted capital projects throughout the district | | | | | | Current Backlog | | |
| Structural (Seismic) | \$21,000,000 | \$21,000,000 | \$0 | \$0 | \$0 | \$488,000,000 | | |
| Exterior | \$0 | \$0 | \$0 | \$0 | \$0 | \$121,000,000 | | |
| Roofing | \$80,000,000 | \$80,000,000 | \$0 | \$0 | \$0 | -\$54,000,000 | | |
| Elevators & Access | \$67,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Systems | \$0 | \$0 | \$0 | \$0 | \$0 | \$370,000,000 | | |
| Interiors | \$0 | \$0 | \$0 | \$0 | \$0 | \$303,000,000 | | |
| Site work | \$0 | \$0 | \$0 | \$0 | \$0 | \$75,000,000 | | |
| Total | \$168,000,000 | \$101,000,000 | \$0 | \$0 | \$0 | Current Backlog Total \$1,572,000,000 | Remaining Capital Requirements \$798,957,274 | |
| Program Fees | \$60,000,000 | \$45,000,000 | \$30,000,000 | \$30,000,000 | \$30,000,000 | | | |
| Total Cost | \$653,000,000 | \$486,000,000 | \$30,000,000 | \$30,000,000 | \$30,000,000 | | Total Program \$1,229,000,000 | |

Capital required for a "10 year plan" using 8 year cycles (un-escalated) = Phase 1+25% phase 2 \$774,500,000

\$1.6 billion represents the current backlog of deficiencies district wide. Full renovation and capital allocation will reduce current deficiency backlog. However, new and existing schools will add to capital replacement over this 40 year time frame. This additional amount is not reflected above.

Program Fees (Estimated): Debt services (Rosa Parks, Boilers, Solar Roofs), Reserves, Issuance cost, Escalation, Swing space.

Group 2

| EXAMPLE: B | | | | | | | <i>Draft: For planning exercise only</i> | |
|---|----------------|----------------|----------------|----------------|----------------|---|---|--|
| Possible Bonds | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | Current District Total | Remaining sites | |
| Step 1) Identify the number of schools (and grade levels) to be fully renovated or replaced. | | | | | | | | |
| HS | 3 | 5 | 1 | | | 9 | 0 | |
| 6-8 | | | 2 | 2 | 5 | 13 | 4 | |
| K-8 | | 1 | 7 | 8 | 5 | 28 | 7 | |
| K-5 | | | 6 | 10 | 5 | 30 | 9 | |
| Total | 3 Schools | 6 Schools | 16 Schools | 20 Schools | 15 Schools | | Full Renovation/ Replacement Cost | |
| Total Cost | \$255,000,000 | \$450,000,000 | \$440,000,000 | \$460,000,000 | \$375,000,000 | | \$1,980,000,000 | |
| Step 2) Allocate funds for targeted capital projects throughout the district | | | | | | Current Backlog | | |
| Structural (Seismic) | \$12,000,000 | \$15,000,000 | \$15,000,000 | \$0 | \$0 | \$488,000,000 | | |
| Exterior | \$0 | \$0 | \$0 | \$0 | \$0 | \$121,000,000 | | |
| Roofing | \$0 | \$35,000,000 | \$35,000,000 | \$36,000,000 | \$0 | \$0 | | |
| Elevators & Access | \$67,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Systems | \$0 | \$90,000,000 | \$90,000,000 | \$90,000,000 | \$100,000,000 | \$0 | | |
| Interiors | \$5,000,000 | \$0 | \$0 | \$0 | \$0 | \$298,000,000 | | |
| Site work | \$0 | \$0 | \$0 | \$0 | \$0 | \$75,000,000 | | |
| Total | \$84,000,000 | \$140,000,000 | \$140,000,000 | \$126,000,000 | \$100,000,000 | Current Backlog Total \$1,572,000,000 | Remaining Capital Requirements -\$242,475,397 | |
| Program Fees | \$60,000,000 | \$45,000,000 | \$30,000,000 | \$30,000,000 | \$30,000,000 | | | |
| Total Cost | \$399,000,000 | \$635,000,000 | \$610,000,000 | \$616,000,000 | \$505,000,000 | | Total Program \$2,765,000,000 | |
| | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | | | |

Capital required for a "10 year plan" using 8 year cycles (un-escalated) = Phase 1+25% phase 2 \$557,750,000.00

\$1.6 billion represents the current backlog of deficiencies district wide. Full renovation and capital allocation will reduce current deficiency backlog. However, new and existing schools will add to capital replacement over this 40 year time frame. This additional amount is not reflected above.

Program Fees (Estimated): Debt services (Rosa Parks, Boilers, Solar Roofs), Reserves, Issuance cost, Escalation, Swing space.

Group 3

| EXAMPLE: A | | | | | | | Draft: For planning exercise only | |
|---|---------------|---------------|---------------|---------------|---------------|--|---|--|
| Possible Bonds | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | Current District Total | Remaining sites | |
| Step 1) Identify the number of schools (and grade levels) to be fully renovated or replaced. | | | | | | | | |
| HS | 3 | 3 | 3 | | | 9 | 0 | |
| 6-8 | 3 | 3 | 3 | 3 | 1 | 13 | 0 | |
| K-8 | 3 | 3 | 3 | 8 | 11 | 28 | 0 | |
| K-5 | 3 | 3 | 3 | 10 | 11 | 30 | 0 | |
| Total | 12 Schools | 12 Schools | 12 Schools | 21 Schools | 23 Schools | | Full Renovation/ Replacement Cost | |
| Total Cost | \$480,000,000 | \$480,000,000 | \$480,000,000 | \$490,000,000 | \$525,000,000 | | \$2,455,000,000 | |
| Step 2) Allocate funds for targeted capital projects throughout the district | | | | | | Current Backlog | | |
| Structural (Seismic) | \$7,000,000 | \$0 | \$0 | \$0 | \$0 | \$523,000,000 | | |
| Exterior | \$35,000,000 | \$0 | \$0 | \$0 | \$0 | \$86,000,000 | | |
| Roofing | \$29,000,000 | \$0 | \$0 | \$0 | \$0 | \$77,000,000 | | |
| Elevators & Access | \$28,000,000 | \$0 | \$0 | \$0 | \$0 | \$39,000,000 | | |
| Systems | \$7,700,000 | \$0 | \$0 | \$0 | \$0 | \$362,300,000 | | |
| Interiors | \$0 | \$0 | \$0 | \$0 | \$0 | \$303,000,000 | | |
| Site work | \$1,000,000 | \$0 | \$0 | \$0 | \$0 | \$74,000,000 | | |
| Total | \$107,700,000 | \$0 | \$0 | \$0 | \$0 | Current Backlog Total \$1,572,000,000 | Remaining Capital Requirements -\$42,115,886 | |
| Program Fees | \$60,000,000 | \$45,000,000 | \$30,000,000 | \$30,000,000 | \$30,000,000 | | | |
| Total Cost | \$647,700,000 | \$525,000,000 | \$510,000,000 | \$520,000,000 | \$555,000,000 | | Total Program \$2,757,700,000 | |

Capital required for a "10 year plan" using 8 year cycles (un-escalated) = Phase 1+25% phase 2

\$778,950,000

\$1.6 billion represents the current backlog of deficiencies district wide. Full renovation and capital allocation will reduce current deficiency backlog. However, new and existing schools will add to capital replacement over this 40 year time frame. This additional amount is not reflected above.

Program Fees (Estimated): Debt services (Rosa Parks, Boilers, Solar Roofs), Reserves, Issuance cost, Escalation, Swing space.

Group 3

| EXAMPLE: B | | | | | | | Draft: For planning exercise only | |
|---|---------------|---------------|---------------|---------------|---------------|--|---|--|
| Possible Bonds | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | Current District Total | Remaining sites | |
| Step 1) Identify the number of schools (and grade levels) to be fully renovated or replaced. | | | | | | | | |
| HS | 2 | 2 | 2 | 2 | 1 | 9 | 0 | |
| 6-8 | 2 | 3 | 3 | 3 | 2 | 13 | 0 | |
| K-8 | 2 | 6 | 6 | 6 | 8 | 28 | 0 | |
| K-5 | 2 | 6 | 6 | 6 | 10 | 30 | 0 | |
| Total | 8 Schools | 17 Schools | 17 Schools | 17 Schools | 21 Schools | | Full Renovation/ Replacement Cost | |
| Total Cost | \$320,000,000 | \$530,000,000 | \$530,000,000 | \$530,000,000 | \$545,000,000 | | \$2,455,000,000 | |
| Step 2) Allocate funds for targeted capital projects throughout the district | | | | | | Current Backlog | | |
| Structural (Seismic) | \$3,000,000 | \$0 | \$0 | \$0 | \$0 | \$527,000,000 | | |
| Exterior | \$19,000,000 | \$0 | \$0 | \$0 | \$0 | \$102,000,000 | | |
| Roofing | \$20,000,000 | \$0 | \$0 | \$0 | \$0 | \$86,000,000 | | |
| Elevators & Access | \$14,000,000 | \$0 | \$0 | \$0 | \$0 | \$53,000,000 | | |
| Systems | \$3,000,000 | \$0 | \$0 | \$0 | \$0 | \$367,000,000 | | |
| Interiors | \$0 | \$0 | \$0 | \$0 | \$0 | \$303,000,000 | | |
| Site work | \$1,000,000 | \$0 | \$0 | \$0 | \$0 | \$74,000,000 | | |
| Total | \$60,000,000 | \$0 | \$0 | \$0 | \$0 | Current Backlog Total \$1,572,000,000 | Remaining Capital Requirements \$5,584,114 | |
| Program Fees | \$60,000,000 | \$45,000,000 | \$30,000,000 | \$30,000,000 | \$30,000,000 | | | |
| Total Cost | \$440,000,000 | \$575,000,000 | \$560,000,000 | \$560,000,000 | \$575,000,000 | | Total Program \$2,710,000,000 | |

Capital required for a "10 year plan" using 8 year cycles (un-escalated) = Phase 1+25% phase 2 \$583,750,000.00

\$1.6 billion represents the current backlog of deficiencies district wide. Full renovation and capital allocation will reduce current deficiency backlog. However, new and existing schools will add to capital replacement over this 40 year time frame. This additional amount is not reflected above.

Program Fees (Estimated): Debt services (Rosa Parks, Boilers, Solar Roofs), Reserves, Issuance cost, Escalation, Swing space.

Group 4

| EXAMPLE: A | | | | | | | Draft: For planning exercise only | |
|---|----------------|----------------|----------------|----------------|----------------|--|--|--|
| Possible Bonds | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | Current District Total | Remaining sites | |
| Step 1) Identify the number of schools (and grade levels) to be fully renovated or replaced. | | | | | | | | |
| HS | 3 | 3 | 1 | 0 | 0 | 9 | 2 | |
| 6-8 | | 4 | 4 | 4 | | 13 | 1 | |
| K-8 | | 2 | 6 | 8 | 10 | 28 | 2 | |
| K-5 | | 4 | 6 | 8 | 10 | 30 | 2 | |
| Total | 3 Schools | 13 Schools | 17 Schools | 20 Schools | 20 Schools | | Full Renovation/ Replacement Cost | |
| Total Cost | \$255,000,000 | \$505,000,000 | \$475,000,000 | \$480,000,000 | \$450,000,000 | | \$2,165,000,000 | |
| Step 2) Allocate funds for targeted capital projects throughout the district | | | | | | Current Backlog | | |
| Structural (Seismic) | \$63,000,000 | \$150,000,000 | \$150,000,000 | \$0 | \$0 | \$167,000,000 | | |
| Exterior | \$121,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Roofing | \$106,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Elevators & Access | \$67,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Systems | \$0 | \$0 | \$0 | \$0 | \$0 | \$370,000,000 | | |
| Interiors | \$0 | \$0 | \$0 | \$0 | \$0 | \$303,000,000 | | |
| Site work | \$0 | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$15,000,000 | \$0 | | |
| Total | \$357,000,000 | \$170,000,000 | \$170,000,000 | \$20,000,000 | \$15,000,000 | Current Backlog Total \$1,572,000,000 | Remaining Capital Requirements -\$482,920,922 | |
| Program Fees | \$60,000,000 | \$45,000,000 | \$30,000,000 | \$30,000,000 | \$30,000,000 | | | |
| Total Cost | \$672,000,000 | \$720,000,000 | \$675,000,000 | \$530,000,000 | \$495,000,000 | | Total Program \$3,092,000,000 | |
| | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | | | |

Capital required for a "10 year plan" using 8 year cycles (un-escalated) = Phase 1+25% phase 2 \$852,000,000

\$1.6 billion represents the current backlog of deficiencies district wide. Full renovation and capital allocation will reduce current deficiency backlog. However, new and existing schools will add to capital replacement over this 40 year time frame. This additional amount is not reflected above.

Program Fees (Estimated): Debt services (Rosa Parks, Boilers, Solar Roofs), Reserves, Issuance cost, Escalation, Swing space.

recommendations. The notes below represent areas of consensus and areas of discussion by the committee.

NANCY HAMILTON'S INTRODUCTION

Nancy gave an overview of the work that has occurred since the meeting on April 10th meeting. Sub-committee meetings occurred on April 16th, April 17th and April 19th. The meeting on the 16th focused on the plan options. April 17th reviewed the guiding principles and recommendations. The meeting on April 19th refined the goal statements. Each meeting was well attended (10-12 members of the committee) and was a strong testimony to the dedication of the committee to develop a plan that is relevant and reflective of the committee's thoughts.

REPORT OVERVIEW

Diane walked the group through the report contents. The committee received an electronic draft version of the Long Range Facility Plan on April 20th. The document continues to evolve. The copy the committee received on April 24th contains some modifications. The group will continue to see edits and changes as PPS continues to refine the document to best reflect the thoughts of the committee. Sections on the Executive Summary, Portland Public Schools' Strategy and Plan Options still were discussed by the committee. Committee members were called to submit additional comments on the plan to Bob by noon Friday the 27th.

GOALS AND GUIDING PRINCIPLES

Goals and Guiding Principles were read by committee members. The following changes were recommended. With these changes, the committee agreed to recommend the guiding principles contained in the draft document.

- Guiding Principle B-Embrace Sustainability:

The group agreed to change the last sentence of the guiding principle to read:

"In renovations of existing buildings and school grounds and in new construction, the District will aim to meet or exceed national and international sustainability benchmarks and to advance the state of the art in sustainability management for K-12 educational facilities."

- Guiding Principle D-Practice Inclusivity:

The group agreed to include the District Equity Policy in the appendix of the document. It also agreed to move the last sentence of the guiding principle to the first sentence of methodologies

"Prioritize work based on the district's current equity policy."

- Methodology, Guiding Principle D-Practice, Universal Access:

The group discussed changing the language not to limit full compliance with Universal Access and ADA. No clear decision was reached since some members felt

that Goal 2, which applies to every future decision by the District, already included this language.

PLAN OPTIONS

Diane presented the four plan options that emerged after the sub-committee reviewed the characteristics and main distinguishing factors of the six scenarios developed during the small group work session in meeting 8. Committee members felt that the dollar-amounts shown in the charts would give the public the impression that the advisory group determined each amount based on deep study of supporting data instead of the big picture approach that was actually applied to allocations. The group also expressed concern that the dollar-amounts will be taken literally, and out of context focusing the public attention away from the distinguishing characteristics of each plan option. The advisory committee decided to remove the detailed charts from the LRFP and include only the title, the strategy description and “pros and cons” section.

A vote was conducted to establish if the group felt one of the plan options yielded better results than others. Each advisory committee member had a 1st choice and 2nd choice vote. The table below shows the voting results:

| PLAN OPTION | 1 ST CHOICE | 2 ND CHOICE |
|-------------|------------------------|------------------------|
| OPTION A | 5 | 5 |
| OPTION B | 8 | 11 |
| OPTION C | 9 | 5 |
| OPTION D | 1 | 2 |

Another vote was conducted to establish if the advisory committee would recommend targeting all PPS High schools in the first bond cycle. Nineteen members approved this approach.

RECOMMENDATIONS

- Individual committee members read out loud the LRFP recommendations and voted by show of 18 green and 2 yellow cards to confirm the recommendations with the following changes:
- Define the term “bold” as applying to: Innovation, creativity, scope, inspiration, break with past.
- Change the 1st bullet to read: Create school facilities that support and enhance evidence based and emerging best practices in terms of school size and educational programs.
- Add a bullet: Upgrade gymnasiums at selected schools to act as emergency shelters.

- Change last bullet: Invest prudently in schools identified for future replacement.
- The sub-committee shall group all recommendations in three to four topic areas.

PUBLIC COMMENTS

1. Bob Clark: Plan Option B and D will result in a tax burden that seems too large to be acceptable to the public. Option C seems realistic and would show voters that PPS is financially prudent. It is a good to spread the investments over many smaller neighborhood schools because the schools act as community centers even for population without children attending PPS.
2. Glen Pak: 1. Stress partnerships. Use networking strategies to connect students, teachers, and businesses. PPS to become flexible in policies to receive funding. 2. Focus on improvements of buildings to free up money from operating funds. 3. Improve High Schools first to create better education for students preparing to attend colleges, setting them up for a better chance in job market.

THE VISION

Nancy Hamilton read a draft of the vision letter that will accompany the LRFP. The advisory committee expressed support with applause.

Nancy also asked which committee members would be interested to continue to meet in the next 3 – 4 weeks to develop a framework for implementation of some of the measures laid out in the LRFP. Ten members showed immediate interest, Nancy will email the group with more information at later date.

CLOSING REMARKLS

Carole Smith thanked all participants in the LRFP effort and is excited about the result. Next steps will include a 30 minute presentation of the main strategies of the LRFP to the PPS board, followed by a two week long review period of the LRFP and a final vote to adopt the plan on May 29th.

MEETING ADJOURNED AT 8:00PM

May 8, 2012

Dear Superintendent Smith and members of the Portland Public School Board:

Enclosed please find a document which reflects the recommendations of the Portland Public Schools Long Range Facility Planning Committee.

We have been charged with creating a 10-year plan that outlines how the District and school board make sometimes challenging decisions that will inevitably face them over the next decade and beyond. We have taken months to learn about everything from the District's facilities condition index, enrollment trends, seismic upgrades, and universal design so that all students, regardless of their physical abilities, can access every nook and cranny of their learning environments, as well as innovations about how teaching and learning will take place throughout the next many decades and what buildings must provide as centers for teaching and learning (and let me tell you, it ain't 30 kids in neat little rows with a teacher at the front of a rectangular-shaped room talking at them, industrial-era style). And, of course, we've gone to school on what all of these things cost, which is where the rubber meets the road.

As a result, we've developed some fundamental umbrella recommendations, a series of principles, and a broad cross section of options for how to approach the transformation of our schools – from a budgetary and timing perspective.

The Board and our community will be faced with decisions about school closures, capital investments, approaches to redesign, etc. that cannot and should not be made in a vacuum. These recommendations are intended to help you make thoughtful, responsible decisions that reflect what your community cares most about. That said, these recommendations and guidelines will be as valuable as you choose to make them. And, it is the Board's job, ultimately, to make the actual on-the-ground tough choices we elected you to make.

In presenting this report to you, there are important areas of consensus that may not be adequately reflected in this document that I would like to articulate specifically here. First, none of this work matters if it isn't helping to make PPS the best urban public school district anywhere. We want our kids to thrive. We not only want them to meet benchmarks and pass each grade with a clear mastery of the information they have just been taught, we want them to become lifelong learners. We want them to move through their school adventure with a sense of wonder. We want them to encounter things that light them up. And we want them to be prepared to be successful adults who are ready to face the rapidly changing world they will inherit. We want the best teachers anywhere to fight to get a spot teaching here because it's such a great place to teach and learn. We want families to want to move into the PPS district in droves because it is such an awesome place for their kids to learn. We want families to support their schools and feel a street level commitment to their success. And we want the larger community to come to PPS with help, resources and counsel, because they can think of no better place to invest their time and money. In addition, they get something valuable back by doing so.

So, yes, graduation rates need to go up. Yes, benchmarks must be met, but those indicators alone do not a great school district make. And, any facilities plan worth its salt must always keep those learning and teaching centered goals as its True North.

So, what are we asking of as you prepare to receive our recommendations? You must be brave. You must take risks. You must think *differently*. You must come from a mindset of abundance and possibility. Not restrictions and deficits. Fear-based, risk averse organizations never thrive. Never.

And, in so doing, do not forget that our sense of space and place matters – from warm, safe and dry to rethinking entirely what an effective space in which to teach and learn looks like in this century of head-spinning change. Our buildings' capacity to act as catalysts for innovation in teaching and learning is boundless. They aren't a necessary evil we have to fund so kids can test adequate yearly progress, they are a HUGE and important tool in making our schools places that light kids up and make teachers jump out of bed to get to the next cool thing they're doing. We can't lose sight of that.

At the very least, we know that when our schools have better air quality, increased natural light and efficient heating and cooling systems, test scores go up, absenteeism (by teachers and students) goes down, and operational cost savings can translate into actual teacher positions being saved. So, it does not make sense to try to choose between funding for teachers and funding for our facilities. We have to do both or neither will be what we need them to be. It is fiscally irresponsible and wholly unsustainable to ignore our physical assets as a school district.

Our intent, should the Board approve our recommendations, is to provide continued community input and oversight to Board actions as they relate to our District's facilities. These facilities belong to all of us, and it is our collective responsibility to be in this discussion for the long haul with our elected officials. As a community, must ensure that we make defensible decisions for our District as a whole. The goal here is that our entire District will become the envy of the U.S. and there will be no short end of the stick.

Eighty percent of all people who live in the PPS District do NOT have kids in our schools. That should be irrelevant. We should all have a commitment to our schools' collective success. Our future depends on it. Schools need to return to being the centerpiece of strong neighborhoods and community, regardless of whether you've got a kid there. If we feel like we're heading there in 10 years, that will perhaps be the most important measure of success.

In closing, we would urge the Board to ensure this happens with an outside organization that can stay focused on this work long after this day comes and goes. You will be tempted to revert back to basic upgrades and deferred maintenance. Don't do it. We need to do MORE THAN JUST THAT. This planning process creates a rare moment to become what we want to become. Let's make sure we don't squander that moment.

Respectfully,

Nancy J Hamilton
Chair, Advisory Committee
PPS Long Range Facility Plan

MEMORANDUM OF UNDERSTANDING

STEP INCREMENTS

The Portland Association of Teachers (PAT) and Portland Public Schools (PPS) agree that the step increments in this Agreement that were intended to take effect on June 1, 2012 will be delayed and will instead take effect for the second half of the 2012 – 2013 school year. Step increases will occur after one half of the 2012 – 2013 paychecks have been paid at the current step.

For the Association:

By: _____

For the District:

By: _____

Dated this ____ day of _____, 2012.



PORTLAND PUBLIC SCHOOLS

P.O. Box 3107 / Portland, Oregon 97208-3107
Telephone: (503) 916-3741 • FAX: (503) 916-2724

SUPERINTENDENT'S RECOMMENDATION TO THE BOARD AND STAFF REPORT

MARYSVILLE K-8 INSURANCE REBUILD PROJECT

Board Meeting Date: 5/14/2012

Executive Committee Lead: C.J. Sylvester, COO

Department: Office of School Modernization Staff Lead: James Owens, Director Capital Operations

I. ISSUE STATEMENT

This report provides a recommendation to award a public improvement contract on the business agenda to construct planned capital improvements at the Marysville K-8 School that were approved by Board Resolution No. 4507 in November, 2011.

II. BACKGROUND

On April 4, 2012, staff issued a public improvement solicitation to the 14 contractors who were pre-qualified for the work. The solicitation included a base bid plus two add alternates; Alternate 1 to fully expand the gym and Alternate 2 to construct seismic improvements to the undamaged section of the school. Seven of the fourteen pre-qualified contractors attended a mandatory pre-bid conference.

On May 3, 2012, we received four bids from qualified contractors. A fifth bid was received after the scheduled bidding deadline and was returned unopened to the bidder. There were no other irregularities. The bid results are as follows:

| Contractor | Base Bid | Alternate 1 | Alternate 2 | Base + Alt 2 |
|-----------------------|--------------------|------------------|-----------------|--------------------|
| Skanska | \$4,366,775 | \$328,000 | \$58,000 | |
| First Cascade | \$4,598,687 | \$423,906 | \$99,834 | |
| Corp Inc Const | \$3,790,000 | \$420,000 | \$55,000 | \$3,845,000 |
| Emerick | \$4,490,000 | \$163,000 | \$90,000 | |
| Engineer's Estimate | \$3,550,000 | | \$167,000 | \$3,717,000 |
| Difference | | | | \$ 128,000 |

The basis of award was established in the solicitation as Base Bid plus Add Alternate 2 (seismic improvements) so the responsible firm submitting the low responsive bid was determined to be Corp, Inc. Construction, based in Salem, Oregon. This bid was \$128,000 higher than the engineer's estimate. However,

based on evaluation of several value engineering items, staff anticipates issuing a deductive change order in the amount of \$100,000 following award. With this change, the construction phase budget will be within \$30,000 of plan and adequate contingency remains in place to address unforeseen conditions during construction.

Corp, Inc. Construction also provided a bid of \$420,000 for the Gymnasium Expansion. Staff is not aware of any successful fundraising efforts to support this work nor any other available funding for this work.

Corp, Inc. Construction is prepared to commence work immediately upon execution of their contract and is committed to meeting the project's substantial completion date of November 1, 2012, which will allow staff adequate time to prepare the school for student occupancy following winter break in January 2013.

III. RELATED POLICIES/BEST PRACTICES

8.80.015-P Capital Improvements – Process for the completion of capital projects.

IV. FISCAL IMPACT

While the construction bid was greater than the engineer's estimate, a combination of value engineering and internal budget adjustments will absorb the additional construction cost and allow the overall Project to remain on plan.

V. COMMUNITY ENGAGEMENT

Community updates have continued on the project with the last scheduled meeting held on March 6, 2012. The District hosted a table at the recent Multi-cultural Night which was held at Marysville at Rose City Park on May 1, 2012. The next scheduled community meeting is scheduled for May 15 at the Y-Arts Center. This will be an opportunity for the community to meet the contractor and to learn what to expect as construction begins on the Project. A construction "ground breaking" event is scheduled for Saturday, June 2nd.

VI. BOARD OPTIONS

Approve the award of a public improvement contract to Corp, Inc. Construction as follows;

- Base bid plus add alternates 1 & 2 for \$4,265,000;
- Base bid plus add alternate 2 for \$3,845,000;
- Base bid only for \$3,790,000; or
- Reject all bids

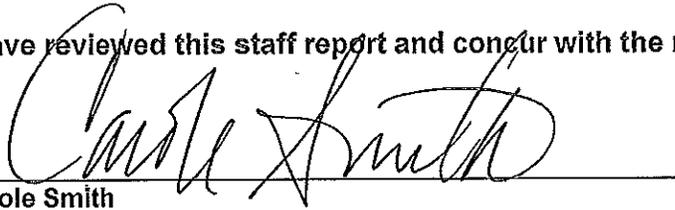
VII. STAFF RECOMMENDATION

Recommend award as part of the business agenda of the Marysville K-8 Insurance Rebuild base bid plus add alternate 2 to Corp Inc. Construction in the amount of \$3,845,000.

VIII. TIMELINE FOR IMPLEMENTATION/EVALUATION

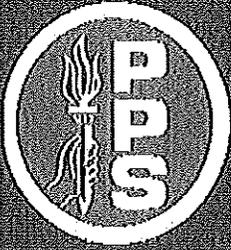
Upon Board authorization for contract execution, project work efforts will proceed immediately with an anticipated construction start date of May 21, 2012.

I have reviewed this staff report and concur with the recommendation to the Board.



Carole Smith
Superintendent
Portland Public Schools

May 10, 2012
Date



PORTLAND PUBLIC SCHOOLS

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SUPERINTENDENT'S RECOMMENDATION TO THE BOARD AND STAFF REPORT

TITLE: CREATE FUNDS 338 AND 438, RE-OPEN AND RE-NAME FUND 305

Board Meeting Date: May 29, 2012

Executive Committee Lead: Neil Sullivan, CFO

Department: Finance / Budget

Staff Lead: Zhai Logan, Budget Director

I. ISSUE STATEMENT

Board Resolution No. 4545 authorized Portland Public Schools to obtain a line of credit not to exceed \$45 million in order to finance the purchase Rosa Parks Elementary School, the conversion of school building boiler burners from oil to natural gas, and repay a previous line of \$25,750,000.

The District's current fund structure is not sufficient to properly account for this work.

II. BACKGROUND

- On February 13, 2012, by way of Resolution No. 4545 the Board of Education ("Board") of Portland Public Schools ("District") authorized obtaining one or more lines of credit, not to exceed \$45,000,000, to finance the purchase Rosa Parks Elementary School and the conversion of school building boiler burners from oil to natural gas, as well as the repayment of a previous line of credit in the amount of \$25,750,000.
- Resolution No. 4545 also called for this activity to be conducted in Fund 405 – School Modernization Fund. Subsequently it has been determined that repayment of the line of credit should remain in Fund 405 and the purchase of Rosa Parks and the boiler conversion work would be conducted in a new capital projects fund.
- In an effort to maintain and extend the useful life of its facilities, PPS has allocated resources from the District's General Fund towards capital improvement projects on an annual basis. This work has been conducted through the District's Facilities Asset and Maintenance department. Government Accounting Standards call for capital construction and improvement work to be conducted in a capital projects fund, rather than a general fund.
- Government Accounting Standards also require a method to ensure proper segregation of debt repayments for each debt issue. New debt service funds are needed to account for principal and interest payments resulting from this activity.
- It is District practice to match a 400 series capital projects fund with a corresponding 300 series debt service fund. Fund 305 was used previously as the debt service fund for a previous general obligation bond issue, but has been closed since July 2007.

III. RELATED POLICIES/BEST PRACTICES

Government Accounting Standards require a method to ensure proper segregation of debt repayments for each debt issue. Government Accounting Standards also call for capital construction and improvement work to be conducted in a capital projects fund, rather than a general fund.

IV. FISCAL IMPACT

There is no fiscal impact resulting from the creation of new funds. This action will allow the District to better manage and report on actions that have already been authorized by the Board.

The creation of the new funds will have a budgetary impact in that the District's gross budget will be increased as authorized by previous resolutions. For example, this provides a budget for the planned purchase of Rosa Parks Elementary.

V. COMMUNITY ENGAGEMENT

There was no community engagement in developing this recommendation.

VI. BOARD OPTIONS

The Board could choose to operate without the additional funds. The risk is continued inconsistency in managing and reporting capital projects and long term debt service.

VII. STAFF RECOMMENDATION

Staff recommends establishing the three new funds to improve District financial management and transparency in reporting.

VIII. TIMELINE FOR IMPLEMENTATION/EVALUATION

This change would be effective for FY 2011/12. The new funds may be included in an amended budget for FY 2011/12 and have been included in the Superintendent's Proposed Budget for FY 2012/13.

I have reviewed this staff report and concur with the recommendation to the Board.



Carole Smith
Superintendent
Portland Public Schools

5/4/12
Date

ATTACHMENTS

(List all supporting documentation, including resolution, etc.)

A. Resolution to Re-Open and Re-Name Fund 305.

B. Resolution to Establish Two New Funds: Fund 338 - Facilities Capital Debt Service Fund and Fund 438 - Facilities Capital Fund.

PPS District Priorities FY 2011-12

1. Improve milestone outcomes
2. Successful Implementation of High School System Design
3. Improve English Language Learners and Special Education Services
4. Increase cultural competence and diversity of staff
5. Build shared leadership and accountability for results
6. Measure and report on effectiveness of schools and programs
7. Design and Implement Capital Improvement Plan
8. Deepen community and student engagement

BOARD OF EDUCATION
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

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May 14, 2012

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Purchases, Bids, Contracts

The Superintendent RECOMMENDS adoption of the following items:

Numbers 4594 through 4596

RESOLUTION No. 4594

Revenue Contracts that Exceed \$25,000 Limit for Delegation of Authority

RECITAL

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) to enter into and approve all contracts, except as otherwise expressly authorized. Contracts exceeding \$25,000 per contractor are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into agreements in a form approved by General Counsel for the District.

NEW CONTRACTS

No New Contracts

AMENDMENTS TO EXISTING CONTRACTS

| Contractor | Contract Term | Contract Type | Description of Services | Amendment Amount, Contract Total | Responsible Administrator, Funding Source |
|---|---|-------------------------|--|---|--|
| State of Oregon, Department of Education | 07/01/11 through 06/30/13 Year 2 of Contract | IGA/R 58459 Amendment 1 | Columbia Regional Program: Educational services for birth to age 21 children with severe, low-incidence disabilities living in Clackamas, Hood River, Multnomah, and Wasco Counties. | \$1,044,300 \$19,891,803 | T. Hunter Fund 205 Dept. 9999 Grant G1203 |
| State of Oregon, Department of Human Services | 09/01/11 through 09/30/16 Year 1 of Contract | IGA/R 58988 Amendment 1 | District-wide: One year’s additional funding to reimburse District for student foster care transportation costs. | \$45,000 | A. Leibenguth Fund 205 Dept. 5560 Grant G1234 |

INTERGOVERNMENTAL AGREEMENTS / REVENUE (“IGA/Rs”)

| Contractor | Contract Term | Contract Type | Description of Services | Contract Amount | Responsible Administrator, Funding Source |
|---------------------------------|---------------------------|----------------------|---|-----------------------------------|--|
| Portland Development Commission | 05/30/12 through 12/31/12 | IGA/R 59105 | Jefferson HS: Design, construction, and funding of N. Killingsworth Street frontage improvements. | Estimated in-kind value \$596,530 | T. Magliano Fund N/A Dept. 5591 |

LIMITED SCOPE REAL PROPERTY AGREEMENTS

| Contractor | Contract Term | Contract Type | Description of Services | Contract Amount | Responsible Administrator, Funding Source |
|---------------------|---------------------------|----------------------|--|------------------------|--|
| Sunstone Montessori | 08/01/12 through 07/31/17 | Revenue R 59xxx | Terwilliger Site: Lease of site for the provision of education services. | \$1,493,161 | T. Magliano Fund 101 Dept. 5591 |

N. Sullivan

RESOLUTION No. 4595

Personal / Professional Services, Goods, and Services Expenditure Contracts
Exceeding \$150,000 for Delegation of Authority

RECITAL

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) enter into contracts and approve payment for products, materials, supplies, capital outlay, equipment, and services whenever the total amount exceeds \$150,000 per contract, excepting settlement or real property agreements. Contracts meeting this criterion are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into agreements in a form approved by General Counsel for the District.

NEW CONTRACTS

| Contractor | Contract Term | Contract Type | Description of Services | Contract Amount | Responsible Administrator, Funding Source |
|----------------------------|---------------------------|---|---|------------------------|--|
| Skanska USA Building, Inc. | 05/15/12 through 03/31/13 | Construction Manager/General Contractor CMGC 59xxx | District-wide: Pre- construction planning services for natural gas boiler installations at 47 sites; see also Resolution No. 4575 (04/09/12). | \$385,000 | T. Magliano Fund 191 Dept. 5597 Project F0259 |

AMENDMENTS TO EXISTING CONTRACTS

| Contractor | Contract Term | Contract Type | Description of Services | Amendment Amount, Contract Total | Responsible Administrator, Funding Source |
|--|---|-------------------------------------|--|---|--|
| Laidlaw Transit, Inc., dba First Student | 05/14/12 through 06/30/12 Year 7 of Contract | Services GS 53979 Amendment 5 | District-wide: Additional funds for continued student transportation services; this contract ends on 06/30/12, whereupon the District will enter into a new contract with First Student. | \$1,100,000 \$69,672,469 | A. Leibenguth Fund 101 Dept. 5560 |

N. Sullivan

RESOLUTION No. 4596

Expenditure Contracts that Exceed \$150,000 Limit for Delegation of Authority
Office of School Modernization Projects Fund

RECITAL

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) enter into contracts and approve payment for products, materials, supplies, capital outlay, equipment, and services whenever the total amount exceeds \$150,000 per contract, excepting settlement or real property agreements. Contracts meeting this criterion are listed below.

RESOLUTION

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter and execute agreements in a form approved by General Counsel for the District.

NEW CONTRACTS

| Marysville K-8 School Insurance Rebuild Project | | | | Total Budget: \$4,800,000 | |
|--|---------------------------|----------------------|---|------------------------------------|--|
| Contractor | Contract Term | Contract Type | Description of Contract / Amendment | Contract Amount | Responsible Administrator / Funding Source |
| Corp. Inc. Construction | 05/18/12 through 01/31/13 | Construction C 59xxx | Marysville K-8: Construction services for planned capital improvements at fire-damaged school; see also Resolution No. 4507 (11/07/11). | \$3,845,000 | J. Owens Funds 405 & 481 Dept. 5511 Project C0103 |
| | | | | Project Budget OSM-funded | \$4,800,000 |
| | | | | Total Project Budget | \$4,800,000 |
| | | | | This Resolution Request | \$3,845,000 |
| | | | | Previously Committed Amount | <u>\$ 620,000</u> |
| | | | | Remaining Budget | \$ 335,000 |

AMENDMENTS TO EXISTING CONTRACTS

No Amendments to Existing Contracts

INTERGOVERNMENTAL AGREEMENTS (“IGAs”)

No IGAs

N. Sullivan

Other Matters Requiring Board Action

The Superintendent RECOMMENDS adoption of the following items:

Numbers 4597 through 4600

RESOLUTION No. 4597

Memorandum of Understanding between Portland Association of Teachers and School District No. 1, Multnomah County, Oregon

RECITALS

- A. The Superintendent's proposed budget, submitted to the Board on April 2, 2012, required overcoming a \$27.5 million gap between resources and requirements. In closing this gap, the Superintendent proposed reducing general fund reserves by \$7.5 million and reducing administration and centrally allocated educational supports by \$9.5 million. This included a pay freeze, no COLA and no Step Increases for all non-represented employees. The Superintendent also called for a \$10.4 million reduction in school staffing, or the equivalent of 110 teaching positions.
- B. The District had proposed to the Portland Association of Teachers a plan to avoid layoffs by reducing the school year and having all staff take a designated number of unpaid furlough days.
- C. The District and the Association, with the assistance and participation of City of Portland Mayor Sam Adams, met to negotiate alternatives to teacher furloughs that would maintain a full school year and avoid the need for layoffs.
- D. The parties reached tentative agreement on a number of terms that meet the goals of avoiding layoffs and maintaining the school year.
- E. The agreements include the City of Portland contributing \$5 million to the District and both the Association and the District finding \$2.65 million each in additional savings to eliminate the need for \$10.4 million reduction in school staffing.
- F. The Association agreed to delay the step increases provided for in the 2011 – 2013 Agreement between the Association and the District for one half of the school year, resulting in a cost savings of \$2.25 million. This change requires an amendment to the parties' contract.

RESOLUTION

- 1. The PPS Board of Directors authorize and direct the Director of Labor Relations (for the Executive Director of Human Resources) to execute the Memorandum of Understanding amending the 2011-2013 Agreement relating to step increment dates between the Portland Association of Teachers and School District No. 1, Multnomah County, Oregon, on the terms presented to the Board and filed in the record of this meeting.
- 2. The Board directs staff to make any necessary budget changes in time to enact as a part of the Adopted Budget, which is scheduled for Board Action on June 25, 2012.

B. Logan

RESOLUTION No. 4598

Budget Committee Approval of the FY 2012/13 Budget and Imposition of Property Taxes

RECITALS

- A. Oregon Local Budget Law, ORS 294.401 requires the Budget Committee of Portland Public Schools ("District") to hold one or more meetings to receive the budget message and the budget document; and to provide members of the public with an opportunity to comment upon the budget document.
- B. On April 2, 2012, the Budget Committee received the Superintendent's budget message and Proposed Budget document.
- C. Between April 2, 2012 and May 14, 2012 the Budget Committee met two times in advertised public sessions to discuss the Proposed Budget.
- D. On May 14, 2012, the Budget Committee held a public hearing to also receive public comment on the Proposed Budget.
- E. Oregon Local Budget Law, ORS 294.411, requires submission of the budget document to the Tax Supervising Conservation Commission ("TSCC") by May 15 of each year. ORS 294.411 allows taxing jurisdictions to request an extension of the submission date.
- F. The District requested, and the TSCC authorized, extending the submission date to no later than May 25, 2012.
- G. The Board of Education ("Board") appointed a Citizen Budget Review Committee ("CBRC") to review the Proposed Budget and current year expenditures of the existing Local Option Levy. The CBRC acts in an advisory capacity to the Board.
- H. On May 7, 2012, the Budget Committee received testimony and a report on the current year Local Option Levy expenditures, and testimony and budget recommendations from the CBRC.
- I. Oregon Local Budget Law, ORS 294.406 requires that each legal jurisdiction's Budget Committee approve a budget and specify *ad valorem* property tax rate for all funds.
- J. It is noted that \$.5038 per \$1,000 of assessed value of the Permanent Rate Tax Levy, (commonly known as the "Gap Tax") and the entirety of the Local Option Tax Rate Levy are excluded from State School Fund calculations.
- K. ORS 457.010(4)(a) provides the opportunity for a school district to be excluded from urban renewal division of tax calculations with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value. To the extent that the rate limit was increased under section 11 (5)(d), Article XI of the Oregon Constitution, property tax revenue from said increase is excluded from local revenues. The District will notify the county assessors of the rate to be excluded for the current fiscal year not later than July 15.
- L. Portland Public Schools has a statutory rate limit that is in excess of the \$4.50 limitation that includes an increase under section 11 (5)(d), Article XI of the Oregon Constitution.

RESOLUTION

1. The Budget Committee approves the budget as summarized in Attachment "A".
2. The Budget Committee approves the budget for the fiscal year 2012/13 in the total amount of \$678,026,423.
3. The Budget Committee resolves that the District imposes the taxes provided for in the approved budget:
 - a. At the rate of \$5.2781 per \$1,000 of assessed value for operations;
 - b. At the rate of \$1.9900 per \$1,000 of assessed value for local option tax for operations;

And that these taxes are hereby imposed and categorized for tax year 2012/13 upon the assessed value of all taxable property within the district.

4. Taxes are hereby imposed and categorized as for tax year 2012/13 upon the taxable assessed value of all taxable property in the District, as follows:

| | | |
|----------------------------|-----------|--|
| | Education | |
| Permanent Rate Tax Levy | | \$5.2781/\$1,000 of assessed valuation |
| Local Option Rate Tax Levy | | \$1.9900/\$1,000 of assessed valuation |

5. The Budget Committee further resolves that \$.5038 per \$1,000 of taxable assessed value is excluded from division of tax calculations, as the Permanent Rate Tax Levy attributable to the increase provided in section 11 (5)(d), Article XI of the Oregon Constitution (such increase is a result of the expiring Gap Tax Levy).
6. The Budget Committee directs submittal of this approved budget to the TSCC by May 25, 2012, in accordance with ORS 294.411, under the extension as granted by the TSCC.

N. Sullivan / Z. Logan

Attachment A
FY 2012/13 Budget Summary by Fund and by Program

| Fund | Instruction | Support Services | Enterprise & Community Services | Facilities Acquisition & Construction | Debt Service & Transfers Out | Contingency | Ending Fund Balance | Fund Total |
|--------------|-----------------------|-----------------------|---------------------------------|---------------------------------------|------------------------------|----------------------|----------------------|-----------------------|
| Fund 101 | 252,852,643 | 175,258,784 | 1,218,233 | - | 9,025,736 | 18,105,113 | - | 456,460,509 |
| Fund 201 | 8,954,082 | - | - | - | - | - | 2,824,768 | 11,778,850 |
| Fund 202 | - | - | 18,393,567 | - | - | - | 1,051,684 | 19,445,251 |
| Fund 205 | 40,022,939 | 26,681,781 | 2,365,815 | 244,900 | - | - | - | 69,315,435 |
| Fund 225 | - | - | - | - | 1,900,000 | - | 13,575,610 | 15,475,610 |
| Fund 299 | 12,682,206 | 2,096,908 | 62,990 | 423,778 | - | - | - | 15,265,882 |
| Fund 304 | - | - | - | - | 1,667,184 | - | - | 1,667,184 |
| Fund 305 | - | - | - | - | 143,588 | - | - | 143,588 |
| Fund 306 | - | - | - | - | 3,974,028 | - | - | 3,974,028 |
| Fund 307 | - | - | - | - | 614,598 | - | - | 614,598 |
| Fund 308 | - | - | - | - | 35,834,326 | - | - | 35,834,326 |
| Fund 309 | - | - | - | - | 158,591 | - | - | 158,591 |
| Fund 320 | - | - | - | - | 1,338,178 | - | - | 1,338,178 |
| Fund 338 | - | - | - | - | 87,632 | - | - | 87,632 |
| Fund 404 | - | - | - | 6,867,952 | 231,220 | - | - | 7,099,172 |
| Fund 405 | - | - | - | 2,799,063 | - | 500,000 | - | 3,299,063 |
| Fund 407 | - | 1,654,300 | - | - | - | 159,410 | - | 1,813,710 |
| Fund 420 | - | - | - | 4,469,251 | - | - | - | 4,469,251 |
| Fund 435 | - | - | - | 2,717,317 | - | - | - | 2,717,317 |
| Fund 438 | - | - | - | 17,204,650 | - | - | - | 17,204,650 |
| Fund 445 | - | - | - | 55,873 | - | - | - | 55,873 |
| Fund 480 | - | - | - | 2,959,410 | - | - | - | 2,959,410 |
| Fund 601 | - | 3,180,502 | - | - | - | 3,667,813 | - | 6,848,315 |
| Total | \$ 314,511,870 | \$ 208,872,275 | \$ 22,040,605 | \$ 37,742,194 | \$ 54,975,081 | \$ 22,432,336 | \$ 17,452,062 | \$ 678,026,423 |

RESOLUTION No. 4599

Re-Open and Re-Name Fund 305

RECITALS

- A. On July 9, 2007, by way of Resolution No. 3727, the Board of Education (“Board”) closed Fund 305 – General Obligation Debt Service Fund, which had been used to account for the principal and interest expenditures relating to previous general obligation bond issues.
- B. On February 9, 2009, the Board of Education of Portland Public Schools (“District”) adopted Resolution No. 4032, affirming the need for the District to finance its immediate action highest priority projects from a variety of sources, including interfund loans.
- C. On February 23, 2009, by way of Resolution No. 4042 the Board authorized the creation of Fund 405 – 21st Century Capital Projects Fund to separately account for the resources and requirements related to the projects described in Resolution No. 4032.
- D. On February 23, 2009, the Board adopted Resolution No. 4043, authorizing an interfund loan to finance the projects described in Resolution No. 4032. The District subsequently made an interfund loan of \$25,750,000.
- E. Effective July 1, 2010 Fund 405 was renamed “Fund 405 – School Modernization Fund”.
- F. On February 18, 2011, to preserve the District’s ability to obtain low cost, tax-exempt financing, the Board adopted Resolution No. 4409, authorizing the District to obtain external financing for the interfund loan that was authorized by Resolution No. 4043.
- G. On February 23, 2012 by way of Resolution No. 4545, the Board authorized the repayment of the debt incurred by resolution No. 4409, by obtaining a line of credit not to exceed \$45,000,000. This resolution and line of credit also provided for the financing of Rosa Parks Elementary School and the conversion of school boiler burners from oil to natural gas.
- H. Resolution No. 4042 also stated, in part, that “A Debt Service fund may be required to manage the repayment of debt should such debt be issued by the District. The District will establish the required debt service funds when necessary”.
- I. Government Accounting Standards also require a method to ensure proper segregation of debt repayments for each debt issue.

RESOLUTION

1. The Board hereby re-opens Fund 305 - General Obligation Bond Debt Service Fund” and re-names it Fund 305 – School Modernization Debt Service Fund, which will separately account for principal and interest expenditures related to the District’s school modernization activities occurring in Fund 405.

N. Sullivan / Z. Logan

RESOLUTION No. 4600

Establish Two New Funds: Fund 338 - Facilities Capital Debt Service Fund and Fund 438 - Facilities Capital Fund

RECITALS

- A. School Districts should maintain only those funds that are required to meet legal and operating requirements
- B. In an effort to maintain and extend the useful life of its facilities, Portland Public Schools ("District") has allocated resources from the District's General Fund towards capital improvement projects on an annual basis. This work has been conducted through the District's Facilities Asset and Maintenance department ("Facilities").
- C. Government Accounting Standards call for capital construction and improvement work to be conducted in a capital projects fund, rather than a general fund.
- D. To better comply with Governmental Accounting Standards, a new capital projects fund will be created to record the resources and requirements resulting from capital improvement work conducted by the Facilities department.
- E. On February 13, 2012, by way of Resolution No. 4545 the Board of Education ("Board") of Portland Public Schools authorized obtaining one or more lines of credit, not to exceed \$45,000,000, to finance the purchase Rosa Parks Elementary School and the conversion of school building boiler burners from oil to natural gas, as well as the repayment of a previous line of credit in the amount of \$25,750,000.
- F. Resolution No. 4545 also called for this activity to be conducted in Fund 405 – School Modernization Fund. Subsequently it has been determined that repayment of the line of credit should remain in Fund 405 and the purchase of Rosa Parks and the boiler conversion work would be conducted in the new capital projects fund.
- G. Government Accounting Standards also require a method to ensure proper segregation of debt repayments for each debt issue. To facilitate this, a companion debt service fund will be created to record principal and interest expenditures resulting from this work.

RESOLUTION

- 1. The Board hereby establishes Fund 338 – Facilities Capital Debt Service Fund, which will separately account for principal and interest expenditures related to the District's capital improvement activities occurring in Fund 438.
- 2. The Board hereby establishes Fund 438, the "Facilities Capital Fund", which will separately account for resources and requirements resulting from the capital improvement work conducted by the Facilities department.

N. Sullivan / Z. Logan