



# Board of Education Informational Report

## **MEMORANDUM**

**Date:** July 22, 2016  
**To:** Members of the Board of Education  
**Subject:** Resolution Regarding Bond Package

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Staff are in the process of developing a resolution that reflects the recommendation of the School Improvement Bond Committee yesterday. Please see that information below:

Portland School Board School Improvement Bond Committee is recommending a bond package to the full board that the proposed \$750 million bond include \$200 million for environmental health and safety and \$550 million for a phasing of Madison, Lincoln and Benson High Schools and the modernization of Kellogg Middle School.

The Committee also announced that Tom Walsh, Owner of Tom Walsh & Co., will chair a small advisory committee of construction experts to discuss scoping and phasing of the three high schools for a proposed 2016 bond.



# Board of Education Informational Report

## MEMORANDUM

**Date:** Wednesday, July 20, 2016  
**To:** Portland Public Schools Board Members  
**From:** District Dress Code Advisory Committee  
**Subject:** Dress Code Policy and Administrative Directive Recommendation

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On Wednesday, June 22, 2016, the District Dress Code Advisory Committee (DDCAC) presented its dress code policy recommendation to the Business and Operations (B&O) Committee. The recommendation included updating the current policy and Administrative Directive (AD), and was based on feedback gathered from administrators, teachers, students and families during the 2015-16 school year. The B&O Committee then asked for DDCAC create an implementation plan to include: why we are updating the dress code, a timeline for communication to all stakeholders, and expectations for the new policy.

After the first reading at the Board meeting on Tuesday, June 28, 2016, DDCAC met to discuss the implementation plan and updated the AD, based on the Board members' feedback, as follows:

- Under Section II: Basic Dress Code, (6) Enforcement now reads:  
When a school staff member or school administrator discusses a dress or grooming violation with a student, it is recommended that another adult should be present and at least one of the two adults should be the same sex as the student. *Unless there is an immediate concern*, a student should not be spoken to about a dress code violation in front of other students.
- Under Section II: Basic Dress Code, (2) District Dress Code:  
(d) Clothing, *including gang identifiers*, must not pose a threat to the health or safety of any other student or staff.

Another suggestion was to add language to the Policy regarding school as a learning environment. For example, "Students and parents show respect for themselves, their peers, teachers and the community, and concern for maintaining a quality learning environment in the schools when they are considering their dress." After careful consideration, DDCAC decided not to add the implicit "learning environment" language to the Policy. It was with great deliberation, that the Policy was written to exclude all words that are vague and may create certain biases. The use of words such as "respect" and "quality" allow for subjectivity and contradicts the goal of creating a policy that is not subject to interpretation.

We would like to submit the attached Policy and AD recommendations and the implementation plan to the Board for a vote on July 25, 2016.

## **4.30.012-P Standards Of Conduct –**

Student Dress And Grooming Portland Public Schools  
Portland, Oregon 4.30.012-P

The responsibility for the dress and grooming of a student rests primarily with the student and his or her parents or guardians.

Attire or grooming depicting or advocating violence, criminal activity, use of alcohol or drugs, pornography, or hate speech are prohibited.

A student's attire or grooming should not be grounds for exclusion from his or her participation in school classes or programs or in school-related activities. If, however, the attire or grooming of a student poses a threat to the health or safety of any other person, the appropriate solution as stated in the A.D. will be followed.

School-directed changes to a student's attire or grooming should be the least restrictive and disruptive to the student's school day. Any school dress code enforcement actions should minimize the potential loss of educational time. Administration and enforcement of the dress code shall be gender neutral and consistent with the PPS racial equity policy.

This policy applies to all individual schools. Schools may not enact more restrictive or less restrictive dress and grooming codes. Questions about application should be directed to General Counsel.

Legal References: ORS 339.240; ORS 339.250; OAR 581-021-0050 to -0075  
History: Adpt 6/71; Amd 9/9/02; BA 2420



### 4.30.013-AD Student Dress Code

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This administrative directive provides guidance to schools regarding the implementation of the Standards of Conduct – Student Dress and Grooming Policy 4.30.012. In addition, this administrative directive provides guidance to schools wishing to pilot a uniform dress code.

#### I. Definitions

- (1) Attire. Clothing, including outerwear, headwear, accessories such as scarves or jewelry, and shoes.
- (2) Grooming. Makeup, tattoos, and hair style.
- (3) Dress Code. A set of parameters determined by the district that describes standards for student attire and grooming.
- (4) School Uniform Dress Code. Distinctive clothing style and/or specific colors selected by the school following a community process and worn by all students as a means of identifying them as members of the school community. Uniform dress codes may range from identical articles of clothing worn by all students (uniforms) to clothing similar in style and color worn by all students (uniform dress).

## II. Basic Dress Code

(1) **Minimum Safe Attire.** Student attire and grooming must permit the student to participate in learning without posing a risk to the health or safety of any student or school district personnel.

- (a) Students must wear clothing including both a shirt with pants or skirt, or the equivalent (for example dresses, leggings, or shorts) and shoes.
- (b) Shirts and dresses must have fabric in the front and on the sides (under the arms).
- (c) Clothing must cover undergarments (waistbands and straps excluded).
- (d) Fabric covering breasts, genitals and buttocks must be opaque.
- (e) Hats and other headwear must allow the face to be visible to staff, and not interfere with the line of sight of any student or staff. Hoodies must allow the face and ears to be visible to school staff.
- (f) Clothing must be suitable for all scheduled classroom activities including physical education, science labs, wood shop, and other activities where unique hazards exist.
- (g) Specialized courses may require specialized attire, such as sports uniforms or safety gear.

(2) **District Dress Code.** Board policy 4.30.012 provides: "Attire or grooming depicting or advocating violence, criminal activity, use of alcohol or drugs, pornography, or hate speech are prohibited." All PPS students are expected to comply with the requirements of this policy. Specifically:

- (a) Clothing may not depict, advertise or advocate the use of alcohol, tobacco, marijuana or other controlled substances.
- (b) Clothing may not depict pornography, nudity or sexual acts.
- (c) Clothing may not use or depict hate speech targeting groups based on race, ethnicity, gender, sexual orientation, gender identity, religious affiliation or any other protected classification.
- (d) Clothing, including gang identifiers, must not pose a threat to the health or safety of any other student or staff.
- (e) Enforcement must accommodate clothing worn by students as an

expression of sincerely held religious beliefs (head scarves, for example) and worn by students with disabilities (protective helmets, for example).

(3) **Parent Responsibility.** Board Policy 4.30.012 provides: "The responsibility for the dress and grooming of a student rests primarily with the student and his or her parents or guardians." Parents or guardians are responsible for ensuring student compliance with the school dress code.

(4) **Student Responsibility.** All students at all schools are responsible for complying with the district dress code during school hours and school activities.

(5) **Staff Responsibility.** To equitably enforce the district dress code, teachers, administrators and all school staff must be notified of the policy at the beginning of the school year with a refresher in March before Spring Break in regards to its purpose and spirit, and how to enforce it without shaming students or disproportionately impacting certain student groups. Staff should be guided by the dress code policy and follow the letter and spirit of the district dress code.

(6) **Enforcement.** When a ~~teacher~~school staff member or school administrator discusses a dress or grooming violation with a student, it is recommended that another adult should be present and at least one of the two adults should be the same sex as the student. ~~In no circumstances~~Unless there is an immediate concern, ~~shall~~should not a student be spoken to about a dress code violation in front of other students.

- (a) Teachers or staff discussing a dress or grooming violation with a student should present options for obtaining appropriate clothing (e.g. school clothing closet).
- (b) Where possible, students should not be required to wear school owned replacement garments and should never be required to wear specific garments as a disciplinary measure.
- (c) Discipline for dress or grooming violations should be consistent with the discipline policies for comparable violations.

### **III. Uniform Dress Code**

Schools may pilot a uniform dress code. Administrative Directive 3.10.011 states that it is the responsibility of the school principal to ensure a safe, efficient and effective learning environment, and to understand and respond to the larger political, social, economic and cultural context in which their school operates. There are communities within the district that support uniform dress codes and have chosen to require students to wear a uniform to school. It is recommended the schools reassess the requirement every five years to confirm that the current school community supports it.

#### **(1) School Responsibility.**

- (a) For those schools with student uniform requirements, enforcement must be equitable, with no group experiencing disproportionate enforcement, specifically on the basis of gender, sexual orientation, race, or body type/development.
- (b) Schools that choose to adopt a Uniform Dress Code shall follow a collaborative, inclusive process, publicize the choice and the provisions, explore funding for disadvantaged students and enforce the choice as appropriate.
- (c) The principal or designee shall work with the district procurement department to develop purchasing and distribution plans, if necessary, for implementation of the uniform dress code at his/her school.
- (d) It is the responsibility of the principal or designee to determine if a student is dressed appropriately under the school's uniform dress code.

#### **(2) Process for Adoption of a Uniform Dress Code.**

- (a) If a school is interested in piloting a uniform dress code, the principal shall:
  - (A) Convene at least two parent/community meetings to discuss and receive input regarding the adoption of a uniform dress code.
  - (B) Consult with school staff and students to discuss and receive input regarding the adoption of a uniform dress code.

(C) Determine, via a survey or some other accurate method of measure, that a majority of the school community supports the adoption of a uniform dress code.

(D) Consult with the area director.

(3) **Appropriate Clothing for Schools that Adopt a Uniform Dress Code.**

(a) Schools that adopt a uniform dress policy may determine the dress code and color scheme for their individual school. Following is an example of a uniform dress code that schools may follow.

(A) Slacks and Pants: Pleated or flat front, full length, appropriately fastened at the waist. Pants with loops will require belts. Material: Cotton, canvas, corduroy, linen, polyester, or twill.

(B) Tops: Shirts and blouses must have button down or straight collars; turtlenecks and polo shirts are permitted. All tops must be worn tucked into pants, slacks or skirts. Style: long or short sleeves with a color required. Undershirts, if worn, must be white or match the color of the top.

(C) Skirts, Jumpers, Shorts and Capris: Must be at least knee length. Note that schools adopting uniform dress codes may not require girls to wear skirts.

(D) Jackets: Style: Must be worn over a collar shirt, turtleneck or polo style top.

(E) Footwear: boots, flat-heeled shoes and enclosed toe sandals and athletic shoes are permitted.

(4) **Inappropriate Clothing for a School that has a Uniform Dress Code may include the following:**

(a) Blue jeans or any article of clothing made from denim.

(b) Insignia on outerwear not related to the school or to the

district, including but not limited to professional sports teams and colleges.

(c) Logos: No Manufacturer trademarks or advertisements permitted.

**(5) Exceptions and Accommodations.**

(a) The principal may exempt a student from the wearing of a uniform or uniform dress if requested in writing by the parent or guardian because of extenuating circumstances. Extenuating circumstances are generally limited to the student's disability/medical condition or sincerely held religious beliefs that are substantially affected by a uniform dress code requirement.

(b) The principal will interview the parents and the student and consult with his/her supervisor before making a decision regarding an exemption. The exemption shall be as narrow as possible in order to ensure that the appropriate accommodation is made. The principal shall confirm the dress code required of the student subject to an exemption in writing to the parent and student. The principal is highly encouraged to contact the General Counsel's office when exemptions are requested.

**(6) Implementation Supports**

(a) Schools that adopt a uniform dress code are required to establish a source for clothing that disadvantaged students may use so that the dress code does not create a financial burden on the family. The identity of the family or child shall not be disclosed.

(b) Each school may open a uniform bank for receipt of donated, new or used uniforms or uniform dress clothing items and substitute clothing to be loaned on a daily basis to non-compliant students.

(7) Nothing in this directive shall be construed to restrict or ban a student's wearing of religious clothing. Parents having religion-based concerns regarding a school's dress policy are encouraged to discuss them with the principal.

### District Dress Code Implementation Plan

A collaboration between the Office of School Performance and Office of Equity & Partnerships

Purpose: To ensure school staff and administrators, as well as students and families, are aware of the new dress code policy; and for school staff and administrators to be able to enforce it consistently and equitably across all schools in the district.

	August 2016 (Prior to 1 <sup>st</sup> day of School)	August 2016 (School year begins)	March 2017
Administrators & School Staff	<ul style="list-style-type: none"> <li>Administrative Leadership Meeting: New dress code policy announcement. School Climate Team to help address discipline questions.</li> <li>School Climate Website: Include the dress code and supporting narratives</li> <li>School Climate Handbook Template for school staff: Include dress code policy language</li> <li>School Staff Meeting: New dress code update for all teachers</li> <li>Dress Code Policy Insert: To be created and mailed to schools to include in school handbooks</li> </ul>	<ul style="list-style-type: none"> <li>Professional Development opportunity: See attached</li> <li>School Climate Handbook: Continue conversations with staff</li> <li>New dress code flyers provided to schools</li> </ul>	<ul style="list-style-type: none"> <li>School Staff Meeting: Check in and review of dress code policy. Evaluate challenges and submit feedback through online survey.</li> </ul>
Students & Families	<ul style="list-style-type: none"> <li>School Climate Handbook Template for Families &amp; Students: Include dress code policy language</li> </ul>	<ul style="list-style-type: none"> <li>Flyers given to families by schools about new dress code policy in 6 primary languages</li> </ul>	
District Dress Code Advisory Committee	<ul style="list-style-type: none"> <li>Dress Code Policy 4.30.012: Approved by Board</li> <li>Dress Code Administrative Directive 4.30.013: Approved by Superintendent</li> </ul>		<ul style="list-style-type: none"> <li>DDCAC meeting: Discuss challenges from survey and suggest ways to support schools</li> </ul>





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I. Definitions

(1) Attire. Clothing, including outerwear, headwear, accessories such as scarves or jewelry, and shoes.

(2) Grooming. Makeup, tattoos, and hair style.

~~(1)(3) Dress Code. A set of parameters determined by the district and immediate school site that describes acceptable student apparel and appearance including but not limited to clothing, makeup, tattoos, and jewelry standards for student attire and grooming.~~

~~(2)(4) School Uniform Dress Code. Distinctive clothing style and/or specific colors selected by the school following a community process and worn by all students as a means of identifying them as members of the school community. Uniform dress codes may range from identical articles of clothing worn by all students (uniforms) to clothing similar in style and color worn by all students (uniform dress).~~

~~(3) Gang Symbols. Any article of clothing, badge, sign, lettering, hairstyle, jewelry, emblem, symbol or other personal display or adornment which is recognized or acknowledged by students, the School Resource Officer, or the Portland Police Gang Task Force to designate a gang symbol or to signify affiliation with, participation in or approval of a gang.~~



## II. Basic Dress Code

(1) **Minimum Safe Attire.** Student attire and grooming must permit the student to participate in learning without posing a risk to the health or safety of any student or school district personnel.

- (a) Students must wear clothing including both a shirt with pants or skirt, or the equivalent (for example dresses, leggings, or shorts) and shoes.
- (b) Shirts and dresses must have fabric in the front and on the sides (under the arms).
- (c) Clothing must cover undergarments (waistbands and straps excluded).
- (d) Fabric covering breasts, genitals and buttocks must be opaque.
- (e) Hats and other headwear must allow the face to be visible to staff, and not interfere with the line of sight of any student or staff. Hoodies must allow the face and ears to be visible to school staff.
- (f) Clothing must be suitable for all scheduled classroom activities including physical education, science labs, wood shop, and other activities where unique hazards exist.
- (g) Specialized courses may require specialized attire, such as sports uniforms or safety gear.

~~(1)~~(2) **District Dress Code.** Board policy 4.30.012 provides: that “clothing or displays which are sexually suggestive, drug related, vulgar or insulting, demeaning to a particular person or group or indicative of gang membership Attire or grooming depicting or advocating violence, criminal activity, use of alcohol or drugs, pornography, or hate speech are prohibited.” All PPS students are expected to comply with the requirements of this policy.  
Specifically:

~~(a)~~(a) Clothing may not be sexually suggestive (examples include bare midriffs, visible undergarments, plunging necklines, see-through materials and sagging pants).

~~(b)~~(a) Clothing may not be alcohol, tobacco or drug related, including advertising or advocating the use of such products depict, advertise or advocate the use of alcohol, tobacco, marijuana or other controlled substances.

~~(e)~~(b) Clothing must not be lewd, vulgar, obscene or plainly offensive may not depict pornography, nudity or sexual acts.

~~(d)(c)~~ Clothing must not be demeaning to a particular person or group, such that it might interfere with another student's educational opportunities may not use or depict hate speech targeting groups based on race, ethnicity, gender, sexual orientation, gender identity, religious affiliation or any other protected classification.

~~(e)~~ Clothing must be clean.

~~(f)(d)~~ Clothing, including gang identifiers, must not pose a threat to the health or safety of any other student or staff.

~~(g)~~ Clothing may not substantially interfere with the learning process or school climate or disrupt the educational process.

~~(h)~~ Clothing or other attire (jewelry, etc.) may not be gang related. These items must be specifically listed in any school dress code. Schools must confer with their School Resource Officer for specific indications of gang membership in their area.

~~(e)~~ Schools must establish an exception to the dress code for sincerely held religious beliefs. For instance, if a school establishes a ban on hats and headwear, an exception must be provided for students who cover their heads as expression of a sincerely held religious belief. Enforcement must accommodate clothing worn by students as an expression of sincerely held religious beliefs (head scarves, for example) and worn by students with disabilities (protective helmets, for example).

~~(i)(f)~~

~~(2)~~ **Individual school dress codes.** Schools may expand upon the Student Dress Policy by providing students with notice of specific items

~~of clothing or dress that are not permissible at that school. Schools are highly encouraged to provide a draft dress code to the General Counsel for review. Examples of items included in a school dress code may include:~~

- ~~(a) Tattoos that violate the dress code must be covered.~~
  - ~~(b) Students may not wear hats during the school day on school property. Exception: hats that are required by a teacher for a sport or a class, or that relate to sincerely held religious beliefs.~~
  - ~~(c) Sports team jerseys other than those of the individual school may not be worn during the school day or on school property.~~
  - ~~(d) Provocative or revealing clothing. For example: crop tops, halter-tops, bedtime attire, under clothing worn as outer clothing.~~
  - ~~(e) Clothing that may be considered weapons. For example: chain-belts, wallet chains, spiked wrist, or collar bands.~~
  - ~~(f) House slippers, flip-flops, or other footwear that constitutes a safety hazard.~~
- ~~(3) When adopting a school dress code, the school must abide by the following:~~
- ~~(a) The school dress code must be specific in nature, carefully identifying those items that are prohibited, and must be applied consistently to all students.~~
  - ~~(b) The school must notify parents and students at the beginning of each semester or trimester of the details of the school dress code. This notification can take place in any or all of the following with the goal of informing students and parents: the school newsletter, sending home with the students, electronic methods — website, listserv, email, and general posting. The details of the school dress code should be updated throughout the year if new, unacceptable trends develop.~~
  - ~~(c) The school must provide an exception process for sincerely held religious beliefs.~~

~~(d) The school must check regularly with School Security, the School Resource Officer or the Gang Task Force to maintain a current list of gang symbols specific to that school neighborhood and to Portland in general.~~

~~(4)~~(3) **Parent Responsibility.** Board Policy 4.30.012 provides: "The responsibility for the dress and grooming of a student rests primarily with the student and his or her parents or guardians." Parents or guardians are responsible for ensuring student compliance with the school dress code.

(4) **Student Responsibility.** All students at all schools are responsible for complying with their school's dress code during school hours and school activities.

(5) **Staff Responsibility.** To equitably enforce the district dress code, teachers, administrators and all school staff must be notified of the policy at the beginning of the school year with a refresher in March before Spring Break in regards to its purpose and spirit, and how to enforce it without shaming students or disproportionately impacting certain student groups. Staff should be guided by the dress code policy and follow the letter and spirit of the district dress code.

(6) **Enforcement.** When a school staff member or school administrator discusses a dress or grooming violation with a student, it is recommended that another adult should be present and at least one of the two adults should be the same sex as the student. Unless there is an immediate concern, a student should not be spoken to about a dress code violation in front of other students.

(a) Teachers or staff discussing a dress or grooming violation with a student should present options for obtaining appropriate clothing (e.g. school clothing closet).

(b) Where possible, students should not be required to wear school owned replacement garments and should never be required to wear specific garments as a disciplinary measure.

(c) Discipline for dress or grooming violations should be consistent with the discipline policies for comparable violations.

~~(5) **Consequences.** Consequences for failure to follow the individual school dress code will be decided by the appropriate school~~

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~~administrator in accordance with the Resource Manual for Student Conduct. When a school administrator discusses a dress or grooming violation with a student in response to a behavior referral, it is recommended that another adult should be present and at least one of the two adults should be the same sex as the student.~~

- ~~(a) The principal or designee may photograph dress code violations. Following are the guidelines for photographing the student.~~
- ~~(A) The sole purpose of the photograph is to demonstrate the dress code violation to the parent or guardian.~~
- ~~(B) Another adult should be present for the photograph and at least one of the two adults should be the same sex as the student.~~
- ~~(C) All photographs should be turned over to the parent or guardian. Schools should not retain any copies.~~

### III. Uniform Dress Code

Schools may pilot a uniform dress code. Administrative Directive 3.10.011 states that it is the responsibility of the school principal to ensure a safe, efficient and effective learning environment, and to understand and respond to the larger political, social, economic and cultural context in which their school operates. There are communities within the district that support uniform dress codes. ~~Research demonstrates that uniform dress codes decrease distractions, support higher academic achievement and facilitate a safe learning environment. Uniform dress codes encourage and teach students the appropriate attire~~

~~for various settings, including the school environment. Uniform dress also ensure staff are able to easily identify their students to better secure the campus. There are communities within the district that support uniform dress codes and have chosen to require students to wear a uniform to school. It is recommended the schools reassess the requirement every five years to confirm that the current school community supports it.~~

(1) **School Responsibility.**

(a) For those schools with student uniform requirements, enforcement must be equitable, with no group experiencing disproportionate enforcement, specifically on the basis of gender, sexual orientation, race, or body type/development.

~~(a)~~(b) Schools that choose to adopt a Uniform Dress Code shall follow a collaborative, inclusive process, publicize the choice and the provisions, explore funding for disadvantaged students and enforce the choice as appropriate.

~~(b)~~(c) The principal or designee shall work with the district procurement department to develop purchasing and distribution plans, if necessary, for implementation of the uniform dress code at his/her school.

~~(e)~~(d) It is the responsibility of the principal or designee to determine if a student is dressed appropriately under the school's uniform dress code.

(2) **Process for adoption of a uniform dress code.**

- (a) If a school is interested in piloting a uniform dress code, the principal shall:
- (A) Convene at least two parent/community meetings to discuss and receive input regarding the adoption of a uniform dress code.
  - (B) Consult with school staff and students to discuss and receive input regarding the adoption of a uniform dress code.
  - (C) Determine, via a survey or some other accurate method of measure, that a majority of the school community supports the adoption of a uniform dress code.

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(D) Consult with the area director.

(3) **Appropriate Clothing for Schools that Adopt a Uniform Dress Code.**

- (a) Schools that adopt a uniform dress policy may determine the dress code and color scheme for their individual school. Following is an example of a uniform dress code that schools may follow.

- (A) Slacks and Pants: Pleated or flat front, full length, appropriately fastened at the waist. Pants with loops will require belts.  
Material: Cotton, canvas, corduroy, linen, polyester, or twill.
  - (B) Tops: Shirts and blouses must have button down or straight collars; turtlenecks and polo shirts are permitted. All tops must be worn tucked into pants, slacks or skirts. Style: long or short sleeves with a color required. Undershirts, if worn, must be white or match the color of the top.
  - (C) Skirts, Jumpers, Shorts and Capris: Must be at least knee length. Note that schools adopting uniform dress codes may not require girls to wear skirts.
  - (D) Jackets: Style: Must be worn over a collar shirt, turtleneck or polo style top.
  - (E) Footwear: boots, flat-heeled shoes and enclosed toe sandals and athletic shoes are permitted.
- (4) Inappropriate clothing for a school that has a uniform dress code may include the following:
- (a) Blue jeans or any article of clothing made from denim.
  - (b) Low cut pants, low rise pants, sagging pants or slacks, sweat pants and shirts (except as appropriate for PE), hats, caps, bandanas, hair rollers, curlers, plastic hair bags, hair nets, sweat bands, skull caps and other similar clothing items.
  - (c) Insignia on outerwear not related to the school or to the district, including but not limited to professional sports teams and colleges.
  - (d) Logos: No Manufacturer trademarks or advertisements permitted.

**(5) Exceptions and Accommodations**

- (a) The principal may exempt a student from the wearing of a uniform or uniform dress if requested in writing by the parent or guardian because of extenuating circumstances. Extenuating circumstances are generally limited to the student's disability/medical condition or

sincerely held religious beliefs that are substantially affected by a uniform dress code requirement.

- (b) The principal will interview the parents and the student and consult with his/her supervisor before making a decision regarding an exemption. The exemption shall be as narrow as possible in order to ensure that the appropriate accommodation is made. The principal shall confirm the dress code required of the student subject to an exemption in writing to the parent and student. The principal is highly encouraged to contact the General Counsel's office when exemptions are requested.

**(6) Implementation Supports**

- (a) Schools that adopt a uniform dress code are required to establish a source for clothing that disadvantaged students may use so that the dress code does not create a financial burden on the family. The identity of the family or child shall not be disclosed.
  - (b) Each school may open a uniform bank for receipt of donated, new or used uniforms or uniform dress clothing items and substitute clothing to be loaned on a daily basis to non-compliant students.
- (7) Nothing in this directive shall be construed to restrict or ban a student's wearing of religious clothing. Parents having religion-based concerns regarding a school's dress policy are encouraged to discuss them with the principal.

Superintendent's Approval	
	9/26/06
_____ Superintendent's Signature	_____ Date

Portland Public Schools Bond Construction Program:

**PERFORMANCE AUDIT #3**

May 2016

Hirsh and Associates,

Bill Hirsh and Richard Tracy



## MEMORANDUM

**To:** Carole Smith, Superintendent;  
Jerry Vincent, Chief, School Modernization

**From:** Richard Tracy and Bill Hirsh

**Date:** May 2016

**Re: School Bond Construction Program - Performance Audit #3**

Attached is our 2016 performance audit report of the School Bond Construction Program for the Portland Public School district. This is the third of four annual audits and principally covers the period from April 2015 to March 2016.

We would like to thank the management and staff of the school district and of the Office of School Modernization for their assistance and cooperation in conducting this audit.

We look forward to meeting with the School Board to more fully discuss the report's findings and recommendations.



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# SUMMARY

The Portland Public School district is into the fourth year of an ambitious eight-year capital improvement program to modernize, replace, and improve school buildings. With the passage of Ballot Measure 26-144 in November of 2012, the district was authorized to issue \$482 million in general obligation bonds to finance the costs of planning, design, and construction. Additional resources have increased the projected improvement budget to approximately \$551 million. This report is the third annual performance audit of how well the district is managing and implementing the school building improvement bond program.

## **Program enters busiest period**

After several years of major planning and design efforts, the bond program over the past 12 months began its busiest building period to date. Construction started at the two major modernization projects at Franklin and Roosevelt high schools, and demolition was completed and work has begun on the new Faubion PK-8. Twenty-seven schools throughout the district received summer improvements such as seismic strengthening, access improvements, new roofs, and science classroom upgrades. Work was completed at Tubman and Marshall so that students from Faubion and Franklin respectively could begin classes at these interim spaces for the start of the 2015-2016 school year.

In addition, the bond program started and completed master planning for Grant high school and entered the schematic design phase in anticipation of construction beginning in the early summer of 2017. Master plans were started for three other high schools – Lincoln, Benson, and Madison – that will serve as the basis for further design and construction if a new bond is approved by voters.

Although original baseline schedules have not been met in several instances, the district is on revised schedules for planned occupancy dates for the major construction projects. While some

projects have exceeded original planned budgets, the program currently has addressed many of these increases by using contingencies and reserves. As of the final drafting of this report, the Franklin high school project is estimated to complete substantially over budget. The Grant high school project also has unresolved budget concerns. The district and Office of School Modernization (OSM) need to stay vigilant to control project scope and cost increases as remaining reserves and contingencies are drawn down.

### **High school modernization projects: progress and risks**

The three modernization projects at Franklin, Roosevelt, and Grant are the most costly and complex of the bond program projects. Representing over 57 percent of the total bond budget of \$551 million, these projects involve major renovation of existing historical structures. The district chose to employ an alternative procurement and contract methodology called Construction Manager/General Contractor (CM/GC) to construct these projects.

We focused much of our audit effort this year reviewing the status of these projects and their compliance with statutes, policies, and best practices for CM/GC projects. For the two projects under construction, FHS and RHS, the district is projecting that it will complete the projects on schedule. FHS will complete substantially over budget and OSM projects that RHS will complete within its adjusted budget. In most respects OSM and the CM/GC firms have worked collaboratively to develop designs and construction documents, prepare project budgets, and bid work to subcontractors. However, we did find deviations from district policies and weaknesses in controls that increase financial risk and may result in higher costs. Specifically,

- The GMP amendment to the Franklin CM/GC contract language modified the intent of the GMP by negating the guarantee that the CM/GC firm will provide a complete facility at an agreed upon maximum price
- A buyout reconciliation change order to the Franklin CM/GC contract language has increased the contractor contingency budget and allowed overhead without demonstrating that the scope of the project has increased
- For the Franklin and Roosevelt projects, OSM protocols for reviewing and approving potential changes were inadequate to ensure that work was

approved before starting and that appropriate level of management approved the changes

The Grant high school master planning process resulted in an innovative conceptual design that received significant public input and was approved by the Board of Education in December 2015. However, based on a conceptual estimate prepared by the architect for the master plan, the budget for the school does not include sufficient project contingency amounts. The budget based on the master plan estimate and documentation from OSM provides a project contingency of approximately 3.5 percent, significantly less than the 10 percent standard employed for Franklin and Roosevelt high schools at the start of design. An additional approximate \$7.5 million would be needed to maintain a 10 percent contingency. Action is needed by the completion of schematic design to adjust the estimated Grant high school budget through revisions to scope, adding resources, and/or revisions to the project estimate. At the time of final drafting of this report, OSM reports that intends to address this concern.

We believe that a variety of factors have contributed to the conditions discussed above including that lack of complete standard operating procedures and policies and failure to consistently use existing standard operating procedures and guidelines. We make a number of recommendations to help OSM address these concerns.

**Program management: foundation in place with improvements needed**

OSM has established a comprehensive foundation to manage and administer the bond program. The program reports regularly on schedule and budget status, monitors budget and budget changes, reviews and authorizes payment requests, and continually evaluates the costs of program management overhead. In addition, the program has developed and implemented an extensive infrastructure to ensure strong communication with the community on the status of the bond program and extensive public engagement in the development of project designs. With the Purchasing and Contracting department in the lead, OSM has largely complied with district and state policies to ensure the fair and competitive selection of consultants and contractors. Concerns with one selection process highlighted the need for, and resulted in, internal improvements in the RFP process.

Although the program has experienced significant turnover in upper level management this past year, the blended organizational staffing team has maintained momentum toward completing the program in accordance with plans. We note that the bond program could strengthen systems in several areas to improve management oversight, tighten compliance with policies, procedures, and best practice, and to increase the potential that equity goals will be achieved. Some of these improvements include:

- Development and use of Project Team Management Plans to guide the design and construction of individual projects and to provide the basis for more effective supervision and control
- Enhancements to the procedures for review and selection of consultants to ensure more informed selection of qualified firms
- Increased flexibility in CM/GC contracts to permit the selection of more MWESB subcontractors
- Beginning processes for selection of firms earlier to avoid risks to schedule and budget
- Fully complete audit recommendations in a timely manner

The bond program has taken action on many of the recommendations that we made in our 2014 and 2015 audit reports. Additional effort is underway to address the remaining recommendations. A summary of the status of these recommendations is contained in Appendix B. We make new recommendations in this report that are compiled and summarized in Recommendations section on page 73.

# INTRODUCTION

In November of 2012, the voters of the of the Portland Public School district approved Ballot Measure 26-144 authorizing the Portland Public School district to issue up to \$482 million in general obligation bonds to finance capital projects to replace, renovate, and upgrade schools and classrooms throughout the district. This is the third of four performance audits of the School Building Improvement Bond program and covers the period from April 2015 to March 2016. The 2014, 2015, and 2016 performance audits can be found on the PPS Bond Program website at [www.pps.k12.or.us/bond](http://www.pps.k12.or.us/bond). This audit evaluates the degree to which the program is achieving its goals and objectives and is following applicable laws, policies, and procedures. The overall purpose of the performance audits is to provide useful information to help strengthen the operations of the bond program and to assist in providing public accountability for the use of voter-approved tax resources.

## **Overview of bond program resources, budgets, and schedules**

The following tables provide current information on the bond program resources, project budgets, and schedules as of March 2016. As shown in figure 1, the School Building Capital Improvement Bond program derives funds from a variety of sources. Total capital improvement program funds from all sources have grown, increasing from \$499,107,903 in March 2014 to \$550,538,965 in March 2016. While general obligation bonds comprise the vast majority of funding for the bond program, the program also receives support from various state grants, contributions, bond premium/debt savings, and from partnerships with other organizations.

**Figure 1 2012 Capital Improvement Bond Program resources from all sources**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
General Obligation Bonds	\$482,000,000	\$482,310,324	\$482,310,318
Bond premium/debt savings	\$13,870,000	\$13,870,000	\$47,081,952
Concordia University	-	\$879,306	\$15,539,710
SRGP funds and PPS contribution (seismic upgrades)	\$1,500,000	\$1,495,172	\$2,917,458
SB1149 funds (energy efficiency and renewable energy)	\$801,810	\$801,810	\$1,606,015
Debt Repayment	\$931,509	\$568,948	\$783,880
Education specifications	\$300,000	\$300,000	\$300,000
Facilities and Maintenance capital funds	\$4,458	\$40,732	\$198,057
Great Fields	-	-	\$65,517
Energy Trust	-	-	\$28,580
Partnership funds	-	-	\$7,478
<b>TOTAL</b>	<b>\$499,107,903</b>	<b>\$500,266,411</b>	<b>\$550,538,965</b>

Source: OSM Operations Summary for March 2014 and March 2016

The School Building Improvement Bond program as of March 1, 2016 is composed of 21 separate projects. These projects include:

- Full modernization of three high schools – Roosevelt, Franklin, and Grant
- Replacement of Faubion PK-8 elementary school
- Nine Summer Improvement Projects to replace roofs, correct seismic deficiencies and accessibility problems, and upgrade science classrooms
- Master planning for three high schools – Benson, Lincoln, Madison
- Two swing site improvements, and transportation upgrades to provide temporary facilities for the students at Franklin, Roosevelt, and Grant high schools and at Faubion PK-8

- Three other separately budgeted projects account for program management and contingencies, repayment of line of credit debt, and the costs for preparing Educational Specifications

The table below lists the 21 separate projects managed by the OSM and their original and current budgets, and the invoices approved for payment as of March 2016.

**Figure 2 School Building Improvement Bond program: Projects and budgets**

PROJECT	BUDGET (in millions)		Approved invoices
	Original budget	Current budget	
Franklin HS	\$81.6	\$106.6	\$21.3
Grant HS	\$88.3	\$111.9	\$0.7
Roosevelt HS	\$68.4	\$96.6	\$15.2
Faubion PK-8	\$27.0	\$48.9	\$4.1
9 Improvement Projects, 2013-19	\$67.7	\$72.5	\$53.5
3 HS Master plans	\$1.2	\$1.3	\$0.1
Swing sites and transportation	\$9.6	\$6.9	\$4.9
Educational Specifications	\$0.0	\$0.3	\$275
Debt repayment	\$45.0	\$45.0	\$45.0
2012 Bond Program *	\$93.1	\$60.5	\$13.7
<b>TOTAL</b>	<b>\$482.0</b>	<b>\$550.5</b>	<b>\$151.8</b>

Source: OSM Operations Summary March 2016

\* 2012 Bond Program project includes program management and administration, reserves, contingencies

Because two of the major HS construction projects and Faubion have just begun the construction phase, only \$152 million in invoices have been approved for payment, about 28 percent of the total bond program budget. Over the next two to three years, program spending will increase significantly as three major projects largely complete construction.

Figure 3 below shows the principal schedule points for the major construction projects of the bond program. Franklin and Roosevelt high school projects started construction on time and scheduled substantial completion dates have remained the same. Schedule status will be discussed in more detail in the Audit Results section of this report.

**Figure 3 Project schedules for major construction projects**

PROJECT	Complete Design Development Phase		Start construction		Substantial Completion
	Schedule	Actual	Schedule	Actual	
Franklin HS	Jul 2014	Oct 2014	Jun 2015	Jun 2015	Jul 2017
Grant HS	Sep 2016	Oct 2016	Jun 2017	-	Mar 2019
Roosevelt HS	Jul 2014	Jan 2015	Apr 2015	May 2015	Jun 2017
Faubion PK-8	Jun 2015	Mar 2015	Jun 2016	Dec 2015	May 2017
Marshall swing site	Feb 2014	Apr 2014	Apr 2014	Jan 2015*	Jan 2015
Improvement Projects	<i>various</i>				

Source: BAC January 2015, July 2015, and January 2016 Reports

\* Marshall roofing was re-scheduled at a later date.

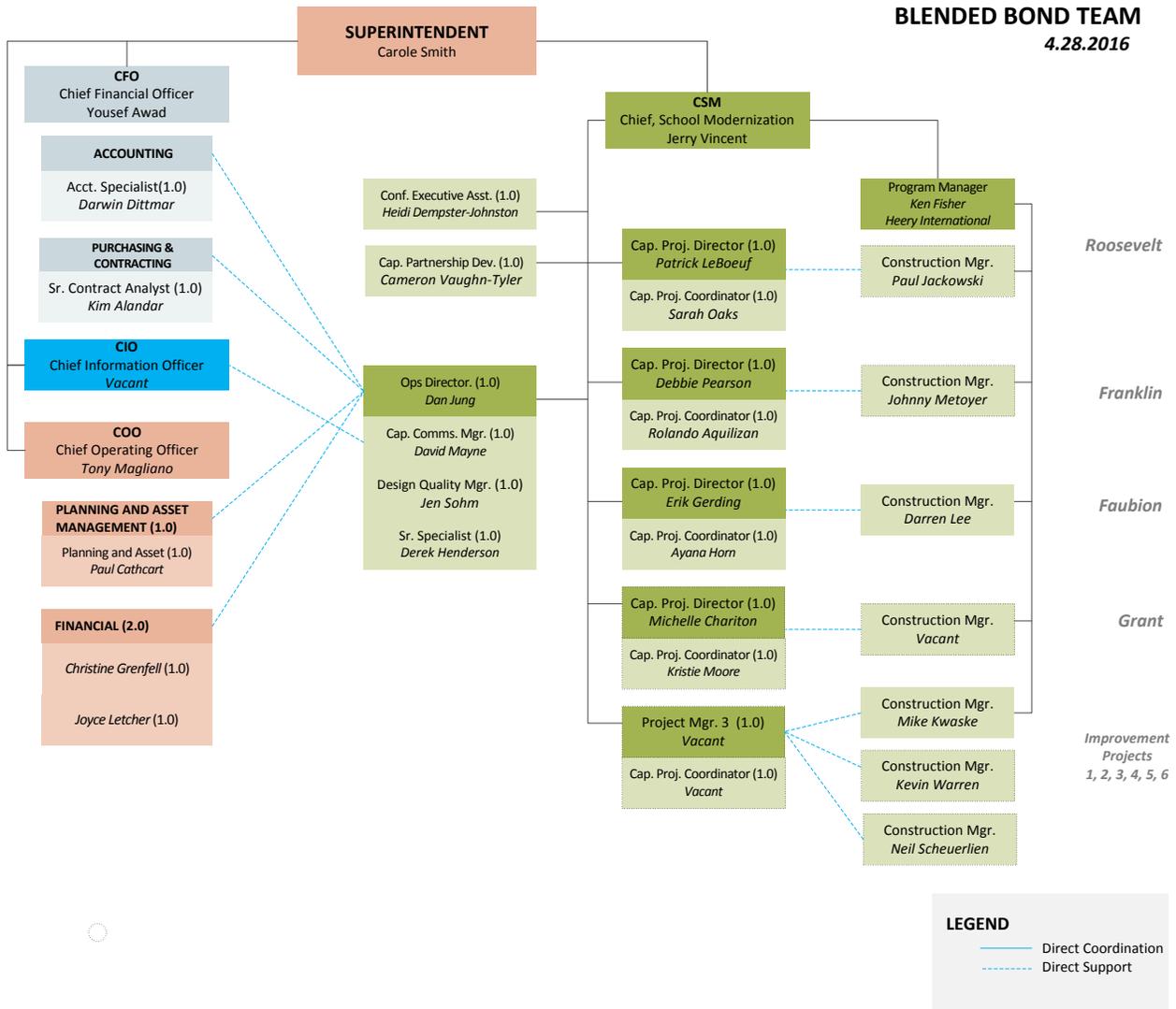
## Office of School Modernization

The Office of School Modernization (OSM) is responsible for managing the School Building Improvement Bond program under the overall direction of the superintendent and the specific direction of the Chief, School Modernization (CSM). In cooperation with the district's Facility and Asset Management (FAM) department, OSM has established plans, policies, and procedures to execute the capital construction program. The program must comply with established federal, state, and local laws, and district policies, rules, and procedures regarding procurement, construction, contracting, budgeting and financial reporting, land use and building codes, and equity in public purchasing and contracting.

As shown below, OSM is composed of staff from OSM, FAM, and representatives from district Accounting and Finance, and Purchasing and Contracting. The most significant change to this organization the past year was the elimination of the OSM Senior Director (formerly Executive Director) position and the consolidation of the position's responsibilities with those of the Chief, School Modernization position.

The organizational chart below shows the blended organizational structure of the program.

**Figure 4 Organizational chart**



## Public accountability structures

The district continues to use several mechanisms to provide public accountability for the use of bond funds. In addition to annual financial and performance audits, the Balanced Scorecard performance report and the Bond Accountability Committee provides monthly and quarterly reporting respectively to the Board of Education and the public.

### BOND ACCOUNTABILITY COMMITTEE

The seven member community-based volunteer Bond Accountability Committee (BAC) is chartered by the school board to assist in monitoring the planning and progress of the school bond program relative to the voter-approved work scope, budget, and schedule objectives. The BAC charter charges the committee to meet at least quarterly to actively review the implementation of the program and to provide advice to the board on a number of topics including the appropriate use of bond funds, alignment with goals and policies established by the board, compliance with safety, historic integrity and access rules, and standards and practices for efficient and effective maintenance and construction.

At the completion of this year's performance audit the BAC has had, since its inception, 14 quarterly meetings and issued 12 public reports on the status and progress of the bond program. All BAC meetings were announced publicly and were open to public participation.

### BALANCED SCORECARD REPORTING

The Balanced Scorecard performance measure and reporting tool used by OSM reports on the overall performance of the bond program and on four specific perspectives related to Budget, Schedule, Stakeholder involvement, and Equity in public contracting. A variety of strategic objectives, performance measures and performance targets are tracked and reported on a monthly basis in order to provide objective indicators on what is progressing successfully and where improvements may be necessary. A summary of the four primary Balanced Scorecard perspectives and objectives is presented in the table below.

**Figure 5 Balanced Scorecard performance perspectives and objectives**

Perspective	Objective
BUDGET	Design and construction costs within budget
SCHEDULE	Design and construction are completed on schedule
STAKEHOLDER	Project scope, design and construction meet educational, maintenance, and DAG needs
EQUITY	Projects addressing MWESB, apprenticeship, and student participation goals
OVERALL	Overall assessment of performance meeting the four perspectives

Source: OSM Balanced Scorecard Report and PMP

## Audit objectives, scope, and methods

This audit has four primary objectives:

1. To determine if the bond program is completing projects on-budget, on-schedule, and in accordance with the objectives of the voter-approved bond measure
2. To determine if the district has in place adequate and appropriate policies and procedures to guide the management and implementation of the program
3. To evaluate if the district is following established policies, procedures, and other rules in managing and implementing the bond projects
4. To identify opportunities to enhance and improve the performance of the program

To address these objectives, we interviewed:

- Chief, School Modernization
- Office of School Modernization, management and staff
- Purchasing, management and staff
- Program/Construction Management firm
- Community Involvement and Public Affairs staff
- Bond Accountability Committee chair
- Architect and CM/GC for FHS

In addition, we reviewed numerous documents including e-Builder documents on project cost management, procurement, project monitoring and reporting, and administration; internal OSM operations reports on program cost management, MWESB performance, student participation, financial reconciliation, and cash flows; OSM program management plan and standard operating procedures; PPS BOE agenda items and BOE meeting minutes, PPS rules and directives for purchasing and procurement, and state public contracting statutes. We tested purchasing and contracting documents for architectural design, construction, and CM/GC selection. We also utilized e-Builder to obtain information on contracts, invoicing review and approval, budget and cost reporting, project change orders and budget amendments, and public involvement.

This is the third of four annual audits and covers the period from April 2015 through March 2016. The primary focus of this year's audit was on the planning, procurement, and construction activities of three major projects: Roosevelt high school, Franklin high school, and Faubion PK-8 school. For these two high schools, we reviewed the CM/GC contracts, GMP provisions, pricing and buy-out, invoices, value engineering/scope reduction changes, project budgets and schedule status, general conditions, subcontracting, change order processing, and other construction management processes. We reviewed the master planning for Grant HS and the initiation of master planning for Lincoln, Benson, and Madison high schools. In addition, we continued to review and assess the adequacy of the bond program policies and procedures, compliance with purchasing and selection requirements, the design and construction of the summer improvement projects, and accomplishments in achieving objectives of the equity in public purchasing and contracting policy.

This audit was performed in accordance with a personal services contract awarded by the Portland Public Schools Board of Education (October 7, 2013). We planned and conducted fieldwork from July 2015 until March 2016. We conducted report writing and quality control in February, March, April and May 2016. We conducted this work following professional standards for performance auditing and obtained sufficient evidence to provide a reasonable basis for our findings and conclusions. We make a number of recommendations pertaining to public procurement and contracting that should not be construed as offering legal advice. The district may wish to obtain legal counsel before implementing those recommendations.

# AUDIT RESULTS

The Portland Public Schools has entered the busiest building period of the program to date. Construction was initiated at three large modernization and replacement projects and a variety of improvements were completed at twenty-seven schools in the summer of 2015. In addition, master planning was completed for one additional high school and started for three other high schools. Although there are some schedule and budget issues, the program is mostly on schedule and on budget.

Our audit also identified continuing opportunities to improve the program to ensure better compliance, to reduce risks, and to improve accomplishments of goals. For example, effort is needed to tighten CM/GC contract administration, to refine budget estimating for high school master plans, and to achieve aspirational goals for MWESB participation in contracts. In addition, due to the significant turnover in upper management, the program should implement stronger controls to ensure consistent and complete project oversight. OSM has also implemented most of the recommendations in prior audits but more action is needed to address partially or unimplemented items. The sections that follow provide detailed analysis of our audit findings for this year. We again offer additional recommendations for improvement. OSM and Purchasing and Contracting continue to be open and responsive to our audit work, and have already taken action on some of the issues and recommendations.

## High School modernization projects

Over the past year, the OSM initiated construction at Roosevelt and Franklin High Schools and completed master planning for Grant High School. In addition, the district initiated master planning for three additional high school modernization projects at Lincoln, Benson, and Madison high schools. This section provides our analysis of the progress and accomplishments of these six projects.

### 1. FRANKLIN HIGH SCHOOL

The district initiated demolition and construction of the Franklin HS modernization project in June 2015. The 287,000 square foot facility will be constructed over a period of 21.6 months and is scheduled to be substantially complete in March 2017. During the construction period, Franklin students and staff are at the interim facility at Marshall high school.

The FHS modernization project is being conducted using the CM/GC construction methodology. The project team consists of the architectural firm DOWA-IBI Group (DOWA) and the construction firm Skanska USA Building Inc. (Skanska) with owner oversight provided by OSM.

#### **Overall budget and schedule status**

The total current budget for the Franklin HS project is \$106.6 million. The Guaranteed Maximum Price was initially established at \$81.8 million. OSM currently forecasts that the project will complete on schedule. OSM project and program management staff report the project will be complete in time for students and teachers to use the new facility in September of 2017.

However, the April 2016 Project Status Update estimates the budget at completion to be \$108.9 million, approximately \$2.3 million over budget. Moreover, the Project Director further estimates in the update that the final project cost would be as much as \$112 million, substantially over the \$106.6 million project budget. As of April, the project is 35 percent complete and has

spent \$35 million of its total project budget. OSM management is currently working with the construction firm to develop a firm budget estimate for final construction cost.

We observed that OSM reporting of the Franklin high school budget status changed dramatically from \$4.6 million under budget in the January BAC report to \$2.3 million over budget in the April project status update. Based on conversations with the project director, we believe this occurred because a number of unapproved and potential change orders were not factored into the earlier forecast. A more complete and earlier recognition of potential costs to the project would provide greater transparency and useful information for decision makers. While OSM initiated a project status update requirement in e-Builder early in 2016, not all project directors have developed and posted current updates, nor have all updates that have been posted been complete.

Due to unforeseen site conditions, extensive hazardous material abatement, and extraordinary weather conditions, there have been a considerable number of approved and pending change requests. The CM/GC has requested a project completion date extension due to these change orders. OSM project management staff is working closely with the CM/GC on implementation of a remediation schedule.

Based on the experiences at the FHS project involving considerable amount of unforeseen hazardous material abatement which were not identified in the haz-mat survey, the district is planning on substantial destructive investigation during design by a CM/GC for GHS. The destructive investigation will potentially provide additional structural, mechanical, and hazardous material information for the design team.

**Recommendation 1**

In order to improve reporting of budget risks and/or the use of project contingences, OSM should ensure that all monthly project budget projections are updated on a timely basis and include rough order of magnitude (ROM) estimates of potential changes where scope and/or cost is not yet determined.

### **Guaranteed Maximum Price (GMP)**

A major effort over the past year was establishment of a Guaranteed Maximum Price amendment to the CM/GC contract. The project GMP was to be negotiated based on 100 percent completion of the design development documents (DD).

The initial GMP estimate provided by the CM/GC was \$109.75 million, \$28 million more than the \$81.75 million GMP budget established by OSM. OSM project management staff, the CM/GC, and the architect all expressed surprise at the magnitude of this difference because the project was ostensibly on-budget at the end of schematic design (SD) in July of 2014. The schematic design was completed approximately 5 months before the 100% design development drawings and an increase of \$28 million or 35 percent could not be explained by escalation alone, which was about 5 percent annually.

The CM/GC firm states that there were a number of causes for the significant growth in the construction estimate between SD and DD. The CM/GC states that the building size increased from 280,000 square feet at SD to 287,000 square feet at DD. According to an OSM document titled, "FHS Crosswalk: Comprehensive HS Area Program Analysis from Bond Development through Design Development," the building size was approximately 280,000 sf at the end of SD, and grew to 287,000 for the GMP set of drawings dated 10/9/2014. This constituted a 7,000 sf increase over the approved Ed Spec size. In addition, the FHS CM/GC claims they could not achieve a GMP within the district's budget at 100% DD drawings because the drawings and specifications were not completed to an industry level of 100% design development. Project management staff also state that the quality of the drawings and specifications at 100% DD were not as complete as OSM expected for this stage of design, which may have resulted from design schedule compaction related to delays in reviewing and approving additional scope and budget for the Ed Spec schematic design and additional scope and budget for the Additional Criteria. (The BOE Ed Spec Schematic Design and Additional Criteria increases are discussed in the 2015 audit). The architect and OSM project management state that the CM/GC firm could have been more actively involved in providing on-going review and comment on the development of the DD documents.

There were communication and documentation issues between team members related to other possible scope and budget increase causes. The architect and CM/GC both state that some of the systems required by the district were not affordable within the district budget. They both point, as an example, to the mechanical systems which ended up being completely redesigned twice during the design period. It is not clear from the documents we reviewed, how, if at all, these concerns were brought to the attention of OSM at the end of schematic design. It is beyond the scope of this audit to assess the detailed factors, other than increased building size and perceived uncertainty in the DD drawings which contributed to the substantial increase in estimated cost between SD and DD.

The difference between the CM/GC estimate and the OSM GMP budget caused the district to undertake substantial scope reduction, value engineering (v/e), and modification to proposed contractor contingencies to bring the project within budget. A five-page list of detailed scope reduction and v/e items is attached to the GMP document. Examples of scope reduction included elimination of the indoor running track and batting cage; reduction in size of the athletic building; reduction in amount of exterior brick that would be restored; deletion of the voice enhancement system and culinary equipment from the contractor's budget and transfer of these items to the owner's furniture, fixtures, and equipment budget; and elimination of wind turbines. Examples of value engineering changes included redesign of the mechanical system; changing plastic wainscot to abuse-resistant drywall; reduction in specification for roofing; electrical changes; and revision to shear walls. A GMP document for \$81.75M was executed in May of 2015.

### **Qualified GMP**

When OSM developed a contract amendment to establish the GMP, project management, the architect, and the CM/GC firm developed qualifying contract language that countered the intent and purpose of the guaranteed maximum price. The new contract language was approved by the OSM senior director and signed by the director of P&C.

A guaranteed maximum price was specifically required by the exemption order and findings approved by the BOE. Applicable PPS purchasing policy defines the GMP as:

“...the total maximum price provided to the district by the Contractor, and accepted by the District, that includes all reimbursable cost of and fees for completion of the Contract Work, as defined by the Public Improvement Contract, except for material changes in the scope of Work. It may also include particularly identified contingency amounts.”

The definition of GMP in the public improvement contract with the CM/GC firm is consistent with the definition in district policy, and with the industry practice meaning of the term. The contract language defines a project contingency that will be included within the GMP, and which is to be:

“... used to cover unanticipated costs and unforeseen conditions included within the scope of the project or any conditions that the parties reasonably should have anticipated might be encountered during the renovation of a site or of a building of a similar nature, condition, and age.... Notwithstanding the level of detail represented in the GMP Supporting Documents, the CM/GC shall represent and warrant, at the time it submits the GMP that the GMP includes the entire cost of all components and systems required for a complete, fully function facility consistent with the design intent of the District and Architect.”

In other words, the GMP is contractually required to be a guarantee of price to construct a complete and functioning facility based on incomplete drawings and specifications. Ideally the CM/GC works closely with the architect and owner during design development to ensure the project is designed within budget and there are no surprises. Contingency within the GMP, the expertise of the CM/GC, and collaboration with the district and architect are intended to guide the development of a complete design within the GMP budget.

However, the General Qualifications contained in the GMP amendment to the CM/GC contract agreed to by OSM and the CM/GC firm contains the following provision:

“If after final subcontractor buyout of the Final Bid Package the total project costs exceed the GMP amount of \$81,750,000, then the CM/GC and district will do one or a combination of both of the following: (1) the district will increase the GMP to an amount equal to the amount the buyout exceeds ... the GMP amount of \$81,750,000; or (2) the district, the CM/GC, and the architect will engage in further VE efforts to reduce the scope in an amount equal to the amount that they buyout exceeds the \$81,750,000

GMP Budget. This may or may not include review of Allowance or VE items and it may include review of other items that had not been part of the VE process previously.”

The General Qualifications includes a provision that, “The GMP does not include any design revisions which may be the result from plan review comments and permitting.”

These contract qualifications negate the implicit and explicit “guarantee” described in the original contract and district policy. It potentially puts the project at substantial risk for increase in time and cost, and/or decrease in scope. The project was scheduled to start based on the first site work bid package with subsequent bid packages occurring during construction. Redesigning or modifying the project once construction begins, if even possible, is potentially less efficient and more costly than if redesign occurs earlier in the process. Ideally project redesign or modifications should occur before the construction document phase of design has begun.

The value engineering deductions to get to the GMP agreement came with additional cost. The architect has been paid approximately \$300,000 for redesigning the project, and substantial requests for additional services for redesign are still pending.

#### **Recommendation 2**

1. In order to potentially reduce the risk of budget increase and schedule delay, OSM should ensure that future CM/GC contracts have provisions that require proactive participation of the CM/GC with the architect during DD and CD and cost estimate updates by the CM/GC on an on-going basis rather than just at the end of each stage of design. Modify the OSM SOP and develop PTMPs to define a higher degree of accountability for clearer communication, documentation, monitoring and controlling of scope and budget increases during design.
2. In order to reduce potential risk for schedule delay, reduced scope, and/or increased cost, the district should ensure that the GMPs for future CM/GC projects are negotiated and executed at the contractually proscribed point in design. No conditions should be placed on the GMP that would serve to negate or compromise its validity as a full guarantee of all costs, except those that are reasonably attributable to scope increase. Provide examples in the original contract documents of what types of items constitute scope increase and what types of items are expected to be included within the GMP.

## **GMP Buyout results**

After finalizing the GMP amount, the CM/GC firm obtains bids from subcontractors and vendors to build the facility. This process is called “buyout.” For the FHS project, because the final CD documents for FHS were not fully completed prior to the start of buyout, the buyout occurred in four consecutive bid packages for various elements of the work. Buyout of the four subcontractor/vendor packages occurred in the late spring of 2015 through the end of the summer of 2015. The audit team reviewed approximately 50 percent of the first two bid packages and found that the CM/GC and district complied with the contractual requirements for subcontractor bid award. The bid packages were publicly advertised and awards were made by the CM/GC firm to the responsible firms submitting the lowest prices best conforming to the bid specifications.

The need to redesign systems for the GMP value engineering contributed to construction documents (CD) drawings being sequentially developed, some of which didn’t go out to bid until the summer of 2015. The CM/GC estimates that by putting the mechanical package out to bid in the middle of the summer, the lowest bid was 20 percent over their budget because of an already overheated institutional construction market. Buyout exceeded the GMP by an estimated \$12 million, which triggered the “non-guarantee” clause that requires additional value engineering, scope reduction, and/or budget increase. District project management personnel worked closely with the CM/GC and architect to identify legitimate increases to scope for which the CM/GC would be entitled to an additive change order and areas where further value engineering could occur. The budget differential was resolved through a reconciliation process that involved about \$4.8M in additional value engineering and scope reduction, reduction in some CM/GC estimated costs, and an additive change order that increased the GMP by \$5,021,255. The change order also included an increase to the contingency within the GMP of \$1,053,131.

The \$1,053,131 increase to contingency within the GMP is non-compliant with district policy in that this increase is not directly related to a concomitant scope increase. District procurement policy states that, “The GMP must not be increased without a concomitant increase to the scope defined at the establishment of the GMP or most recent GMP amendment.” The situation is

exacerbated in that the \$1,053,131 contingency increase includes a 7 percent increase to the general conditions work, without justification to any work requiring extended general conditions.

**Recommendation 3**

To control costs and follow industry best practice, the district should ensure that all future change orders are consistent with the letter and intent of applicable law and policy. Specifically, additional contingency and increases in general conditions overhead (related to contingency increase) should not be added to the GMP unless directly related to a concomitant scope increase.

**Contract terms for general conditions and fringe benefit mark-up**

The original contract did not provide for any increase to general conditions work as a standard markup for increases to the GMP. This was consistent with industry practice.

However, when the GMP was established, the General Conditions were amended to provide the CM/GC with an additional 7 percent for all additive changes to the GMP as an increase to the lump sum amount for general conditions work.

OSM and P&C inform us that the original contract was developed from a state contract template. A current template provided to us by the state Department of Administrative Services (DAS) describes general conditions work to be negotiated as time and materials (T&M) with a not to exceed (NTE) limit. The state template further limits the increase due to the contract for changes to the GMP solely to the CM/GC's fee. Under a T&M/NTE limit format, the CM/GC will develop a general conditions budget with the assumption that change orders will happen both in and outside of the GMP. The CM/GC will manage its staff to the necessary scope within the NTE limit. If the contract time is extended, the general conditions NTE limit might need to be extended but only to the degree warranted by the additional supervisory and job site extension caused by the additional work. The addition of the 7 percent extended general conditions markup for all change requests will result in substantial additional payment to the CM/GC.

**Recommendation 4**

To reduce the risk of unnecessary cost for future CM/GC contracts where a lump sum general conditions amount is negotiated, the district should consider increases to general conditions work for additive changes to the GMP only when time is extended and only to the degree that such an increase is warranted.

**Protocols for reviewing and approving change orders**

The change order process for CM/GC contracts is more complex than that for design-bid-build contracts. Most changes occur within the established guaranteed maximum price (GMP) by using contingency amounts or allowances that are budgeted within the GMP. Changes that do not involve a change to the design intent at the time of execution of the GMP would typically occur within the GMP. Such changes would include design coordination issues, changes to the bid documents necessary to build a fully functioning facility, and subcontractor bids coming in above the GMP estimate.

However, there is a substantial level of disagreement between the CM/GC and OSM about the definition and intent of the “fully functioning” facility clause, and as a result, how change order items should be characterized – whether within the agreed upon GMP or an increase to the GMP. This type of initial disagreement is common to many CM/GC projects and is described in the Public Contracting Guide to CM/GC construction.

OSM procedures from reviewing and approving CM/GC change requests are not consistent, complete, or timely. The district has used the designation termed “GMPCA” in their e-Builder project management software to account for and process the changes within the GMP. According to OSM program management staff, GMPCAs are processed using the same level of signature control as that for change requests to design-bid-build contracts. That is, changes of \$10,000 or less can be approved by the project director and those above \$10,000 must be approved at the board designated authorization level. However, this is not consistent with written OSM standard operating procedures which authorize the project director to approve

changes that are within the GMP up to \$100,000. OSM indicates that a revision to Standard Operating Procedures will be made in July to correct this problem.

Our review also indicates that some changes have been approved by OSM project managers as CCDs (construction change directives) without first determining whether the changes are within or outside the GMP. If a change is subsequently determined to be outside the GMP, the project director has exceeded his/her authority for changes above \$10,000 because such changes require approval by designated PPS officials at a higher level of signature authority than the project director. Moreover, construction change directives are not an identified and defined process within the e-Builder management software system and are not recorded as processes within the system. OSM informs us that they are in the process of implementing an e-B process for construction change directives.

Finally, we found that although some changes requested by the contractor are pending as vendor initiated change requests (CR-VI), the work in many cases has proceeded without negotiation on price, scope, or under proper authority. Some work proceeded before even entered into the e-Building system as a CR-VI or a GMPCA.

The Public Contracting Coalition Guide to CM/GC construction advises owners that under the CM/GC process it is likely that there will be disagreement about whether changes will be within or additional to the GMP. Because work must proceed to ensure schedules are met, an e-B process is needed to authorize the work to begin either within the GMP, outside the GMP, or to be determined in future negotiations. The lack of an adequate system to address these initially undesignated changes has allowed work to proceed without appropriate authorization.

**Recommendation 5**

In order to increase efficiency, reduce potential additional cost and risk of non-compliance with district policy and OSM protocols, OSM should do several things.

1. Provide a workable format in e-B for processing CM/CG contract changes in a timely fashion, regardless of whether or not there is initial agreement as to whether they are changes within or outside the GMP.
2. Ensure that change orders and draw-downs for CM/GC projects receive appropriate approvals and approval authority in accordance with established SOPs and e-Builder requirements. Ensure that the provisions within the SOP and in e-B are consistent with each other.

**Project management**

The project team consisting of OSM, the project director, the architect, and the CM/GC have worked diligently to accomplish project goals and intents. Although the de-facto non-guarantee of the GMP was triggered, the team has worked collaboratively together to find solutions. The project is roughly 50 percent historic renovation. The team has attempted to provide the least cost solutions to preserve key aesthetic interior features of the existing structures, while dealing with issues related to asbestos, structural, and consistency of finishes. Original plans have changed to adjust to unforeseen conditions. A number of disagreements regarding change orders, schedule, and contract interpretation remain to be resolved.

There have been four minor construction accidents, all involving apprentices. The CM/GC has implemented changes to prevent these types of accidents from happening in the future.

The project continues to have difficulty meeting aspirational goals for contracting with MWESB firms. As of January 2016, the project as a whole has paid a total of \$19.5 million to contractors and consultants of which \$0.9 million or 5 percent went to certified MWESB firms. As shown in the table below, \$872,424 went to Division 48 MWESB firms (architects, consultants) but only \$6,250 went to Division 49 MWESB firms (contractors and trades). Although OSM selected architects and contractors in part on their commitment to address

MWESB goals, the firms have not been successful in reaching the aspirational goals of 18 percent of payments to MWESB firms. In addition, the use of CM/GC alternative procurement approach was selected for modernization project in part based on the additional latitudes these firms have to encourage MWESB participation in subcontracts.

**Figure 6 Percent of FHS project payments to MWESB firms (consultants and contractors): March 2016**

TYPE OF CONTRACT/PURCHASE	Total invoices paid	Payments to MWESB firms	% to MWESB firms
Division 48 – A&E, survey & related services	\$6.3 m	\$872,424	14%
Division 49 – Public Improvements	\$13.2 m	\$6,250*	0%
<b>TOTAL 48 and 49 contracts</b>	<b>\$19.5 m</b>	<b>\$878,674</b>	<b>4%</b>

Source: OSM MWESB Invoice spreadsheet March 2016

\* Based on incomplete reporting

## 2. ROOSEVELT HIGH SCHOOL

The district initiated demolition and construction of the Roosevelt HS modernization project in April 2015. The 240,000 square foot facility will be constructed in three phases with final site improvements to be completed in November 2017. In contrast to the other modernization projects at Franklin and Grant high schools, and the Faubion project, students and teachers will remain at Roosevelt and will move between existing buildings, temporary classrooms, and the new facility as the different phases of construction are started and completed.

The project team consists of Bassetti Architects, the construction firm of Lease Crutcher and Lewis, and project direction and oversight by OSM.

### Overall budget and schedule status

The total budget for the project as of March 2016 is \$96.7 million. The Guaranteed Maximum Price (GMP) was established at \$69.3. The April Project Status Update forecasts the project to complete within budget with an estimated savings of \$2.6 million in unused project contingency. The CSM states that this projection may be subject to further (downward) adjustment as work begins on the restoration of the historic wing. As of April 2016, the project is 43 percent completed and has spent \$36 million of its total budget. OSM anticipates completing the three construction phases and phased move-in by students and teachers on the following schedule.

**Figure 7 Roosevelt High School construction phases**

	Phase One complete	Phase Two complete	Phase Three complete
Media Center/Library	Aug 4 2016		
Gym construction and classroom wing	Aug 10 2016		
Performing Arts and theatre and commons	Sep 1 2016		
Move-in	Aug 24 2016		
1921 building modernization		Aug 17 2017	
Move-in		Sep 5 2017	
Remove temporary facilities/buildings, final site-work			Nov 11 2017

Source: BAC January 2016 report and April 2016 Project Status Update

As the above phased construction is carried-out, students will remain on campus and move from temporary to permanent buildings as the phases are completed. This school year classes are being held in existing buildings and a “ten-plex” modular building. Two smaller modular structures will hold a social service office and a temporary weight room. PE classes will be held in a temporary heated tent structure. School assemblies will be held in the cafeteria. For the 2016-2017 school year, temporary facilities will remain and the new auditorium, gymnasium, media center, and commons cafeteria will open for student use. The existing 1921 buildings will be closed for renovation. Finally, in the fall of 2017, all modernized building will be open to students, temporary facilities will be removed, and old library and cafeteria wings will be demolished and removed. Final site work and landscaping will be completed in the winter of 2018.

Next year, we will spend additional time evaluating the procurement of furniture, fixtures, and equipment (f/f/e) for the Roosevelt project.

OSM continues to anticipate on-time completion of the project. However, Phase I is currently two weeks behind schedule. Saturday construction work has helped reduce days lost due to poor weather in January 2016 but, according to OSM project management staff, additional efforts will be needed to ensure on time completion of Phase I.

### **Guaranteed maximum price (GMP) and buy-out results**

A major effort this past year was to amend the initial contract with the CM/GC firm to reach a guaranteed maximum price (GMP) for the construction work. The project GMP was to be negotiated based on 100% completion of the design development documents. The initial cost estimate submitted to OSM by the CM/GC was \$80.7M. OSM and the CM/GC identified over \$11.4 million in reductions through value engineering adjustments, scope reduction, and negotiating lower contingency levels to arrive at a GMP budget of \$69.3 million. Some of the larger value engineering items included reduced steel requirements, an alternate roofing system, and a LED lighting system. The larger scope reductions included fewer and lesser quality storm windows and changing ground face and colored CMU block to standard concrete block. The CM/GC contract was amended on April 15, 2015, to establish the GMP total of \$69,312,721.

Following the establishment of the GMP amount, the CM/GC requested and received bids, in three bid packages, from sub-contractors to perform various elements of the constructions such as mechanical and plumbing, electrical, structural concrete, structural steel and metals, and drywall/insulation/sheathing. The buyout by the CM/GC of the subcontractor bids exceeded the amounts budgeted in the GMP by \$3,647,147. The CM/GC, with OSM concurrence, addressed most of this shortfall by using \$3.4 million in the GMP budget set aside for escalation and design contingency. The remaining amount of shortfall, \$237,000 was considered by OSM to represent a scope increase to the GMP. OSM authorized a change request for this amount from the project contingency.

### **Additional Changes**

Additional changes, both within the GMP and as an increase to the GMP, are anticipated based on conversations with the project director and the latest April project status update. The 2017 audit will spend more time evaluating the status of changes, use of contingency within the GMP and use of project contingency.

### **Additional CTE space contemplated**

On August 4, 2015, the Portland School Board passed a resolution to ask the OSM to evaluate the feasibility of reusing the existing Roosevelt auto shop for additional STEM and CTE work space using \$2 million in Roosevelt project funding. The subsequent evaluation submitted to the Board reported that \$2 million would be insufficient to address minimal requirements for design work, permitting, and repairs and improvements, currently estimated by OSM program management to cost \$4 million to \$5 million. In addition, the report identified other impacts of reusing the Auto Shop including creating inequities in funding and space with Franklin and Grant high projects modernization projects, various problems in school operation and management, site utility concerns, and challenging adverse impacts to the tennis courts which were to be located on the site of the auto shop. The report also detailed impacts on the overall Roosevelt budget and scheduled completion.

Just prior to the finalization of this report, the Board of Education authorized the use of up to \$5 million in program contingency to add 10,000 square feet of stand-alone career technical

education (CTE) and maker-space on the RHS campus. The use of reserves to fund this addition to the RHS project was not supported by the Bond Accountability Committee nor OSM because of budgetary risks. At the time the BOE made their decision, although OSM and the BAC talked in general terms about potential significant additional costs, the OSM updates did not yet report some of the quantifiable additional anticipated costs for the FHS and GHS budgets. (See the next section for discussion of the GHS budget.) The 2017 audit will discuss the additional maker/CTE space in greater detail.

### **Project management**

Our review of the ongoing management of the construction phase shows that the RHS project team members are collaboratively working together toward a goal of completing the project on schedule. A number of systems are in place to support ongoing communication and decision making including weekly project team meetings, daily site reports, and project newsletters and web-based communication. The project has experienced minimal safety concerns.

The project continues to have difficulty meeting aspirational goals for contracting with MWESB firms. As of January 2016, the project as whole has paid a total of \$17.9 million to contractors and consultants of which \$1.5 million or 8.2 percent went to certified MWESB firms. As shown in the table below, 14.3 percent of payments went to Division 48 firms (architects, consultants) but only 4.9 percent of the payments went to Division 49 firms (contractors and trades). Although OSM selected architects and contractors in part on their commitment to address MWESB goals, the firms have not been successful in reaching the aspirational goals of 18 percent of payments to MWESB firms. In addition, the use of CM/GC alternative procurement approach was selected for modernization project in part based on the additional latitudes these firms have to encourage MWESB participation in subcontracts.

**Figure 8 Percent of RHS project payments to MWESB firms (consultants and contractors): March 2016**

TYPE OF CONTRACT/PURCHASE	Total invoices paid	Payments to MWESB firms	% to MWESB firms
Division 48 – A&E, survey & related services	\$6.4 m	\$0.9 m	14.3%
Division 49 – Public Improvements	\$11.5 m	\$0.6 m	4.9%
TOTAL 48 and 49 contracts	\$17.9 m	\$1.5 m	8.2%

Source: OSM MWESB Invoice spreadsheet March 2016

We made a recommendation in our 2014 and 2015 audit reports to provide more flexibility in PPS contracts to permit CM/GC firms to procure subcontractors by methods other than competitive advertised bids. The same recommendation is repeated elsewhere in this Audit. However, according to the RHS project director, further improvement in achieving MWESB goals at Roosevelt high schools will be hard to achieve because most of the subcontractors and vendors have already been selected.

There are a number of systems issues which are addressed in the FHS section of this report, which are also valid, in whole, or part, for the RHS project. Rather than repeat them in full the findings and recommendations, we list the issues below, and refer the reader to the recommendations contained in Franklin high school section of this report.

- The 7 percent proscribed increase to fixed sum general conditions for all change approval requests was also added at the time of the GMP contract amendment to the RHS contract.
- Weaknesses in change order processing: Timeliness, appropriate authorization, lack of consistency between SOP written protocol and e-Builder systems.
- Clarity about which change items constitute a change to the GMP and which are additions to the GMP.

### 3. GRANT HIGH SCHOOL

As of March 2016, Grant HS has completed its Master Plan. The Board of Education approved the Master Plan in December 2015 and the exemption for a CM/GC alternative procurement process for construction services in January 2016. The Schematic Design process started in December and is scheduled for completion this May. Construction is anticipated to begin in the late spring of 2017 and is scheduled for completion in the summer of 2019.

As of February 2016, the total budget for the Grant high school modernization is \$111.9 million. Of this amount, approximately \$81.25 million has been designated for the maximum amount of the CM/GC contract value and \$12.3 million for project contingency. As discussed in the 2015 Audit, the project budget was increased by approximately \$18.5 million since the last audit report to address the Additional Criteria and actual escalation at 5 percent rather than the previously assumed rate of 2 percent.

The sections that follow evaluate selection of the architecture/engineering firm to lead the master planning effort and subsequent design and construction administration, the results of the master planning process, current construction budget and costs, and project and program management budget oversight systems.

#### **Selection of architecture/engineering firm for Grant HS modernization project**

On April 3, 2015, the district advertised an RFP for procurement of A/E services for master planning, design, and construction administration for the GHS renovation project.

Two events occurred during the selection process which subsequently caused P&C to make changes to P&C RFP selection procedures. First, the scoring and ranking of proposals by members of the selection committee for one firm were significantly divergent with each other. One proposal was ranked last or next to last, out of six firms, by all three program management staff but was ranked first by the two project management staff. Four firms, including the firm that received divergent scores, were invited to participate in an interview.

The second event occurred during the interview ranking process. One of the OSM program management staff made an adverse comment to the entire selection committee about one of the

proposers that P&C believed to represent bias and undue influence on others in the group, particularly because the management person making the statement had the highest level of authority in the group. P&C removed that person from the selection committee, voided that person's scores, and ranked the firms based on the scoring of the four remaining committee members.

A Notice of Intent to Award was issued by P&C to the highest ranking firm but a protest was submitted by the second ranked firm alleging the selection process did not meet the statutory requirements of integrity and lack of bias. The second ranked firm made a number of claims and requested that the selection process be redone with a new, unbiased selection committee. While disagreeing with some of the claims of the protest, the subsequent review by P&C found that the process had not met the standard of integrity and lack of bias as required by the statute. Consequently, as permitted by district rule and the RFP, the district terminated the selection process.

A new RFP for Grant HS design services was issued in July 2015 and was completed late August. The result of the second selection was that the original highest ranking firm was again the top-ranked firm.

This experience resulted in several changes to the RFP process. First, in order to minimize the chance for bias or inappropriate influence in future RFP selections, Purchasing and Contracting assumed greater control over the RFP processes. P&C developed a revised detailed list of responsibilities and requirements of selection committee members that each selection committee member is required to sign. These responsibilities and requirements include rating firms solely upon the materials submitted, not talking with other members of the committee about the process outside of the proscribed elements of the process, using a P&C template for assigning points, and rating proposals prior to group discussion.

In order to ensure a higher degree of public accountability and buy-in to the process, P&C staff established requirements that the selection committee should include one community member, where available and appropriate. Additional non-OSM members can be assigned to a selection committee including school and/or district instruction administrators. P&C must approve all selection committee members, including those from OSM.

Finally, based on a OSM recommendation P&C streamlined the RFP submittal requirements and interview process so that firms would not have to invest as much time and effort, and the overall selection has a higher degree of integrity. Proposals are limited to a maximum number of pages, interview questions are no longer provided prior to interview, and the same interview questions are to be asked of each firm. Reducing the cost of submitting proposals and preparing for interviews, in the long run, saves the owner from higher fees which incorporate the cost of preparing proposals and interviews.

The revised P&C RFP process addresses an immediate significant concern of lack of integrity and bias. However, there are continuing opportunities for P&C to improve the selection of qualified candidates by ensuring that all committee members fully understand the requested service so that they are able to better interpret the written proposals and oral presentations. While the new protocols permit committee members to talk with one another in a group context, this communication only occurs after each committee member has scored proposals. Community members or instruction personnel with limited knowledge of design and construction may not understand construction terms, standard industry practice, or the scope of work requested. Discussions with committee members on what to look for in proposals and how best to interpret the information prior to receiving and scoring the proposals would help committee members make more informed decisions on the qualifications and abilities of the proposers.

**Recommendation 6**

In order to increase the likelihood of selecting the most qualified firm to perform services, P&C and OSM should investigate ways to provide more complete information to help the selection committee evaluate and screen applicants prior to advertising and receiving proposals. While still maintaining integrity and lack of bias, this information could include specifics on what OSM/PPS is trying to accomplish in a particular project, how to read and interpret proposals, and how to assess interview responses. In addition, in order to reduce the risk for schedule compaction, architect/engineer selection should occur earlier to increase project schedule float and minimize the adverse time impact of potential delays including protests, program changes, and re-design.

## **Master Planning (MP) results**

OSM and Mahlum Architects held five Design Advisory Group (DAG) meetings and two design workshops in the fall of 2015 to develop the Master Plan for the Grant HS modernization. The DAG brought community and stakeholder perspectives into the design and development of Grant HS improvements. The Master Plan was submitted and approved by the Board of Education on December 15, 2015.

The Grant HS Master Plan provides for total building size of 294,000 gross square feet and was designed for a 1,700 student enrollment and a core facility sized for 1,700 students. Classroom spaces will accommodate a teacher workload of 150 students in accordance the Educational Specifications but in view of the potential need for a greater number of classrooms in the future, teacher office space were designed to classroom size (approximately 850 square feet) so that they could be potentially repurposed as classrooms in the future.

The 294,000 gross square foot size is 14,000 gross square foot larger than that proscribed by the Educational Specifications. The MP presentation posted on the district web site identifies compliance with and variation from the Educational Specifications. Specifically, the Master Plan adds the following additional spaces not included in the Educational Specifications: medically fragile program (2200 sq. ft.) choir classroom (2200 sq. ft.), AVID and virtual scholars (2200 sq. ft.), gender neutral facilities (630 sq. ft.), and reuse of existing theatre and balcony (7000 sq. ft.). District project and program management staff believe the larger size is affordable and within budget as a result of planning for more renovation (70%) and less new construction (30%). For example, the design includes a creative and cost efficient use of existing structural walls to back up on each side of newly developed spaces.

## **Master plan construction cost estimate**

The adjusted construction estimate for the Master Plan is approximately \$90 million. The estimated was developed by an independent estimating firm and provided by the master planning design firm. The \$90 million dollar conceptual estimate includes cost escalation to the second quarter of 2017 and a reduction for an alternative mechanical system. Because OSM's construction budget for the CM/GC contract for Grant HS is currently only \$81.2 million, the

Grant project director indicates that \$8.8 million in additional funding will be required from the project contingency. Obligating this amount will reduce the overall project contingency from \$12.3 million to \$3.5 million, approximately 3.1 percent of the overall project budget.

Reducing the project contingency to 3.1 percent of the project budget before establishing the GMP and transferring risk to the CM/GC firm is inconsistent with prior OSM practice and places the project budget at potential financial risk. OSM practice has been to maintain an owner's project contingency of at least 10 percent of the entire project budget until agreement upon the GMP at which point risk is theoretically reduced. Ten percent of project budget would be \$11.2M. Both the FHS and RHS projects maintained project contingencies of about 10 percent of project budget prior to agreement on a GMP.

At the time of the final drafting of this report, based on a nearly complete schematic design, and as revised by OSM, the architect estimates the project construction cost at approximately \$92 to \$93 million, depending on how markups are assessed. OSM informs us that they will be directing the architect to design the project to a total construction cost of approximately \$86 million. OSM further states that they will transfer approximately \$5 million from program reserves to the project budget.

OSM may have several options to bring a project back within an appropriate budget and various barriers to pursuing these options:

Validation of the estimate. The assumption contained in the master planning cost estimate could be revisited. Although review of the estimate could result in potential lower costs for individual items, it may also identify line items that are potentially insufficiently funded. For example, the estimate provides for escalation to the 2Q of 2017 which is the projected milestone for buyout of subcontractor packages. The second quarter of 2017 is one year earlier than that used by OSM in its own parametric estimating. OSM generally assumes escalation to the mid-point of construction which would be the 2Q of 2018.

Identification of less expensive options while delivering the same level of performance (value engineering).

Reduction of project scope/size. Scope reduction might require a change to the master plan developed through a community process and approved by the Board of Education.

Providing the project with additional budget from other sources.

#### **Recommendation 7**

In order to reduce potential financial risk for the GHS project, by the completion of schematic design, OSM should make value engineering reductions, scope reductions, increase the project budget, and/or take other appropriate measures so that the projected construction costs are within budget while maintaining an ample and appropriate project contingency.

#### **Project management protocols and compliance**

Several factors may have contributed to the master plan design cost estimate exceeding the planned project budget and reducing contingency levels to less than district and industry standards. Additional factors have contributed to OSM not “catching” the problem. Although general guidelines for contingency levels at different stages of project development are provided in the OSM Standard Operation Procedures (SOP) for non-GMP projects, for GMP projects the SOP defaults to agreement between the project director and executive director (now the CSM) to set minimum and optimal levels for project contingency. Appropriate review and communication by OSM program management may not have occurred. The July 2015 PMP requires the Executive Director (now CSM), the Operations Director, and the Program Manager to provide some level of project budget oversight. The level of oversight may not be sufficiently specific, and there may have been compliance issues in the GHS project budget not being appropriately vetted by OSM program management.

The OSM PMP has from the onset of the program also required every project to have a Project Team Management Plan (PTMP) to identify specific project goals and action steps in order to keep a project on budget, on schedule, to the desired scope, and to be a project-specific risk identification and prevention tool. The 2014 and 2015 audits both address that PTMPs have not been implemented for any project. Although the OSM program management staff stated that the PTMP would be implemented for GHS, a GHS PTMP has not been written. The 2015 audit

recommended, with which the district concurred, that in order to reduce risk key elements of the PTMP should be implemented prior to design rather than just prior to construction as identified in the SOP.

**Recommendation 8**

1. In order to minimize the chance that design cost will exceed budgeted funds for this and future projects, and to increase accuracy and transparency in reporting, OSM should modify the SOP to provide specific targets or ranges for project contingency at key stages of design for high school renovation projects in general and for GMP high school renovation projects in specific. The SOP should provide greater specificity on how the program will provide project budget oversight and the CSM should hold program management accountable for oversight compliance in fully reviewing and vetting project budgets on an on-going basis.
2. In order to minimize risk, OSM program management should ensure the development of comprehensive and detailed PTMP templates for renovation projects, new construction projects, and IP work. OSM program management should hold project management staff accountable for producing comprehensive and functional PTMPs, with core elements of the plan written and ideally implemented prior to beginning the master planning process, or at the latest, prior to the start of schematic design.
3. In order to increase the potential for success of corrective action as recommend above, or otherwise implemented by OSM, written lessons learned should be developed and updated regularly from information obtained from the FHS, RHS and GHS projects.

#### 4. MASTER PLANNING FOR THREE ADDITIONAL HIGH SCHOOLS

OSM has initiated Master Planning for three high schools – Benson, Lincoln, and Madison. While OSM initially planned to complete master planning for six high schools, the combination of the BOE deciding in November of 2014 to potentially consider three high schools for renovation as part of a possible 2016 bond measure and cost experience with FHS and RHS indicated that additional funding was needed for adequate master planning and public engagement, funding was transferred from the budgets of the three other schools (Wilson, Jefferson, and Cleveland). Master planning for the three high Benson, Lincoln, and Madison schools is scheduled to be complete by June, 2016.

Similar to efforts taken before the approval of the 2012 bond, OSM has developed a set of general assumptions to guide the master planning for the three high schools and to help estimate the size of a potential new bond. These assumptions are termed parametric planning parameters and include building size and cost per square foot, soft cost percentages for design and engineering, estimates for furniture and equipment, contingency levels, expected escalation, management costs, and reserves. OSM presented these planning parameters for Lincoln, Benson, and Madison to the BOE School Improvement Bond Committee in December 2015.

##### **Benson HS**

Master planning for Benson high school is underway. As of March 2016, three master planning committee meetings have been held and two public open houses are planned. As the district's major focus option school, the program needs to allow for considerably more CTE and specialized instructional space and costs than that which are provided for a comprehensive high school.

The budget for master planning for Benson HS has been increased to \$500,000, as recommended in the 2015 Audit. This represents an increase of \$176,666 over the amount reported in the 2015 Audit. The design contract with DOWA architects is approximately \$375,000; \$24,175 is set aside for land surveying; and \$25,193 is reserved for geotechnical engineering. The master planning project has a \$75,000 contingency.

The contact with DOWA requires the development of the master plan for a school of 391,000 square feet, the current building size, and non-escalated construction budget of \$114 million (building plus site). These numbers are consistent with the OSM parametric planning parameters for a future bond established by OSM.

### **Lincoln HS**

Master Planning for Lincoln high school is also underway. To date, four public Master Planning Committee meetings have been held and two public open houses are planned. Bora architect firm was selected to lead the master planning effort.

The budget for master planning for Lincoln HS is \$400,000, an increase from the budget reported in the 2015 Audit. The budget is composed of \$381,000 for design and architecture, \$17,000 for land surveying, and \$2,000 is reserved for small supplies. There is no separate project contingency and no funds have been reserved for geotechnical engineering.

The contact with Bora requires the development of the master plan for a 300,000 square foot school and a non-escalated construction budget of \$96 million (building plus site). This budget is inconsistent with the OSM program bond planning document that identifies a parametric total non-escalated construction cost of \$90.7M.

Prior to the selection of Bora, the district contracted with GBD architects for an initial assessment of the potential for mixed uses of the property such as street-front commercial development and shared parking with the relatively close athletic club and/or the soccer stadium. A Memo of Understanding between PPS and PSU is in place to explore the potential for PSU relocating its School of Education to the Lincoln campus, a partnership similar in principle to the partnership between Concordia University and PPS on the Faubion campus.

### **Madison HS**

Master Planning for the Madison high school is underway. Only one Master Planning Committee meeting has been held due a delay in appointing a new project director and the late start in selecting the architecture firm to guide the planning effort. Additional MPC meetings and public workshops are planned with a scheduled completion of June 2016.

The budget for master planning for Madison HS is \$400,000, an increase from the budget shown in the 2015 Audit of \$323,334. The current contract with Opsis architectural firm is for \$320,000. The project contingency is established at \$80,000 but other budget line items have not been established due to the delay in starting the planning.

The contract with Opsis requires the development of the master plan for a 300,000 square foot school with a non-escalated construction budget of \$96 million (building plus site). These amounts are consistent with the OSM parametric planning parameters for a future bond.

**Recommendation 9**

For increased efficiency and effectiveness, the SOP should be updated to provide greater clarity and specific guidelines for line item budgeting for master planning. Program level estimating for future projects should be completed prior to setting targets for master planning efforts.

## Other Major Projects

In addition to the high school modernization and master planning projects discussed in the previous section, OSM worked on other major projects this past year. These projects include the renovation of Faubion PK-8 school upgrading interim sites at Tubman school and Marshall high school, and the ongoing summer Improvement Projects. The sections that follow discuss the progress of these projects and their budget and schedule status.

### 5. FAUBION PK-8 SCHOOL

As reported in the 2015 Audit, the new Faubion PK-8 facility is an innovative public/private venture with Concordia University scheduled to open in September of 2107. Faubion students have been relocated to the Tubman Campus for the 2015-16 and 2016-17 school years.

The project is described by OSM as, “Construction of a new three-story, approximately 133,000 square foot Pre-Kindergarten through 8th grade school with Concordia University College of Education classrooms and offices, a health and wellness clinic, an early childhood center, as well as spaces for community service partner organizations. The school and associated vehicular access and play areas will be constructed on properties owned by Portland Public Schools. Work also includes a new outdoor plaza constructed on property retained by Concordia University, providing access from their campus to the south entry of the new school building. The project is seeking LEED version 4, Building Design and Construction: Schools Gold certification.” The work also includes demolition of the existing 62,500 square foot PK-8 school building and three existing houses currently used as university office space.

The 2015 Audit reported the total project budget as \$44.7 million which included an estimated \$15.5 million contribution from Concordia University to fund the CU portions of the project. The overall budget has increased to \$48,870,128 which includes up to \$15.5 million in cash from CU and gifted property and land. The \$4.2 million budget increase is the result of projections during design development for additional funding due to the continued escalation of estimated construction costs. The additional funding came from program contingency.

In order share in the construction and development of the project, the district and Concordia University intend to enter into a Project Construction Cost Sharing and Funding Agreement. The draft agreement delineates that CU will provide equity in the form of cash up to \$15.51 million and PPS will commit \$27.5 million. The parties have agreed that certain costs will be separately the direct responsibility of one party and other costs will be shared in the ratio of PPS 74 percent and CU 26 percent. The cost sharing percentages are based on the square footage of areas of the spaces solely attributable to either PPS or CU use. The agreement affirms that the contracts with the architect and general contractor are the responsibility of PPS. The agreement specifies that “PPS will approve all change orders using its reasonable discretion, provided that if any change order affects the CU premises or increases the CU contribution, CU shall approve said change order in its reasonable discretion within three business days of PPS providing a copy of the change order to CU.”

The project budget includes approximately \$1.1 in CU contingency which can be used to cover the CU portion of change orders. CU has arranged to obtain a loan guarantee from the Lutheran Church Extension Fund (LCEF) and PPS is authorized to drawdown funds from the LCEF. The agreement with CU appears to be financially responsible with both the contractual commitment from CU and the letter of authorization backing the commitment from the LCEF. CU has been a strong and committed partner. It is, however, beyond the scope of the performance auditors to comment on financial risk, if any, which might arise out of this agreement.

A separate operating agreement with CU for shared and individual responsibilities for the operation and maintenance of the new facility once the building is constructed is yet to be negotiated and executed.

Todd Construction was selected as the general contractor and the contract was executed by PPS on January 14, 2016. However, Todd began work prior to execution of the Cost Sharing Agreement with CU. Although there likely will be little risk involved because of the intent of both parties, the Cost Sharing agreement should have been negotiated and executed before the start of the contract with Todd. A change request has been approved by OSM to extend the

substantial completion date from May 26, 2017 to June 2, 2017, because of a delay in BOE approval of the award to Todd due to bad weather for the scheduled BOE meeting.

As of the drafting of this audit, there have been relatively few approved change requests (CRs) to the Todd contract.

Hazardous material destructive investigation for the former facility occurred under an initial contract of time and materials with a not to exceed limit of \$5,000. The work was directly procured with Professional Minority Group, Inc. (PMG). The abatement work was competitively bid and awarded to Keystone Contracting for an initial contract amount of \$284,900. The abatement work was completed by January of 2016.

The former facility has now been demolished under the contract with Todd. PPS acquired two single family houses from CU as part of the agreement with CU. OSM solicited quotes for the abatement of these two houses and awarded the contract to Keystone Contracting for \$30,500. This abatement work, too, has been completed, and the buildings removed. A CR was approved by OSM on March 8, 2016, for oil cleanup at the site of one of the demolished residential houses donated by CU for an amount not to exceed \$40,000.

## 6. INTERIM FACILITIES: TUBMAN AND MARSHALL

In order to provide an interim space for instruction during the construction of Faubion PK-8 school and Franklin high school, OSM upgraded and renovated portions of Tubman middle schools and the vacant Marshall high school. Both of these two projects are complete and currently housing students for this school year.

### **Tubman Swing Site**

The Tubman campus was remodeled during the summer of 2015 to accept students from Faubion PK-8 and to provide instruction during the 2015-2016 and 2016-2017 school years.

The project budget for the primary construction contract at Tubman was \$809,500. Improvements included better accessibility, HVAC improvements, fire sprinkler upgrades, and interior finishes, flooring, casework, and program adjustments for PK-8 users. The contract was awarded to the low bidder, 2KG, for \$507,000. The work was substantially complete by the end of August, 2015. The contract term has been extended several times to address additional minor necessary work items. The most recent term extension occurred in January 2016. The contract now will end on February 29, 2016. The contract was increased by a total of \$150,524 to \$657,524.

State law requires PPS to provide for transportation (bussing) for elementary students living more than 1 mile from their school secondary students living more than 1.5 miles from their school, or for students who do not have a safe walking route to school. OSM has arranged with PPS transportation to provide bussing for the Faubion students to Tubman. The additional cost of this bussing is to be paid for by the bond and \$770,000 is budgeted in the Tubman project for this purpose.

### **Marshall Swing Site**

As reported in previous audits, while the Franklin high school renovation projection is under construction, Marshall HS is the interim swing space for the FHS program for school years 2015-2016 and 2016-2017. It will also be the used as the interim swing space for the Grant high

school program for school years 2017-2018 and 2018-2019. Total budget for the project was established at \$4,609,080.

Most of the work necessary to prepare Marshall for the FHS program was done in 2014 and was addressed in our 2015 audit report. The majority of the work was done by Skanska Construction Company under an early work agreement to the Franklin high school CM/GC contract. The original contract for the Marshall high school improvement was for \$2,088,321 but the contract was subsequently amended on several occasions. Renovation work with regard to the FHS program at Marshall is now substantially complete. Project costs included project construction (\$2,658,531), architecture and engineering fees (\$350,652), moving expenses (\$556,437), and f/f/e (\$368,000). As of March 2016, the project is forecasted to be \$132,055 under budget.

The FHS program at Marshall is being operated with interim teacher office spaces similar to the program that is planned for the renovated FHS when it is open in the fall of 2017.

PPS operates under a waiver from the state which permits FHS students to use public transportation and meets the state requirement to provide transportation for secondary students that live more than 1.5 miles from school or that have an unsafe walking route. PPS has coordinated routes to Marshall with Tri-Met. All special education students currently receiving PPS transportation prior to the transition will continue to receive that PPS transportation. Yellow bus service for special education students did not change simply due to a change in school location. Special education students eligible for bussing will still be eligible for bussing unless the IEP team makes a service change.

## 7. SUMMER IMPROVEMENT PROJECTS

The management of the Summer Improvement work in 2015 was separated into three projects: eight schools received roofing and/or seismic rehab (IP-2015), 18 schools received science and in some cases ADA improvements (IP 2015-Science), and one school, added late in design to the IP-2015, had its own project designation (IP 2015-Maplewood). Construction of all the summer Improvement Projects 2015 was substantially complete in late August of 2015, in time for school opening in the fall. As shown in the table below, the nine schools of IP 2015 and IP 2015-Maplewood received improvements such as roof replacements, seismic upgrades, ADA accessibility improvements, and science classroom improvements. Eighteen other schools received science classroom updates, ADA improvements, or both. Elevators at Ainsworth and Woodlawn schools will be completed by spring and summer of 2016, respectively.

**Figure 9 2015 Summer Improvement Projects: Major projects**

	Roof and seismic	Science classrooms	Seismic rehab	ADA accessibility
AINSWORTH K-5	✓			✓*
BUCKMAN K-5	✓			✓
CREATIVE SCIENC/CLARK K-8	✓	✓		
HAYHURST K-5	✓	✓		
LLEWELLYN K-5			✓	
MAPLEWOOD K-5	✓	✓		
SABIN PREK-8	✓	✓		✓
STEPHENSON K-8	✓			
WOODLAWN PK-8	✓			✓*

Source: OSM BAC Meeting report January 2016

\* Includes elevator

IP 2015-Science work was done at Astor, da Vinci, George, Gray, Irvington, Lee, Markham, Meek, Peninsula, Skyline, West Sylvan, Bridger, Harrison Park, Holladay Center, Lent, Mt. Tabor, Richmond, and Roseway Heights.

The total budget for IP 2015, IP 2015-Maplewood, and IP 2015-Science was increased from the initial IP 2015 budget of \$13.5 million to \$17.2 million, a 26 percent increase. As of March 1, 2016, the projects are near final close-out and are expected to be under the revised budget of \$17.7 million by approximately \$500,000. As shown below, the primary factor in the increase over the original budget was the addition of the Maplewood K-5 roof to the IP 2015 schedule and higher contractor bids than anticipated. Total construction bids exceeded fully escalated design and construction budgets by \$1.5 million (12%).

**Figure 10 Comparison of IP 2015 Design and Construction budgets to contractor bids**

BID PACKAGE	Design and construction budget	Contractor bids	% change
PAYNE CONSTRUCTION (Ainsworth, Woodlawn, and science sites)	\$3.4 m	\$4.3 m	26%
BALDWIN CONSTRUCTION (Hayhurst and Stephenson)	\$2.3 m	\$1.9 m	<17%>
2KG CONSTRUCTION (Maplewood roof)	\$.9	\$1.4 m	56%
CORP CONSTRUCTION (Buckman, Sabin, Creative Science and Llewellyn)	\$4.7 m	\$5.3 m	13%
2KG CONSTRUCTION (Boise-Eliot/Humboldt and Chief Joseph)	\$1.1 m	\$1.5 m	36%
SKYWARD CONSTRUCTION (Science sites)	\$.9 m	\$.5 m	<44%>
<b>TOTAL</b>	<b>\$13.3</b>	<b>\$14.9</b>	<b>12%</b>

Source: OSM IP Project documents

The summer improvement projects in 2013, 2014, and 2015, as a whole, have all exceeded their original budgets. OSM Project management staff stated that at approximately the design development phase of design for IP 2015, the designs were within budget and the projects were carrying design contingencies built into their internal cost estimates. However, much of the work bid over budget. In each year, OSM transferred funding from CSM (formerly COO) contingency to address overages. As shown below, total IP budgets for these three years have

increased from original budgets of \$36.6 million to final forecasted expenditures of \$47.0 million, a 28 percent increase.

While construction cost escalation was one cause of increases during this time period, not all of the overage is attributable to escalation. An independent cost estimating firm, RLB, estimates institutional construction escalation in the Portland area at about 5 percent per year for the past two years. The majority of the work for IP 2014 bid over budget and to a degree that cannot be accounted for purely by escalation.

Our discussions with OSM management indicate that a number of other factors likely influenced the increase in final costs from the original budgets. For example, the initial budgets for these projects may have been inadequate to address the costs of roofs, ADA, and seismic improvements. Because of the more specific nature of work within classrooms, it was possible to fairly accurately estimate science upgrades. The inadequacy of existing as-built drawings and the existence of unforeseen conditions for roofs, asbestos, and framing made final designs and costs more variable and difficult to accurately estimate.

In addition, requesting bids in mid to late spring, prior to summer construction, also contributed to higher bids than planned because of reduced competition. Several of the projects had only two bidders. IP 2015-Maplewood was not part of the original IP 2015 scope of work and was added late in the development process at the request of FAM. Even with an accelerated design, the project bid later than the other IP projects and received only one bid. OSM project management staff state that there was insufficient time to rebid the project and complete the work in the summer of 2015.

OSM program management stated that the short summer construction timeframe of 65 days and PPS requirements related to MWESB bidding compliance and monitoring, work force apprentices, OCIP requirements, and reporting, may have also contributed to reduced competition and higher bids.

**Figure 11 Summer Improvement Project budget increases – IP 2013 to IP 2015**

	Original budgets	Final forecasted expenditures	% change
IP 2013	\$9.5 m	\$12.0 m	26%
IP 2014	\$13.6 m	\$17.8 m	31%
IP 2015, IP 2015 Maplewood, and IP 2015 Science	\$13.5 m	\$17.2 m	27%
<b>TOTAL</b>	<b>\$36.6 m</b>	<b>\$47. m</b>	<b>28%</b>

Source: OSM Operations Summary reports

For one project, the classroom cabinets installed over the summer were not acceptable, and the work had to be redone during the school year. According to district project management staff, the cabinet subcontractor had subcontracted the installation of the new cabinets to another subcontractor that used inadequately trained (daily) workers for the installation. As in prior years, some change order work items occurred prior to fully executed change authorization.

OSM has learned a number of lessons from these experiences and have taken efforts to advertise construction bids earlier in the spring to encourage more competition. In addition, OSM has initiated more investigative demolition work to identify potential problems, which should lead to more informed design decisions and estimates, and reduce unforeseen conditions during construction. A construction firm was hired on an as needed time and materials basis to open up roofing spaces so that OSM and the architect can view roof substructures.

Advertising invitations to bid earlier in the year may result in more competition and lower bids.

**Recommendation 10**

In order to control IP summer project budget increases, OSM should assess the factors that have contributed to a pattern of projects bidding over budget and continue to explore ways to develop designs that bid within budget. In addition to conducting more investigation demolition work to make informed construction design decision, OSM should start design earlier and issue invitations to bid earlier. In order to ensure a higher level of quality construction, OSM should consider adding in the bid specification, minimum qualifications requirements for designated systems.

## 2012 Bond Program Administration

Our review of the 2012 Bond Program Administration this year includes an assessment of program staffing and costs, compliance with district and state procurement policies, progress in meeting equity in public purchasing and contracting goals, and public engagement and communication improvements. We also evaluate the degree to which OSM has implemented recommendations from our prior audit reports. The following sections discuss the results of our review of the Bond Program’s management and administration for the period from April 2015 to March 2016

### 8. PROGRAM MANAGEMENT AND STAFFING

To manage and administer the bond program, OSM has a separate “project” called the 2012 Bond Program project. This project accounts for all OSM staff, materials and services, and other activities to administer the bond program. The program also accounts for various reserves and contingencies for the bond program. The table below summarizes the current eight-year 2012 Bond Program project budget as of March 2016. As shown, the total budget to manage the bond program is \$39.0 million. The budget is composed of \$18.1 million in staffing costs (e.g. salaries, benefits, overtime, and professional development) and \$20.9 million in materials and services (e.g. consulting, intergovernmental agreements, office supplies, travel, and insurance). As of March 2016, approximately 3½ years into the eight-year program, OSM has spent about \$13.9 million or 37 percent of the budget. The spending levels to date are generally on track in terms of the percent of time remaining in the eight-year program.

According the most recent OSM Operations Summary, there is approximately \$21.4 million in unobligated funds at the program and district level - \$8 million in the BOE reserve, \$9.2 million in CSM contingency, \$2.2 million in bond premium, and a \$5 million set aside for Roosevelt high school CTE space. OSM program management staff also indicates there are other unfunded liabilities that may need additional budget from these sources including defunded IP work, escalation on future IP work, additional budget needs for scope for IP 2016 and later IP work, the FHS budget that is projecting being substantially over budget, and the GHS budget

may be increased by approximately \$5 million. The Roosevelt project is projected as completing within budget; it is, however, over a year from completion with remaining unknowns. Work has not yet begun on the renovation of the historic wing, which involves potentially the biggest risk for the project.

**Staffing costs**

The current staffing level for the Bond program is 22 positions. It is currently composed of 19 positions that are funded from bond funds and 3 positions that are funded by the general fund of the district. Positions that are currently funded by the general fund include the Chief of School Modernization, the Executive Assistant to the Chief, and the Partnership and Development Manager. At the program management level, positions funded by the bond include the operations manager, design quality manager, and the communications manager. There are four project directors and four project coordinators for the major modernization and replacement projects, and one project manager and one coordinator for the summer IP projects. One project director position and one project coordinator position are vacant. Other bond-funded staff includes personnel assigned from PPS departments including Facilities and Asset Management, Finance, Purchasing and Contracting, and Community and Public Engagement.

**Figure 12 OSM 2012 Bond Program management costs:  
Eight-year bond program**

	Current budget	Estimate at completion	Spending to date	% of total
DISTRICT ADMINISTRATION (salary, benefits, overhead, professional development)	\$18.1 m	\$17.8 m	\$6.0 m	33%
MATERIALS AND SERVICES (consulting, materials, services, Insurance, supplies)	\$20.9 m	\$21.1 m	\$7.9 m	38%
<b>TOTAL</b>	<b>\$39.0 m</b>	<b>\$38.9 m</b>	<b>\$13.9 m</b>	<b>36%</b>

Source: OSM Operations Summary March 2016

## **Management turnover**

The Bond Program experienced significant turnover in upper level management positions in 2015. The Executive Director of OSM left the district in August of 2015 and the Chief, School Modernization left the district in November of 2015. A new executive was hired in November of 2015 and he assumed the duties of both positions as the new Chief, School Modernization. The new Chief has 7 positions that report directly.

The Project Director for the major modernization project at Roosevelt high school left the district in November, 2015. The director was replaced internally by the previous project manager of the summer IP projects, creating a vacancy for IP project manager, which at the current time has not been filled. The Heery program manager has been assisting the district with managing IP 2016.

We believe that the replacement of two upper level executives and two project director/manager positions less than half way through the 2102 Bond program adds risks to the overall program. Notwithstanding the qualifications and abilities of their replacements, the turnover of key positions increases the chance of inconsistent oversight, delayed decision making, and changed policy direction. Additional attention from upper management and more reliance on written policies and procedures to guide the organization is critical during periods of management turnover. The GHS project budget concerns, described in the GHS section of this audit report, may reflect the need for greater oversight and more reliance on written policies and procedures.

### **Recommendation 11**

To reduce the risks to the program from the turnover in critical management positions, the district and OSM should ensure that the program is subject to greater oversight by district program management and that performance and performance reporting requirements are diligently maintained during the transition period. In addition, OSM management should ensure that the OSM Project Management Plan and Standard Operating Procedures are complete and updated on a regular basis, and that program staff are trained in, and required to use established policy and procedures, including the Standard Operating Procedures.

## **Experience with CM/GC alternative procurement**

Our review of the current staffing for the major modernization projects indicates that all but one OSM staff person lacks expertise and prior substantial experience with CM/GC.

State statutes recognize that CM/GC is a complex delivery system requiring prior experience and expertise. In considering an exemption from competitive bid to authorize the use of CM/GC, applicable state statute requires public agencies to consider,

“Whether the contracting agency ... has, or has retained under contract, and will use contracting agency ... personnel, consultants and legal counsel that have necessary expertise and substantial experience in alternative contracting methods to assist in developing the alternative contracting method that the contracting agency or state agency will use to award the public improvement contract and to help negotiate, administer and enforce the terms of the public improvement contract.”

The exemption resolution passed by the Board of Education for Grant high school included language that finds that department staff, design team consultants, and legal staff have the necessary expertise with CM/GC to develop and utilize the proposed alternative contracting method. While program and project management staff had substantial experience and expertise with CM/GC in the first year of the bond program, current department staff assigned to the GHS project and assigned for program level oversight do not have substantial experience in CM/GC contracting and procurement.

CM/GC is now used by many states and each state uniquely fashions its own rules, requirements, and practices. For example, Washington State uses GC/CM with a different set of proscribed statutory procedures. For this reason, it is not only prior CM/GC experience that is important but prior CM/GC experience in Oregon. There is a comprehensive discussion of CM/GC in the appendix to the 2014 Audit.

### **Recommendation 12**

OSM should re-evaluate the effectiveness of using the CM/GC alternative procurement methodology with current OSM staffing, and consider other procurement methodologies (i.e. design-bid-build) as well as CM/GC for future modernization projects.

## Materials and services spending

In addition to staffing costs, the Bond Program supports the overall program in variety of ways including program management and construction management consulting, insurance premium costs, expenses for issuing the next bonds, audit services, and computer software. The major categories of Bond Program materials and supplies are as follows.

**Figure 13 Major categories of Bond Program materials and supplies**

LINE ITEM	Original budget	Current budget	Spent to date 3/1/16	% remaining
External Program Management (PM/CM)	\$4.2 m	7.4 m	\$3.1 m	55%
PBOT IGA	\$5.0 m	\$5.0 m	0	100%
Owner controlled Insurance Program (OCIP)	\$2.5 m	\$2.5 m	\$2.3 m	8%
Bond issuance costs	\$2.6 m	\$2.6 m	\$1.4 m	46%
Audit services	\$1.2 m	\$1.2 m	\$359,466	66%
Computer software	\$700,00	\$700,000	\$208,145	71%
Local meetings – Non-instructional staff development	\$365,000	\$365,000	\$7,903	100%
Traffic engineering services	\$300,000	\$300,000	\$99,965	66%
External Project management	\$150,000	\$150,000	\$142,00	5%

Source: OSM Operations Summary, March 2016

In order to monitor and control overhead expenses, OSM calculates each month the percent of the total program budget that is budgeted for and spent on management and overhead. The table below shows the percent of overhead by sub categories of overhead: payroll, payroll plus program consulting, and total management overhead. As shown, budgeted Bond Program overhead ranges from 3.3 percent to 7.1 percent depending on what amounts are included in overhead. Actual overhead spending to date is running about 8.6 percent of actual total program spending but when certain costs for Owner Controlled Insurance Program, Portland Bureau of Transportation right of way improvements, and issuance costs are removed, actual overhead spending

drops to 6.3 percent. OSM staff state that their goal is for overhead administration to range from 5 percent to 6 percent of the total program budget.

**Figure 14 OSM Bond Program overhead budget, actual, and percent of total bond program spending**

BOND PROGRAM	Current budget	% of total budget	Expended to date	% of total spending
Staffing costs	\$18.1 m	3.3%	\$6.0 m	3.7%
TOTAL management overhead including all materials and services	\$39.0 m	7.1%	\$13.9 m	8.6%
TOTAL management without OCIP, PBOT, and Bond Issuance costs*	\$29.0 m	5.3%	\$10.2 m	6.3%

Source: OSM Operations Summary, March 2016

\* Owner Controlled Insurance Program, Portland Bureau of Transportation aggregate right of way costs, budgeted Bond Issuance Costs

OSM has reduced budgeted overhead attributable to the bond in several areas in the past year. The largest reduction of over \$1 million came from changing the funding source of four positions from bond resources to the district general fund and the delay in filling one of these positions. This changed the overhead cost projection from \$1 million over budget in the November 2015 bond forecast to \$176,000 under budget in the March 2016 forecast. Other changes in the budgeted overhead items were reallocations between line items and had no net effect on the total budgeted amount.

To find additional reductions in program management and administration costs, OSM can explore other opportunities for “belt-tightening.” Likely areas are those where current spending is much lower than what one would expect at this stage of the program such as computer software and local meetings/non-instructional staff meeting line items. While overall staffing budgets comprise almost half of the bond overhead, it is difficult to identify additional positions to reduce as the program enters its busiest period of construction. Nevertheless, it is also conceivable that the same level of staffing funded by this bond may not be necessary in the future as the 2012 bond program nears completion. OSM projects anticipates reducing staffing significantly in June 2018 as major modernization projects at Franklin and Roosevelt high

schools and Faubion school are completed. Should another bond pass before this bond completes, funding for other positions at OSM could appropriately be funded by the future bond as those positions would then support the new bond's projects.

## 9. PROCUREMENT AND CONTRACTING

Formal procurements in the district are managed and administered by the Purchasing & Contracting Department (P&C). These formal procurements include Invitation to Bid (ITB) for design-bid-build (d-b-b) public improvement contracts; Request for Proposal (RFP) for CM/GC public improvement contracts; and RFP for consultant contracts for architecture, engineering, and categories of contracts called related services. P&C also takes the lead on preparing proposed exemptions and findings for alternative contracting. We reviewed a sample of formal procurements this last year including the ITB for public improvement contracts for IP 2015, selection of architects for IP 2016, selection of design firms for high school master plans, and preparation for the Grant HS CM/GC alternative procurement. We also reviewed the updates to the district procurement policies.

### **BOE procurement policies**

The 2014 and 2015 audits both address the statutory requirement that effective, July 1, 2014, the district must use the AG Model Rules for the procurement of CM/GC contracts. Although as of drafting of this audit no CM/GC contract has been procured since July 1, 2014, the district's current purchasing rules are non-compliant with statute regarding the required AG Model Rules use for CM/GC procurement.

In December 2015 the district advertised a notice of a public hearing to receive comment on a proposed CM/GC exemption for the GHS project. The draft CM/GC exemption language included a requirement that the procurement would occur using the district rules. The audit team recommended to the district that the language of the draft exemption be changed to state that, as required by statute, the procurement would comply with the AG Model Rules. The district made the recommended change.

P&C staff state that the district is in the final stages of approval of a comprehensive revision to the district procurement policy which will address the statutory requirement for use of the AG Model Rules in CM/GC procurement. During 2015, the BOE implemented a new policy for the award of contracts. Previously, the BOE had simply awarded (most) contracts over \$150,000. Under new BOE policy, the BOE reviews (most) contracts over \$150,000 prior to award.

Other changes are anticipated for district procurement policy which will affect OSM. The draft revision to district procurement policy includes a provision that no work may proceed prior to an appropriately executed contract or contract amendment. As stated in this and prior audits, OSM has allowed some work to proceed prior to executed contract or contract amendments. Another new provision of the district policy will limit the dollar amount contracts that can be administratively changed to 25 percent of the original contract, with several construction-related exceptions, or by approval of the BOE. Current board policy authorizes the district to administratively amend contracts to any dollar amount. OSM has approved non-construction contract amendments exceeding 25 percent of the original contract without Board approval.

### **Procurement of ten-plex modular classrooms**

The original planning for phasing at RHS involved the use of four modular classrooms from Faubion to assist with interim space at RHS. Based on recent increased enrollment, the district determined that an additional ten modular classrooms would be needed for interim space during construction.

The district used a permissive interstate cooperative procurement agreement to procure the ten-plex classroom modular complex. The state statute that defines and governs cooperative procurement is attached as Appendix A.

The procurement includes the providing and installation of the (ten) portables. Typically the procurement of modulars that includes installation on site is considered a public improvement. State statute prohibits the district from using a permissive cooperative contract for the procurement of public improvements.

The district received written opinion from legal counsel that the procurement is not for a public improvement in that the district's intent is not to use the modulars at RHS on a permanent basis. The reasoning provided in the opinion is that the facility being constructed must be permanent in order for it to be a public improvement. Public improvement is defined by the statute as, "a project for construction, reconstruction or major renovation on real property by or for a contracting agency."

The opinion cautions the district that permanent use at a site of the modulars would create a situation where the original procurement would be non-compliant with statute.

Had the district begun the procurement process earlier, it potentially could have procured the modular through its own RFP or ITB, at a comparable price. In doing so, the future use of the modular would not be limited.

### **CM/GC procurement**

The release of the CM/GC RFP for the Grant High School project was significantly late. Originally scheduled to be released on November 6, 2015, the RFP was advertised on March 3, 2016, 123 days behind the baseline schedule. Without additional delays the CM/GC will be selected and the contract negotiated and executed with the CM/GC firm by the start of design development. OSM program management states that the delay was attributable in part to efforts made to modify contract solicitation language to increase MWESB participation. Ideally, such modifications should have occurred such that the scheduled release of the RFP would not be delayed.

As recommended by the Oregon Public Contracting Guide to CM/GC, ideally, the CM/GC firm should be selected to begin work during schematic design. (The Guide indicates that CM/GC selection may even occur even earlier). During this period the CM/GC firm can provide guidance with regard to building systems, constructability, scheduling, and cost estimates. These services would be of particular value given that the architect's cost estimate for the Master Plan for Grant high school is approximately \$7.5M over the district's budget (see the GHS modernization section of this report).

The delay in selecting a CM/GC may result in foregoing opportunities to involve the CM/GC in important decisions that take place in the schematic design phase. Active input by the CM/GC firm on design plans and specifications can help the district reduce construction costs and avoid redesign fees by the architect.

**Recommendation 13**

In order to reduce costs and improve efficiency, OSM and P&C should procure the services of future CM/GC firm by the beginning or mid-point of schematic design. Earlier services can result in the development of more efficient plans and specifications that are within budget, which in turn could save the district additional construction cost and/or redesign fees by the architect.

**Faubion PK-8**

The contract for the construction of the new Faubion PK-8 school was procured using an exemption from public bidding using a “Two-Step” procurement process. First, the district advertised and solicited statements of qualifications from construction firms. The proposals were reviewed and ranked by the district and the four firms that proposed were found to be eligible to bid on the project. In the second step, three of the four firms submitted competitive bids. A contract was awarded to the firm, Todd Construction, submitting the lowest responsive bid.

The low bid of \$37,226,000, which includes the selection of four additive alternates, was approximately \$1.9 million over the district’s budget. There were sufficient funds within the Faubion project contingency and other line items to cover the overage and allow the project to proceed. The project currently has a project contingency of \$2.76 million, 7.4 percent of the construction contract amount. This level of contingency at the start of construction is within the standard industry range by public owners for new construction.

Abatement and demolition work for the former Faubion PK-8 was separately competitively bid. The work was completed before the demolition of the existing school.

**High school master plans**

P&C, with the active participation of OSM, has conducted selection processes, using new RFP internal guidelines and procedures, for the procurement of design firms for the master planning

for Benson HS, Lincoln HS, and Madison HS. All the procurement processes have been reviewed, and found to comply with applicable statutes, policies, and industry practice.

Dull Olsen Weekes (DOWA)-IBI Group has been selected for producing Ed Specs for a Focus Option HS, and for the master planning for Benson HS. DOWA is the architect currently working on the FHS project. The selection process began in June of 2015, and was put on pause for the redesign of the P&C procurement process. (See the GHS section of the this Audit. The pause was indirectly related to the GHS A/E procurement issues). The original start of work of the contract, as anticipated in the RFP was August 10, 2015. The contract was executed by PPS on November 16, 2015.

The 2014 Audit recommended that the district fully update Ed Specs prior to starting master planning on future projects of the 2012 bond (this would include the Benson MP). The baseline schedule developed by OSM allowed for sufficient time to develop a focus option high school specific Ed Spec for Benson, prior to starting master planning. The three month pause in the procurement of the architect caused the Ed Spec process to overlap with the master planning process.

Bora was selected for the master planning for the Lincoln HS project. Bora is the architect currently working on the Faubion project. The RFP was advertised in September of 2015. The contract was executed on November 25, 2015.

OPSIS has been selected for the master planning for the Madison HS project. OPSIS has done a number of projects for the district including the development of the district-wide Design Guidelines. The RFP was advertised in November of 2015, anticipating a contract to be signed by December 30, 2015. The contract was executed on January 29, 2016.

Should another bond be passed at some future point, and funding for the renovation of these high schools is included in the bond, the design firms for these projects would need to be selected by additional RFP processes.

**Recommendation 14**

In order to reduce the financial and schedule risks associated with incomplete Ed Specs prior to master planning, begin the process of procurement of firms to develop Ed Specs revisions and master plans with sufficient additional time or float to accommodate for delays and, protests. This is a repeat recommendation from the 2015 Audit, and the Marcia Latta report (see next section) also recommends that Ed Specs preceded master planning and design.

## 10. PUBLIC ENGAGEMENT AND COMMUNICTATION

In the summer of 2015, the district conducted an extensive study to evaluate the quality and breadth of stakeholder engagement in the design of bond modernization projects, particularly at Franklin and Roosevelt high schools and Faubion PK-8.<sup>1</sup> The report concluded that the community has a tremendous sense of ownership over local schools and a greater demand for shared decision-making in community processes than other districts in the state. The report found that the district needed to carefully balance the expectations of community members who feel ownership over local schools with construction requirements, budgets, and equity among schools. The report made six recommendations:

- 1) The district should define its educational vision and continually share information about its educational priorities. The Ed Spec process, or any process to define educational standards, should be completed before building design processes begin.
- 2) The district must be clear in explaining the role to participants and reiterate the role throughout the process. They must be consistent in conducting the processes and enforcing rules in the charter.
- 3) The district must clearly define the type of input they are seeking and from which stakeholder groups. If the DAG input is weighted equally with staff input and input from public design forums, the district must tell DAG members they are not the only source of design recommendations.
- 4) The district must define and provide opportunities for input to non-member participants and ways to reach diverse audiences.
- 5) The district must be clear and bond funding, budgets, and construction requirements for each project and the educational plans the projects will support.
- 6) The district should respond to input by offering feedback or explanations for how recommendations were incorporated or not included.

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<sup>1</sup> *Assessment of Community Engagement*, October 2015, Marcia Latta, Communications Consultant

Our review indicates that some of these recommendations have been acted upon and others are still under consideration by the district. Some of the specific actions that have been taken in response include:

- A new charter for the Design Advisory Group for master planning at Grant high school was developed. The revised DAG contains more clarity on the roles and responsibilities of the DAG and how input from the DAG is used in the master planning effort.
- New Master Planning Committee (MPC) Charters for Benson, Lincoln, and Madison high school master plans were developed and time was added to the processes to respond to identified needs in the Latta report. Additional outreach efforts were added to the processes.
- Additional efforts are planned to ensure the OSM staff and design consultants provide consistent information to the DAGs and MPCs and to clearly explain their role in the master planning process and foster awareness about how construction project are phased.
- Appointing community members to co-chair master planning committees to increase engagement and commitment.

Based on our discussions with OSM staff and the BAC chairman, the master planning for Grant high school was successful in achieving desirable public engagement. Seven Design Advisory Group meetings were held and participation by the community was extensive. In addition, Master Planning Committees were formed for Benson, Lincoln, and Madison. Lincoln has held four meetings with two more planned, Benson has held three meetings with three more planned, and Madison held two meetings with four more planned.

11. EQUITY IN PUBIC PURCHASING AND CONTRACTING

OSM’s performance in achieving the objectives of the school district’s Equity in Purchasing and Contracting policy continues to be mixed. Full MWESB aspirational goals were not met in the past year. The district achieved 8.4 percent MWESB participation toward the 18 percent aspirational goal. Apprenticeship participation was higher than last year and student participation continues to increases.

**Business equity**

OSM continues to have results less than its aspirational goal for the business equity objective of the equity policy. As of January 2016, the percent of bond invoice payments made to MWESB owned consultants and contractors averaged about 8.4 percent, less than the aspirational goal of 18 percent established by the district’s Administrative Directive. As shown in the table below, approximately \$94.1 million in invoice payments have been made to firms that hold consultant and construction contracts under PPS Division 48 and Division 49 purchasing rules. Contractors (Division 49) submitted invoices totaling \$68.3 million of which \$2.9 million was paid to MWESB firms (4.2%). Consultants (Division 48) submitted invoices totaling \$25.8 million of which \$5.0 million was paid to MWESB firms (19%).

**Figure 15 Percent of bond program payments to MWESB firms (consultants and contractors): March 2016**

TYPE OF CONTRACT/PURCHASE	Total invoices paid	Payments to MWESB firms	% to MWESB firms
Division 48 – A&E, survey & related services	\$25.8 m	\$5.0 m	19%
Division 49 – Public Improvements	\$68.3 m	\$2.9 m	4.2%
TOTAL 48 and 49 contracts	\$94.1 m	\$7.9 m	8.4%

Source: OSM MWESB Invoice spreadsheet March 2016

OSM continues to make efforts to increase minority participation in OSM bond projects.

Some of the actions are as follows:

- Held a small business open house to encourage small, emerging, and small business to bid on OSM projects
- More use of informal or negotiated procurement when possible and permitted; OSM found that awards to MWESB contractors are higher when OSM staff has more discretion in procurement
- Holding periodic meetings with two CM/GC contractors to discuss what efforts have been completed to engage MWESB subcontractors and the effectiveness of those efforts
- Encouraging joint proposals with larger established firms and smaller MWESB firms

One of the factors for utilizing the CM/GC alternative procurement process was the flexibility it provided to the prime CM/GC firm to select subcontractors and vendors without having to follow public contracting invitation to bid (ITB) practices. Under alternative procurement subcontractor and vendor procurement is subject to the terms of the contract between the district and the CM/GC. Both the OSM staff and the BAC expressed optimism that once the CM/GC contracts for the high school modernization projects were underway, the district would see improvement in the percent of payments made to MWESB firms. However, the experience to date with the two firms has not reflected this optimism. Both firms are significantly below the district aspirational goal of 18 percent. In addition, the prospects for substantially improving as the construction program continues over the next year are not good because the firms have largely bid-out the contracts to subcontractors.

We made a recommendation in our 2014 audit report and again in our 2015 audit report, with which the district concurred, to help the CM/GC firms have more flexibility in contracting by allowing the firms to select subcontractors by methods other than competitive bid (e.g., quoting up to proscribed dollar limits) without having to request prior approval by the district. Such flexibility would permit the firms to limit the field of those submitting quotes to specific criteria (e.g., MWESB certification). Despite our two recommendations, OSM and P&C have not

adjusted the CM/GC contract language to address our recommendations and may have missed opportunities to increase MWESB participation in the CM/GC work.

**Recommendation 15**

Ensure the CM/GC contract for GHS, and future CM/GC contracts have provisions that comply with audit recommendation #15 of the 2014 performance audit report, and repeated as recommendation #26 of the 2015 audit report. Specifically, to provide more flexibility in the selection of subcontractors, PPS CM/GC contracts should proscribe dollar limits up to which the CM/GC firms may procure subcontractors by competitive quotes, without the prior approval of the district.

**Student participation**

OSM made significant progress in 2014 in addressing the student participation objective of the Equity in Purchasing and Contracting policy, meeting all their goals in three categories of activities. As shown in the figure below, for all eligible active contracts in 2015, 3,240 students participated in group activities such as job fairs, 734 students participated in short-term activities such as mock interviews, and 122 students participated in long-term activities such as internships. Overall, OSM reports that over 4,096 individual students were served in some way.

**Figure 16 Student participation in bond activities in 2015**

TYPE OF ACTIVITY	# of participants	GOAL
<b>Group activities –</b> career fairs, guest speakers	3,240	>500 students
<b>Short-term activities –</b> job shadows, mock interviews	734	>50 students
<b>Long-term activities –</b> internships, project learning	122	>10 students

Source: OSM spreadsheet on 2015 student participation activities

## Workforce equity

OSM made progress in 2015 toward addressing the workforce equity objective of the equity policy. In accordance with the contract language, nine prime contractors working on OSM projects participated in the Workforce Training and Hiring Program administered by the City of Portland. Six prime contractors met apprenticeship goals on all of the projects they worked on, two received warning letters to improve apprenticeship hiring, and one was fined by PPS for consistently failing to meet apprenticeship goals.

**Figure 17 OSM contractors participating in Workforce Training & Hiring Program: Percent of labor hours performed by registered apprentices, minorities, and women**

CONTRACTOR	% of apprenticeship hours	% of minority Hours	% of female hours
Lease Crutcher Lewis	22%	27%	7%
Skansa	23%	44%	6%
Payne (three projects)	28%	29%	2%
P&C	31%	25%	2%
Baldwin (two projects)	16%	5%	0%
2KG (four projects)	23%	20%	-
Corp (two projects)	17%	49%	2%
Skyward	26%	43%	-
Point Monitor	39%	16%	-

Source: OSM spreadsheet of contractor apprenticeship hours

## 12. PRIOR AUDIT RECOMMENDATIONS

The OSM January 2016 BAC Report provides a tabulation of OSM progress with completing recommendations of the 2014 and 2015 Audits (Appendix B).

PPS concurred with 25.5 of the 27 recommendations of the 2014 Audit. Some of the recommendations had multiple elements. One recommendation for which the district non-concurred in part, has been completed in full. OSM reports that all but one of the recommendations of the 2014 Audit, with which PPS concurred, have been completed. Recommendation #5, to update Purchasing Rules, has not yet occurred, although it is in the process of being considered by the BOE.

The 2015 Audit had 26 recommendations, some with multiple elements. OSM concurred with 25 of these recommendation, and reports that 77 percent of these recommendations are complete.

Review of the recommendations, and discussion with OSM program management staff and the program manager, indicate that seven of the items marked as complete, for both audits, are not done or still have some degree of further work remaining.

### **2014 Audit:**

#### RECOMMENDATION 15.

More proscriptive guidelines for CM/GC to procure subcontracts. This recommendation was repeated (#26) in the 2015 Audit. It is not complete; hence the recommendation is repeated again in this Audit.

### **2015 Audit:**

#### RECOMMENDATION 5.

Written policies and procedures in the GMP, pertaining to GMP spending. Revised SOP protocols do not adequately address all CM/GC changes, and proscribe a dollar limit for authorization which is not in synch with e-B controls. The incomplete protocols are addressed in the FHS section of the 2016 Audit.

RECOMMENDATION 9.

Implementing the critical elements of the PTMP at the beginning of a project. As stated in the 2016 Audit, no PTMPs have been implemented. This is addressed further in the GHS, RHS, and FHS sections of the 2016 Audit.

RECOMMENDATION 11.

Uniform systems for document filing in e-B. Documents are not filed with a systematic methodology between projects.

RECOMMENDATION 12.

Clarity in SOP between DBB and CM/GC requirements. Requires further work.

RECOMMENDATION 22.

Correction and clarification of issues pertaining to proscribed markups for personnel in existing CM/GC contracts. There were two recommendations. Neither has been implemented.

RECOMMENDATION 26.

Provide for contractual specificity for CM/GC contractor to competitively procure contracts by quote up to dollar amounts. Not added to either existing CM/GC contract and not present in the GHS CM/GC sample contract issued with the RFP for CM/GC services.

# RECOMMENDATIONS

## **RECOMMENDATION 1** (p. 17)

In order to improve reporting of budget risks and/or the use of project contingences , OSM should ensure that all monthly project budget projections are updated on a timely basis and include rough order of magnitude (ROM) estimates of potential changes where scope and/or cost is not yet determined.

## **RECOMMENDATION 2** (p. 21)

1. In order to potentially reduce the risk of budget increase and schedule delay, OSM should ensure that future CM/GC contracts have provisions that require proactive participation of the CM/GC with the architect during DD and CD and cost estimate updates by the CM/GC on an on-going basis rather than just at the end of each stage of design. Modify the OSM SOP and develop PTMPs to define a higher degree of accountability for clearer communication, documentation, monitoring and controlling of scope and budget increases during design.
2. In order to reduce potential risk for schedule delay, reduced scope, and/or increased cost, the district should ensure that the GMPs for future CM/GC projects are negotiated and executed at the contractually proscribed point in design. No conditions should be placed on the GMP that would serve to negate or compromise its validity as a full guarantee of all costs, except those that are reasonably attributable to scope increase. Provide examples in the original contract documents of what types of items constitute scope increase and what types of items are expected to be included within the GMP.

## **RECOMMENDATION 3** (p. 23)

To control costs and follow industry best practice, the district should ensure that all future GMP amendments are consistent with the letter and intent of applicable law and policy. Specifically, additional contingency and increases in general conditions overhead (related to contingency increase) should not be added to GMP amendments unless directly related to a concomitant scope increase.

**RECOMMENDATION 4** (p. 24)

To reduce the risk of unnecessary cost for future CM/GC contracts where a lump sum general conditions amount is negotiated, the district should consider increases to general conditions work for additive changes to the GMP only when time is extended and only to the degree that such an increase is warranted.

**RECOMMENDATION 5** (p. 26)

In order to increase efficiency, reduce potential additional cost and risk of non-compliance with district policy and OSM protocols, OSM should do several things.

1. Provide a workable format in e-B for processing CM/CG contract changes in a timely fashion, regardless of whether or not there is initial agreement as to whether they are changes within or outside the GMP.
2. Ensure that change orders and draw-downs for CM/GC projects receive appropriate approvals and approval authority in accordance with established SOPs and eBuilder requirements. Ensure that the provisions within the SOP and in eBuilder are consistent with each other.

**RECOMMENDATION 6** (p. 35)

In order to increase the likelihood of selecting the most qualified firm to perform services, P&C and OSM should investigate ways to provide more complete information to help the selection committee evaluate and screen applicants prior to advertising and receiving proposals. While still maintaining integrity and lack of bias, this information could include specifics on what OSM/PPS is trying to accomplish in a particular project, how to read and interpret proposals, and how to assess interview responses. In addition, in order to reduce the risk for schedule compaction, architect/engineer selection should occur earlier to increase project schedule float and minimize the adverse time impact of potential delays including protests, program changes, and re-design.

**RECOMMENDATION 7** (p. 38)

In order to reduce potential financial risk for the GHS project, OSM should make by the completion of schematic design value engineering reductions, scope reductions, increase the project budget, and/or take other appropriate measures so that the projected construction costs are within budget while maintaining an ample and appropriate project contingency.

**RECOMMENDATION 8** (p. 39)

1. In order to minimize the chance that design cost will exceed budgeted funds for this and future projects, and to increase accuracy and transparency in reporting, OSM should modify the SOPs to provide specific targets or ranges for project contingency at key stages of design for high school renovation projects in general and for GMP high school renovation projects in specific. The SOP should provide greater specificity on how the program will provide project budget oversight and the CSM should hold program management accountable for oversight compliance in fully reviewing and vetting project budgets on an on-going basis.
2. In order to minimize risk, OSM program management should ensure the development of comprehensive and detailed PTMP templates for renovation projects, new construction projects, and IP work. OSM program management should hold project management staff accountable for producing comprehensive and functional PTMPs, with core elements of the plan written and ideally implemented prior to beginning the master planning process, or at the latest, prior to the start of schematic design.
3. In order to increase the potential for success of corrective action as recommend above, or otherwise implemented by OSM, written lessons learned should be developed and updated regularly from information obtained from the FHS, RHS and GHS projects.

**RECOMMENDATION 9** (p. 42)

For greatest efficiency and effectiveness, the SOP should be updated to provide greater clarity and specific guidelines for line item budgeting for master planning. Program level estimating for future projects should be completed prior to setting targets for master planning efforts.

**RECOMMENDATION 10** (p. 51)

In order to control IP summer project budget increases, OSM should assess the factors that have contributed to a pattern of projects bidding over budget and continue to explore ways to develop designs that bid within budget. In addition to conducting more investigation demolition work to make informed construction design decision, OSM should start design earlier and issue invitations to bid earlier. In order to ensure a higher level of quality construction, OSM should consider adding in the bid specification, minimum qualifications requirements for designated systems.

**RECOMMENDATION 11** (p. 54)

To reduce the risks to the program from the turnover in critical management positions, the district and OSM should ensure that the program is subject to greater oversight by district program management and that performance and performance reporting requirements are diligently maintained during the transition period. In addition, OSM management should ensure that the OSM Project Management Plan and Standard Operating Procedures are complete and updated on a regular basis, and that program staff are trained in, and required to use established policy and procedures, including the Standard Operating Procedures.

**RECOMMENDATION 12** (p. 55)

OSM should re-evaluate the effectiveness of using the CM/GC alternative procurement methodology with current OSM staffing, and consider other procurement methodologies (i.e. design-bid-build) as well as CM/GC for future modernization projects.

**RECOMMENDATION 13** (p. 62)

In order to reduce costs and improve efficiency, OSM and P&C should procure the services of future CM/GC firm by the beginning or mid-point of schematic design. Earlier services can result in the development of more efficient plans and specifications that are within budget, which in turn could save the district additional construction cost and/or redesign fees by the architect.

**RECOMMENDATION 14** (p. 64)

In order to reduce the financial and schedule risks associated with incomplete Ed Specs prior to master planning, begin the process of procurement of firms to develop Ed Specs revisions and master plans with sufficient additional time or float to accommodate for delays and protests. This is a repeat recommendation from the 2015 Audit, and the Marcia Latta report (see next section) also recommends that Ed Specs preceded master planning and design.

**RECOMMENDATION 15** (p. 69)

Ensure the CM/GC contract for GHS, and future CM/GC contracts have provisions that comply with audit recommendation #15 of the 2014 performance audit report, and repeated as recommendation #26 of the 2015 audit report. Specifically, to provide more flexibility in the selection of subcontractors, PPS CM/GC contracts should proscribe dollar limits up to which the CM/GC firms may procure subcontractors by competitive quotes, with the prior approval of the district.

# MANAGEMENT RESPONSE





June 28, 2016

Hirsh and Associates  
PO Box 5575  
Eugene, Oregon 97405

Dear Mr. Hirsh & Mr. Tracy:

Thank you for your continued reviews of Portland Public Schools' 2012 School Improvement Bond Program. We continue to look for opportunities to improve work processes and recognize that we are accountable and responsible to produce quality work while complying with all procurement and OSM policies and procedures

I have reviewed the draft version of Performance Audit #3 with particular interest regarding your extensive comments related to the use of Construction Manager/General Contractor as a delivery method. Your experienced recommendations will assist us in the continuing management of our eight year program.

Based on our review of the draft version of Performance Audit #3 dated May 2016 we have developed responses to each of your 15 recommendations which have been subdivided into 24 responses. Eighteen of the 24 recommendation are already completed. The remaining six recommendations have a goal of implementation by December 31, 2016. Each response contains one of the following statements:

- Concur - Goal is to implement recommendation by December 31, 2016
- Concur with Comment - Goal is to implement recommendation by December 31, 2016 with qualifying comments
- Nonconcur - Recommendation may not be implemented with comments to explain
- Completed – Recommendation has been implemented

The following table presents a tabulated summary of the PPS's responses.

#	Abbreviated Recommendation	Response	Status
1	OSM should ensure that all monthly project budget projections are updated on a timely basis and include	Concur with comment	Working

#	Abbreviated Recommendation	Response	Status
	rough order of magnitude (ROM) estimates of potential changes.		
2a	OSM should ensure that future CM/GC contracts have provisions that require proactive participation of the CM/GC with the architect during DD and CD and cost estimate updates by the CM/GC on an on-going basis.	Nonconcur	Completed
2b	Ensure that the GMPs for future CM/GC projects are negotiated and executed at the contractually proscribed point in design. No conditions should be placed on the GMP that would serve to negate or compromise its validity as a full guarantee of all costs, except those that are reasonably attributable to scope increase.	Concur with comment	Working
3	Ensure that all future GMP amendments are consistent with the letter and intent of applicable law and policy.	Completed	Completed
4	Consider increases to general conditions work for additive changes to the GMP only when time is extended.	Nonconcur	Completed
5a	Provide a workable format in e-B for processing CM/CG contract changes in a timely fashion, regardless of whether or not there is initial agreement as to whether they are changes within or outside the GMP.	Completed	Completed
5b	Ensure that change orders and draw-downs for CM/GC projects receive appropriate approvals and approval authority in accordance with established SOPs and eBuilder requirements. Ensure that the provisions within the SOP and in eBuilder are consistent with each other.	Completed	Completed
6	P&C and OSM should investigate ways to provide more complete information to help the selection committee evaluate and screen applicants	Completed	Completed
7	OSM should make by the completion of schematic design value engineering reductions, scope reductions, increase the project budget, and/or take other appropriate measures so that the projected construction costs are within budget while maintaining an ample and appropriate project contingency.	Completed	Completed
8a	OSM should modify the SOPs to provide specific targets or ranges for project contingency at key stages of design	Nonconcur	Completed

#	Abbreviated Recommendation	Response	Status
	for high school renovation projects in general and for GMP high school renovation projects in specific.		
8b	The SOP should provide greater specificity on how the program will provide project budget oversight and the CSM should hold program management accountable for oversight compliance in fully reviewing and vetting project budgets on an on-going basis.	Nonconcur	Completed
8c	OSM program management should ensure the development of comprehensive and detailed PTMP templates for renovation projects, new construction projects, and IP work.	Concur with comment	Working
8d	OSM program management should hold project management staff accountable for producing comprehensive and functional PTMPs.	Concur with comment	Working
8e	Written lessons learned should be developed and updated regularly from information obtained from the FHS, RHS and GHS projects.	Completed	Completed
9	SOP should be updated to provide greater clarity and specific guidelines for line item budgeting for master planning.	Nonconcur	Completed
10a	OSM should assess the factors that have contributed to a pattern of IP projects bidding over budget and continue to explore ways to develop designs that bid within budget.	Completed	Completed
10b	OSM should start design of IP projects earlier and issue invitations to bid earlier.	Completed	Completed
10c	OSM should consider adding in the bid specification, minimum qualifications requirements for designated systems.	Concur	Working
11a	OSM should ensure that the program is subject to greater oversight by district program management and that performance and performance reporting requirements are diligently maintained during the transition period.	Completed	Completed
11b	OSM management should ensure that the OSM Project Management Plan and Standard Operating Procedures	Concur with comment	Working

#	Abbreviated Recommendation	Response	Status
	are complete and updated on a regular basis, and that program staff are trained in, and required to use established policy and procedures, including the Standard Operating Procedures.		
12	OSM should re-evaluate the effectiveness of using the CM/GC alternative procurement methodology with current OSM staffing, and consider other procurement methodologies (i.e. design-bid-build) as well as CM/GC for future modernization projects.	Completed	Completed
13	OSM and P&C should procure the services of future CM/GC firm by the beginning or mid-point of schematic design.	Completed	Completed
14	Begin the process of procurement of firms to develop Ed Specs revisions and master plans with sufficient additional time or float to accommodate for delays and, protests.	Completed	Completed
15	To provide more flexibility in the selection of subcontractors, PPS CM/GC contracts should proscribe dollar limits up to which the CM/GC firms may procure subcontractors by competitive quotes, with the prior approval of the district.	Completed	Completed

Attached is our specific response to each of your recommendations. Please contact me or Jerry Vincent if you have any questions or comments. Thanks again for the hard work and time spent with our Team and your efforts to identify areas for improvement.

Sincerely,



Carole Smith, Superintendent  
Portland Public Schools

Attachment

**RECOMMENDATION 1 (p. 17)**

In order to improve reporting of budget risks and/or the use of project contingences, OSM should ensure that all monthly project budget projections are updated on a timely basis and include rough order of magnitude (ROM) estimates of potential changes where scope and/or cost is not yet determined.

**STAFF RESPONSE: Concur with Comment**

Although the Project Directors are not always timely with their Monthly Project Reports the reports now contain a ROM of potential changes to scope and/or costs in the form of the Estimated Final Project Cost.

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**RECOMMENDATION 2a (p. 21)**

In order to potentially reduce the risk of budget increase and schedule delay, OSM should ensure that future CM/GC contracts have provisions that require proactive participation of the CM/GC with the architect during DD and CD and cost estimate updates by the CM/GC on an on-going basis rather than just at the end of each stage of design. Modify the OSM SOP and develop PTMPs to define a higher degree of accountability for clearer communication, documentation, monitoring and controlling of scope and budget increases during design.

**STAFF RESPONSE: Nonconcur**

This is a compliance issue not a procedural issue which must be addressed differently than what has been recommended. OSM will focus on ensuring compliance with the implementation of Project Team Management Plans and then complying with what is written and approved.

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**RECOMMENDATION 2b ( p. 21)**

In order to reduce potential risk for schedule delay, reduced scope, and/or increased cost, the district should ensure that the GMPs for future CM/GC projects are negotiated and executed at the contractually proscribed point in design. No conditions should be placed on the GMP that would serve to negate or compromise its validity as a full guarantee of all costs, except those that are reasonably attributable to scope increase. Provide examples in the original contract documents of what types of items constitute scope increase and what types of items are expected to be included within the GMP.

**STAFF RESPONSE: Concur with comment**

This recommendation will be implemented for the Grant High School GMP.

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**RECOMMENDATION 3 (p. 23)**

To control costs and follow industry best practice, the district should ensure that all future change orders are consistent with the letter and intent of applicable law and policy. Specifically, additional contingency and increases in general conditions overhead (related to contingency increase) should not be added to the GMP unless directly related to a concomitant scope increase.

**STAFF RESPONSE: Completed**

This is considered a compliance issue by OSM who will ensure that all future change orders are consistent with the letter and intent of applicable law and policy.

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**RECOMMENDATION 4 (p. 24)**

To reduce the risk of unnecessary cost for future CM/GC contracts where a lump sum general conditions amount is negotiated, the district should consider increases to general conditions work for additive changes to the GMP only when time is extended and only to the degree that such an increase is warranted.

**STAFF RESPONSE: Nonconcur**

This recommendation is inconsistent with the recent contract language interpretation from the District Counsel.

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**RECOMMENDATION 5a (p. 26)**

Provide a workable format in e-B for processing CM/CG contract changes in a timely fashion, regardless of whether or not there is initial agreement as to whether they are changes within or outside the GMP.

**STAFF RESPONSE: Completed**

e-Builder has been set up with multiple ways for changes to be processed in a timely fashion. The noted issues that resulted in this recommendation is not process but compliance. OSM will continue its process of training and correcting compliance issues where needed to further reduce processing time for changes.

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**RECOMMENDATION 5b (p. 26)**

Ensure that change orders and draw-downs for CM/GC projects receive appropriate approvals and approval authority in accordance with established SOPs and e-Builder requirements. Ensure that the provisions within the SOP and in e-B are consistent with each other.

**STAFF RESPONSE: Completed**

Page 22 of 69 of the annual draft revision of the Standard Operating Procedures has been amended to read as shown below where it previously showed \$100,000 instead of \$10,000:

- ii) This contingency has a broad scope application and is used at the discretion of the Project Director with the Executive Director of OSM receiving eBuilder notifications of any GMPCA that is greater than or equal to \$10,000.
- 

**RECOMMENDATION 6 (p. 35)**

In order to increase the likelihood of selecting the most qualified firm to perform services, P&C and OSM should investigate ways to provide more complete information to help the selection committee evaluate and screen applicants prior to advertising and receiving proposals. While still maintaining integrity and lack of bias, this information could include specifics on what OSM/PPS is trying to accomplish in a particular project, how to read and interpret proposals, and how to assess interview responses. In addition, in order to reduce the risk for schedule compaction, architect/engineer selection should occur earlier to increase project schedule float and minimize the adverse time impact of potential delays including protests, program changes, and re-design.

**STAFF RESPONSE: Completed**

P&C agrees that it is important for evaluation committee members to fully understand the requested services and to be able to discuss what OSM/PPS is trying to accomplish and how to read and interpret the more technical elements of proposals. The Audit Report incorrectly states that the new RFP protocols allow committee members to communicate only after each committee member has scored proposals. That has never been the case. Such discussion is encouraged and facilitated by P&C staff at the mandatory evaluation kick-off meeting, before proposals are distributed to each evaluator. Further, evaluators are instructed that any questions that arise during the evaluation process should be sent to the P&C staff member in charge of the solicitation, and if necessary P&C will set up and facilitate an evaluation committee discussion to address the question(s). Evaluators are prohibited from discussing proposals or scoring amongst each other outside of the presence of a P&C staff member, however, in order to avoid the possibility or appearance of influence, pressure, or bias.

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**RECOMMENDATION 7 (p. 38)**

In order to reduce potential financial risk for the GHS project, by the completion of schematic design, OSM should make value engineering reductions, scope reductions, increase the project budget, and/or take other appropriate measures so that the projected construction costs are within budget while maintaining an ample and appropriate project contingency.

**STAFF RESPONSE: Completed**

For the GHS project, at 100% SDs OSM has directed scope reductions and has increased the project budget to ensure that projected construction costs are within budget while maintaining an ample and appropriate project contingency. After review of the Master Planning estimate it was always the intent to do a more

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**RECOMMENDATION 8a (p. 39)**

In order to minimize the chance that design cost will exceed budgeted funds for this and future projects, and to increase accuracy and transparency in reporting, OSM should modify the SOP to provide specific targets or ranges for project contingency at key stages of design for high school renovation projects in general and for GMP high school renovation projects in specific.

**STAFF RESPONSE: Nonconcur**

Section 2.g - Contingency Management of the Project Standard Operating Procedures addresses the use of contingency and contains a graphic that depicts, in general terms, how the various contingencies should be drawn down to best utilize available funding to meet the District's project

needs. The information in this section and the color coded graph are for guidance and OSM does not agree that more specific targets or ranges need to be included in the SOP.

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**RECOMMENDATION 8b** (p. 39)

The SOP should provide greater specificity on how the program will provide project budget oversight and the CSM should hold program management accountable for oversight compliance in fully reviewing and vetting project budgets on an on-going basis.

**STAFF RESPONSE:            Nonconcur**

Currently the PMP duties and responsibilities for the OSM Operations Manager include a multitude of project budget oversight items. On a weekly basis the Operations Manager, Program Manager, and Chief of School Modernization review the Weekly OPS Reports which include a Cost Summary for each project, a Commitment Summary, Recent budget changes, Recent Expenses, and the Outstanding Processes for each project in the program. Each Project Director meets with the Program Team monthly to review the Monthly Project Report which includes budget, schedule, procurement, design, permits, safety, EPPC, and any other concerns the PD may have.

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**RECOMMENDATION 8c** (p. 39)

In order to minimize risk, OSM program management should ensure the development of comprehensive and detailed PTMP templates for renovation projects, new construction projects, and IP work.

**STAFF RESPONSE:            Concur with Comment**

OSM will review the current PTMP project template and determine how to use it to create specific templates for renovation projects, new construction projects, and IP work.

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**RECOMMENDATION 8d** (p. 39)

OSM program management should hold project management staff accountable for producing comprehensive and functional PTMPs, with core elements of the plan written and ideally implemented prior to beginning the master planning process, or at the latest, prior to the start of schematic design.

**STAFF RESPONSE:            Concur with comment**

As the PMP contains the guidance and identifies the PD as responsible for the Project Team Management Plans, this is a compliance issue to which OSM will add greater emphasis.

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**RECOMMENDATION 8e** (p. 39)

In order to increase the potential for success of corrective action as recommend above, or otherwise implemented by OSM, written lessons learned should be developed and updated regularly from information obtained from the FHS, RHS and GHS projects.

**STAFF RESPONSE: Completed**

The Project Status Update process in e-Builder that is used to gather the Monthly Project Report information from the Project Directors has been modified to include written lessons learned to be submitted by each Project Director on a monthly basis. The new Close-Out Process created in e-Builder has also added a Lessons Learned section to capture all lessons learned from each project.

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**RECOMMENDATION 9 (p. 42)**

For increased efficiency and effectiveness, the SOP should be updated to provide greater clarity and specific guidelines for line item budgeting for master planning. Program level estimating for future projects should be completed prior to setting targets for master planning efforts.

**STAFF RESPONSE: Nonconcur**

Master planning, as it has been done for Madison, Lincoln, and Benson, is not expected to be accomplished in future bonds. If this was to be a reoccurring effort then some general guidance would be provided in the PMP but as master planning must take the school and the community into consideration, the program guidance would have to be kept very general in nature. Budgets for any future specified master planning would have to take into account the previous amounts spent on this process and the latest version of the Educational Specifications, making it again, difficult to specify a well-defined process in the PMP.

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**RECOMMENDATION 10a (p. 51)**

In order to control IP summer project budget increases, OSM should assess the factors that have contributed to a pattern of projects bidding over budget and continue to explore ways to develop designs that bid within budget.

**STAFF RESPONSE: Completed**

OSM has already assessed the reoccurring pattern of projects bidding over budget and has determined that the ROMs used to develop the budgets are generally 21% under the market value as proven by the bids. OSM will adjust any future project budgets accordingly.

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**RECOMMENDATION 10b (p. 51)**

In addition to conducting more investigation demolition work to make informed construction design decision, OSM should start design earlier and issue invitations to bid earlier.

**STAFF RESPONSE: Completed**

Based on lessons learned, OSM has already incorporated more investigative demolition into the IP17 design scope. To better coordinate this effort, for the IP17 design contract OSM has included a complete HAZMAT survey, site survey to include the existing roof conditions, destructive testing, 30 day electrical load studies, and other items to facilitate a more comprehensive design. OSM has always strived to start design as early as is feasible. IP work

requires to have construction contract notice to proceeds issued no later than the 1<sup>st</sup> of May to allow time for submittals and enrollment in OCIP.

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**RECOMMENDATION 10c** (p. 51)

In order to ensure a higher level of quality construction, OSM should consider adding in the bid specification, minimum qualifications requirements for designated systems.

**STAFF RESPONSE: Concur**

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**RECOMMENDATION 11a** (p. 54)

To reduce the risks to the program from the turnover in critical management positions, the district and OSM should ensure that the program is subject to greater oversight by district program management and that performance and performance reporting requirements are diligently maintained during the transition period.

**STAFF RESPONSE: Completed**

The transition period is complete. The program was subjected to greater oversight by district program management and the performance and performance reporting requirements were diligently maintained during the transition period.

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**RECOMMENDATION 11b** (p. 54)

OSM management should ensure that the OSM Project Management Plan and Standard Operating Procedures are complete and updated on a regular basis, and that program staff are trained in, and required to use established policy and procedures, including the Standard Operating Procedures.

**STAFF RESPONSE: Concur with Comment**

As specified in the PMP, the document (and all the appendices) are updated on an annual basis. Staff will be trained on the revisions and retrained on areas that require it.

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**RECOMMENDATION 12** (p. 55)

OSM should re-evaluate the effectiveness of using the CM/GC alternative procurement methodology with current OSM staffing, and consider other procurement methodologies (i.e. design-bid-build) as well as CM/GC for future modernization projects.

**STAFF RESPONSE: Completed**

With two ongoing CM/GC project and one Two-Step Design-Bid-Build project ongoing, the effectiveness of alternate procurement is constantly being discussed at the program level. With initial master planning completed for the Benson, Lincoln, and Madison campuses, potential delivery methods are already being discussed in the context of our ongoing construction.

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**RECOMMENDATION 13** (p. 62)

In order to reduce costs and improve efficiency, OSM and P&C should procure the services of future CM/GC firm by the beginning or mid-point of schematic design. Earlier services can result in the development of more efficient plans and specifications that are within budget, which in turn could save the district additional construction cost and/or redesign fees by the architect.

**STAFF RESPONSE: Completed**

It has been our practice to place a CM/GC firm under contract for preconstruction services near the end of schematic design when there is a greater level of design to warrant participation. Although OSM does agree that earlier CM/GC services may result in the development of more efficient plans and specifications that are within budget, which in turn could save the district additional construction cost and/or redesign fees by the architect, we have reviewed our recent experiences in depth and will again reassess this if CM/GC is selected as a delivery method. There are also budget considerations to be reviewed.

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**RECOMMENDATION 14** (p. 64)

In order to reduce the financial and schedule risks associated with incomplete Ed Specs prior to master planning, begin the process of procurement of firms to develop Ed Specs revisions and master plans with sufficient additional time or float to accommodate for delays and, protests. This is a repeat recommendation from the 2015 Audit, and the Marcia Latta report (see next section) also recommends that Ed Specs preceded master planning and design.

**STAFF RESPONSE: Completed**

OSM concurs with this recommendation and with the completion of the Focused Option Educational Specification, the District will have all these in order before any further master planning begins.

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**RECOMMENDATION 15** (p. 74)

Ensure the CM/GC contract for GHS, and future CM/GC contracts have provisions that comply with audit recommendation #15 of the 2014 performance audit report, and repeated as recommendation #26 of the 2015 audit report. Specifically, to provide more flexibility in the selection of subcontractors, PPS CM/GC contracts should proscribe dollar limits up to which the CM/GC firms may procure subcontractors by competitive quotes, without the prior approval of the district.

**STAFF RESPONSE: Completed**

P&C's CM/GC contract template mirrored the Attorney General's Model Rule language regarding selection of subcontractors. Those Model Rules provide constraints around subcontractor

selection, requiring that absent written justification the selection must be competitive and publicly advertised. Both the Model Rules and the CM/GC contract template stated that such process may include a “low-bid competitive method, a low-quote competitive method for contracts in a specified dollar range agreeable to the District, or a method whereby both price and qualifications of the subcontractors are evaluated in a competitive environment.” PPS 49-0690(5)(k). Prior to negotiation and signing of the Grant HS Modernization CM/GC contract, P&C further clarified the CM/GC contract language to specify that the publicly advertised, low-quote competitive method may be used for subcontracts less than \$100k dollars, consistent with the District’s own purchasing thresholds.

# APPENDIX A

## COOPERATIVE PURCHASING AGREEMENTS: ORS excerpts

**279A.200 Definitions for ORS 279A.200 to 279A.225.** (1) As used in ORS 279A.200 to 279A.225:

(a) “Administering contracting agency” means a governmental body in this state or in another jurisdiction that solicits and establishes the original contract for the procurement of goods, services or public improvements in a cooperative procurement.

(b) “Cooperative procurement” means a procurement conducted on behalf of more than one governmental body. “Cooperative procurement” includes but is not limited to multiagency contracts and price agreements. “Cooperative procurement” does not include an agreement formed among only governmental bodies under ORS chapter 190 or by a statute, charter provision, ordinance or other authority for establishing agreements between or among governmental bodies or agencies or tribal governing bodies or agencies.

(c) “Cooperative procurement group” means a group of governmental bodies joined through an intergovernmental agreement for the purpose of facilitating cooperative procurements.

(d) “Interstate cooperative procurement” means a permissive cooperative procurement in which the administering contracting agency is a governmental body, domestic or foreign, that is authorized under the governmental body’s laws, rules or regulations to enter into public contracts and in which one or more of the participating governmental bodies are located outside this state.

(e) “Joint cooperative procurement” means a cooperative procurement in which the participating governmental bodies or the cooperative procurement group and the bodies’ or group’s contract requirements or estimated contract requirements for price agreements are identified.

(f) “Original contract” means the initial contract or price agreement solicited and awarded during a cooperative procurement by an administering contracting agency.

(g) “Permissive cooperative procurement” means a cooperative procurement in which the purchasing contracting agencies are not identified.

(h) “Purchasing contracting agency” means a governmental body that procures goods, services or public improvements from a contractor based on the original contract established by an administering contracting agency.

(2) As used in ORS 279A.210 (1)(a), 279A.215 (1)(a) and 279A.220 (1)(a), an administering contracting agency’s solicitation and award process uses source selection methods “substantially equivalent” to those identified in ORS 279B.055, 279B.060 or 279B.085 if the solicitation and award process:

(a) Calls for award of a contract on the basis of a lowest responsible bidder or a lowest and best bidder determination in the case of competitive bids, or on the basis of a determination of

the proposer whose proposal is most advantageous based on evaluation factors set forth in the request for proposals in the case of competitive proposals;

(b) Does not permit the application of any geographic preference that is more favorable to bidders or proposers who reside in the jurisdiction or locality favored by the preference than the preferences provided in ORS 279A.120 (2); and

(c) Uses reasonably clear and precise specifications that promote suitability for the purposes intended and that reasonably encourage competition. [2003 c.794 §25; 2007 c.764 §4]

**279A.205 Cooperative procurements authorized.** (1) A contracting agency may participate in, sponsor, conduct or administer a joint cooperative procurement for the procurement of any goods, services or public improvements.

(2) A contracting agency may participate in, sponsor, conduct or administer a permissive or interstate cooperative procurement for the procurement of any goods or services, but not public improvements. [2003 c.794 §26; 2005 c.103 §6]

**279A.210 Joint cooperative procurements.** (1) A joint cooperative procurement is valid only if:

(a) The administering contracting agency's solicitation and award process for the original contract is an open and impartial competitive process and uses source selection methods substantially equivalent to those specified in ORS 279B.055, 279B.060 or 279B.085 or uses a competitive bidding process substantially equivalent to the competitive bidding process in ORS chapter 279C;

(b) The administering contracting agency's solicitation and the original contract or price agreement identifies the cooperative procurement group or each participating purchasing contracting agency and specifies the estimated contract requirements; and

(c) No material change is made in the terms, conditions or prices of the contract between the contractor and the purchasing contracting agency from the terms, conditions and prices of the original contract between the contractor and the administering contracting agency.

(2) A joint cooperative procurement may not be a permissive cooperative procurement. [2003 c.794 §27]

**279A.215 Permissive cooperative procurements.** (1) A contracting agency may establish a contract or price agreement through a permissive cooperative procurement only if:

(a) The administering contracting agency's solicitation and award process for the original contract is an open and impartial competitive process and uses source selection methods substantially equivalent to those specified in ORS 279B.055 or 279B.060;

(b) The administering contracting agency's solicitation and the original contract allow other contracting agencies to establish contracts or price agreements under the terms, conditions and prices of the original contract;

(c) The contractor agrees to extend the terms, conditions and prices of the original contract to the purchasing contracting agency; and

(d) No material change is made in the terms, conditions or prices of the contract or price agreement between the contractor and the purchasing contracting agency from the terms, conditions and prices of the original contract between the contractor and the administering contracting agency.

(2)(a) A purchasing contracting agency shall provide public notice of intent to establish a contract or price agreement through a permissive cooperative procurement if the estimated amount of the procurement exceeds \$250,000.

(b) The notice of intent must include:

(A) A description of the procurement;

(B) An estimated amount of the procurement;

(C) The name of the administering contracting agency; and

(D) A time, place and date by which comments must be submitted to the purchasing contracting agency regarding the intent to establish a contract or price agreement through a permissive cooperative procurement.

(c) Public notice of the intent to establish a contract or price agreement through a permissive cooperative procurement must be given in the same manner as provided in ORS 279B.055 (4)(b) and (c).

(d) Unless otherwise specified in rules adopted under ORS 279A.070, the purchasing contracting agency shall give public notice at least seven days before the deadline for submission of comments regarding the intent to establish a contract or price agreement through a permissive cooperative procurement.

(3) If a purchasing contracting agency is required to provide notice of intent to establish a contract or price agreement through a permissive cooperative procurement under subsection (2) of this section:

(a) The purchasing contracting agency shall provide vendors who would otherwise be prospective bidders or proposers on the contract or price agreement, if the procurement were competitively procured under ORS chapter 279B, an opportunity to comment on the intent to establish a contract or price agreement through a permissive cooperative procurement.

(b) Vendors must submit comments within seven days after the notice of intent is published.

(c) And if the purchasing contracting agency receives comments on the intent to establish a contract or price agreement through a permissive cooperative procurement, before the purchasing contracting agency may establish a contract or price agreement through the permissive cooperative procurement, the purchasing contracting agency shall make a written determination that establishing a contract or price agreement through a permissive cooperative procurement is in the best interest of the purchasing contracting agency. The purchasing contracting agency shall provide a copy of the written determination to any vendor that submitted comments. [2003 c.794 §28]

**279A.220 Interstate cooperative procurements.** (1) A contracting agency may establish a contract or price agreement through an interstate cooperative procurement only if:

(a) The administering contracting agency's solicitation and award process for the original contract is an open and impartial competitive process and uses source selection methods substantially equivalent to those specified in ORS 279B.055 or 279B.060;

(b) The administering contracting agency's solicitation and the original contract allows other governmental bodies to establish contracts or price agreements under the terms, conditions and prices of the original contract; and

(c) The administering contracting agency permits the contractor to extend the use of the terms, conditions and prices of the original contract to the purchasing contracting agency.

(2) In addition to the requirements in subsection (1) of this section:

(a) The purchasing contracting agency, or the cooperative procurement group of which the purchasing contracting agency is a member, must be listed in the solicitation of the administering

contracting agency as a party that may establish contracts or price agreements under the terms, conditions and prices of the original contract, and the solicitation must be advertised in Oregon; or

(b)(A) The purchasing contracting agency, or the cooperative procurement group of which the purchasing contracting agency is a member, shall advertise a notice of intent to establish a contract or price agreement through an interstate cooperative procurement.

(B) The notice of intent must include:

(i) A description of the procurement;

(ii) An estimated amount of the procurement;

(iii) The name of the administering contracting agency; and

(iv) A time, place and date by which comments must be submitted to the purchasing contracting agency regarding the intent to establish a contract or price agreement through an interstate cooperative procurement.

(C) Public notice of the intent to establish a contract or price agreement through an interstate cooperative procurement must be given in the same manner as provided in ORS 279B.055 (4)(b) and (c).

(D) Unless otherwise specified in rules adopted under ORS 279A.070, the purchasing contracting agency shall give public notice at least seven days before the deadline for submission of comments regarding the intent to establish a contract or price agreement through an interstate cooperative procurement.

(3) If a purchasing contracting agency is required to provide notice of intent to establish a contract or price agreement through an interstate cooperative procurement under subsection (2) of this section:

(a) The purchasing contracting agency shall provide vendors who would otherwise be prospective bidders or proposers on the contract or price agreement, if the procurement were competitively procured under ORS chapter 279B, an opportunity to comment on the intent to establish a contract or price agreement through an interstate cooperative procurement.

(b) Vendors must submit comments within seven days after the notice of intent is published.

(c) And if the purchasing contracting agency receives comments on the intent to establish a contract or price agreement through an interstate cooperative procurement, before the purchasing contracting agency may establish a contract or price agreement through the interstate cooperative procurement, the purchasing contracting agency shall make a written determination that establishing a contract or price agreement through an interstate cooperative procurement is in the best interest of the purchasing contracting agency. The purchasing contracting agency shall provide a copy of the written determination to any vendor that submitted comments.

(4) For purposes of this section, an administering contracting agency may be any governmental body, domestic or foreign, authorized under its laws, rules or regulations to enter into contracts for the procurement of goods and services for use by a governmental body. [2003 c.794 §29]

# APPENDIX B

## **STATUS OF CORRECTIVE ACTIONS: 2014 and 2015 Audit Recommendations**





## 2014 Performance Audit Recommendations

#	Recommendation	Response	Status
1	Update the Program Management Plan	Concur with Comment	Complete
2	Evaluate the current project scheduling process	Concur	Complete
3	Annual work plan for Heery	Nonconcur	Complete
4	Improve the Balanced Scorecard	Concur/Nonconcur	Complete
5	Better match the AG's Model Public Contracts Rules	Concur with Comment	Working
6	Consider adopting the Attorney General's Model Contracting Rules	Concur	Complete
7	Consider increasing the change order authority	Concur with Comment	Complete
8	ITB language and unit prices	Concur	Complete
9	Lowest responsible bid will be based upon Base Bid and Alternatives	Concur	Complete
10	Specify a maximum allowable profit & overhead for Change Order pricing	Concur with Comment	Complete
11	Revise RFP ranking methodology	Concur with Comment	Complete
12	RFP scoring guidelines for specific categories	Concur	Complete
13	Consider increasing the share of deductible per Builders Risk occurrence	Concur with Comment	Complete
14	CM/GC services RFP revisions	Concur	Complete
15	More prescriptive guidelines for the CM/GC to procure subcontracts	Concur	Working
16	Clarify GMP cost refinements	Concur	Complete
17	Clarify District intent for P&OH to be allowed to the CM/GC for changes	Concur with Comment	Working
18	Improve the efficiency of the master planning and design efforts	Concur	Working
19	Complete PPS Design Standards and Guidance	Concur	Complete
20	Project plans and SOPs be developed and implemented by the end of calendar year 2014	Concur	Complete
21	e-Builder filing and indexing	Concur	Complete
22	Streamlined RFI steps	Concur with Comment	Complete
23	Validate PCO process before IP 2014 change order work proceeds	Concur with Comment	Complete
24	Responsibility by Participant Matrix	Concur	Complete
25	PeopleSoft & e-Builder compatibility	Concur	Complete
26	Update and revise the bond communication plan	Concur	Complete
27	Improve public engagement	Concur with Comment	Complete

**This Report 96% Complete – Last Report 96% Complete**

January 2016

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## 2015 Performance Audit Recommendations

#	Abbreviated Recommendation	Response	Status
1	OSM should ensure that change order work occur only upon appropriately authorized change order execution	Concur	Working
2	Streamline the submittal process on e-Builder	Concur	Complete
3	Incorporate appropriate design recommendations from IP lessons learned	Concur	Complete
4	Develop plans for utilizing available contingencies and reserves	Concur with comment	Complete
5	Establish written policies and procedures in the SOP pertaining to GMP spending	Concur with comment	Complete
6	Consider increasing the funding for master planning	Concur with comment	Complete
7	Fully involve user groups and stakeholders in updating the LRFP and Ed Specs	Concur	Complete
8	Update the currently posted PMP	Concur	Complete
9	Critical elements of the PTMP should be put in place at the beginning of each project	Concur	Complete
10	Only use escalation reserve to fund scope changes when escalation will not be needed for other projects	Complete	Complete
11	OSM should continue to develop systems for uniform filing of documents in e-Builder	Concur with comment	Complete
12	Clarify where and when SOP requirements and procedures are proscribed for CM/GC and D-B-B projects	Concur	Complete
13	Revise the SOP to provide greater explanation of and requirements for value engineering, Project Safety and Security Plans, Site Safety Plans, and project quality	Concur	Working
14	Update the SOP to provide more detailed and accurate information with respect to the alternative contracting	Concur	Working
15	OSM should clarify which projects require the use of 1.5 percent for green technology	Concur	Working
16	OSM should consider revising elements of the budget perspective reporting	Nonconcur	Complete
17	OSM should identify opportunities for savings in payroll and management support line items	Concur with comment	Complete
18	OSM should consider adding specific statutory responsibility requirements to future ITBs	Complete	Complete
19	OSM/P&C should ensure that RFPs clearly state the criteria and weighting for making a choice of one or more firms if an RFP permits one or more firms to be selected by an RFP	Complete	Complete
20	OSM and FAM should consider internal training sessions on public contract procurement law	Concur	Complete
21	Begin work only with signed and executed contracts	Concur	Complete
22	OSM should remove article 19e from existing and future CM/GC contracts	Concur	Complete
23	OSM should modify contract language to specify how early work may occur	Complete	Complete
24	Project communication plans are to be prepared at the start of new projects	Concur	Working
25	OSM and PPS academic leadership should jointly develop an involvement plan	Concur	Working
26	- Provide more flexibility in the selection of subcontractors PPS contracts - Obtain a written legal opinion about best practices and risks addressing the MWESB aspirational goal	Concur with comment	Complete

**This Report 77% Complete – Last Report 50% Complete**

January 2016

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# Board of Education Informational Report

## MEMORANDUM

**Date:** July 22, 2016  
**To:** Members of the Board of Education  
**From:** Yousef Awwad, Interim Chief Executive Officer  
**Subject:** Tubman and Roseway Heights Middle Schools

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As part of a multi-year plan to improve equitable program access across the District, we are recommending that the Board formally adopt a resolution to plan for opening Harriet Tubman and Roseway Heights campuses as middle schools in fall 2017. A comprehensive school initiation and boundary change recommendation will be forwarded to the PPS Board of Education for consideration in winter 2017.

In March 2016, Superintendent Smith provided a plan to the PPS Board of Education that would shift the district to a mostly K-5 and middle school configuration by 2019. Seven consecutive years of enrollment growth have caused overcrowding at some schools, while others remain very small, leading to inequitable program opportunities between buildings. The purpose of the configuration change is to increase equity in program access and efficiency in building use.

The plan was developed with the assistance of the District-wide Boundary Review Advisory Committee (D-BRAC) and took into consideration input of thousands of parents, teachers, students and other community members gathered at dozens of public meetings and through a district-wide survey.

The PPS Board of Education approved the first phase of changes by voting 7-0 on April 1, 2016 to convert Ockley Green into a middle school and Beach, Chief Joseph, Peninsula and Woodlawn into K-5 schools.

The second phase will occur in fall 2017, when Tubman and Roseway Heights open as middle schools. D-BRAC is leading a process to identify options for feeder patterns, boundaries and special program locations related to the opening of the middle schools. The Board, as part of the 2016-17 budget, approved planning principals for Tubman and Roseway Heights for full time participation in the District-wide Middle School planning effort, and to lead their respective community efforts.



Yousef Awwad, CPA, CGMA, PMP, MBA  
CEO, CFO

PORTLAND PUBLIC SCHOOLS  
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July 22, 2016

Dear Talbot, Korvola and Warwick,

Thank you for your work on Phase 2 of the Administrative Compensation Audit. Superintendent Smith management response to the draft compensation audit that is attached to this Management Response.

As part of the Process Effectiveness review, Talbot, Korvola, and Warwick (TKW) has identified three areas with specific recommendations:

*Recommendation #1*

*Portland Public Schools should:*

- *Determine its Compensation Philosophy and once formally approved, communicate and implement it.*
- *Continue to regularly assess the classification and compensation process to ensure alignment with its stated compensation philosophy.*

We support this recommendation. As noted within the report, District staff has shared the model components of a well thought out Compensation Plan with TKW, including the element defined as "Discuss and Determine an Organizational Compensation Philosophy"<sup>1</sup>. Our Chief Human Resources Officer will be presenting the Board with a detailed report explaining this and other classification and compensation concepts, including how the Board can move forward to adopt a sound compensation philosophy.

*Recommendation #2*

*The District should:*

- *Complete a formal District-wide classification and compensation study.*
- *Establish appropriate future intervals for the review of its entire compensation structure.*

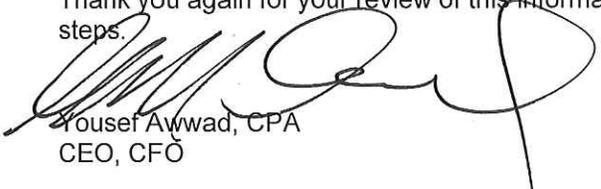
We support this recommendation, as well. As also noted on page 20 of the TKW report, Human Resources staff has been and continues to work through completion of a three-phase classification and compensation study for all employees not covered under a collective bargaining agreement.

*Recommendation #3*

*Lacking sufficient comparable data, Portland Public Schools should ensure sufficient resources to procure independent third-party compensation data to be used in the review of its compensation structure.*

Our position on this recommendation is neutral. As noted by TKW<sup>2</sup>, their own attempts to gather compensation data as an independent third party resulted in little success in obtaining the desired salary and benefits information necessary to draw any meaningful conclusions regarding the District's overall compensation plan. Our experience has found, through the building of collegial relationships and the sharing of findings with participating agencies, District staff has been more successful in this area. In order to conduct the types of detailed surveys required to prepare actual salary recommendations, extensive and additional financial resources will need to be allocated by the Board to the Human Resources Department to fund external contractors to perform work that is currently performed in-house.

Thank you again for your review of this information. We look forward to working with the Board of Education on next steps.

  
Yousef Awwad, CPA  
CEO, CFO

<sup>1</sup> TKW Portland Public Schools Administrative Compensation Review Phase 2, July 2016, page 22

<sup>2</sup> TKW Portland Public Schools Administrative Compensation Review Phase 2, July 2016, pages 9,11



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**Carole Smith**  
Superintendent

### OFFICE OF THE SUPERINTENDENT

June 30, 2016

Dear Talbot, Korvola & Warwick,

Thank you for your work on the Draft Phase 2 of the Administrative Compensation Review for Portland Public Schools. Below is a management response to the draft that you will be presenting to the Audit Committee of the Board of Education on July 11<sup>th</sup>.

The scope of that review involved four areas:

#### **1. Comparables Analysis:**

Your analysis showed that the salaries you reviewed fell within the range of comparable organizations and fell primarily at the 50<sup>th</sup> percentile or lower. As you point out, this analysis is not a classification and compensation study. While our internal experience when conducting surveys and recruiting for open positions supports the findings that PPS trends towards the lower end of the compensation continuum, we are unable to confirm the accuracy of the data used to support the conclusions made regarding the District's ranking above or below the market median for the surveyed positions. In the TKW narrative regarding District classification and compensation practices, where the District provided requested information to the TKW auditors, we are able to confirm that the information was accurately reported.

One of the challenges with these data was being able to compare full salary packages. As you noted, while you were able to identify and adjust salaries for agencies in Oregon who pick-up the employee PERS contributions, you were unable to gather this information for agencies in the National market comparisons. Many districts and municipalities in other states also pick up retirement contributions for their employees, while PPS does not. This, in effect, results in some organizations in the National survey providing additional compensation above PPS salaries that is not reflected in the comparable analysis.

As the audit recommends, the Classification and Compensation unit will continue to review salary schedules and comparables to ensure that PPS can continue to hire and retain the best employees for our district.

## **2. Administration as a Percent of Total Budget:**

Your analysis of these data demonstrates the challenge in identifying how to identify financial data to compare central office budgets with other school districts. TKW used the National Center for Education Statistics' *Peer Finance Tool* budget information to make comparisons between PPS and the agreed-upon comparable school districts. As you acknowledge, we have been unable to validate or replicate the findings in the percentage distribution of District funds as reported by NCES.

We appreciate that you noted the limitations on the data as reported. We would simply add the following observations as further clarification:

- a. States code their districts financial data so we do not have information into how those decisions were made or what department budgets are included in each category.
- b. Each of the codes: Administration, Operations, and Student and Staff Support contain both school-based and central office staff at Portland Public Schools. For example, Office of the Principal is included in the Administration. At PPS, this includes central administrators and all school-based administrators such as principals and vice principals who would not be considered part of our central office or the administration percentage that the committee was interested measuring. Therefore, these categories are too broad to be used for a comparison of central office budgets with other school districts.
- c. PPS has a number of departments that are part of our "central office" that we believe are located in school budgets in other districts: IT support, nutrition services, and athletics. In addition, the Columbia Regional Program operates as part of PPS budget but provides supports to surrounding school districts, in addition to PPS.
- d. It is important to note that these figures include amounts spent on construction and capital outlay. In the year in question PPS has relatively low spending in these areas. It appears that there is an inverse relationship between levels of spending in these two areas and on administration. A district with a bond program would increase its overall spending total without adding greatly to administration; thus reducing the percentage.
- e. As the audit states, this makes comparisons or conclusions difficult using these data.

In Oregon, through a partnership with the State, Oregon Department of Education and the Chalkboard Project, we have the Open Books Project, which provides report card and financial data for each district. Attachment A is the data for Portland Public Schools. Using this methodology, PPS spends 2% of its budget on central administration. While the Open Books Project does not lend itself to comparisons with school districts outside of Oregon, it does demonstrate the vast difference in how definitions and groupings of particular departments/resources can affect how these data are presented.

### **3. Effectiveness of Current Processes and Procedures in Setting Compensation**

We appreciate the recognition of the improvements that have been made over the last three years in respect to setting compensation. With the investment of resources in a Classification and Compensation program, the District has been able to bring many of these processes into alignment with best practices. We look forward to discussions with the Board of Education on determining a compensation philosophy and determining external sources for market data comparisons.

### **4. Central Office Positions**

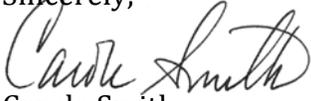
Thank you for your analysis of central office positions. After declining employee numbers in the central office during the recession, our centralized supports to schools are back at the level of 2009.

As you identified, there are three departments with the greatest increase in employee count. It is important to note:

- a. Growth in the Office of School Modernization and, to some extent, the Facilities Department, reflects the passing of the 2012 School Building Improvement Bond.
- b. In 2011, the Board of Education passed the Racial Educational Equity Policy with specific goals to improve the educational outcomes for all students and eliminate the racial achievement gap between white students and students of color. The growth in the Equity and Partnerships department reflects the District's commitment to supporting the equity policy and its implementation plan in the areas of equity policy & practice, equity professional development, school climate & discipline, and business & educational partnerships.

Thank you again for your review of this information. I look forward to working with the Board of Education on next steps to ensuring that we are able to recruit and retain the best employees to serve Portland Public Schools' students.

Sincerely,

A handwritten signature in black ink, appearing to read "Carole Smith". The signature is fluid and cursive, with the first name "Carole" written in a larger, more prominent script than the last name "Smith".

Carole Smith  
Superintendent

PPS Open Books Data

Category	Subcategory	2011/12		2012/13	
		Dollar Amount	Percentage	Dollar Amount	Percentage
Teaching and Student Resources	Classroom Teachers, Librarians and Materials	\$304,434,795	58%	\$301,495,370	59%
	Counselors and Health Services	\$28,810,527	6%	\$29,038,547	6%
	Staff Training	\$19,180,970	4%	\$17,595,505	3%
	Assessment and Testing	\$0	0%	\$198,794	0%
	Other Student Support Services	\$16,681,374	3%	\$18,274,114	4%
	Subtotal	\$369,107,666	71%	\$366,602,330	72%
Buses, Buildings and Food	Plant Operation and Maintenance	\$45,134,041	9%	\$40,393,426	8%
	Student Transportation	\$18,938,866	4%	\$17,998,386	4%
	Food Services	\$16,679,901	3%	\$16,568,502	3%
	Subtotal	\$80,752,808	15%	\$74,960,314	15%
Business Services and Technology	Business Management	\$106,191	0%	\$195,196	0%
	Financial Management	\$10,783,664	2%	\$6,910,715	1%
	Purchasing, Printing and Warehousing	\$3,009,404	1%	\$2,801,475	1%
	Support Services	\$18,859,325	4%	\$17,190,928	3%
	Subtotal	\$32,758,584	6%	\$27,098,314	5%
Principal's Office	Principal's Office	\$31,328,450	6%	\$31,118,112	6%
	Administrative Support	\$233,189	0%	\$498,952	0%
	Subtotal	\$31,561,639	6%	\$31,617,064	6%
Central Administration	Board of Education	\$381,764	0%	\$549,810	0%
	Executive Office	\$5,730,917	1%	\$4,245,246	1%
	Administrative Salaries/Benefits	\$3,211,984	1%	\$2,877,053	1%
	Subtotal	\$9,324,665	2%	\$7,672,109	2%
Total		\$523,505,362	100%	\$507,950,131	100%



**Portland Public Schools  
Administrative Compensation Review**

**Phase 2**

**June 2016**

Draft



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June 2016

Portland Public Schools  
Audit Committee  
501 North Dixon Street  
Portland, OR 97227

We have completed Phase 2 of the Administrative Compensation Review as requested by the Portland Public Schools' Board of Education. This report contains extensive information that will provide the Board with a better understanding of the current approach used by the District to establish compensation, where selected District personnel compare to other school districts and municipalities, the percent of budgeted dollars spent on central office functions, and the number of added or lost administrative staff in the past seven years.

We wish to express our appreciation to Portland Public School personnel we spoke with for their cooperation and assistance during this review.

Sincerely,

Talbot, Korvola & Warwick, LLP



**Portland Public Schools  
Administrative Compensation Review – Phase 2  
Table of Contents**

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## Report Summary

This review was conducted in response to Board Resolution 5126 and is the second of two assessments. In October 2015, a decision was made to separate the objectives of the Board Resolution into two phases. The first phase was designed to focus on identifying the number of new central office administrative positions and reviewing and reporting on the employment documentation that was created. The results of that review were provided to the Audit Committee in February 2016.

The Portland Public Schools (PPS or District) Audit Committee defined Phase 2 as an opportunity to determine whether reasonable practices were used to establish employee compensation and specifically, to determine:

1. Where PPS ranks in terms of central office, non-represented position salaries and compensation versus comparable school districts, including those in Oregon.

Results of this objective were intended to provide the District with a better understanding of where its employees trend with peers in other districts and municipalities. It was not intended to be a classification and compensation study and not intended to be used to set employee salaries.

2. The percent of total budget spent on administration.
3. The effectiveness of the current processes and procedures for setting compensation for PPS employees, including appropriate Board oversight.
4. A review of central office positions added or lost, looking back seven years.

The following briefly summarizes the results of each objective:

### Comparables Analysis

Sufficient salary information was obtained for 37 positions. This information indicated that salaries currently being paid by PPS for 27 of those positions in Oregon and 31 nationally, were below the median of the adjusted maximum of salary ranges. In Oregon, the District is paying above the median for two positions and nationally above the median for three positions<sup>1</sup>. Salaries for comparable organizations were adjusted for cost of living and, because many Oregon districts and municipalities choose to pay their employees' required 6% pension contributions ("PERS pickup"), these salaries were adjusted by 6%.

---

<sup>1</sup> Some positions had insufficient information to determine where PPS salaries compared.





With respect to benefits, we were unable to gather sufficient data to include retirement contribution, health insurance, mileage expense, bonuses and other peripheral benefits into this analysis.

**Administration as a Percent of Total Budget**

Using the National Center for Education Statistics<sup>2</sup> *Peer Finance Tool*, budget information for each comparable district was obtained to include percentage of expenditures for:

- |                              |   |
|------------------------------|---|
| 1. Administration            | 5. Construction                           |
| 2. Instruction               | 6. Non-Elementary/Non-Secondary Education |
| 3. Student and Staff Support | 7. Operations                             |
| 4. Total Capital Outlay      | 8. Interest on Debt                       |

These statistics are intended to compare the financial and demographic characteristics of a single school district with a set of its peers. However, there are several limitations on the meaningfulness of the data. Although data is obtained by the NCES from state education departments, it is presented on a per student basis and is difficult to determine the method used to calculate the data. It is unknown as to what funds are included in each category and, while specific definitions for what is included in each category, there is considerable room for interpretation by districts.

Information obtained from the sample of 18 comparable districts for 2012-2013 (the most recent information available) indicated that PPS ranked:

Among the top third of its peers for:

- Interest on Debt (3)
- Administration (4)
- Student and Staff Support (6)

Among the middle third for:

- Non-elementary, Non-secondary Education (9)
- Instruction (10)
- Construction (10)

Among the bottom third for:

- Capital Outlay (12)
- Operations (15)

<sup>2</sup> The primary federal entity for collecting and analyzing data related to education in the U.S. and other nations. NCES is located within the U.S. Department of Education and the Institute of Education Sciences.





**Effectiveness of Current Processes and Procedures for Compensation Setting**

Prior to 2013, the District’s process for compensation setting did not follow industry best practices. No comprehensive job analysis was known to have occurred for non-represented employees. Job descriptions were used primarily as templates for recruiting purposes and those individual departments hiring personnel determined job titles and duties as they believed aligned to the existing salary schedule. In the past two years, the Human Resources Department has attempted to address these issues by creating a Classification & Compensation Division to focus on implementing additional structure and analysis.

Specific processes and procedures currently in place or proposed are in line with industry best practices. However, to effectively ensure that the District is consistent and transparent about its compensation practices, a specific compensation philosophy needs to be developed. A well-designed philosophy supports the District’s initiatives, goals, competitive outlook, operating objectives, and compensation and total reward strategies. Additionally, the District should continue its formal classification and compensation study to gain insight and provide recommendations to meet the District’s compensation philosophy. It also should establish appropriate intervals for the review of its compensation structure and should develop agreed-upon time frames to ensure its framework adheres to its philosophy. Finally, multiple sources of information should be used to benchmark compensation data. If data is not easily accessible for a specific position, industry or region, an independent third party should be used to collect and summarize the data.

**Central Office Positions Added or Lost Looking Back Seven Years**

In 2009, the District had 384 full-time central office positions. Although a number of positions were added and lost since that time, as of 2015, the District continues with 384 FTE.

Because 84 unique department names were identified for the non-represented or licensed administrator staff reporting to the BESC over the specified timeframe, departments were grouped into the following categories:

- Equity and Partnerships
- Facilities
- Office of School Modernization
- Accounting and Finance
- Executive
- Education Support
  - Curriculum
  - Education Services
  - Programs
- Athletics
- Policy and Measurement
- Communications
- Human Resources (HR)
- Information Technology (IT)
- Business Operations





Over the past seven years, the three department groups with the greatest increase in employee count are:

1. Equity and Partnerships
2. Facilities
3. Office of School Modernization

The three department groups with the greatest decrease in employee count are:

1. Education Support
2. Business Operations
3. Information Technology

Although a number of conclusions can be derived from the above information, three primary observations were apparent. First, it appears that the District has addressed a number of issues impacting its ability to effectively determine compensation for the central office personnel. Prior to 2013, processes and procedures were not effective in the development of an appropriate classification and compensation system. The District has taken steps to manage these issues and have, to date, implemented best practices.

Secondly, information obtained from other districts and municipalities indicates that most of the selected positions (33/38) are currently paid below the adjusted median of like organizations.

Finally, it is difficult to draw any meaningful conclusions from information obtained comparing PPS with other districts regarding administration as a percent of total budget as they relate to central office administration comparisons. Although the District ranks in the top third of its peer group in the percent of budget spent on administration, PPS includes some school-based staff such as principals and vice principals in its expenditures while other districts do not. Additionally, some central office staff at PPS, such as information technology and athletics, are included in the administration percentages while other districts consider and report these as school-based positions.





## Overview/Objectives

In July 2015, the PPS Board of Education approved Resolution 5126 directing the District’s auditor to review processes related to administrative compensation. Specifically, the resolution identified the following topics:

- The number of new central office administrative positions at PPS since July 1, 2013 with salaries over \$70,000 and those positions that had an increase of more than 3%.
- For any salary increase of more than 3%, review and report on the employment documentation that was created prior to the positions being added or raises being granted, including market comparisons, performance evaluations, job descriptions, authorization for all new positions, and communications to employees.
- Where PPS ranks in terms of central office, non-represented position salaries and compensation versus comparable school districts, including those in Oregon, as agreed upon with the Audit Committee.
- The ratio of central office administrators per student compared to comparable school districts, including those in Oregon. The effectiveness of the current processes and procedures in setting compensation for PPS employees, including appropriate Board oversight.
- A review of central office positions added or lost looking back seven years.

Through discussions with the Audit Committee in October 2015, a decision was made to separate the review into two phases. The first phase was designed to focus on:

- Identifying the number of new central office administrative positions, and
- Reviewing and reporting on the employment documentation that was created.

The results of Phase 1 were provided to the Audit Committee in February 2016.

At the March and April 2016 Audit Committee meetings, discussion occurred as to the specific objectives of Phase 2. The Audit Committee defined the review as an opportunity to determine whether reasonable practices were used to establish employee compensation and specifically, to determine:

1. Where PPS ranks in terms of central office, non-represented position salaries and compensation versus comparable school districts, including those in Oregon.

Two Oregon districts and 16 other districts around the nation were recommended, discussed, and agreed to by the Audit Committee as representative comparisons. In addition, nine Oregon municipalities were selected to provide comparative information for non-academic positions. Information obtained from other districts and municipalities was intended to provide the District with a better understanding of where





its employees trend with their peers. Our review was not envisioned to be a classification and compensation study and is not anticipated to be used to actually set employee salaries.

2. The ratio of central office administrators per student compared to comparable school districts, including those in Oregon.

Instead of looking at the ratio of central office administrators to the number of students, it was decided and agreed upon by the Audit Committee that the percent of total budget spent on administration would be a more beneficial measure. This is a common measurement that most school districts report.

3. The effectiveness of the current processes and procedures in setting compensation for PPS employees, including appropriate Board oversight.

A comparison of processes and procedures to industry best practices was conducted.

4. A review of central office positions added or lost looking back seven years.

The remainder of this report details the approach, findings, and recommendations based on the review of each objective.





# 1. Central Office Compensation Comparison

**Objective:** Determine where PPS ranks in terms of central office, non-represented position salaries and compensation versus comparable school districts, including those in Oregon.

A compensation analysis across benchmark agencies (locally and nationally) was conducted to better understand where selected PPS central office administrative and professional employees are compensated in relation to their peers. This analysis differs from a compensation study, where specific salary ranges, compensation philosophy for market competitiveness, and actual salary placement recommendations are derived from the findings. It is intended only to provide District personnel with a better comprehension of how salaries for specific PPS positions equate with others.

## Approach and Methodology

### 1. Identifying Comparables

The Committee determined that comparable school districts would be identified for academic and support services positions (e.g.: finance, human resources, information technology, etc.) comparisons. Additionally, other local area municipalities would be used for support positions.

Two comparable districts were identified within Oregon for purposes of our analysis. The Audit Committee established the following criteria to determine comparable districts:

- Urban School District
- Enrollment 30-60,000
- Pre-K – 12
- Special Needs
- English-Language Learner (ELL)
- Diversity - 40% or greater

Using this criteria, the following districts were identified:

### Oregon

District	Enrollment (2015/16)	Employees	Numberof Schools
Portland	48,383	7,678	78 (1)
Beaverton	40,568	4,510	51
Salem-Keizer	41,100	4,584	64 (2)

(1) Does not include 8 charter schools

(2) Does not include 4 charter schools





National

District	Enrollment (1)	Number of Schools (1)	% Minority (2)	% ELL (2)
Santa Ana, CA	57,250	60	96.00%	60.00%
Boston, MA	55,027	135	86.00%	29.00%
Capistrano, CA	53,170	64	39.80%	10.30%
Columbus, OH	50,488	119	67.90%	11.50%
Omaha, NE	50,340	101	70.90%	35.70%
Atlanta, GA	50,009	112	84.90%	3.30%
Wichita, KS	49,389	91	66.00%	20.44%
Seattle, WA	49,269	105	54.40%	12.80%
Anchorage, AK	48,765	97	56.00%	11.90%
Oakland, CA	46,377	137	88.20%	30.60%
Portland Public Schools	45,299	78	44.10%	7.30%
Oklahoma City, OK	43,212	93	83.00%	31.60%
Baton Rouge, LA	42,854	85	51.10%	3.20%
St. Paul, MN	38,310	107	78.50%	34.00%
Minneapolis, MN	35,046	92	66.30%	22.00%
Norfolk, VA	33,461	53	67.10%	1.90%
Indianapolis, IN	31,999	71	79.60%	12.60%

(1) Enrollment and Number of Schools data obtained from the National Center for Education Statistics - Elementary/Secondary Information System (EISI) 2012-13 School Year.

(2) Data obtained from district websites

Municipalities

To identify and compare current salary ranges for like positions, the Audit Committee selected the following local municipalities:

- City of Portland
- Port of Portland
- Clackamas County
- Multnomah County
- Washington County
- Tri-Met
- Metro
- Portland Community College (PCC)
- Mt. Hood Community College (MHCC)

2. Identifying Positions

Based on Audit Committee agreement, the 48 positions identified in Phase 1 (new central office administrative positions since July 1, 2013 with salaries over \$70,000 and any increase of more than 3%) were used for comparison:

Common Positions to School Districts and Other Municipalities

- Legal Counsel
- Human Resources
- Communications and Public Affairs
- Financial Services
- Information Services





- Operations
  - Facilities and Asset Mangement
  - Security Services
  - Mailroom
  - Warehouse
- Capital Improvement (includes PPS School Modernization)
- Equity and Diversity

School District Only Positions: (All identified school district comparables)

- Early Learners, School, and Student Support
- Teaching and Learning
- School Performance
- Nutrition Services
- Student Transportation
- Enrollment and Transfer

### 3. *Obtaining Position and Salary Information*

Information was received from selected districts and municipalities through direct contact and website searches. Using PPS job descriptions as a benchmark, individual positions were “matched” based on where the position fit within its organization’s reporting structure (hierarchy) and a comparison of specific roles and responsibilities and applicable knowledge, skills, abilities, education, special certifications, etc., obtained from job descriptions.

Compensation was obtained for the 2015/16 year. Any other additional monetary benefits (health care, bonuses, reimbursements, etc.) were identified (if available from comparable districts) but not included as a component of compensation.

Information was difficult to collect as many districts did not respond to requests or did not report applicable data on their websites (Anchorage, Boston, Oakland, Oklahoma City, Omaha, St. Paul, Wichita). Other districts provided compensation information but did not specifically identify salary ranges. In some instances, no comparable positions existed within other organizations.

### 4. *Adjusting for PERS (Oregon)*

Many Oregon districts and municipalities choose to pay their employees’ required 6% pension contributions (the “PERS pickup”). Because PPS does not, applicable district and municipality salaries were adjusted by 6%.





5. *Applying Cost-of-Living Indices (COLI) to Salaries*

The Cost-of-Living Index is a price index that measures differences in the price of goods and services in various geographical regions. It measures changes over time in the amount that is required to maintain a certain standard of living.

Using recommended resources identified by the U.S. Department of State, three cost-of-living indices<sup>3</sup> were obtained. The average of the three was used in our analysis.

6. *Sorting Information Obtained*

Information obtained from school districts and municipalities was sorted into two groups - Oregon and national – to provide a better perspective of how selected PPS salaries relate to each.

The median of each group (local and national) was identified to provide a basis of comparison. Use of the median (midpoint) is common for compensation comparison as it is less affected by outliers (low and high).

7. *Identifying Where PPS Salaries Fall Within Information Obtained*

Actual 2015/16 salaries for PPS employees were identified in relation to the adjusted maximum of salaries obtained from comparable organizations.

**Results**

Information obtained from comparable school districts as well as Oregon municipalities, indicated that selected PPS positions are generally being paid below the median<sup>4</sup> in both Oregon and nationally. As the following illustration displays, salaries for 27 positions in Oregon (of 30 with available information) and 31 nationally (of 36 with available information) were below the median:

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<sup>3</sup> Salary.com  
CNN Money (derived from Council for Community and Economic Research)  
Bankrate.com  
<sup>4</sup> Adjusted for COL and PERS (Oregon)





Position	Organizations Reporting Comparable Positions		Below Median		Above Median	
	Oregon	National	Oregon	National	Oregon	National
1 Deputy General Counsel	7	2	x	x		
2 Deputy CFO	9	4	x	x		
3 Chief of Staff	2	3		x	x	
4 Chief of Communications and Public Affairs	8	8	x	x		
5 Sr Director - SPED	2	7	x	x		
6 Sr Director - Columbia Regional Program	2	7	x	x		
7 Senior Director - Facilities & Asset Management	8	9	x	x		
8 Sr Director-Dual Lang Programs	2	3	x	x		
9 Sr Director-ESL	2	6	x	x		
10 Sr Director - Funded Programs	*	6	*	x		*
11 Sr Director - Instruction Curriculum Assessment	2	5	x	x		
12 Sr Director - Office of Equity and Partnerships	6	2	x	x		
13 Sr Director - Accounting and Payroll Services	Position Eliminated					
14 Sr Director - Sys Plan & Perform	2	7	x	x		
15 Sr Director - Employee and Labor Relations	8	4	x	x		
16 Sr Manager - Labor Relations	6	3	x	x		
17 Sr Director - Schools	2	6	x	x		
18 Sr Director - Nutrition Services	*	8	*	x		*
19 Assistant Director - Nutrition Services	0	3	No Info	x	No Info	
20 Prog Dir - Early Response Syst	0	*	No Info	*	No Info	*
21 Sr Director - Transportation Services	2	6	x	x		
22 Director - Enrollment and Transfer	0	3	No Info	x	No Info	
23 Director-Student Services	2	6	x	x		
24 Director-Benefits	9	2	x	x		
25 Asst Director-ESL	0	*	No Info	*	No Info	*
26 Asst Director-Dual Lang Prog	2	*	x	*		*
27 Sr Manager - MIS	11	6	x	x		
28 Program Dir - Technical Operations	6	7	x	x		
29 Director - Capital Projects	7	4	x	x		
30 Network Administrator - Senior	11	5	**	**		
31 Sr Manager - Health & Safety	6	2	x	x		
32 Supervisor-Network Admin	8	5	x	x		
33 Senior Analyst - Evaluation	*	5	*	x		*
34 Project Manager III - Bond	0	2	No Info	**	No Info	**
35 Program Director - Multiple Pathways	No Info					
36 Sr Manager - GearUp	No Info					
37 Dir - HR Tech & Support Services	4	4	x	x		
38 Sr Manager-Maintenance	8	4	x	x		
39 Chief Financial Officer	11	7	x			x
40 Chief - School Modernization	3	3			x	x
41 Chief Human Resources Officer	10	6	x	x		
42 Assistant Superintendent - Teaching & Learning	*	4	*		*	x

\* Insufficient information available  
 \*\* Position vacant - PPS range below median

With respect to benefits, we were unable to gather sufficient data to include retirement contribution, health insurance, mileage expense, bonuses and other peripheral benefits in this analysis.

Appendix A contains a summary of information obtained from each comparable district and municipality by position.





## 2. Ratio of Central Office Administrators

**Objective:** Determine the percent of total budget spent on administration compared to comparable school districts, including those in Oregon.

### Approach and Methodology

Using the National Center for Education Statistics<sup>5</sup> *Peer Finance Tool*, budget information for each comparable district was obtained to include percentage of expenditures for:

- |                              |   |
|------------------------------|---|
| 1. Administration            | 5. Construction                           |
| 2. Instruction               | 6. Non-Elementary/Non-Secondary Education |
| 3. Student and Staff Support | 7. Operations                             |
| 4. Total Capital Outlay      | 8. Interest on Debt                       |

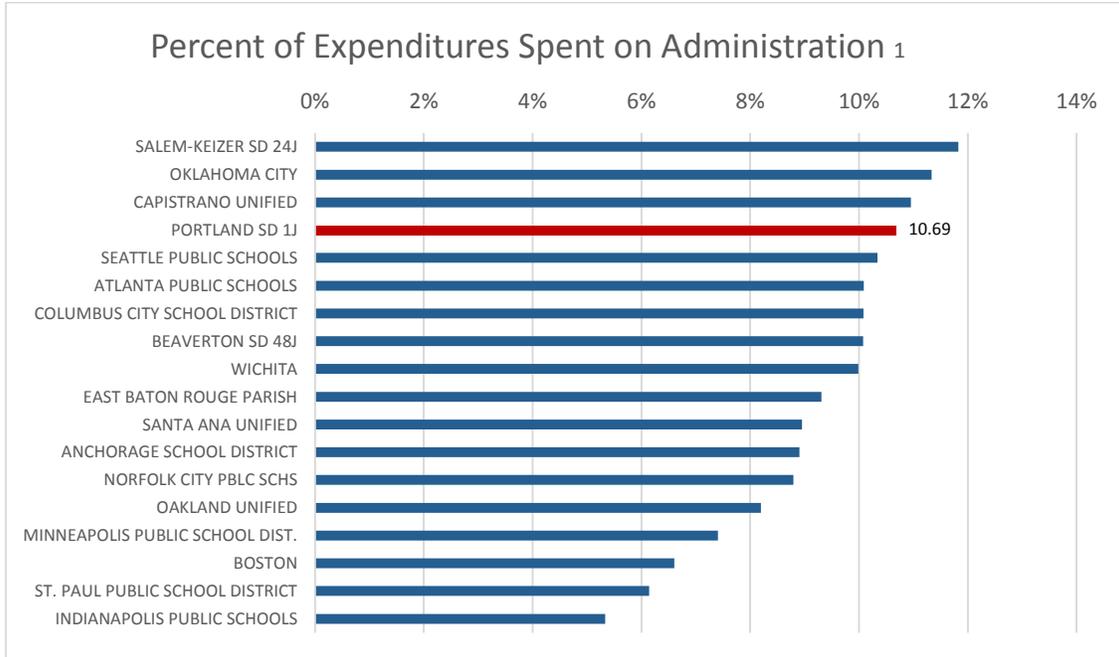
Although the NCES statistics are intended to compare the financial and demographic characteristics of a single school district with a set of its peers, there are several limitations on the meaningfulness of the data:

- The 2012/13 data is obtained by the NCES from state education departments. However, it is presented on a per student basis and is difficult to determine the method used by the NCES to calculate the data.
- It is unknown as to what funds are included in each category. Although the General Fund is used, it appears that it is not just the General Fund but also is not all funds. This makes it difficult to reconcile the numbers to PPS audited financials or budget categories.
- NCES has definitions for what is included in each category but there is considerable room for interpretation by districts. This is even more evident when comparing districts in different states. For example, the PPS “Office of the Principal” includes all principals. However, other districts may include only staff who supervise principals.
- Although the reliability of comparisons within Oregon districts may be higher, questions as to which funds are included still exist.

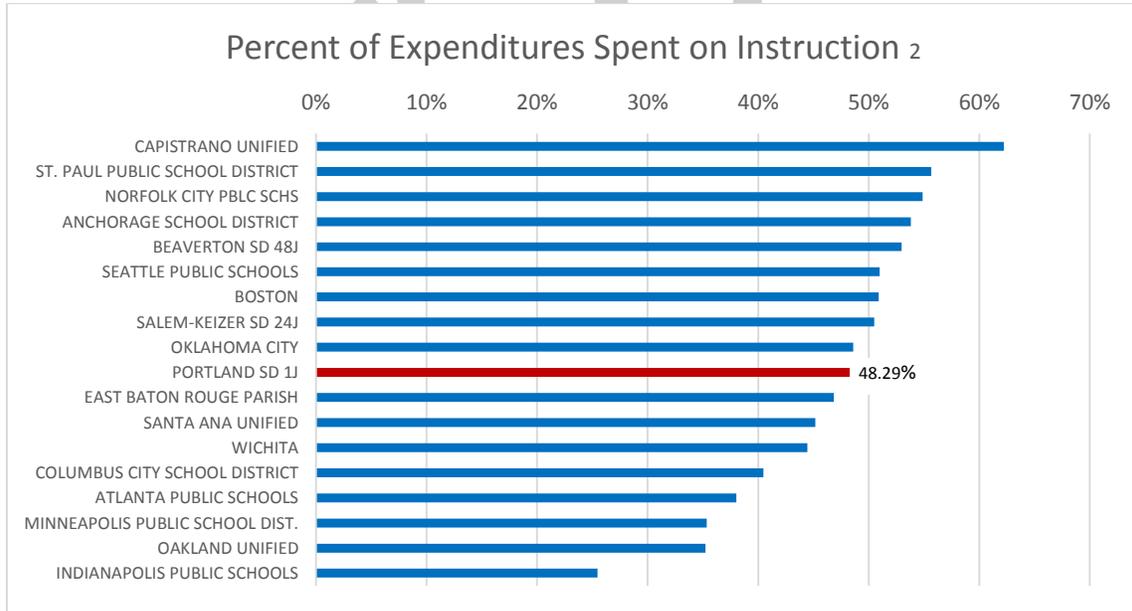
The percentages of total expenditures for each category for PPS and comparable districts for 2012-2013 (the most recent information available) is as follows:

<sup>5</sup> The primary federal entity for collecting and analyzing data related to education in the U.S. and other nations. NCES is located within the U.S. Department of Education and the Institute of Education Sciences.



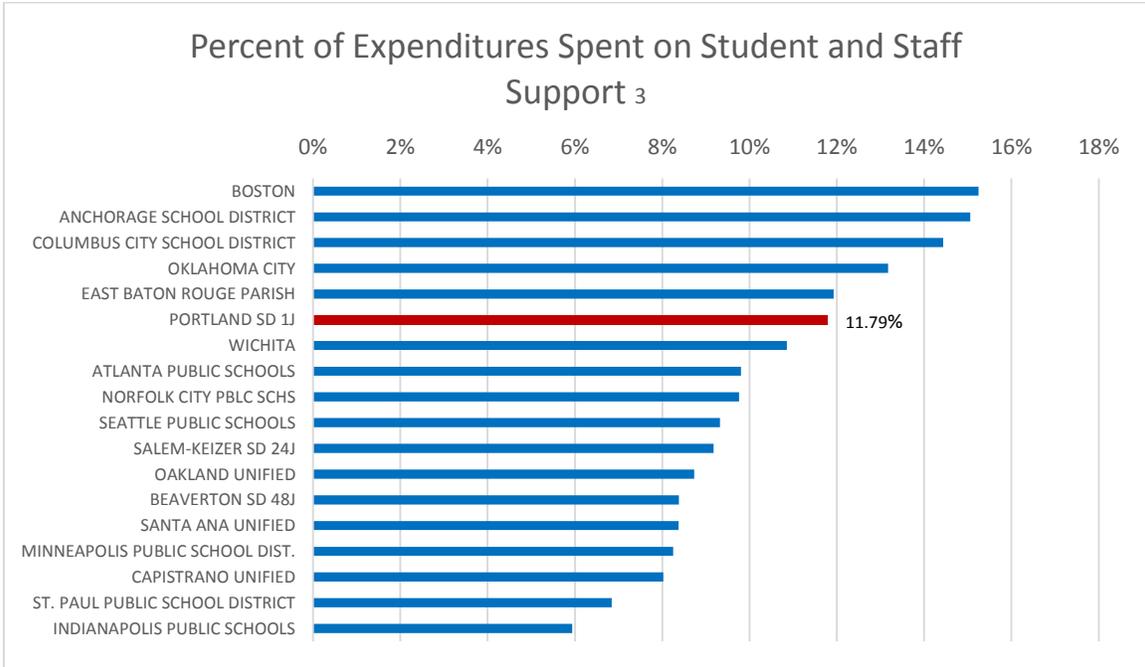


1 Includes expenditures for: board of education, administration of local education agencies, the office of the principal, full-time department chairpersons, graduation expenses, and business and central offices (fiscal services, budgeting, payroll, purchasing, storage, material distribution, planning, research, evaluation, staff recruitment and data processing).

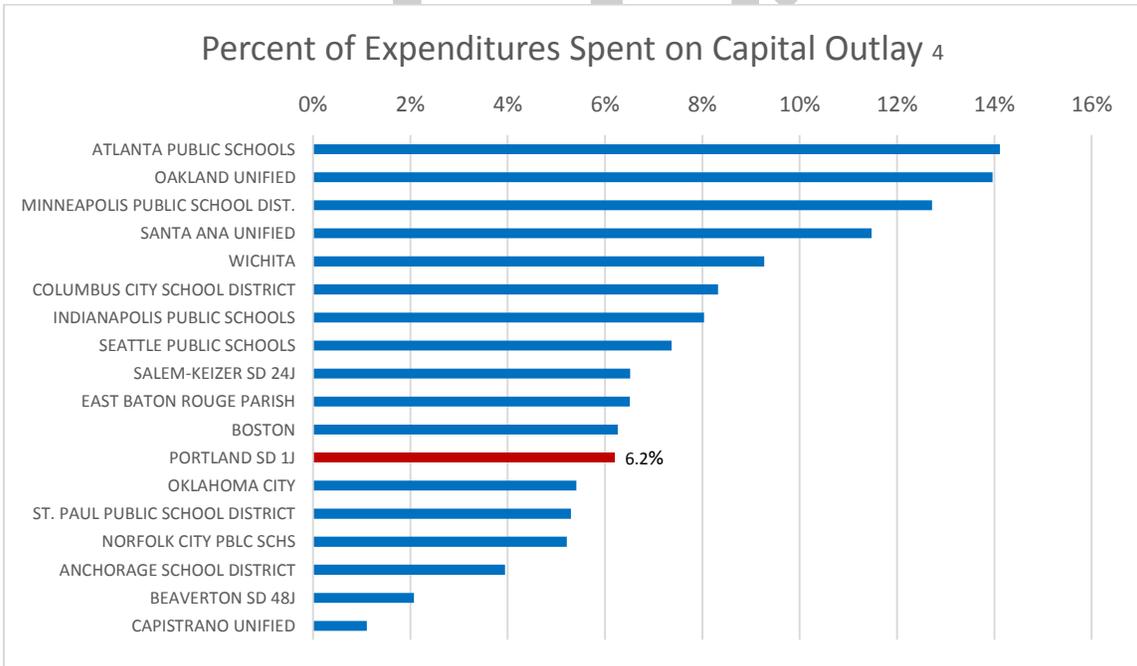


2 Expenditures for activities directly associated with the interaction between teachers and students. These include teacher salaries and benefits, supplies (e.g., textbooks), and purchased instructional services.



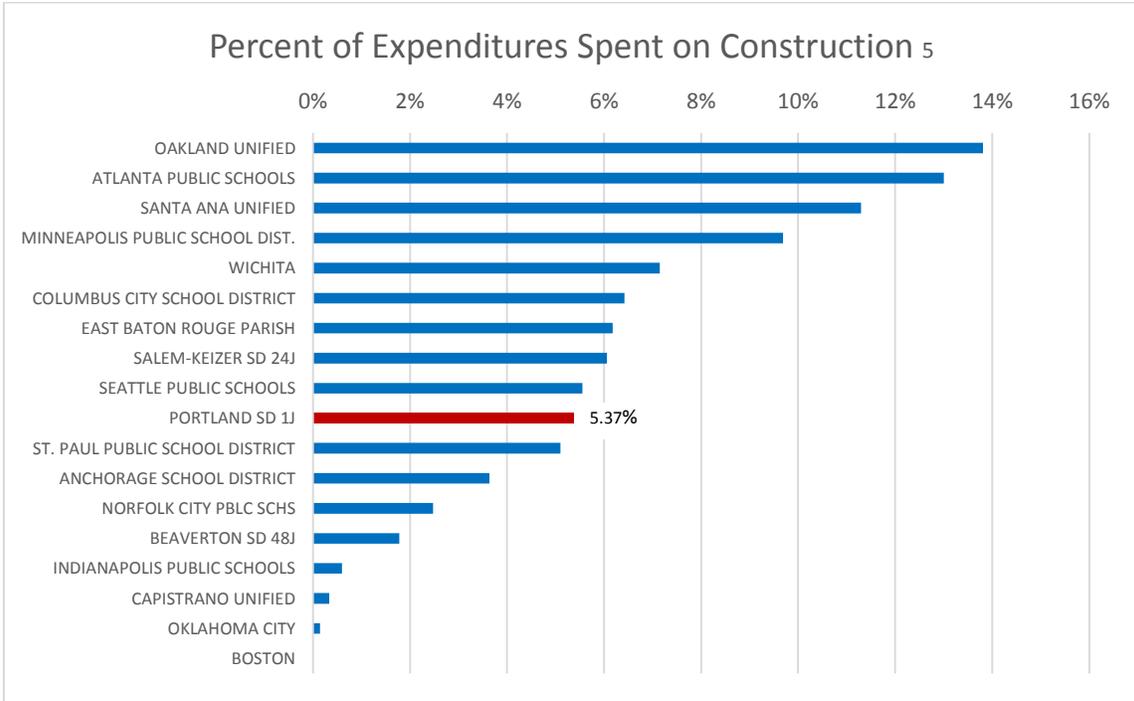


<sup>3</sup> Expenditures for health, psychological, guidance, therapy and attendance services for students, and for services that support instruction such as school libraries, media centers, curriculum development and in-service teacher training.

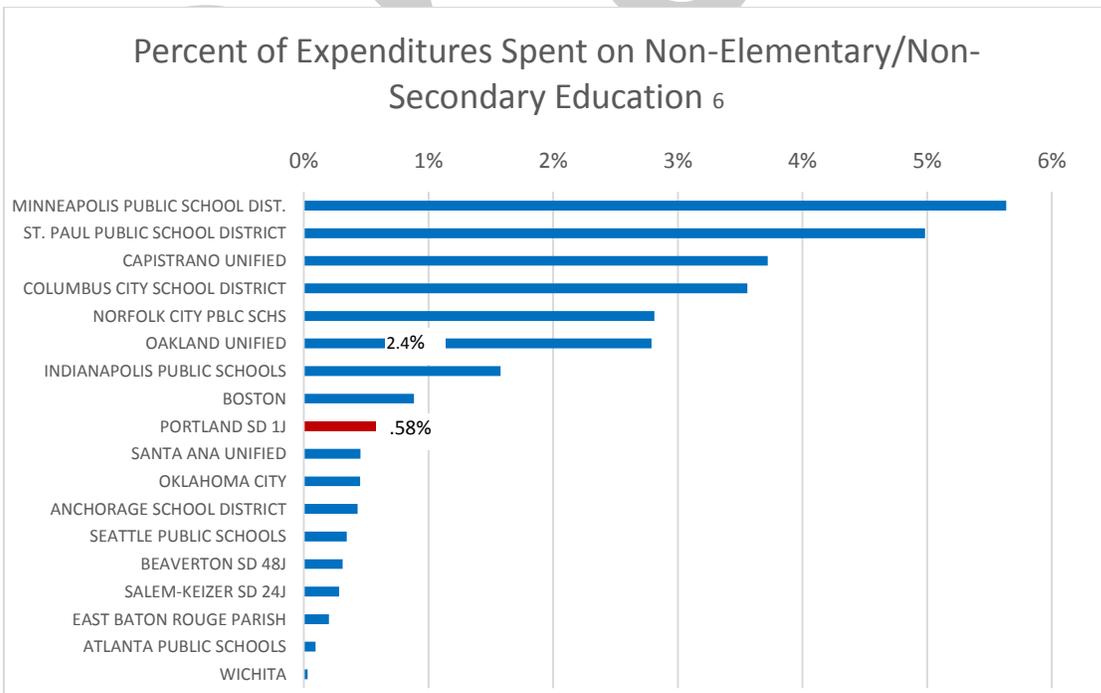


<sup>4</sup> Expenditures for fixed assets, construction, and equipment.



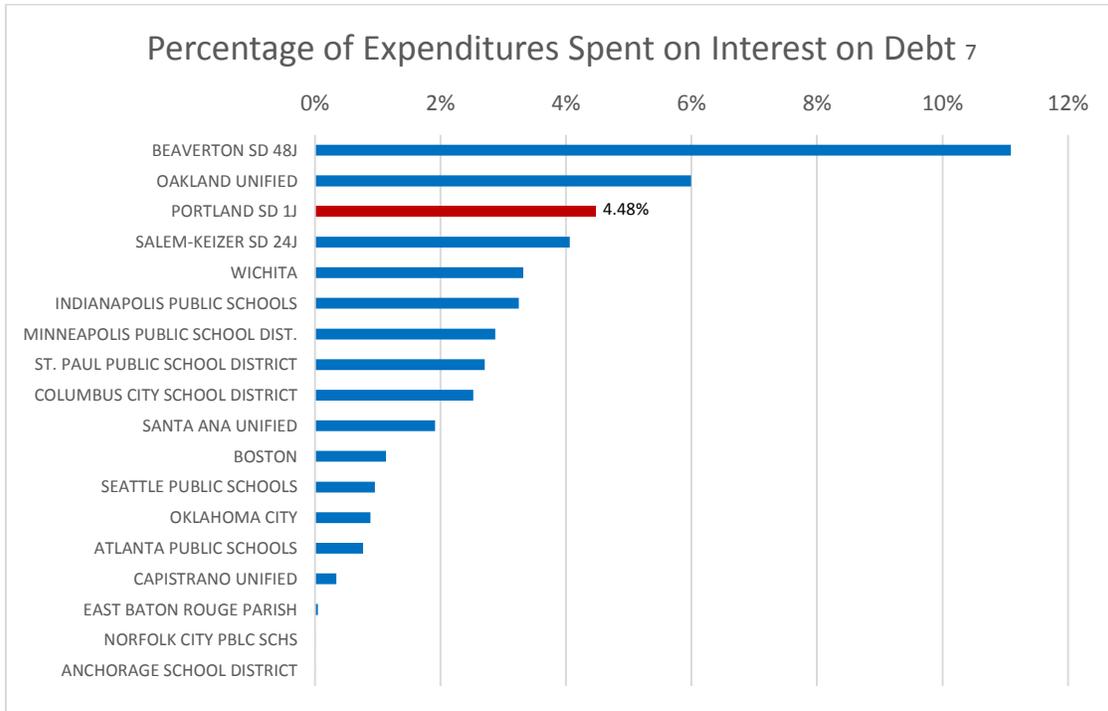


5 Production of fixed works and structures and additions, replacements, and major alterations thereto, including the planning and design of specific projects, site improvements, and the provision of equipment and facilities that are integral parts of a structure. Includes construction undertaken either on a contractual basis by private contractors or through a government's own staff (i.e., force account).

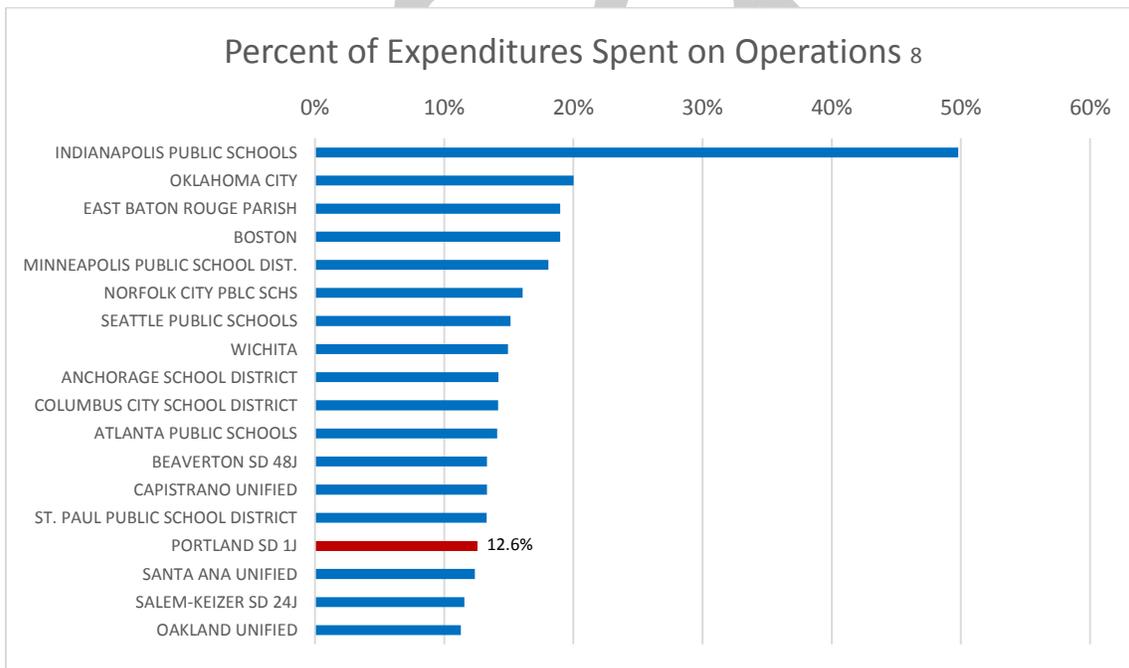


6 Expenditures for community services, adult education, and community colleges (if run by the school district). Also includes payments to other school districts, and payments to state and local government agencies.





7 Expenditures for interest on long-term debt (i.e., obligations of more than one year).



8 Operations (District Expenditure): Current expenditures for schools and school district operations (utilities, maintenance, security and safety). Renovations are included in construction. Includes student transportation services (bus drivers, mechanics, and fuel; and contracting transportation services). School bus purchases are included under capital outlay.





*Food Service (District Expenditure):* A sub-function of the function non-instructional services. Food services are activities that provide food to students and staff in a school or LEA. These services include preparing and serving regular and incidental meals or snacks in connection with school activities as well as delivery of food to schools.

*Other Support Staff (District):* Staff who serve in a support capacity and who are not included in the categories of central office administrative support, library support, student support, or school administrative support; e.g., data processing staff, bus drivers, and health, building and equipment maintenance, security, and cafeteria workers.

## Results

According to 2012-2013 data from the National Center for Education Statistics, PPS ranks:

Among the top third of its peers for:

- Interest on Debt (3)
- Administration (4)
- Student and Staff Support (6)

Among the middle third for:

- Non-elementary, Non-secondary Education (9)
- Instruction (10)
- Construction (10)

Among the bottom third for:

- Capital Outlay (12)
- Operations (15)





### 3. Process Effectiveness

**Objective:** Determine the effectiveness of the current processes and procedures in setting compensation for PPS employees, including appropriate level of Board oversight.

#### Approach and Methodology

To determine the effectiveness of processes and procedures in setting compensation since July 1, 2013, we interviewed PPS Human Resources (HR) personnel and extensively reviewed relevant documentation including policies and procedures, external reports, and internal communications. We obtained applicable industry best practices information from a variety of recognized sources including the Society for Human Resource Management (SHRM), PayScale, and the Council for Great City Schools.

#### Background

In early 2013, the District received an independent evaluation<sup>6</sup> of its HR Department to identify critical and essential HR services and the appropriate resources and organization structure to create a more responsive and forward-looking function. Phase I of that evaluation focused on an assessment of the organization of the Department while Phase II provided high-level descriptions of the roles and responsibilities necessary to support the recommendations of the first phase.

The report found that the District’s HR Department had gone through many transformations prior to the study. Since 2004, it had four Chief HR Officers and, on two occasions, had interim officers filling the position. The report found that the HR Department’s frequent changes in leadership resulted in:

- Many initiatives being started with few being completed,
- Frequent shifts in direction and focus,
- Roles and responsibilities becoming blurred from multiple reorganizations,
- Relationships with stakeholders and community becoming more focused on short-term gains than long-term vision, and inconsistency in practices and processes creating a confused and reactive organization.

Additionally, the report stated: “Critical HR functions are not routinely performed and there are insufficient or no staff assigned to these tasks: training, policy and administrative rules, compensation and classification, and equity and diversity.” It

<sup>6</sup> Human Resources and Delivery: Phase 1, Jan 2013, AKT





recommended the District “Create a classification and compensation system that will support all employees of the District.” The report further suggested that the District:

- Design protocols that can be implemented regardless of current economic conditions. The protocols will allow and sustain equitable compensation and benefits across represented and non-represented employee groups.
- Develop a compensation policy and structure approved by the Board.
- Develop a classification system that will support the compensation structure, pay practices and improve how jobs are reviewed and measured.

To address issues regarding its classification and compensation system, the District created a Classification & Compensation Division. In the fall of 2013, a Sr. Manager was hired to initiate improvements. In 2014, the HR Department expanded the Division by hiring a Classification & Compensation Analyst.

The Sr. Manager found a number of challenges in initially creating a classification and compensation system. Job descriptions did exist but were typically created for specific positions as vacancies occurred. This resulted in multiple individual job titles and responsibilities focusing on an individual’s skills and not on a specific position. The District’s non-represented employee group (business operations and administrative functions) operated under a broadband classification system. Broadband classifications are broad in scope and describe the general body of work, not the specific duties that belong to each of the jobs included within that classification. This approach resulted in a structure that included many unrelated jobs being positioned in the same pay grade as well as similar or related jobs positioned in very different classifications with different compensation.

Although the need to address the issues identified by the previous evaluation as well as other issues were vital, concerns existed with salary compression for regional administrators<sup>7</sup>. Salary compression - when employees in lower-level jobs are paid almost as much as their colleagues in higher-level jobs, including managerial positions - was impacting the ability to recruit and promote personnel. A project reviewing job title and salary placement/range for regional administrators was completed in March 2014 and the report and recommendations were presented and implemented for the 2014/15 fiscal year.

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<sup>7</sup> Individuals providing direct leadership and oversight to area school clusters under the direction of the Chief Academic Officer.





The next major undertaking of the Classification & Compensation Division was to conduct a Job Family Classification and Compensation Study for non-represented employees, senior leadership, building administrators, and program administrator classifications. This project was organized into three phases:

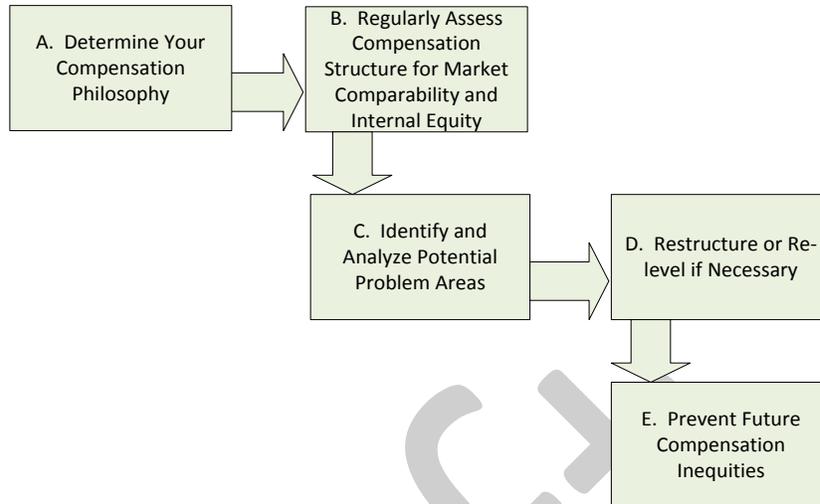
- Phase 1 - District Senior Leadership  
Development of classification specifications, definition of hierarchies, and recalibration of the salary schedule to alleviate salary compression that was identified previously.
- Phase 2 - District Building Administrators and Licensed Administrators Managing Academic Programs and Operations  
Identification of career ladders, development of classification specifications, conduct salary surveys, and development of a new salary schedule.
- Phase 3 - Remaining Non-Represented Employees (including business operations and management)  
In process – focusing on defining job families, developing classification specifications, identifying career ladders, and conducting salary surveys.  
  
Additionally, as part of this phase, the Division is focusing on review of the current broadband classification system and compensation structure.

The Division has also been reviewing operational processes, policies and procedures, and developing formal documentation as necessary.

### Results

Using the compensation restructuring documentation provided in the *Administrative Compensation Review - Phase 1* and additional information obtained, the District's current practices were directly compared to best practices as defined by industry sources:

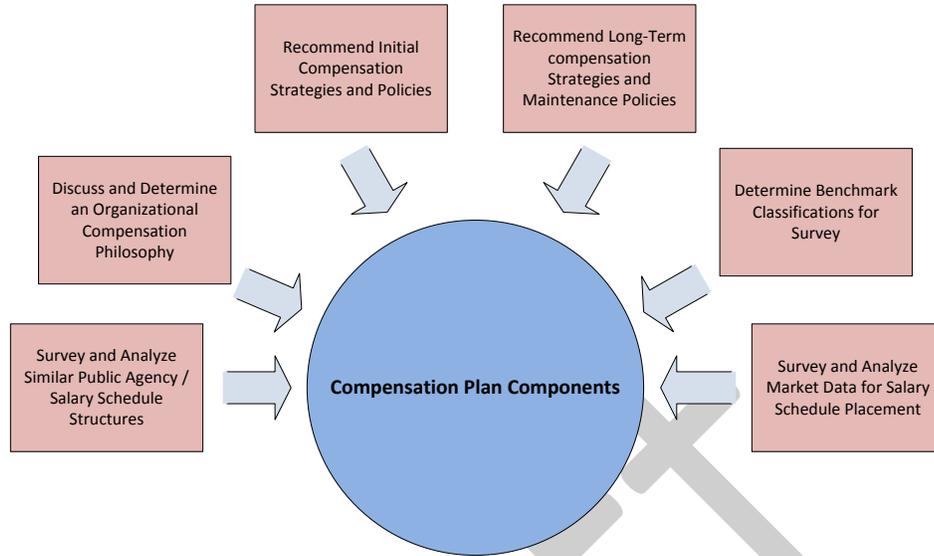




Prior to 2013, the District’s process for setting compensation did not mirror industry best practices. No comprehensive job analysis was known to have occurred for non-represented employees. Job descriptions were used primarily as templates for recruiting purposes and those individual departments hiring personnel determined job titles and duties that they believed aligned to the existing salary schedule. As mentioned in the 2013 HR Services and Delivery evaluation, HR’s policies, processes, rules, and protocols were not centrally maintained, current, or easily accessible; a lack of comprehensive policies, strategies, and practices resulted in inequity between various District employee groups, and critical HR functions were not routinely performed and there was either insufficient or no staff devoted to those tasks.

In the past two years, the District has attempted to address these issues by creating a Classification & Compensation Division to focus on implementing additional structure and analysis. The Division has developed the following tasks and processes to conduct a classification and compensation model for non-represented employees:





This processes to set compensation for PPS employees follows HR best practices with two notable exceptions:

1. Although the District has established classification and compensation procedures, it has not developed an agreed-upon (Board and Administration) philosophy regarding compensation.
2. The District did not use independent comparable compensation data when re-aligning the salary schedule for licensed administrators. While this was likely due to resource constraints, it is notable that the comparables selected are much smaller and less complex in terms of diversity and special needs, which likely under-reported the market rates.

Compensation Setting Best Practices	
Determine Compensation Philosophy	<ul style="list-style-type: none"> <li>Develop effective compensation strategy to:               <ul style="list-style-type: none"> <li>- retain and attract employees</li> <li>- motivate employees</li> <li>- pay employees fairly</li> </ul> </li> </ul>
Regularly Assess Compensation Structure	<ul style="list-style-type: none"> <li>Comprehensive review every 3-5 years</li> <li>Compression assessment annually</li> </ul>
Identify and Analyze Problem Areas	<ul style="list-style-type: none"> <li>Within Grades</li> <li>Between Grades</li> </ul>
Restructure or re-level as necessary	<ul style="list-style-type: none"> <li>Compensation Study</li> <li>Job Reclassification</li> </ul>
Prevent Future Compression	<ul style="list-style-type: none"> <li>Promote Internally</li> <li>Include HR Policy as part of the budget process</li> <li>Limit starting points within a range for new hires</li> <li>Require equity review when new hires start above defined limits</li> </ul>

The following details the results of our analysis related to each identified best practice.





**A. Determine the Organization’s Compensation Philosophy**

**Best Practices**

Per SHRM, determining a compensation philosophy requires an in-depth look at an organization’s beliefs and practices regarding salary setting. The key is to create a philosophy and to be consistent in its application to the pay decisions. Before developing salary ranges, an organization must first create a formal statement that identifies its views and manages compensation. This becomes the basis of the system that supports the organization’s goals and objectives. The philosophy is a collaborative effort between its HR function, its leadership team, and its governing body. Additionally, the strategy should include an awareness of:

- The organization’s mission, strategy, and culture
- Internal workforce
- External considerations – what is the competitive environment?, and
- Its ability and willingness to pay.

**Status - Not Met**

While the District currently has a *Classification & Compensation Policies and Procedures: Non-Represented Employees* document, it has not been publicly considered by the Board. A stated, agreed-upon policy outlining the overall compensation standards of the District and the frequency of the compensation program review would mitigate any concerns about the appropriateness of HR compensation actions in the future.

**Recommendation #1**

**Portland Public Schools should:**

- **determine its Compensation Philosophy and once formally approved, communicate and implement it.**
- **continue to regularly assess the classification and compensation process to ensure alignment with its stated compensation philosophy.**

**B. Regularly Assess Compensation Structure for Market Comparability and Internal Equity**

**Best Practices**

SHRM recommends that a salary structure evaluation occur every three to five years noting that many organizations perform this activity more frequently in order to ensure they are able to attract and retain top talent. The purpose of this evaluation is to monitor the schedule for both internal and external issues:





market comparability and internal equity. Internal equity is most frequently referred to as “salary compression.”

### Status - Partially Met

When not regularly evaluated, an internal compensation structure becomes stale and out of alignment with external market data. Per SHRM, “If an organization is unionized, there is a greater chance of pay compression based on the structure (and number) of unionized contracts.” Ninety-five percent of all PPS employees are represented by a bargaining agreement with each of the six agreements being unique and independently negotiated. As a result, the rate of salary increase for different represented groups will vary greatly. Because the non-represented groups experienced several years without any increase in compensation, internal compensation compression developed. While the District’s budget process annually looks at compensation, there is no strategy to regularly consider and review how the compensation schedules interrelate.

The 2013 HR Services and Delivery evaluation recommended that PPS “create an overarching compensation philosophy and guiding principles on how compensation decisions will be made and enforced and design protocols that can be implemented regardless of current economic conditions. The protocols will allow and sustain equitable compensation and benefits across represented and non-represented employee groups.” That report was the impetus for the *Job Family Study* and the District has since begun to take action to address the issues identified by the evaluation.

The District’s current Classification & Compensation Division should continue its efforts in conducting a District-wide classification and compensation study. This study would:

- provide new information to determine whether the District’s salary structure is appropriate or may need adjustment,
- provide insight and recommendations as to whether the District’s current compensation structure, policies, and practices are effective or in need of adjustment,
- determine if the current job classification structure is efficient/effective or may need the introduction of new job classes, merger of existing classes, or re-titling of classes,
- include the evaluation of current job descriptions and the potential need to perform edits and/or major re-writes to improve their use as primary sources of information for talent management, performance appraisal, recruitment, and retention, and





- enhance the District’s ability to more effectively comply with statutory requirements regarding pay equity legislation.

**Recommendation #2**

**The District should:**

- **complete a formal District-wide classification and compensation study.**
- **establish appropriate future intervals for the review of its entire compensation structure.**

**C. Identify and Analyze Potential Salary Compression**

**Best Practices**

“Analyze how supervisors’ salaries compare to their direct reports’ salaries. While there is no rule for when the salary-compression level becomes dangerously close, a good rule of thumb is to look at areas where direct reports’ salaries are more than 95 percent of supervisors’ salaries. Areas where direct reports’ salaries are 80 to 95 percent of supervisors’ salaries should be watched carefully for changes that could cause salaries to exceed 95 percent.”<sup>8</sup>

**Status - Met**

While salary compression is not illegal, it is often accompanied by pay inequities that could violate equal pay laws. In situations where salary compression causes salary inversion - where newer staff make more than experienced staff - it could create a pay equity problem if the experienced staff are identified as part of a protected class.

As mentioned previously, the District has faced problems with compression. The following table illustrates a faster rate of increase in compensation for building administrators (principals) than their superiors (other directors and Executive Committee). While this strategy allowed the District to remain solvent during a fiscally challenging time, it also created salary compression.

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<sup>8</sup> Human Resources Services and Delivery Report, January 2013.





Salary Adjustment History (Non-Represented Employees)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Superintendent & Executive Committee	No COLA No Step	No COLA No Step	No COLA No Step	No COLA No Step	No COLA No Step 10 Furlough Days	2.0% COLA No Step	One-time adjustment to market and internal benchmarks, variable by position
Building and Program Administrators Licensed Administrators	No COLA Step Increase	No COLA No Step	2% COLA No Step	No COLA No Step	No COLA No Step 5 Furlough Days	Adjustment to market in two phases, variable by position.	Second phase of adjustment to market, variable by position.
Other Directors Non-Licensed Administrators	No COLA No Step	No COLA No Step	2% COLA No Step	No COLA No Step	No COLA No Step 5-10 Furlough Days	No COLA Step Increase	No COLA Step Increase
Other Non-Represented Specialists, Analysts, Managers	2.5% COLA No Step	No COLA No Step	2% COLA No Step	No COLA No Step	No COLA No Step 5-10 Furlough Days	No COLA Step Increase	No COLA Step Increase

Per the July 1, 2013 salary schedule, Senior Directors (formerly known as Regional Administrators) made less than the principals they were managing. Table II below illustrates the District’s analysis of the salary compression which falls within the criteria defined by SHRM. Directors (Regional Administrators) were in every case equal to or lower than the principals they managed.

**Table II**  
Current Regional Administrator & Building Administrator Salary Schedules Including Daily Rate Breakdown (Actual Days in Paid Status)

Regional Administrator Salary Schedule Effective 7-1-2013

Job Title	Paid Work Days	Minimum Salary	No Levels: Actual Salaries	No Levels: Actual Salaries	Maximum Salary
Regional Administrator	260				
	Annual Rate	\$ 100,000 (0)	\$ 114,750 (4.5)*	\$ 115,518 (1.0)	\$ 127,500 (0)
	Daily Rate**	\$ 384.62	\$ 441.35 (15.74% below (1))	\$ 444.30 (15.30% below (1))	\$ 490.38 (18.97% below (1))

Building Administrator Salary Schedule Effective 7-1-2013

Job Title	Paid Work Days	Level 1 (0-3 yrs. exp.)	Level 2 (4-6 yrs. exp.)	Level 3 (7-9 yrs. exp.)	Level 4 (10+ yrs. exp.)
HS Principal	230	\$ 108,300 (3)*	\$ 113,500 (4)	\$ 115,000 (2)	\$ 118,500 (1)
	Annual Rate				
	Daily Rate**	\$ 470.87	\$ 484.78	\$ 500.00	\$ 515.22 (7.23% above (1))
MS/6-8 Principal		\$ 100,000 (10)	\$ 103,400 (11)	\$ 107,000 (9)	\$ 110,500 (12)
	Annual Rate				
	Daily Rate**	\$ 434.78	\$ 445.57	\$ 465.22	\$ 480.43 (10.80% above (1))
Elementary		\$ 97,000 (9)	\$ 100,000 (5)	\$ 103,000 (4)	\$ 105,800 (12)
	Annual Rate				
	Daily Rate**	\$ 421.74	\$ 434.78	\$ 447.83	

(\*) Denotes total number of staff at each level  
 \*\* Daily Rate is calculated as annual salary/number of paid work days per year

Table II represents Current Annual Salary Levels in hierarchical relationships, using Maximum Salary/Level calculated based on Daily Rate, adjusted for 230 day & 260 day calendars. In this table it appears the Maximum Salary for Regional Administrators is 5.07% below the highest direct report level. Based on Daily Rate figures, the actual current salary ranges are between -15.90% and -16.74% below the highest level direct report.



**D. Restructure or Re-level as Necessary**

**Gather Background Data**

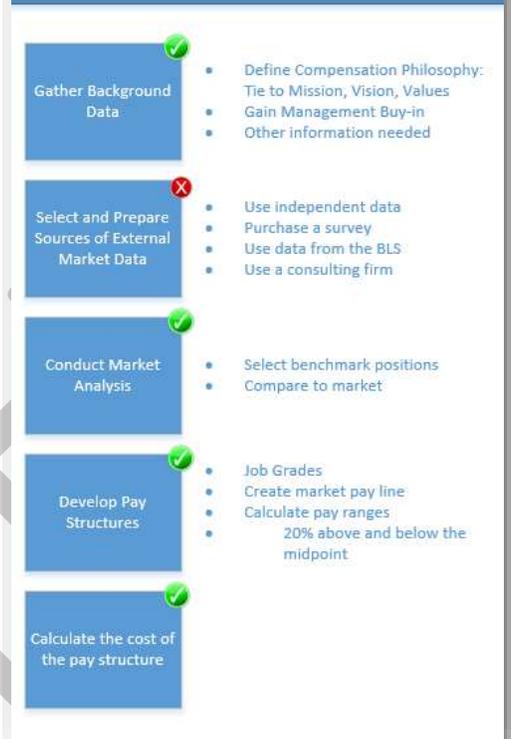
**Best Practices**

SHRM states that, to ensure success of the project and complete support from the top down, the project needs a plan that explains why the system is being built, what is to be built, how all the pieces fit together and what the expected end result is.

**Status - Met**

The District's *Classification & Compensation Practices and Philosophy: Guidelines, Processes, & Procedures for Job Family Studies* outlines the entire Salary Restructure Plan including leadership contacts, timelines, purpose, and the use of interviews and forms to assess the alignment of the positions being studied.

**SHRM Building a Market-Based Pay Structure**



**Select and Prepare Sources of External Market Data**

**Best Practices**

SHRM recommends that multiple sources of information be used to benchmark compensation data. It also recommends that, if data is not easily accessible for a specific position, industry or region, an independent third party should be used to collect and summarize the data.

**Status - Not Met**

The District did not use an objective means of identifying comparable organizations from which to benchmark its compensation structure. The selection criteria for the comparable districts are local recruiting area (Oregon/Washington) and K-12 public school districts.

Additionally, criteria did not contain diversity distribution, special needs population, enrollment, urban location, or other factors, nor was the National Center for Education Statistics (NCES) Public School District Finance Peer Search utilized to identify comparable school districts.



**Recommendation #3**

**Lacking sufficient comparable data, Portland Public Schools should ensure sufficient resources to procure independent third-party compensation data to be used in the review of its compensation structure.**

***Conduct Market Analysis***

**Best Practices:**

An organization should benchmark positions that are fairly common across organizations and industries in order to compare general levels of responsibility rather than granular detail. In addition, it is recommended that job descriptions are used to match similar jobs rather than job titles. To analyze for market comparability, the organization first uses comparable data to identify if any of the benchmarked positions are 20% above or below the market median in order to identify significant outliers.

**Status - Met**

Despite the lack of a full complement of position descriptions, the data indicates that there were no significant outliers in comparing the PPS benchmarked positions and the market data. Objective evidence that this analysis occurred can be found in the “Historical Compensation Practices” document.

***Develop Pay Structures***

**Best Practices:**

An assessment conducted by SHRM<sup>9</sup> found that the most common salary program designs included:

- a midpoint of 50% of pay, a minimum of 80% of midpoint and a maximum of 120% of midpoint (used by 61% of respondents),
- a wide salary structure approach characterized by fewer position grades and more extensive ranges than the traditional salary structure (18%),
- some form of broadbands (10%).

Additionally, more than half (56%) of organizations have two or more salary programs with employee group/job level as the primary differentiator between programs, followed by job family or function and geographic differentials.

SHRM also identified a strong correlation between job level and number of salary structures<sup>10</sup>. Single salary structures were the most common for executives while multiple salary structures were the most common for lower-

<sup>9</sup> Assessing Salary Programs for Affordability, Competitiveness.

<sup>10</sup> Salary Range Structure Practices





level positions. For example, 58% of organizations have single structures for executives and 63% of organizations have multiple salary structures for hourly and nonexempt employees.

**Status - Meeting**

The District’s non-represented employee compensation structure currently operates under a broadband model. As mentioned previously, this approach has resulted in the grouping of positions that are dissimilar in job responsibilities, knowledge requirements, and skill levels.

The District is moving towards a comprehensive system that will base its classifications on detailed job analyses. The intent is to identify career hierarchies and promotional opportunities that are viewed as equitable, externally competitive, cost effective, and understandable.

**Salary Range**

**Best Practices:**

Market data should be used to calculate salary ranges with minimums and maximums. “Some organizations use the actual market positions of 25th percentile and 75th percentile as the minimum and maximum points for the ranges.<sup>11</sup>”

**Actual - Met**

The District employed the 75<sup>th</sup> percentile as the range maximum method of calculating a range for the employee population defined for this analysis.

HIGH SCHOOL PRINCIPAL		
	Annual	
	Minimum	Maximum
Seattle	\$123,839	\$129,472
Beaverton	\$121,968	\$127,050
Salem - Kaiser*	\$109,573	\$125,974
Evergreen	\$113,344	\$125,938
Tigard/Tualatin*	\$110,595	\$125,849 PPS PROPOSED
Lake Oswego*	\$119,419	\$125,838
David Douglas	\$115,115	\$125,113
West Linn / Wilsonville*	Flat Rate	\$124,864
Parkrose*	\$136,939	\$124,404
Vancouver	\$111,794	\$124,382
Candy*	\$114,172	\$124,100
North Clackamas*	\$109,103	\$123,895
Centennial	\$112,973	\$122,673
Hillsboro	\$110,894	\$121,829
Gresham - Barlow	\$109,881	\$121,317
Rayolds	\$111,500	\$120,720
Eugene*	\$90,839	\$115,936
Oregon City	\$94,980	\$115,447
18 agencies reporting data		
* Factors include GN, Employee PDR Pctup @ 40/10/25		
Portland Public Schools	\$111,000	\$120,100
PPS PROPOSED 75TH PERCENTILE:		
Maximum Salary (10+ years experience)		\$125,849
Level 3 (7 - 9 years experience)		\$122,779
Level 2 (4 - 6 years experience)		\$119,785
Starting Salary (0-3 years experience)		\$116,803

**E. Prevent Future Compensation Inequities**

The analysis completed on the District’s past compensation realignment practices cannot determine if future compensation inequities will occur. However, current practices should identify potential inequities.

<sup>11</sup> SHRM: Building a Market-Based Pay Structure from Scratch





## 4. Central Office Positions

**Objective:** Review central office positions added or lost looking back seven years.

### Approach and Methodology

The Audit Committee requested a determination of the number of central office administrators by department (all sources of funding – grant, bond, general fund) added or lost looking back seven years using October 1 as a constant point-in-time.

To meet this objective, employment data for all central office employees including non-represented, licensed administrators, and teachers not located at a school or Columbia Regional (Wilcox) from 2009 to 2015 was requested from Human Resources, with the following fields required for each employee:

- Date
- ID
- Record Number
- Name
- Pay Status
- Category
- Position Title
- FTE
- Department ID
- Department Name
- Location ID
- Location

Employment data received included all positions that met the stated criteria, regardless of location. Numerous employees were located outside of the Blanchard Educational Service Center (BESC). All positions with a location other than BESC (i.e. Rice, Wilcox) were removed from the list- with one exception - athletics. The athletic department moved from a building location to the BESC during the specified time period and its location was kept intact for the analysis of positions added or lost. Additionally, all represented employees were removed from the list.

Over the specified timeframe, 84 unique department names were identified for the non-represented or licensed administrator staff reporting to the BESC. Departments were grouped into the following categories:

- Equity and Partnerships
- Facilities
- Office of School Modernization
- Accounting and Finance
- Executive
- Education Support
  - Curriculum
  - Education Services
  - Programs
- Athletics
- Policy and Measurement
- Communications
- Human Resources (HR)
- Information Technology (IT)
- Business Operations





Results

The following table illustrates the change in each department group from 2009 to 2015. As the table indicates, total central office positions were the same at the end of the period as at the beginning:

	2009	2010	2011	2012	2013	2014	2015	Personnel Change
Equity & Partnerships	2.0	1.0	2.8	7.1	7.1	10.8	20.0	18.0
Facilities	20.5	28.0	29.5	30.0	37.0	32.5	32.0	11.5
Office of School Modernization	7.0	9.2	8.0	7.5	8.0	13.8	12.9	5.9
Accounting/Finance	34.6	35.6	31.8	31.8	35.8	36.8	38.5	3.9
Executive	9.7	9.4	7.4	7.5	7.7	12.9	12.9	3.2
Athletics	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0
Policy and Measurement	20.1	19.8	15.5	12.4	13.3	15.8	19.6	-0.5
Communications	12.4	16.7	17.0	7.0	9.0	9.0	11.0	-1.4
Human Resources	42.0	33.0	35.8	28.7	29.8	38.0	37.8	-4.2
Information Technology	65.1	64.3	65.3	61.3	54.8	56.0	54.0	-11.1
Business Operations	65.4	60.3	58.0	50.6	52.1	51.8	53.6	-11.8
Education Support	103.4	81.3	75.8	75.6	77.3	89.2	89.6	-13.8
<b>Total</b>	<b>384</b>	<b>361</b>	<b>349</b>	<b>321</b>	<b>334</b>	<b>368</b>	<b>384</b>	<b>0</b>

Over the past seven years, the three department groups with the greatest increase in employee count are:

1. Equity and Partnerships
2. Facilities
3. Office of School Modernization

The three department groups with the greatest decrease in employee count are:

1. Education Support
2. Business Operations
3. Information Technology

The department changes are displayed graphically in the chart below, in both count and percentage of change.

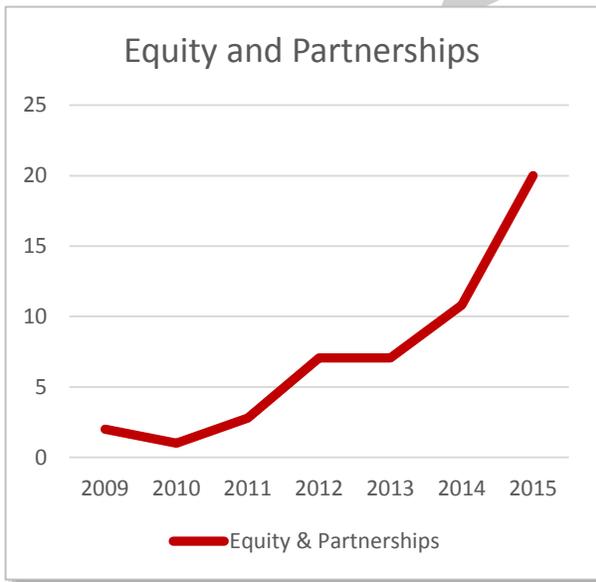
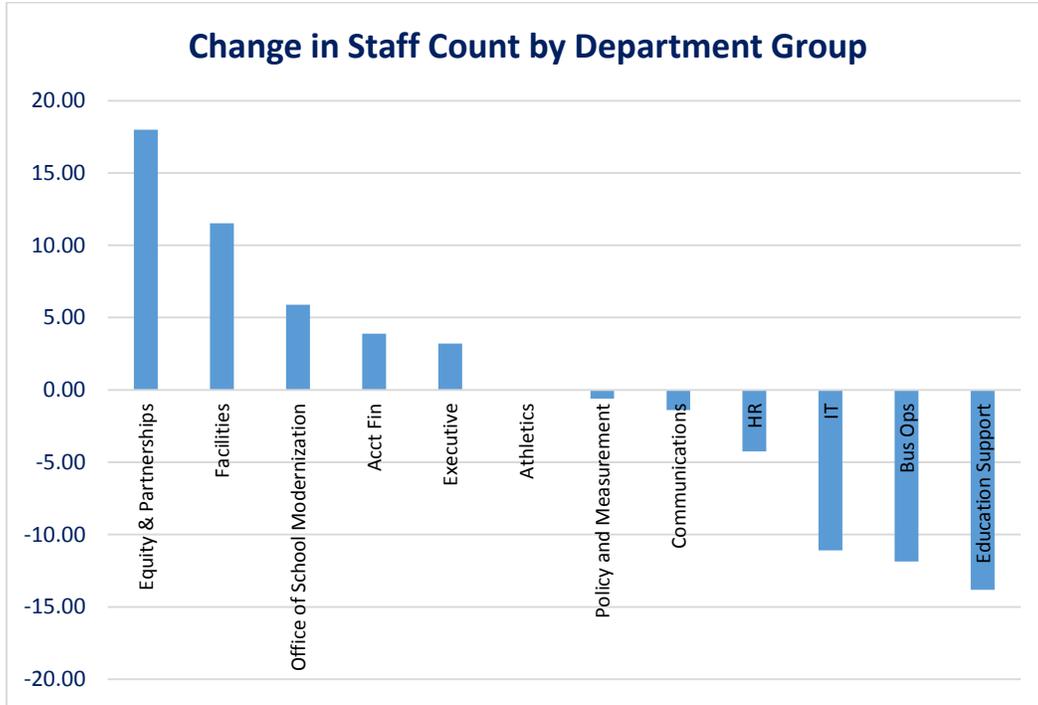
Department change is calculated as:

$$2015 \text{ Count} - 2009 \text{ Count}$$

Percentage of change is calculated as

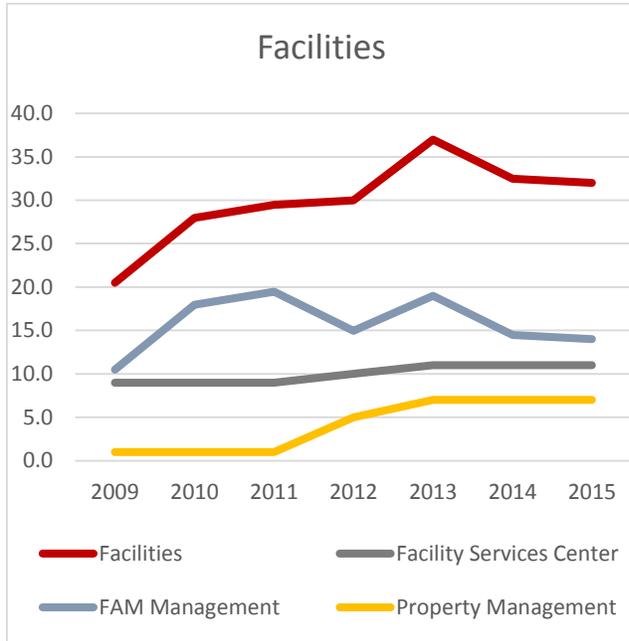
$$\frac{2015 \text{ Count} - 2009 \text{ Count}}{2009 \text{ Count}}$$





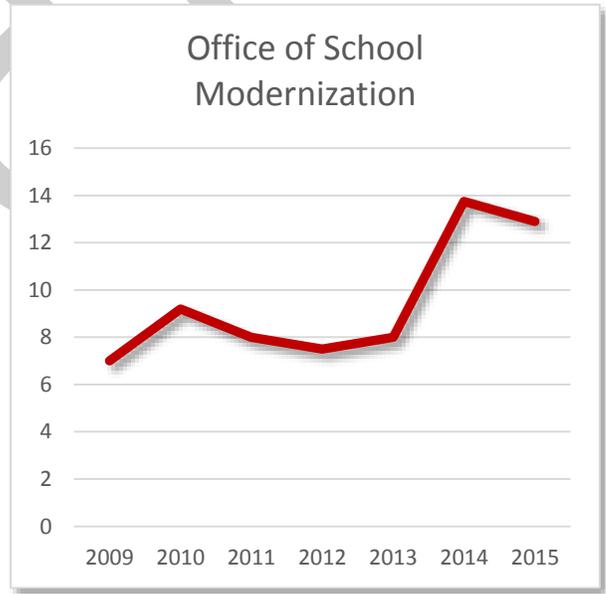
Equity and Partnerships has experienced the greatest increase in the number of central office employees between 2009 and 2015. The Department started with two employees in 2009, had one employee in 2010, and added 17 employees between 2011 and 2015, representing a 900% increase over the 2009 FTE count.

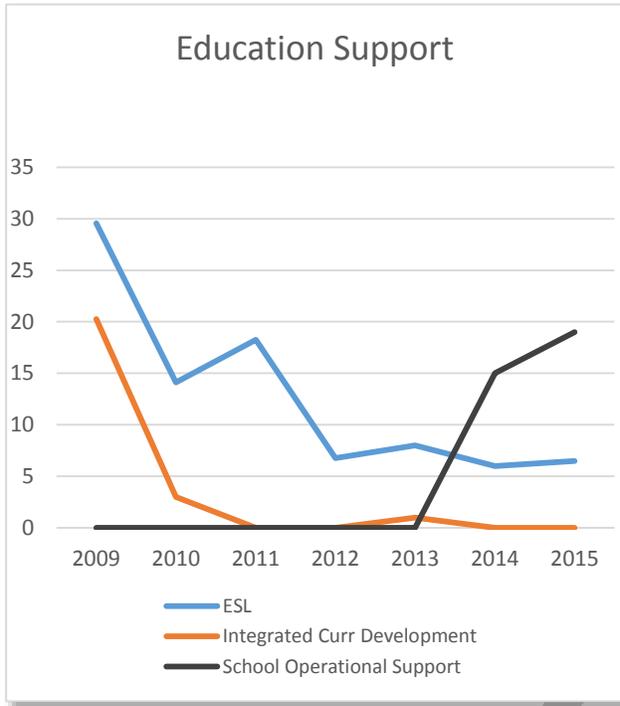




The Facilities Department group grew by a total of 11.5 FTE since 2009 to its current number of 32.0. Five of the positions are bond-funded.

The Office of School Modernization has grown from 7 FTE in 2009 to 12.9 FTE in 2015 supported by available bond funding.





The Education Support group has 26 departments experiencing a total decrease of 13.8 FTE.

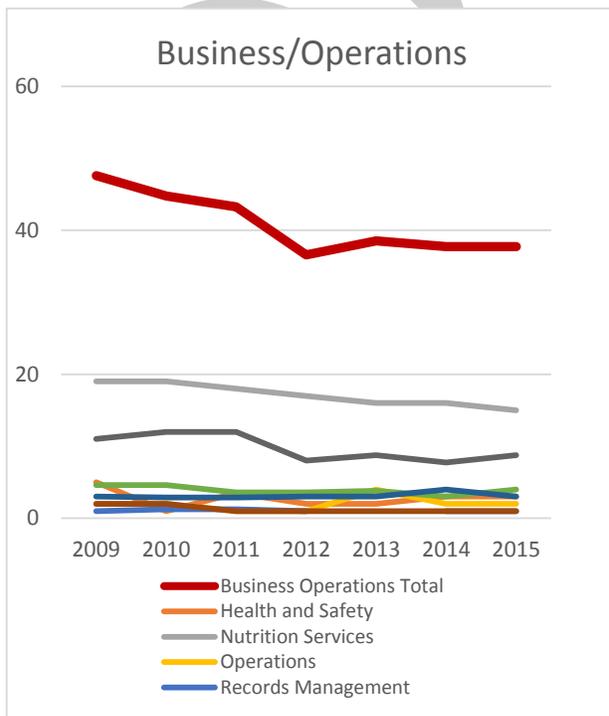
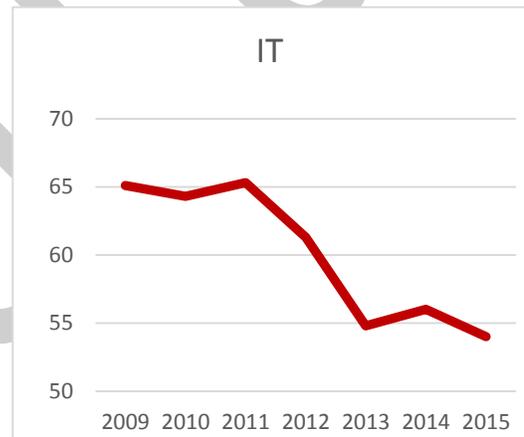
Departments within the group with the greatest losses:

- ESL (-23)
- Integrated Curriculum Development (-20)

The department with the greatest increase:

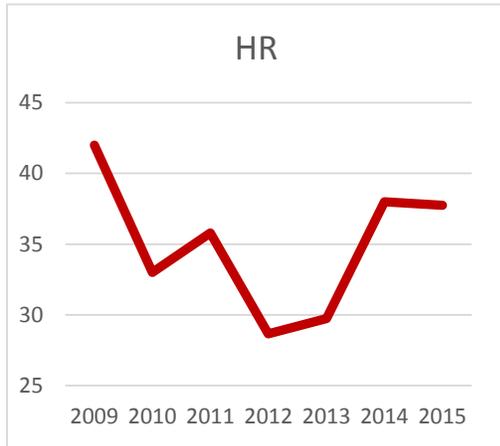
- School Operational Support (+19)

IT lost 11 FTE (65 to 54) over the specified timeframe.



The Business/Operations group includes eight departments. The largest change has been with Nutrition Services, which has lost four FTE since 2009 (19 FTE to 15).





The HR Department appears to have experienced the most volatile change of all District Departments having 42 FTE in 2009 and 29 in 2012 and recovering nine positions for an FTE count of 38 in 2015.

Draft



Draft

**Deputy General Counsel**

Median of Adjusted Max **\$163,929**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Classification</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	Assistant General Counsel	\$ 118,735	\$ 191,827	\$ 118,735	\$ 191,827
2	100.0%	Multnomah County*	Deputy County Attorney	111,711	178,737	111,711	178,737
3	100.0%	City of Portland*	Attorney, Chief Deputy City	118,927	170,255	118,927	170,255
4	100.0%	TriMet	Deputy General Counsel	88,270	163,929	88,270	163,929
5	100.0%	Clackamas County*	Deputy District Attorney, Sr.	116,389	157,125	116,389	157,125
6	100.0%	Washington County	Assistant County Counsel , Senior	122,396	148,735	122,396	148,735
7	100.0%	Metro	Legal Counsel I	91,887	130,519	91,887	130,519

\*Includes PERS Pickup

**PPS Actual  
\$122,525**

Median of Adjusted Max **\$153,157**  
 PPS Range **\$101,500 - \$132,000**

**National**

1	110.2%	Minneapolis, MN	Assistant General Counsel	\$ 90,288	\$ 153,490	\$ 99,497	\$ 169,146
2	92.3%	Seattle, WA	Deputy General Counsel	107,621	148,611	99,334	137,168

**PPS Actual  
\$122,525**

Note: For Information Purposes Only

**Deputy Chief Financial Officer**

Median of Adjusted Max **\$153,238**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Classification</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	TriMet	Director, Budget and Grants	\$ 101,775	\$ 189,011	\$ 101,775	\$ 189,011	
2	100.0%	Port of Portland*	Finance Director	103,490	165,586	103,490	165,586	
3	100.0%	PCC*	Associate Vice President	110,495	160,218	110,495	160,218	
4	100.0%	Metro	Assistant Director	109,837	159,260	109,837	159,260	
5	100.0%	Multnomah County*	Deputy Director - Budget and Evaluation	95,773	153,238	95,773	153,238	
6	100.0%	City of Portland*	Controller	108,080	150,941	108,080	150,941	
7	100.0%	Clackamas County*	Assistant Director, Finance	100,541	135,730	100,541	135,730	<b>PPS Actual</b>
8	100.0%	Beaverton	Administrator for Fiscal Services (1)	118,776	118,776	118,776	118,776	<b>\$122,525</b>
9	100.0%	Washington County	Controller	93,282	113,356	93,282	113,356	
		*Includes PERS Pickup						
		(1) No range available						

Median of Adjusted Max **\$151,042**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Classification</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>National</b>								
1	117.4%	Atlanta, GA	Deputy Chief Financial Officer	\$ 122,245	\$ 168,087	\$ 143,516	\$ 197,334	
2	92.3%	Seattle, WA	Executive Director of Finance	120,016	165,734	110,775	152,972	
3	105.5%	Norfolk, VA	Senior Director - Accounting	84,312	141,337	88,949	149,111	
4	122.4%	Baton Rouge, LA	Director for Finance	69,064	95,144	84,534	116,456	<b>PPS Actual</b>
								<b>\$122,525</b>

Note: For Information Purposes Only

**Chief of Staff**

Median of Adjusted Max **\$118,494**  
 PPS Range **\$116,750 - \$151,750**

	<i>COLI</i>	<i>Location</i>	<i>Classification</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Chief of Staff	\$ 94,819	\$ 119,977	\$ 100,810	\$ 127,557	<b>PPS Actual \$136,861</b>
2	100.0%	PCC*	Chief of Staff	75,470	109,431	75,470	109,431	
		*Includes PERS Pickup						

Median of Adjusted Max **\$180,512**  
 PPS Range **\$116,750 - \$151,750**

<b>National</b>								
1	92.3%	Seattle, WA	Deputy Superintendent	\$ 178,963	\$ 247,229	\$ 165,183	\$ 228,192	<b>PPS Actual \$136,861</b>
2	124.0%	Columbus, OH	Chief of Staff	141,196	145,574	175,083	180,512	
3	105.5%	Norfolk, VA	Chief of Staff	97,380	163,245	102,736	172,223	

Note: For Information Purposes Only

**Chief of Communications and Public Affairs**

Median of Adjusted Max **\$178,848**  
 PPS Range **\$116,750 - \$151,750**

	<i>COLI</i>	<i>Location</i>	<i>Classification</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	Chief Public Affairs Officer	\$ 161,037	\$ 281,816	\$ 161,037	\$ 281,816
2	100.0%	TriMet	Executive Director, Public Affairs	119,316	221,587	119,316	221,587
3	100.0%	Multnomah County*	Government Relations Director	122,881	196,611	122,881	196,611
4	100.0%	Metro	Policy Advisor II	132,898	192,714	132,898	192,714
5	100.0%	Clackamas County*	Public & Gov Affairs Dir	122,208	164,981	122,208	164,981
6	106.3%	Salem Keizer*	Director, Community Relations and Communications	94,819	119,977	100,810	127,557
7	100.0%	Beaverton	Public Communications Officer (1)	129,908	129,908	129,908	129,908
8	100.0%	Washington County	Public Affairs Officer	93,282	113,356	93,282	113,356
*Includes PERS Pickup (1) No range available							

**PPS Actual**  
**\$136,861**

Median of Adjusted Max **\$139,969**  
 PPS Range **\$116,750 - \$151,750**

<b>National</b>							
1	124.0%	Columbus, OH	Chief of Communications and External Affairs	\$ 130,865	\$ 141,196	\$ 162,273	\$ 175,083
2	127.0%	Indianapolis, IN	Chief Strategist	105,000	125,000	133,350	158,750
3	105.5%	Norfolk, VA	Senior Director, Communications and Media Relations	84,312	141,337	88,949	149,111
4	122.4%	Baton Rouge, LA	Chief of Communications and Public Relations	84,532	116,643	103,467	142,771
5	92.3%	Seattle, WA	Chief Engagement Officer	107,621	148,611	99,334	137,168
6	79.5%	Capistrano, CA	Asst Superintendent, Communications/Community Relations	116,393	163,778	92,532	130,204
7	85.6%	Santa Ana, CA	Chief Communications Officer	125,826	143,659	107,707	122,972
8	117.4%	Atlanta, GA	Communications and Public Engagement Manager	75,048	103,191	88,106	121,146

**PPS Actual**  
**\$136,861**

Note: For Information Purposes Only

**Senior Director - Facilities & Asset Management**

Median of Adjusted Max **\$137,595**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	TriMet	Executive Director, Maintenance Operations	\$ 110,233	\$ 204,719	\$ 110,233	\$ 204,719	
2	100.0%	Port of Portland*	Business & Properties Director	103,490	165,586	103,490	165,586	
3	100.0%	Multnomah County*	Facilities & Property Management Division Director	95,773	153,238	95,773	153,238	
4	100.0%	Beaverton	Executive Administrator for Facilities (1)	138,846	138,846	138,846	138,846	
5	100.0%	City of Portland*	Facilities Services Division Manager	100,627	136,345	100,627	136,345	
6	100.0%	Washington County	Facilities Manager	105,540	128,245	105,540	128,245	
7	100.0%	Clackamas County*	Facilities Manager	91,194	123,111	91,194	123,111	
8	106.3%	Salem Keizer*	Manager, Maintenance & Construction Services	90,304	114,261	96,009	121,480	<b>PPS Actual \$121,800</b>
*Includes PERS Pickup (1) No range available								

Median of Adjusted Max **\$133,180**  
 PPS Range **\$101,500 - \$132,000**

<b>National</b>								
1	110.2%	Minneapolis, MN	Executive Director, Facilities	\$ 110,377	\$ 176,604	\$ 121,635	\$ 194,618	
2	110.2%	Indianapolis, IN	Director of Facilities Management	91,000	118,000	100,282	130,036	
3	105.5%	Norfolk, VA	Senior Director, Facilities Management	84,312	141,337	88,949	149,111	
4	124.0%	Columbus, OH	Director, Building and Grounds	98,617	118,029	122,285	146,356	
5	85.6%	Santa Ana, CA	Director of Building Services	149,219	167,079	127,731	143,020	
6	92.3%	Seattle, WA	Executive Director of Facilities	104,478	144,290	96,433	133,180	
7	122.4%	Baton Rouge, LA	Administrative Director of Facilities	71,473	103,593	87,483	126,798	<b>PPS Actual \$121,800</b>
8	117.4%	Atlanta, GA	Manager - Maintenance & Operations	75,048	103,191	88,106	121,146	
9	79.5%	Capistrano, CA	Director III, Facilities	95,529	134,418	75,946	106,862	

Note: For Information Purposes Only

**Senior Director - Special Education**  
**Senior Director - Columbia Regional Program**

Median of Adjusted Max \$ 128,326  
 PPS Range \$101,500 - \$132,000

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	106.32%	Salem Keizer*	Director, Student Services	\$ 109,764	\$ 138,887	\$ 116,699	\$ 147,661
2	100.0%	Beaverton	Assistant Administrator for Special Education (1)	\$ 108,990	\$ 108,990	\$ 108,990	\$ 108,990
		*Includes PERS Pickup					
		(1) No range available					

**PPS Actual**  
**\$122,525 - SPED**  
**\$115,558 - CRP**

Median of Adjusted Max \$ 143,643  
 PPS Range \$101,500 - \$132,000

<b>National</b>							
1	110.2%	Minneapolis, MN	Executive Director, Special Education and Health	\$ 90,288	\$ 153,490	\$ 99,497	\$ 169,146
2	124.0%	Columbus, OH	Executive Director, Office of Special Education	101,748	121,785	126,168	151,013
3	127.0%	Indianapolis, IN	Director of Special Education	91,000	118,000	115,570	149,860
4	92.3%	Seattle, WA	Executive Director, Special Education	112,694	155,626	104,017	143,643
5	85.6%	Santa Ana, CA	Director, Special Education	140,414	158,052	120,194	135,293
6	122.4%	Baton Rouge, LA	Executive Director, Special Education	71,473	103,593	87,483	126,798
7	79.5%	Capistrano, CA	Director IV, Early Childhood Programs	97,917	137,781	77,844	109,536

**PPS Actual**  
**\$122,525 - SPED**  
**\$115,558 - CRP**

Note: For Information Purposes Only

**Senior Director - Dual Language Programs**

Median of Adjusted Max **\$136,973**  
 PPS Range **\$101,500 - \$132,000**

**Oregon**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
1	106.3%	Salem Keizer*	Director, Instructional Services	\$ 109,764	\$ 138,887	\$ 116,699	\$ 147,661
2	100.0%	Beaverton	Administrator for ELL and Bilingual Programs (1)	126,284	126,284	126,284	126,284

\*Includes PERS Pickup  
 (1) No range available

**PPS Actual  
 \$118,755**

Median of Adjusted Max **\$125,154**  
 PPS Range **\$101,500 - \$132,000**

**National**

1	110.2%	Minneapolis, MN	Executive Director, ESL / Bilingual Programming	\$ 90,288	\$ 153,490	\$ 99,497	\$ 169,146
2	92.3%	Seattle, WA	Director, ELL and International Programs	98,189	135,595	90,628	125,154
3	79.5%	Capistrano, CA	Director III, English Learner & Support Programs	95,529	134,418	75,946	106,862

**PPS Actual  
 \$118,755**

Note: For Information Purposes Only

**Senior Director-ESL**

Median of Adjusted Max **\$120,991**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	Beaverton	Administrator for ELL and Bilingual Programs (1)	\$ 126,284	\$ 126,284	\$ 126,284	\$ 126,284	<b>PPS Actual \$115,710</b>
2	106.3%	Salem Keizer*	Coordinator, Student Services/Special Education	86,004	108,822	91,438	115,697	
		*Includes PERS Pickup (1) No range available						

Median of Adjusted Max **\$130,223**  
 PPS Range **\$101,500 - \$132,000**

<b>National</b>								
1	110.2%	Minneapolis, MN	Executive Director - Educational Cultural Services	\$ 83,215	\$ 141,465	\$ 91,703	\$ 155,894	<b>PPS Actual \$115,710</b>
2	124.0%	Columbus, OH	Director, ESL	98,617	118,029	122,285	146,356	
3	85.6%	Santa Ana, CA	Director of English Learner Services	140,414	158,052	120,194	135,293	
4	92.3%	Seattle, WA	Director, ELL and International Programs	98,189	135,595	90,628	125,154	
5	117.4%	Atlanta, GA	Senior Program Manager	75,048	103,191	88,106	121,146	
6	79.5%	Capistrano, CA	Director III, English Learner & Support Programs	95,529	134,418	75,946	106,862	

Note: For Information Purposes Only

**Senior Director - Funded Programs**

Median of Adjusted Max **N/A**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Coordinator, Federal Programs	\$ 90,304	\$ 114,261	\$ 96,009	\$ 121,480	<b>PPS Actual \$115,710</b>
		*Includes PERS Pickup						
<b>National</b>								
						Median of Adjusted Max	<b>\$132,100</b>	
						PPS Range	<b>\$101,500 - \$132,000</b>	
1	127.0%	Oklahoma City, OK	Executive Director of Federal Programs	\$ 87,000	\$ 118,000	\$ 110,490	\$ 149,860	
2	127.0%	Indianapolis, IN	Director of Federal and Special Programs	91,000	118,000	115,570	149,860	
2	92.3%	Seattle, WA	Executive Director School Improvement Grants	107,619	148,616	99,332	137,173	
3	79.5%	Capistrano, CA	Executive Director, State and Federal Programs	113,554	159,783	90,275	127,027	
4	122.4%	Baton Rouge, LA	Admin Dir of Federal Programs	71,473	103,593	87,483	126,798	<b>PPS Actual \$115,710</b>
6	105.5%	Norfolk, VA	Senior Coordinator, Program/Finance Manager	62,915	105,468	66,375	111,269	

Note: For Information Purposes Only

**Senior Director - Instruction and Curriculum Assessment**

Median of Adjusted Max **\$ 118,236**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	Beaverton	Administrator for Curriculum, Instruction & Assessment (1)	\$ 126,284	\$ 126,284	\$ 126,284	\$ 126,284	<b>PPS Actual \$115,518</b>
2	106.3%	Salem Keizer*	Coordinator, Testing and Evaluation	81,907	103,640	87,082	110,188	
*Includes PERS Pickup (1) No range available								

Median of Adjusted Max **\$ 149,860**  
 PPS Range **\$101,500 - \$132,000**

<b>National</b>								
1	105.5%	Norfolk, VA	Executive Director, Curriculum and Instruction	\$ 88,529	\$ 148,404	\$ 93,398	\$ 156,566	<b>PPS Actual \$115,518</b>
2	127.0%	Oklahoma City, OK	Executive Director of Curriculum and Instruction	\$ 87,000	\$ 118,800	\$ 110,490	\$ 150,876	
3	127.0%	Indianapolis, IN	Sr. Director - Instruction Curriculum Assessment	91,000	118,000	115,570	149,860	
4	92.3%	Seattle, WA	Executive Director of Curriculum and Instructional Support	112,694	155,626	104,017	143,643	
5	79.5%	Capistrano, CA	Director V, Assessment, Research, & Accountability	100,365	141,224	79,790	112,273	

Note: For Information Purposes Only

**Senior Director - Office of Equity and Partnerships**

Median of Adjusted Max **\$131,702**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>		
<b>Oregon</b>									
1	100.0%	Multnomah County*	Chief Officer, Diversity and Equity	\$ 111,711	\$ 178,737	\$ 111,711	\$ 178,737		
2	100.0%	City of Portland*	Equity and Human Rights Director	118,927	170,255	118,927	170,255		
3	100.0%	PCC*	Office of Equity and Inclusion Director	91,319	132,410	91,319	132,410		
4	100.0%	TriMet	Director, Diversity and Transit Equity	78,597	130,995	78,597	130,995		
5	100.0%	Port of Portland*	Social Equity Program Manager	78,989	123,450	78,989	123,450		
6	100.0%	Beaverton	Administrator for Equity & Inclusion (1)	112,109	112,109	112,109	112,109	<b>PPS Actual \$114,172</b>	
7	100.0%	MHCC	Officer for Access, Diversity, and Equity (2)						
		*Includes PERS Pickup							
		(1) No range available							
		(2) No salary information available							

Median of Adjusted Max **\$132,535**  
 PPS Range **\$101,500 - \$132,000**

<b>National</b>								
1	110.2%	Minneapolis, MN	Executive Director, Educational and Cultural Services	\$ 83,215	\$ 141,465	\$ 91,703	\$ 155,894	<b>PPS Actual \$114,172</b>
2	92.3%	Seattle, WA	Director, School/Family Partnerships & Equity/Race Relations	85,670	118,284	79,073	109,176	

Note: For Information Purposes Only

**Senior Director - Accounting and Payroll Services**

Position was eliminated in FY 2015/16

Draft

**Senior Director - System Planning and Performance**

Median of Adjusted Max \$ 157,614  
 PPS Range \$101,500 - \$132,000

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	Port of Portland*	Business Systems Manager III	\$ 103,490	\$ 165,586	\$ 103,490	\$ 165,586	<b>PPS Actual \$115,710</b>
2	100.0%	Clackamas County*	Strategic Policy Administrator	110,846	149,642	\$ 110,846	\$ 149,642	
*Includes PERS Pickup								

Median of Adjusted Max \$ 146,356  
 PPS Range \$101,500 - \$132,000

<b>National</b>								
1	110.2%	Minneapolis, MN	Executive Director, Research, Evaluation, and Assessment	\$ 90,288	\$ 153,490	\$ 99,497	\$ 169,146	<b>PPS Actual \$115,710</b>
2	105.5%	Norfolk, VA	Executive Director, Assessment, Research, and Accountability	88,529	148,404	93,398	156,566	
3	85.6%	Santa Ana, CA	Executive Director of Research and Evaluation	159,397	177,771	136,444	152,172	
4	124.0%	Columbus, OH	Director, Testing and Program Evaluation	98,617	118,029	122,285	146,356	
5	92.3%	Seattle, WA	Director/Executive Director, Strategic Planning and System Improvement	112,694	155,626	104,017	143,643	
6	122.4%	Baton Rouge, LA	Chief Officer for Accountability, Assessment and Evaluation	84,532	116,643	103,467	142,771	
7	117.4%	Atlanta, GA	Reporting and Compliance Coordinator	75,048	103,191	88,106	121,146	

Note: For Information Purposes Only

**Senior Director - Employee and Labor Relations**

Median of Adjusted Max \$ 136,930  
 PPS Range \$101,500 - \$132,000

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	106.3%	Salem Keizer*	Director, Employee Relations	\$ 104,537	\$ 132,274	\$ 111,142	\$ 140,631
2	100.0%	TriMet	Director, Labor Relations	79,704	148,022	79,704	148,022
3	100.0%	Port of Portland*	Labor Relations Manager	90,408	142,731	90,408	142,731
4	100.0%	City of Portland*	Labor/Employee Relations Manager	93,572	138,131	93,572	138,131
5	100.0%	Clackamas County*	Employee Services Assistant Director	100,541	135,730	100,541	135,730
6	100.0%	PCC*	Employee & Labor Relations Manager	91,319	132,410	91,319	132,410
7	100.0%	Metro	Employee Relations and Training Manager	91,887	130,519	91,887	130,519
8	100.0%	Washington County	Human Resources Analyst, Principal	90,963	110,594	90,963	110,594
*Includes PERS Pickup							

**PPS Actual  
\$118,500**

Median of Adjusted Max \$ 146,805  
 PPS Range \$101,500 - \$132,000

<b>National</b>							
1	110.2%	Minneapolis, MN	Director, Employee Relations	\$ 83,215	\$ 141,465	\$ 91,703	\$ 155,894
2	117.4%	Atlanta, GA	Employee Relations Director	91,221	125,429	107,093	147,254
3	124.0%	Columbus, OH	Director, Employee Relations	98,617	118,029	122,285	146,356
4	92.3%	Seattle, WA	Director, Labor and Employee Relations	98,189	135,595	90,628	125,154

**PPS Actual  
\$118,500**

Note: For Information Purposes Only

**Senior Manager - Labor Relations**

Median of Adjusted Max **\$ 118,627**  
 PPS Range **\$71,867 - \$97,363**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	Labor Relations Manager	\$ 90,408	\$ 142,731	\$ 90,408	\$ 142,731
2	100.0%	City of Portland*	Labor Employee Relations Manager	93,572	138,131	93,572	138,131
3	100.0%	Metro	Labor Relations Program Manager	83,538	118,649	83,538	118,649
4	100.0%	Multnomah County*	Manager Senior	79,069	118,604	79,069	118,604
5	100.0%	Washington County	Human Resources Analyst, Senior	74,706	90,768	74,706	90,768
6	100.0%	MHCC	Senior Labor Relations & Affirmative Action Officer	60,842	77,071	60,842	77,071

**PPS Actual**  
**\$86,600**

\*Includes PERS Pickup

Median of Adjusted Max **\$ 112,490**  
 PPS Range **\$71,867 - \$97,363**

**National**

1	117.4%	Atlanta, GA	Assistant Director, Employee Relations	\$ 75,048	\$ 103,191	\$ 88,106	\$ 121,146
2	110.2%	Minneapolis, MN	Employee Relations Associate, Senior	60,046	102,078	66,171	112,490
3	92.3%	Seattle, WA	Manager Human Resources (Labor/Employee Relations)	78,266	108,096	72,240	99,773

**PPS Actual**  
**\$86,600**

Note: For Information Purposes Only

**Senior Director - Schools**

Median of Adjusted Max \$ 143,254  
 PPS Range \$101,500 - \$132,000

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Director, Schools (ES, MS, HS)	\$ 109,764	\$ 138,887	\$ 116,699	\$ 147,661	
2	100.0%	Beaverton	Executive Administrator.	133,846	138,846	133,846	138,846	<b>PPS Actual \$128,211</b>
*Includes PERS Pickup								

Median of Adjusted Max \$ 147,907  
 PPS Range \$101,500 - \$132,000

<b>National</b>								
1	124.0%	Columbus, OH	Executive Director, School Leadership (1)	\$ 130,865	\$ 130,865	\$ 162,273	\$ 162,273	
2	105.5%	Norfolk, VA	Executive Director, Curriculum and Instruction	88,529	148,404	93,398	156,566	
3	85.6%	Santa Ana, CA	Executive Director Elementary, Secondary	159,397	177,771	136,444	152,172	
4	92.3%	Seattle, WA	Executive Director of P-12 Schools	112,694	155,626	104,017	143,643	<b>PPS Actual \$128,211</b>
5	79.5%	Capistrano, CA	Executive Director, Curriculum and Instruction	113,554	159,783	90,275	127,027	
6	122.4%	Baton Rouge, LA	Executive Director - School Leadership	71,473	103,593	87,483	126,798	
(1) No range available								

Note: For Information Purposes Only

**Senior Director - Nutrition Services**

Median of Adjusted Max **N/A**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	Beaverton	Administrator for Nutrition Services (1)	118,776	118,776	118,776	118,776	<b>PPS Actual \$109,417</b>
		*Includes PERS Pickup (1) No range available						

Median of Adjusted Max **\$ 128,778**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>National</b>								
1	127.0%	Indianapolis, IN	Director of School Nutrition	\$ 91,000	\$ 118,000	\$ 115,570	\$ 149,860	<b>PPS Actual \$109,417</b>
2	105.5%	Norfolk, VA	Senior Director, School Nutrition Services	84,312	141,337	88,949	149,111	
3	124.0%	Columbus, OH	Director, Food Service	98,617	118,029	122,285	146,356	
4	85.6%	Santa Ana, CA	Director of Food Services	134,978	152,755	115,541	130,758	
5	122.4%	Baton Rouge, LA	Administrative Director, Child Nutrition Program	71,473	103,593	87,483	126,798	
6	117.4%	Atlanta, GA	Nutrition Manager	75,048	103,191	88,106	121,146	
7	92.3%	Seattle, WA	Director of Nutrition Services	83,174	114,839	76,770	105,996	
8	79.5%	Capistrano, CA	Director II, Food & Nutrition Services	90,926	127,941	72,286	101,713	

Note: For Information Purposes Only

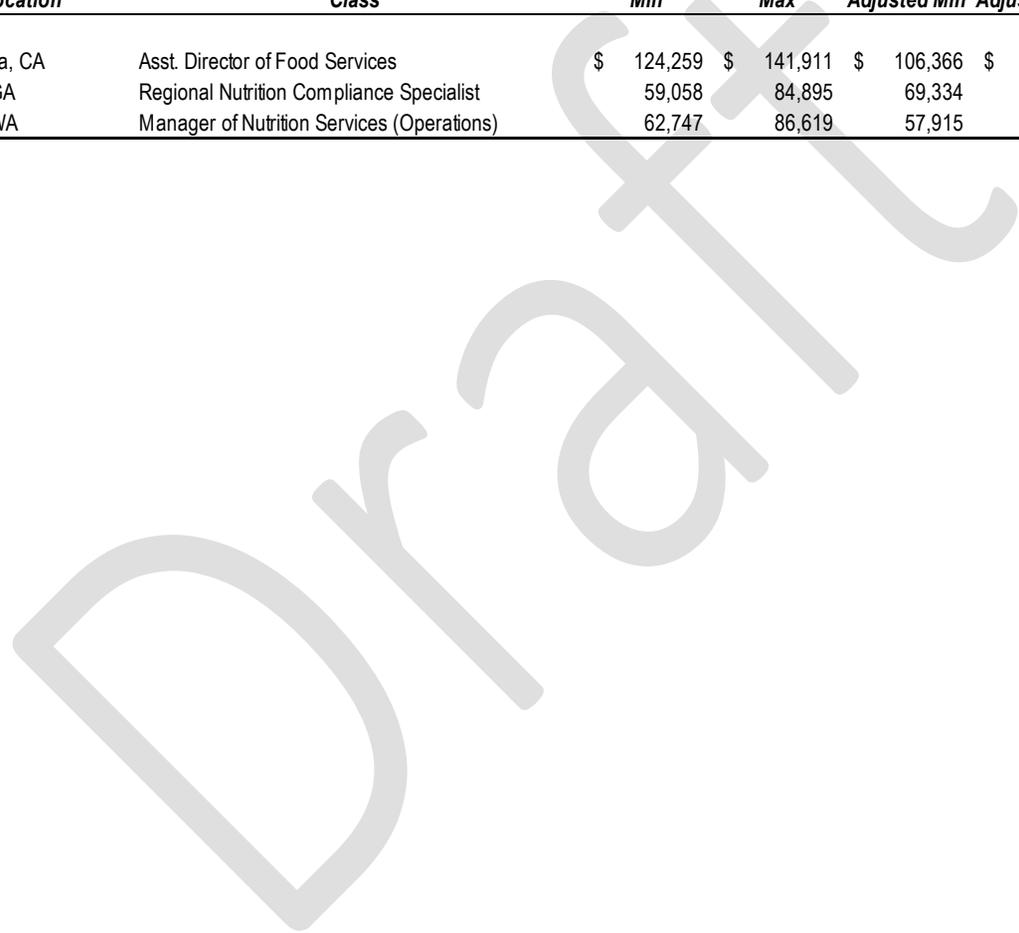
**Assistant Director - Nutrition Services**

Median of Adjusted Max \$ **99,667**  
 PPS Range **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>National</b>							
1	85.6%	Santa Ana, CA	Asst. Director of Food Services	\$ 124,259	\$ 141,911	\$ 106,366	\$ 121,476
2	117.4%	Atlanta, GA	Regional Nutrition Compliance Specialist	59,058	84,895	69,334	99,667
3	92.3%	Seattle, WA	Manager of Nutrition Services (Operations)	62,747	86,619	57,915	79,949

**PPS Actual**  
**\$95,874**

Note: For Information Purposes Only



**Program Director - Early Response System**

Average of Adjusted Max **N/A**  
 PPS Range **\$82,586 - \$113,858**

	<i>CPI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>National</b>								
1	79.5%	Capistrano, CA	Executive Director, Student Intervention and Support Services	\$ 113,554	\$ 159,783	\$ 90,275	\$ 127,027	<b>PPS Actual \$107,224</b>

Note: For Information Purposes Only

Draft

**Senior Director-Transportation Services**

Median of Adjusted Max **\$ 120,128**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Director, Transportation	\$ 90,304	\$ 114,261	\$ 96,009	\$ 121,480	<b>PPS Actual \$103,835</b>
2	100.0%	Beaverton	Administrator for Transportation (1)	118,776	118,776	118,776	118,776	
		*Includes PERS Pickup (1) No range available						

Median of Adjusted Max **\$ 123,972**  
 PPS Range **\$101,500 - \$132,000**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>National</b>								
1	127.0%	Indianapolis, IN	Transportation Director	\$ 91,000	\$ 118,000	\$ 115,570	\$ 149,860	<b>PPS Actual \$103,835</b>
2	105.5%	Norfolk, VA	Director, Transportation	76,473	128,196	80,679	135,247	
3	122.4%	Baton Rouge, LA	Administrative Director of Transportation	71,473	103,593	87,483	126,798	
4	117.4%	Atlanta, GA	Operations Manager of Transportation	75,048	103,191	88,106	121,146	
5	79.5%	Capistrano, CA	Director IV, Transportation	97,917	137,781	77,844	109,536	
6	92.3%	Seattle, WA	Transportation Manager	78,266	108,096	72,240	99,773	

Note: For Information Purposes Only

**Director - Enrollment and Transfer**

Median of Adjusted Max \$ 117,957  
 PPS Range \$82,586 - \$113,858

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>National</b>							
1	92.3%	Seattle, WA	Director Enrollment & Planning Services	\$ 98,188	\$ 135,594	\$ 90,628	\$ 125,153
2	79.5%	Capistrano, CA	Executive Director, Safety and Student Services	105,446	148,373	83,830	117,957
3	122.4%	Baton Rouge, LA	Director of Child Welfare & Attendance	69,064	95,144	84,534	116,456
4	127.0%	Indianapolis, IN	Enrollment & Options Officer (1)				

**PPS Actual**  
**\$107,224**

(1) No Salary Information available

Note: For Information Purposes Only

**Director - Student Services**

Median of Adjusted Max **\$ 143,254**  
 PPS Range **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Director, Student Services	\$ 109,764	\$ 138,887	\$ 116,699	\$ 147,661	
2	100.0%	Beaverton	Executive Administrator for Student Services (1)	138,846	138,846	138,846	138,846	<b>PPS Actual \$115,475</b>
		*Includes PERS Pickup (1) No range available						

Median of Adjusted Max **\$ 149,485**  
 PPS Range **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>National</b>								
1	117.4%	Atlanta, GA	Assistant Superintendent of Student Services	\$ 110,880	\$ 152,460	\$ 130,173	\$ 178,988	
2	127.0%	Oklahoma City, OK	Executive Director	87,000	118,800	110,490	150,876	
3	127.0%	Indianapolis, IN	Director-Student Services	91,000	118,000	115,570	149,860	
4	105.5%	Norfolk, VA	Senior Director, Student Support Services	84,312	141,337	88,949	149,111	
5	122.4%	Baton Rouge, LA	Chief Officer for Student Support Services	84,532	116,643	103,467	142,771	
6	79.5%	Capistrano, CA	Executive Director, Safety and Student Services	105,446	148,373	83,830	117,957	<b>PPS Actual \$115,475</b>

Note: For Information Purposes Only

**Director - Benefits**

Median of Adjusted Max **\$ 128,091**  
 PPS Range **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	Port of Portland*	Human Resources Manager II	\$ 90,408	\$ 142,731	\$ 90,408	\$ 142,731	
2	100.0%	PCC*	Human Resources Manager II	91,319	132,410	91,319	132,410	
3	100.0%	TriMet	Senior Manager, Benefits & HRIS	78,597	130,995	78,597	130,995	
4	100.0%	Metro	Benefits Manager	91,887	130,519	91,887	130,519	
5	100.0%	Multnomah County*	Division Director 1	85,395	128,091	85,395	128,091	
6	100.0%	City of Portland*	Benefits Manager	93,572	124,616	93,572	124,616	
7	100.0%	Clackamas County*	Benefits Manager	91,194	123,111	91,194	123,111	
8	106.3%	Salem Keizer*	Employee Programs and Benefits Coordinator	81,907	103,640	87,082	110,188	
9	100.0%	Washington County	Benefits Supervisor	84,515	102,700	84,515	102,700	<b>PPS Actual \$103,301</b>

\*Includes PERS Pickup

Median of Adjusted Max **\$ 119,753**  
 PPS Range **\$82,586 - \$113,858**

<b>National</b>								
1	117.4%	Atlanta, GA	Director of Compensation & Leave	91,221	125,429	107,093	147,254	
2	85.6%	Santa Ana, CA	Employee Benefits Manager	89,953	107,772	77,000	92,253	<b>PPS Actual \$103,301</b>

Note: For Information Purposes Only

**Assistant Director - ESL**

Median of Adjusted Max     **N/A**  
 PPS Range     **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>National</b>								
1	117.4%	Atlanta, GA	ESOL Program Specialist	\$ 59,058	\$ 84,895	\$ 69,334	\$ 99,667	<b>PPS Actual \$106,513</b>

Note: For Information Purposes Only

Draft

**Assistant Director - Dual Language Program**

Median of Adjusted Max **\$ 108,990**  
 PPS Range **\$82,586 - \$113,858**

	<i>CPI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Coordinator, Curriculum & Instr. Spec Projects	82,420	104,288	87,627	110,877	
2	100.0%	Beaverton	Director for ELL Services (1)	\$ 108,990	\$ 108,990	\$ 108,990	\$ 108,990	<b>PPS Actual \$106,513</b>
		*Includes PERS Pickup (1) No range available						
<b>National</b>								
1	122.4%	Baton Rouge, LA	Coordinator of Special Support Programs	\$ 84,532	\$ 116,643	\$ 103,467	\$ 142,771	<b>PPS Actual \$106,513</b>
						Median of Adjusted Max	N/A	
						PPS Range	<b>\$82,586 - \$113,858</b>	

Note: For Information Purposes Only

**Senior Manager - MIS**

Median of Adjusted Max \$ **132,410**  
 PPS Range **\$70,867 - \$97,363**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Multnomah County*	IT Manager 2	\$ 95,773	\$ 153,238	\$ 95,773	\$ 153,238
2	100.0%	TriMet	Manager, Information Security	87,298	150,982	87,298	150,982
3	100.0%	Port of Portland*	IT Manager	90,408	142,731	90,408	142,731
4	100.0%	City of Portland*	Information Systems Manager, Sr.- General	100,627	136,345	100,627	136,345
5	100.0%	Clackamas County*	Information Services Manager	100,541	135,730	100,541	135,730
6	100.0%	PCC*	Technology Solution Services Division Manager	91,319	132,410	91,319	132,410
7	106.3%	Salem Keizer*	Manager, Technology & Information Services	90,304	114,261	96,009	121,480
8	100.0%	Metro	Applications Manager	83,538	118,649	83,538	118,649
9	100.0%	Beaverton	Administrator for Technology Services (1)	108,990	108,990	108,990	108,990
10	100.0%	Washington County	Information Technology Project Manager	88,814	107,911	88,814	107,911
11	100.0%	MHCC	Manager, IT Client Services	66,317	106,420	66,317	106,420

\*Includes PERS Pickup  
 (1) No range available

**PPS Actual  
 \$89,890**

Median of Adjusted Max \$ **113,558**  
 PPS Range **\$70,867 - \$97,363**

**National**

1	110.2%	Minneapolis, MN	Director, HRIS	\$ 76,696	\$ 130,383	\$ 84,519	\$ 143,682
2	92.3%	Seattle, WA	IT Manager - Senior	95,326	131,643	87,986	121,507
3	117.4%	Atlanta, GA	Information Systems Manager	75,048	103,191	88,106	121,146
4	105.5%	Norfolk, VA	Student Information Systems Manager (SIMS)	59,918	100,446	63,213	105,971
5	122.4%	Baton Rouge	Systems Manager, Employee Data Systems	57,218	85,338	70,035	104,454
6	79.5%	Capistrano, CA	Manager V, Information Systems	80,365	113,081	63,890	89,899

**PPS Actual  
 \$89,890**

Note: For Information Purposes Only

**Program Director - Technical Operations**

Median of Adjusted Max **\$ 113,820**  
 PPS Range **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	100.0%	TriMet	Director, Business Programs	\$ 79,704	\$ 148,022	\$ 79,704	\$ 148,022	
2	100.0%	Metro	Technical Services Manager	83,538	118,649	83,538	118,649	
3	100.0%	Washington County	Technical Services Manager	100,290	121,862	100,290	121,862	
4	100.0%	Beaverton	Administrator for Technology Services (1)	108,990	108,990	108,990	108,990	
5	100.0%	City of Portland*	Technical Operations Supervisor	73,442	98,048	73,442	98,048	<b>PPS Actual \$95,874</b>
6	100.0%	Port of Portland*	Technical Support Manager	61,459	94,181	61,459	94,181	
*Includes PERS Pickup (1) No range available								

Median of Adjusted Max **\$ 121,146**  
 PPS Range **\$82,586 - \$113,858**

<b>National</b>								
1	110.2%	Minneapolis, MN	Director, Instructional Technology Services	\$ 83,215	\$ 141,465	\$ 91,703	\$ 155,894	
2	92.3%	Seattle, WA	Director of Technology Infrastructure	107,621	148,610	99,334	137,167	
3	85.6%	Santa Ana, CA	Asst. Director of Informational Technology	131,290	149,011	112,384	127,553	
4	117.4%	Atlanta, GA	IT Systems Manager	75,048	103,191	88,106	121,146	
5	79.5%	Capistrano, CA	Director IV, Technical Services	97,917	137,781	77,844	109,536	
6	122.4%	Baton Rouge, LA	Project Mgr of Technology Projects & Operations	57,218	85,338	70,035	104,454	
7	105.5%	Norfolk, VA	District Technical Support Supervisor	57,065	95,663	60,204	100,924	<b>PPS Actual \$95,874</b>

Note: For Information Purposes Only

**Director - Capital Projects**

Median of Adjusted Max **\$ 121,480**  
 PPS Range **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Multnomah County*	Strategic Capital Planning Director	\$ 95,773	\$ 153,238	\$ 95,773	\$ 153,238
2	100.0%	Port of Portland*	Planning Development Program Manager	90,408	142,731	90,408	142,731
3	100.0%	City of Portland*	Capital Project Control Manager	87,024	115,907	87,024	115,907
4	100.0%	Clackamas County*	Planning Director	100,541	135,730	100,541	135,730
5	106.3%	Salem Keizer*	Manager, Maintenance & Construction Services	90,304	114,261	96,009	121,480
6	100.0%	Beaverton	Administrator for Facilities Development (1)	119,991	119,991	119,991	119,991
7	100.0%	Washington County	Capital Improvement Project Manager, Senior	80,451	97,750	80,451	97,750

\*Includes PERS Pickup  
 (1) No range available

**PPS Actual  
 \$95,974**

Median of Adjusted Max **\$ 140,093**  
 PPS Range **\$82,586 - \$113,858**

**National**

1	124.0%	Columbus, OH	Director Capital Improvements	\$ 98,617	\$ 118,029	\$ 122,285	\$ 146,356
2	85.6%	Santa Ana, CA	Director of Construction	149,219	167,079	127,731	143,020
3	92.3%	Seattle, WA	Director of Capital Projects and Planning	107,621	148,610	99,334	137,167
4	79.5%	Capistrano, CA	Director III, Facilities	95,529	134,418	75,946	106,862

**PPS Actual  
 \$95,974**

Note: For Information Purposes Only

**Network Administrator - Senior**

Median of Adjusted Max **\$ 106,420**  
 PPS Range **\$75,344 - \$100,012**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Multnomah County*	IT Manager 1	85,394	128,092	85,394	128,092
2	100.0%	City of Portland*	Inf Sys Mgr-Network Manager	\$ 93,572	\$ 124,616	\$ 93,572	\$ 124,616
3	106.3%	Salem Keizer*	Supervisor, Technology	86,004	108,822	91,438	115,697
4	100.0%	Beaverton	Administrator for Technology Services (1)	108,990	108,990	108,990	108,990
5	100.0%	TriMet	Network Communications Engineer III	65,127	108,544	65,127	108,544
6	100.0%	MHCC	Manager- IT Client Services	66,317	106,420	66,317	106,420
7	100.0%	Clackamas County*	Communication Technical Supervisor	78,776	106,348	78,776	106,348
8	100.0%	Metro	Systems Analyst IV	71,195	98,985	71,195	98,985
9	100.0%	Washington County	Network Analyst, Senior	80,451	97,750	80,451	97,750
10	100.0%	Port of Portland*	IT Network Administrator	61,459	94,181	61,459	94,181
11	100.0%	PCC*	Systems Analyst	62,373	90,439	62,373	90,439

\*Includes PERS Pickup  
 (1) No range available

**PPS Actual  
 Vacant**

Median of Adjusted Max **\$ 116,832**  
 PPS Range **\$75,344 - \$100,012**

**National**

1	92.3%	Seattle, WA	Database Administrator - Senior	\$ 98,188	\$ 135,594	\$ 90,628	\$ 125,153
2	117.4%	Atlanta, GA	Network Tech Manager	75,048	103,191	88,106	121,146
3	105.5%	Norfolk, VA	Network Services Engineering Admin	66,061	110,741	69,694	116,832
4	122.4%	Baton Rouge, LA	Program Manager of Network & Operations	62,238	94,358	76,179	115,494
5	85.6%	Santa Ana, CA	Manager of Network Computer Services	104,569	122,124	89,511	104,538

**PPS Actual  
 Vacant**

Note: For Information Purposes Only

**Senior Manager - Health and Safety**

Median of Adjusted Max \$ 109,515  
 PPS Range \$71,867 - \$97,363

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	Safety and Loss Control Manager	\$ 78,989	\$ 123,450	\$ 78,989	\$ 123,450
2	100.0%	TriMet	Manager, Safety Assurance Programs & Training Svcs	66,429	110,715	66,429	110,715
3	106.3%	Salem Keizer*	Risk Manager	81,907	103,640	87,082	110,188
4	100.0%	Metro	Program Analyst V	76,647	108,842	76,647	108,842
5	100.0%	City of Portland*	Safety & Risk Officer I	69,285	92,498	69,285	92,498
6	100.0%	Clackamas County*	Risk & Loss Control Analyst	61,141	82,541	61,141	82,541

**PPS Actual  
\$86,600**

\*Includes PERS Pickup  
 (1) No Range Available

Median of Adjusted Max \$ 103,265  
 PPS Range \$71,867 - \$97,363

**National**

1	79.5%	Capistrano, CA	Director III, Personnel Services, Risk Management	\$ 95,529	\$ 134,418	\$ 75,946	\$ 106,862
2	117.4%	Atlanta, GA	Risk Management Administrator	59,058	84,895	69,334	99,667

**PPS Actual  
\$86,600**

Note: For Information Purposes Only

**Supervisor - Network Admin**

Median of Adjusted Max \$ **110,073**  
 PPS Range \$**61,590 - \$85,716**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	IT Project Manager	\$ 78,989	\$ 123,450	\$ 78,989	\$ 123,450
2	100.0%	Multnomah County*	IT Supervisor	79,069	118,604	79,069	118,604
3	106.3%	Salem Keizer*	Supervisor, Technology	86,004	108,822	91,438	115,697
4	100.0%	TriMet	Systems Engineer II	66,429	110,715	66,429	110,715
5	100.0%	PCC*	Systems Application Manager	75,470	109,431	75,470	109,431
6	100.0%	Clackamas County*	Communications Technical Supervisor	78,776	106,348	78,776	106,348
7	100.0%	City of Portland*	Inf Sys Analyst IV(Supvr)-Gen	77,168	103,229	77,168	103,229
8	100.0%	Washington County	Senior Network Analyst	80,451	97,750	80,451	97,750

\*Includes PERS Pickup

**PPS Actual**  
**\$83,788**

Median of Adjusted Max \$ **104,538**  
 PPS Range \$**61,590 - \$85,716**

<b>National</b>							
1	122.4%	Baton Rouge, LA	Program Manager of Network & Operations	\$ 62,238	\$ 94,358	\$ 76,179	\$ 115,494
2	92.3%	Seattle, WA	Database Administrator - Lead/Supervisor	86,507	119,454	79,846	110,256
3	85.6%	Santa Ana, CA	Manager of Network Computer Services	104,569	122,124	89,511	104,538
4	105.5%	Norfolk, VA	District Technical Support Supervisor	57,065	95,663	60,204	100,924
5	79.5%	Capistrano, CA	Manager V, Information Systems	74,627	105,008	59,328	83,481

**PPS Actual**  
**\$83,788**

Note: For Information Purposes Only

**Senior Analyst - Evaluation**

Median of Adjusted Max **N/A**  
 PPS Range **\$61,590 - \$ 83,788**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Coordinator, Testing and Evaluation	\$ 81,907	\$ 103,640	\$ 87,082	\$ 110,188	<b>PPS Actual \$82,145</b>
		*Includes PERS Pickup						

Median of Adjusted Max **\$ 91,541**  
 PPS Range **\$61,590 - \$ 83,788**

<b>National</b>								
1	85.6%	Santa Ana, CA	Coordinator of Student Achievement Programs	\$ 124,259	\$ 141,911	\$ 106,366	\$ 121,476	
2	122.4%	Baton Rouge, LA	Project Evaluation Specialist	62,739	88,819	76,793	108,714	
3	105.5%	Norfolk, VA	Business Information Systems Analyst	51,762	86,769	54,609	91,541	
4	117.4%	Atlanta, GA	Specialist, Testing and Assessment	51,016	73,336	59,893	86,096	<b>PPS Actual \$82,145</b>
5	92.3%	Seattle, WA	Lead Research, Evaluation and Assessment Analyst	60,923	84,094	56,232	77,619	

Note: For Information Purposes Only

**Project Manager III - Bond**

Median of Adjusted Max **\$ 107,662**  
 PPS Range **\$71,867 - \$97,363**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>National</b>							
1	92.3%	Seattle, WA	Manager, Capital Programs	91,062	125,777	84,050	116,092
2	79.5%	Capistrano, CA	Director I, Construction	88,708	124,821	70,523	99,233

<b>PPS Actual</b>
<b>Vacant</b>

Note: For Information Purposes Only

Draft

Program Director - Multiple Pathways and Charter Schools

PPS Range

\$81,366 - \$112,175

<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
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No available data for this position

PPS Actual \$88,983
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Draft

Senior Manager - GearUp

PPS Range

\$71,867 - \$97,363

<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
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No available data for this position

<b>PPS Actual</b> <b>\$89,890</b>
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Draft

**Director - HR Technology and Support Services**

Median of Adjusted Max **\$ 126,797**  
 PPS Range **\$82,586 - \$113,858**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	Information Technology Manager	\$ 90,408	\$ 142,731	\$ 90,408	\$ 142,731
2	100.0%	City of Portland*	Human Resources System Manager	93,572	136,345	93,572	136,345
3	100.0%	Clackamas County*	Human Resources Information System Manager	86,851	117,250	86,851	117,250
4	106.3%	Salem Keizer*	Supervisor, Technology	86,004	108,822	91,438	115,697
*Includes PERS Pickup							

**PPS Actual**  
**\$88,983**

Median of Adjusted Max **\$ 118,113**  
 PPS Range **\$82,586 - \$113,858**

<b>National</b>							
1	92.3%	Seattle, WA	Director of HR Data and Systems	\$ 98,188	\$ 135,594	\$ 90,628	\$ 125,153
2	117.4%	Atlanta, GA	HRIS Functional Manager/HR Technical Manager	75,048	103,191	88,106	121,146
3	79.5%	Capistrano, CA	Director VI- Personnel Services	102,874	144,755	81,785	115,080
4	85.6%	Santa Ana, CA	Manager of Computer Operations/Technology	104,569	122,124	89,511	104,538

**PPS Actual**  
**\$88,983**

Note: For Information Purposes Only

**Senior Manager - Maintenance Operations**

Median of Adjusted Max **\$ 116,020**  
 PPS Range **\$70,805 - \$95,924**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	TriMet	Senior Manager, Maintenance	\$ 81,298	\$ 150,982	\$ 81,298	\$ 150,982
2	100.0%	Port of Portland*	Maintenance Manager II	90,408	142,731	90,408	142,731
3	100.0%	Washington County	Facilities Manager	105,540	128,245	105,540	128,245
4	100.0%	PCC*	Maintenance Manager	87,999	120,375	87,999	120,375
5	100.0%	Clackamas County*	Maintenance Manager	82,715	111,666	82,715	111,666
6	106.3%	Salem Keizer*	Manager, Maintenance & Plant Operations	78,008	98,705	82,936	104,941
7	100.0%	City of Portland*	Sr. Facilities Maintenance Supervisor	69,914	93,241	69,914	93,241
8	100.0%	Beaverton	Maintenance Service Supervisor	68,922	90,695	68,922	90,695

\*Includes PERS Pickup

**PPS Actual  
\$83,430**

Median of Adjusted Max **\$ 108,084**  
 PPS Range **\$70,805 - \$95,924**

**National**

1	117.4%	Atlanta, GA	Manager - Maintenance & Operations	\$ 75,048	\$ 103,191	\$ 88,106	\$ 121,146
2	85.6%	Santa Ana, CA	Manager of Maintenance Operations	116,868	134,631	100,039	115,244
3	105.5%	Norfolk, VA	Senior Coordinator, Maintenance	57,065	95,663	60,204	100,924
4	79.5%	Capistrano, CA	Manager III, Maintenance Trades	69,299	97,510	55,093	77,520

**PPS Actual  
\$83,430**

Note: For Information Purposes Only

**Chief Financial Officer**

Median of Adjusted Max **\$ 192,714**  
 PPS Range **\$116,750 - \$162,400**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	Chief Financial Officer	\$ 201,166	\$ 352,040	\$ 201,166	\$ 352,040
2	100.0%	TriMet	Executive Director, Finance and Administration	150,511	279,520	150,511	279,520
3	100.0%	City of Portland*	Chief Administrative Officer	150,412	215,541	150,412	215,541
4	100.0%	MHCC	Vice President - Administrative Services	127,487	203,979	127,487	203,979
5	100.0%	Multnomah County*	Chief Financial Officer	122,882	196,611	122,882	196,611
6	100.0%	Metro	Finance and Regulatory Services Director	132,898	192,714	132,898	192,714
7	100.0%	Clackamas County*	Director, Finance	134,736	181,891	134,736	181,891
8	100.0%	PCC*	Associate Vice President	110,495	160,218	110,495	160,218
9	100.0%	Beaverton	Chief Financial Officer (1)	144,150	144,150	144,150	144,150
10	106.3%	Salem Keizer*	Director, Budget and Finance	104,537	132,274	111,142	140,631
11	100.0%	Washington County	Chief Finance Officer	113,629	138,119	113,629	138,119

**PPS Actual  
\$162,400**

\*Includes PERS Pickup  
 (1) No range available

Median of Adjusted Max **\$ 158,750**  
 PPS Range **\$116,750 - \$162,400**

**National**

1	117.4%	Atlanta, GA	Chief Financial Officer	\$ 156,019	\$ 214,526	\$ 183,166	\$ 251,854
2	110.2%	Minneapolis, MN	Chief Financial Officer	110,377	176,604	121,635	194,618
3	92.3%	Seattle, WA	Assistant Superintendent for Business and Finance	148,718	205,464	137,267	189,643
4	127.0%	Indianapolis, IN	Chief Financial Officer	105,000	125,000	133,350	158,750
5	105.5%	Norfolk, VA	Executive Director, Budget and Finance	88,529	148,404	93,398	156,566
6	122.4%	Baton Rouge, LA	Chief Financial Officer	74,484	106,604	91,168	130,483
7	79.5%	Capistrano, CA	Executive Director, Fiscal Services	105,446	148,373	83,830	117,957
8	85.6%	Santa Ana, CA	Assistant Superintendent of Business Services (1)				

**PPS Actual  
\$162,400**

(1) No salary information available

Note: For Information Purposes Only

**Chief - School Modernization**

Median of Adjusted Max **\$ 138,846**  
 PPS Range **\$116,750 - \$151,750**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	TriMet	Executive Director, Capital Projects & Construction	\$ 131,619	\$ 244,436	\$ 131,619	\$ 244,436
2	100.0%	Beaverton	Executive Administrator for Facilities Development (1)	138,846	138,846	138,846	138,846
3	100.0%	City of Portland*	Capital Program Management & Controls Manager	100,627	136,345	100,627	136,345
		*Includes PERS Pickup (1) No range available					

**PPS Actual  
\$160,000**

Median of Adjusted Max **\$ 127,027**  
 PPS Range **\$116,750 - \$151,750**

<b>National</b>							
1	124.0%	Columbus, OH	Senior Executive - Capital Improvements (1)	105,215	105,215	130,467	130,467
2	79.5%	Capistrano, CA	Executive Director, Facilities, Maintenance and Operations	113,554	159,783	90,275	127,027
3	122.4%	Baton Rouge, LA	Administrative Director for Facilities	71,473	103,593	87,483	126,798
		(1) No range available					

**PPS Actual  
\$160,000**

Note: For Information Purposes Only

**Chief Human Resources Officer**

Median of Adjusted Max **\$ 171,859**  
 PPS Range **\$116,750 - \$151,750**

	<i>COLI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>
<b>Oregon</b>							
1	100.0%	Port of Portland*	Chief Human Resources Officer	\$ 161,037	\$ 281,816	\$ 161,037	\$ 281,816
2	100.0%	TriMet	Executive Director, Labor Relations & Human Resources	150,511	279,520	150,511	279,520
3	100.0%	Metro	Human Resource Director	132,898	192,714	132,898	192,714
4	100.0%	City of Portland*	Human Resource Director	133,699	191,597	133,699	191,597
5	100.0%	Multnomah County*	Human Resource Director	111,711	178,737	111,711	178,737
6	100.0%	Clackamas County*	Director, Employee Services	122,208	164,982	122,208	164,982
7	100.0%	PCC*	Associate VP for HR	110,495	160,218	110,495	160,218
8	106.3%	Salem Keizer*	Executive Director, Human Resources	115,252	145,832	122,533	155,045
9	100.0%	Beaverton	Chief Human Resource Officer(1)	144,150	144,150	144,150	144,150
10	100.0%	Washington County	Human Resource Manager	113,629	138,119	113,629	138,119

**PPS Actual  
\$148,276**

\*Includes PERS Pickup  
 (1) No range available

Median of Adjusted Max **\$ 173,105**  
 PPS Range **\$116,750 - \$151,750**

**National**

1	117.4%	Atlanta, GA	Chief Human Resources Officer	\$ 156,019	\$ 214,526	\$ 183,166	\$ 251,854
2	110.2%	Minneapolis, MN	Chief Human Resources Officer	110,377	176,604	121,635	194,618
3	92.3%	Seattle, WA	Assistant Superintendent for Human Resources	148,718	205,464	137,267	189,643
4	105.5%	Norfolk, VA	Executive Director, Human Resources	88,529	148,404	93,398	156,566
5	122.4%	Baton Rouge, LA	Chief Officer for Human Resources	84,532	116,643	103,467	142,771
6	79.5%	Capistrano, CA	Assistant Superintendent, Human Resource Services	116,393	163,778	92,532	130,204
7	85.6%	Santa Ana, CA	Associate Superintendent, Human Resources (1)				

**PPS Actual  
\$148,276**

(1) No salary information available

Note: For Information Purposes Only

**Assistant Superintendent - Teaching & Learning**

Median of Adjusted Max **N/A**  
 PPS Range **\$116,750 - \$151,750**

	<i>CPI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>Oregon</b>								
1	106.3%	Salem Keizer*	Assistant Superintendent	\$ 115,252	\$ 145,832	\$ 122,533	\$ 155,045	<b>PPS Actual \$145,434</b>
		*Includes PERS Pickup						

Median of Adjusted Max **\$ 143,643**  
 PPS Range **\$116,750 - \$151,750**

	<i>CPI</i>	<i>Location</i>	<i>Class</i>	<i>Min</i>	<i>Max</i>	<i>Adjusted Min</i>	<i>Adjusted Max</i>	
<b>National</b>								
1	127.0%	Indianapolis, IN	Assistant Superintendent/Associate Superintendent	\$ 125,000	\$ 145,000	\$ 158,750	\$ 184,150	<b>PPS Actual \$145,434</b>
2	85.6%	Santa Ana, CA	Assistant Superintendent K-12 Teaching and Learning	159,397	177,771	136,444	152,172	
3	92.3%	Seattle, WA	Executive Director of Curriculum and Instructional Support	112,694	155,626	104,017	143,643	
4	122.4%	Baton Rouge, LA	Chief of Academic Programs	84,532	116,643	103,467	142,771	
5	79.5%	Capistrano, CA	Assistant Superintendent, Education Services	116,393	163,778	92,532	130,204	

Note: For Information Purposes Only



# Board of Education Informational Report

## **MEMORANDUM**

**Date:** July 25, 2016

**To:** Portland Public Schools Board of Education

**From:** Antonio Lopez, Assistant Superintendent of School Performance

**Subject:** Martin Luther King Jr. School Name Confirmation

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In 1999, the Oregon Department of Education (ODE), abbreviated the name of “Martin Luther King Jr.” school to “King” school in their database, due to technical limitations. This resulted in ODE’s database, and the district’s student information system, listing “King” as the name of the school instead of “Martin Luther King Jr.”. The Oregon Department of Education, can change the name to “Martin Luther King Jr.” school at the request of the District and with Board approval.

It is the desire of the King School Community, to re-establish the name as Martin Luther King Jr. School to honor the man who envisioned excellence and equity for everyone and who dreamed of an outstanding education for all children.

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

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July 25, 2016

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Purchases, Bids, Contracts

The Chief Executive Officer RECOMMENDS adoption of the following items:

Resolutions 5304 and 5305

**RESOLUTION No. 5304**

Revenue Contracts that Exceed \$150,000 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 \$150,000 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 REVENUE CONTRACTS**

No New Revenue Contracts

**NEW INTERGOVERNMENTAL AGREEMENTS / REVENUE (“IGA/Rs”)**

<b>Contractor</b>	<b>Contract Term</b>	<b>Contract Type</b>	<b>Description of Services</b>	<b>Contract Amount</b>	<b>Responsible Administrator, Funding Source</b>
State of Oregon	5/25/2016 through 5/25/2018	Intergovernmental Agreement/Revenue IGA/R 63251	State of Oregon will reimburse District for seismic rehabilitation costs at Lewis Elementary School. Bond 2012	\$333,621	Y. Awwad Fund 438 Dept. 5591 Project J0273

**AMENDMENTS TO EXISTING REVENUE CONTRACTS**

No Amendments to Existing Revenue Contracts

*Y. Awwad*

**RESOLUTION No. 5305**

Expenditure Contracts that Exceed \$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**

<b>Contractor</b>	<b>Contract Term</b>	<b>Contract Type</b>	<b>Description of Services</b>	<b>Contract Amount</b>	<b>Responsible Administrator, Funding Source</b>
Smucker Foodservice, Inc.	7/26/2016 through 6/30/2017 Option to renew annually through 6/30/2021	Material Requirements MR 63073	Provide District nutrition services program with USDA foods processing on a requirements basis. Maximum contract term through 6/30/2021. RFP 2015-2048	Original Term \$350,000 \$1,750,000 over maximum contract term	Y. Awwad Fund 202 Dept. 5570
Roadrunner Home Bake, Inc. dba Roadrunner Pizza	07/26/2016 through 06/30/2017 Option to renew annually through 03/13/2020	Cooperative Agreement COA 63131	Processing USDA provided mozzarella cheese into shepherd’s grain flour whole wheat cheese pizza for Child Nutrition Program. Maximum contract term through 3/13/2020.  Lead Agency: Oregon Department of Education	Original Term \$270,000 \$1,113,750 over maximum contract term	Y. Awwad Fund 202 Dept. 5570
Blue Star Charters & Tours, Inc.	7/26/2016 through 8/31/2017	Services S 63252	Provide Special Pupil Activity Bus (SPAB) coach transportation service to District students for athletic and field activity trips on an as needed basis. Individual trips will be solicited via quotes.  SPAB transportation is regulated by OAR 581-053-0615 and District may only contract with providers registered with the state as SPAB providers.	Not-to-exceed \$185,000	Y. Awwad Various based on school usage
SchoolMint, Inc.	7/26/2016 through 6/30/2017 Option to renew annually through 6/30/2021	Software and Related Services SW 63223	Provide school choice student placement system software to manage school choice and student lottery systems. Maximum contract term through 6/30/2021. RFP 2016-2096	Original Term \$134,420 \$510,420 over maximum contract term	J. Klein Fund 407 Dept. 5581 Project A1025

WestEd	8/1/2016 through 6/30/2017	Personal Services PS 63220	Provide year two of a school-wide, whole-year professional development program to qualify Woodmere Elementary as a QTEL (Quality Teaching for English Learners) Lighthouse School. Direct Negotiation PPS 46-0525(4)	\$210,000	C. Russo Fund 205 Dept. 5408 Grant G1520
WestEd	8/1/2016 through 6/30/2017	Personal Services PS 63221	Provide year two of an apprenticeship program to 15 District leaders to develop in-house capacity to provide professional development specific to Quality Teaching for English Learners. Direct Negotiation PPS 46-0525(4)	\$155,000	C. Russo Fund 205 Dept. 5408 Grant G1520
Ellis Ray Leary, Jr.	8/15/2016 through 6/30/2017	Personal Services PS 63291	Provide the "I AM Academy" program to students at Franklin, Roosevelt, George and Vernon. Direct Negotiation PPS 46-0525(4)	\$193,000	L. Poe Fund 101 Dept. 5431

**NEW INTERGOVERNMENTAL AGREEMENTS ("IGAs")**

<b>Contractor</b>	<b>Contract Term</b>	<b>Contract Type</b>	<b>Description of Services</b>	<b>Contract Amount</b>	<b>Responsible Administrator, Funding Source</b>
North Clackamas School District	7/1/2016 through 6/30/2017	Intergovernmental Agreement IGA 63219	Columbia Regional will provide the funding for Contractor to obtain Autism Spectrum Disorder program support and supplementary aides and services including coaching, professional development, technical assistance and consulting for school personnel.	\$301,200	H. Adair Fund 205 Dept. 5433 Grant G1630
David Douglas School District	7/1/2016 through 6/30/2017	Intergovernmental Agreement IGA 63256	Columbia Regional will provide the funding for Contractor to obtain Autism Spectrum Disorder program support and supplementary aides and services including coaching, professional development, technical assistance and consulting for school personnel.	\$228,000	H. Adair Fund 205 Dept. 5433 Grant G1630
TriMet and City of Portland	8/29/2016 through 6/27/2017	Intergovernmental Agreement IGA 63290	Three-way agreement to provide free transportation on regular TriMet and Portland Streetcar service routes to students enrolled at District high schools and designated alternative programs.	\$966,666	Y. Awwad Fund 101 Dept. 5560

**AMENDMENTS TO EXISTING CONTRACTS**

No New Amendments

Y. Awwad

Other Matters Requiring Board Approval

The Chief Executive Officer RECOMMENDS adoption of the following items:

Resolutions 5306 through 5315

**RESOLUTION No. 5306**

RESERVED FOR 2016 BOND PACKAGE

**RESOLUTION No. 5307**

Resolution to Adopt Revised Board Policy 4.30.012-P,  
Standards of Conduct - Student Dress And Grooming

**RECITALS**

On June 28, 2016, staff presented the first reading to the Board of revised Policy 4.30.012-P, Standards of Conduct – Student Dress and Grooming. Per District Policy, the public comment period was open for 21 days.

**RESOLUTION**

The Board of Education hereby adopts revised Policy 4.30.012-P, Standards of Conduct – Student Dress and Grooming.

## **RESOLUTION No. 5308**

### Intent to Open Tubman and Roseway Heights Middle Schools for 2017-18 School Year

#### **RECITALS**

- A. Portland Public Schools has experienced seven consecutive years of student enrollment growth. When coupled with improved state and local funding, the district has seen an annual rise in the number of schools with an inadequate number of classroom and common spaces for teachers and students.
- B. At the same time, many schools continue to have insufficient enrollment to sustainably provide core program offerings to all students without additional resources. This includes 18 K-8 schools that were reconfigured from K-5s and middle schools in 2005 and 2006.
- C. In November 2014, PPS initiated a District-wide Boundary Review Advisory Committee (D-BRAC) to provide recommendations to the Superintendent on resolving overcrowding, under-enrollment and related population-based issues. After more than 20 public meetings, the committee recommended a system-wide shift to a mostly K-5 and middle school structure. Superintendent Smith accepted the D-BRAC recommendation and proposed a series of major configuration change for implementation between 2016 and 2019.
- D. In April 2016, the PPS Board of Education unanimously approved resolution 5246, initiating the opening of Ockley Green Middle School in August 2016.
- E. The Board of Education intends to open two additional middle schools in North and Northeast Portland in fall 2017.
  1. Harriet Tubman Middle School will open at 2231 N. Flint Avenue. The building is currently housing Faubion K-8 school.
  2. Roseway Heights Middle School will open at 7334 NE Siskiyou Street. It is currently a K-8 school, but will convert to a middle school for grades 6-8.
- F. Planning principals for these schools are included in the approved 2016-2017 budget.
- G. The Board of Education intends to complete the initiation process for Tubman and Roseway Heights middle schools in winter 2017.
  1. Establish boundaries, elementary feeder schools, high school articulations and specialized program locations, utilizing the enrollment balancing values framework approved by the PPS Board of Education in October 2015.
  2. Receive and accept school initiation reports for each new school, in accordance with Policy 6.10.030-P.

#### **RESOLUTION**

1. The Board of Education intends to open Harriet Tubman Middle School and Roseway Heights Middle School in fall 2017.
2. The Board directs the staff to deliver school initiation reports and recommendations for school boundaries, feeder patterns and program locations by December 2017.
3. The Board acknowledges and appreciates the participation of D-BRAC, the Jefferson Cluster Visioning Committee, and of thousands of community members throughout the District-wide enrollment balancing process.

*Y. Awwad*

**RESOLUTION No. 5309**

RESERVED FOR COMPENSATION AUDIT FOLLOW-UP

**RESOLUTION No. 5310**

Election of Board Chairperson

Director \_\_\_\_\_ is hereby elected Chairperson of the Board for the period beginning July 26, 2016, until his/or her successor is elected.

**RESOLUTION No. 5311**

Election of Board Vice-Chairperson

Director \_\_\_\_\_ is hereby elected Vice-Chairperson of the Board for the period beginning July 26, 2016, until his/or her successor is elected.

**RESOLUTION No: 5312**

Acceptance of Appointment of District Trustee of Health and Welfare Trust Fund

**RESOLUTION**

The Board of Education accepts the Superintendent's appointment of a Board member, Paul Anthony, as a regular District Trustee of School District No. 1J Health and Welfare Trust Fund.

**RESOLUTION No. 5313**

Confirming the Name of Martin Luther King Jr. School

**RECITALS**

- A. In 1999, the name of Martin Luther King Jr. School was abbreviated to King School by the Oregon Department of Education due to technical limitations of their data base at that time.
- B. At the June 22, 2016 meeting of the Portland Public School Board of Education, members of the King School community stated their desire to re-establish their school name to Martin Luther King Jr. School to honor the man for whom the school was named, and who envisioned an excellent education for all children.

**RESOLUTION**

The Board of Education for Portland Public Schools resolves that King School be re-established as Martin Luther King Jr. School.

*A.Lopez*

## RESOLUTION NO. 5314

### A Resolution of School District No. 1J Multnomah County (Portland Public Schools), Oregon, Authorizing the Issuance of Negotiated Sale, and Delivery of a \$4,000,000 Full Faith and Credit Qualified Zone Academy Bond; Designating an Authorized Representative and Purchaser; and Authorizing Execution of a Purchase Agreement and Related Matters

#### RECITALS

- A. The Board of Directors of School District No. 1-J Multnomah County (Portland Public Schools), Oregon (the "District"), is authorized pursuant to the Oregon Constitution and Oregon Revised Statutes Chapters 287A and 328 to issue its general obligation bonds to finance capital construction and improvements; and
- B. The District has determined that it is in the best interest of the District to make certain improvements to District facilities consisting of capital improvements to various school buildings and equipment including, but not limited to, repairs, renovations, and rehabilitation of classrooms, energy retrofitting and energy savings upgrades including lighting retrofits, automation of controls, HVAC upgrades, window replacements and a number of other energy conservation improvements of the District (the "Project"); and
- C. Sections 54A and 54E of the Internal Revenue Code of 1986, as amended, permit the District to issue "qualified zone academy bonds" ("QZABs") to finance certain improvements at public schools and programs that qualify as qualified zone academies; and
- D. The District has determined that the Project is eligible for QZABs financing; and
- E. On March 21, 2016, the Oregon Department of Education approved the District's request to issue \$4,000,000 in QZABs to finance costs of the Project; and
- F. The District has obtained the requisite commitment from a private partner for a QZAB financing in the form of a written pledge of a 10% contribution from Pulling For Kids Foundation, Inc.; and
- G. Dubuque Bank & Trust Company or an affiliate (the "Bank") has offered to purchase the District's Bond (as defined herein) on terms to be negotiated; and
- H. The District wishes to adopt this resolution (a) to provide the terms under which \$4,000,000 of the District's Bond will be sold as a QZAB and the rights to Tax Credits relating to the Bond will be stripped and sold in the form of Credit Coupons, (b) to authorize the Designated Representative to enter into and execute the Purchase Agreement with the Bank for the District's Bond in the principal amount of \$4,000,000 for the Project, and (c) to classify the ad valorem taxes levied to pay debt service (including all amounts due upon a mandatory redemption of the Bond and any Equalization Payments) on the Bond as subject to the limits of Sections 11 and 11b, Article XI of the Oregon Constitution.

#### RESOLUTION

Definitions. As used in this resolution, the following words shall have the following meanings:

**Authorized Representative** has the meaning set forth in Section 3 hereof.

**Bank** means Dubuque Bank & Trust Company, an Iowa corporation, or one of its affiliates, as initial purchaser of the Bond.

**Board of Directors** means the duly constituted Board of Directors as the general legislative authority of the District.

**Bond Register** means the registration books maintained by the Registrar setting forth the names and addresses of the owners of the Bond and the Credit Coupons.

**Bond** means the School District No. 1-J Multnomah County (Portland Public Schools), Oregon, Full Faith and Credit Qualified Zone Academy Bond, 2016, authorized herein to be issued in the principal amount of \$4,000,000.

**Bond Counsel** means a law firm of nationally recognized bond counsel who is requested to deliver its approving opinion with respect to the issuance of and the exclusion from federal income taxation of interest on obligations and has specific knowledge of QZABs under Section 54E of the Code and the provisions of the Code and applicable guidance regarding the stripping of Tax Credits with respect to such obligations.

**Capital Projects Fund** means the special fund of the District established pursuant to Oregon Revised Statutes Chapter 328, into which fund certain proceeds of the Bond shall be deposited.

**Code** means the Internal Revenue Code of 1986, as amended.

**Credit Allowance Date** means March 15, June 15, September 15 and December 15 of each year while the Bond is outstanding, commencing September 15, 2016, and the last day on which the Bond is outstanding.

**Credit Coupon** means each coupon, in the form attached hereto as Exhibit B, executed by the District and representing and evidencing the right of the Registered Owner thereof to receive a Tax Credit on the Credit Allowance Date stated on such coupon.

**Default Interest Rate** means the rate of 10% per annum, or the maximum amount permitted by law, whichever is less.

**District** means School District No. 1-J Multnomah County (Portland Public Schools), Oregon, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Oregon.

**Equalization Payment** has the meaning set forth in Section 11.

**General Fund** means the fund of the District established pursuant to Oregon Revised Statutes Chapter 328.

**Government Obligations** means those obligations now or hereafter defined as such in Oregon Revised Statute 294.035, as such statutes may be hereafter amended or restated.

**Loss of Qualified Zone Academy Bond Status** means a determination that the Bond is not a QZAB.

**Project** means capital improvements to various school buildings and equipment including, but not limited to, repairs, renovations, and rehabilitation of classrooms, energy retrofitting and energy savings upgrades including lighting retrofits, automation of controls, HVAC upgrades, window replacements and a number of other energy conservation improvements of the District.

**Purchase Agreement** means the purchase agreement or contract to be entered into between the Authorized Representative, on behalf of the District, and the Bank, setting forth the agreement of the parties for the Bank's purchase of the Bond and all of the Credit Coupons.

**Registered Owner** means, with respect to the Bond, the person named as the registered owner of the Bond in the Bond Register, and with respect to a Credit Coupon, the person named as the registered owner of such Credit Coupon in the Bond Register.

**Registrar** means, initially, U.S. Bank National Association and shall include any successor Registrar appointed by the District.

**Regulation or Regulations** means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury and applicable to the Bond and the Credit Coupons.

**QZABs** has the meaning set forth in the recitals hereto. Individual QZABs are referred to herein each as a QZAB.

**QZAB Sinking Fund** means the fund established pursuant to Section 4(c) herein.

**Servicer** means Bluepath Finance LLC.

**Sinking Fund Payments** has the meaning given in Section 4(c) herein.

**Tax Credit** means the credit against federal income tax that is allowed under Section 54A of the Code and in the manner provided in Internal Revenue Service Notice 2010-28 to a taxpayer holding all or part of a "qualified zone academy bond" as defined in Section 54E of the Code on a Credit Allowance Date.

Authorization of Bond. The Board of Directors hereby authorizes the issuance and sale of the Bond in the principal amount of \$4,000,000 for the purpose of financing all or a portion of the cost of the Project and paying costs of issuing the Bond. The Bond shall be designated the "School District No. 1-J Multnomah County (Portland Public Schools), Oregon, Full Faith and Credit Qualified Zone Academy Bond, 2016" (the "Bond"), shall be dated as of its original issuance, shall be fully registered as to principal, shall be in the denomination of \$4,000,000, and shall be numbered R-1. Except to the extent required by Section 4(c) below, the Bond shall not bear interest.

Designation of Authorized Representatives. The Board of Directors designates the Chief Executive Officer and Chief Financial Officer (each an "Authorized Representative") or a designee of the Authorized Representative to act on behalf of the District as specified in Section 12 hereof.

Registration, Transfers and Payments.

(a) **Registration.** The Registrar shall maintain the Bond Register. Such Bond Register shall contain the names and mailing addresses of the Registered Owners, from time to time, of the Bond and of all of the Credit Coupons.

(b) **Transfers.** The Bond shall be transferable, in whole, to another qualified investor, upon prior written notice to the District and the Registrar. The Credit Coupons are transferrable upon prior written notice to the District and the Registrar.

(c) **Payments.** Principal of the Bond shall be due on \_\_\_\_\_, or such other date as determined by the District and the Bank up to a maximum term of twenty (20) years (the "Maturity Date"). Principal of the Bond shall be payable in lawful money of the United States of America on the Maturity Date from moneys on deposit in the QZAB Sinking Fund.

(d) **Rate on Overdue Payments.** If the District fails to make any of the sinking fund deposit payments required in this Section, the deposit obligation will continue as an obligation of the District until the amount owed has been fully paid, and the District agrees to pay the same with interest thereon, from the date owed to the date of payment, at the rate of ten percent (10%) per annum.

Under certain circumstances described in Section 11 below, the District is required to make Equalization Payments to Registered Owners of Credit Coupons.

The District hereby establishes a fund designated as the "School District No. 1-J Multnomah County (Portland Public Schools) QZAB Sinking Fund" (the "QZAB Sinking Fund"). The QZAB Sinking Fund shall be held at the Bank. The District covenants to make annual payments into the

QZAB Sinking Fund on the dates and in the amounts shown in the payment schedule set forth below (the “Sinking Fund Payments”):

<b>Sinking Fund Payment Date (August 5)</b>	<b>Sinking Fund Payment</b>
2017	\$200,000.00
2018	\$200,000.00
2019	\$200,000.00
2020	\$200,000.00
2021	\$200,000.00
2022	\$200,000.00
2023	\$200,000.00
2024	\$200,000.00
2025	\$200,000.00
2026	\$200,000.00
2027	\$200,000.00
2028	\$200,000.00
2029	\$200,000.00
2030	\$200,000.00
2031	\$200,000.00
2032	\$200,000.00
2033	\$200,000.00
2034	\$200,000.00
2035	\$200,000.00
2036	\$200,000.00*

\* The final Sinking Fund Payment will be reduced by the earnings or other moneys on deposit in the QZAB Sinking Fund in excess of the sum of all Sinking Fund Payments made immediately prior to the final Sinking Fund Payment.

The Bank shall notify the District twenty (20) days prior to the final Sinking Fund Payment date as to the amount required to be deposited to pay from the QZAB Sinking Fund the principal of the Bond on the Maturity Date.

The QZAB Sinking Fund shall be security for the payment of the principal (but not interest, if any) of the Bond on the Maturity Date. The moneys deposited in the QZAB Sinking Fund shall be deposited in a savings account at the Bank (“Savings Account”). All funds deposited in the Savings Account shall bear interest at such rate as given to similarly situated customers of the Bank; provided, however, the interest rate shall not exceed the Permitted Sinking Fund Rate (as established by the Secretary of the Treasury and published by the Bureau of the Fiscal Service); and shall be documented as of the date of closing by the District in a closing certificate. If at any time the rate on the Savings Account exceeds such Permitted Sinking Fund Rate, the District shall have thirty days to consult with Bond Counsel and give the Bank instructions for investment of amounts on deposit in the QZAB Sinking Fund. The District shall be responsible for all reasonable actual costs and expenses incurred by the District and the Bank resulting from such instructions. The District acknowledges that amounts on deposit in the QZAB Sinking Fund (i) will be held at the Bank, and (ii) are not “public funds” of any type within the meaning of public fund deposit laws or such related state and federal regulations, or any federal bankruptcy laws.

In the event the Bond is transferred (in accordance with the provisions of paragraph (b) above) to an entity that is unrelated to the Bank, references in this paragraph (c) to the Bank shall be to such transferee, and upon such transfer, with notice to the District, the QZAB Sinking Fund may be held at such transferee.

No Prepayment. The Bond is not subject to prepayment or redemption prior to its stated maturity, except for mandatory redemption required by Section 54A(d)(2)(B) of the Code for available project proceeds (defined in Section 54A of the Code) of the Bond that have not been spent within three years from the issue date of the Bond. Such redemption must be made at a redemption price equal to 102 percent of the principal amount thereof.

Form of Bond and Credit Coupons. The Bond shall be in substantially the form attached hereto as Exhibit A. Each Credit Coupon shall be in substantially the form attached hereto as Exhibit B. A Credit Coupon for each Credit Allowance Date shown on Exhibit C hereto shall be executed and delivered by the District and authenticated by the Registrar.

Execution of Bond and Credit Coupons. The Bond shall be executed on behalf of the District with the manual or facsimile signatures of the Chair and Secretary of its Board of Directors. The Bond shall not be valid or obligatory for any purpose or entitled to the benefits of this resolution unless it bears a Certificate of Authentication in the form recited in Exhibit A hereto, manually executed by the Registrar. The Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this resolution.

Each Credit Coupon shall be executed on behalf of the District with the manual or facsimile signatures of the Chair and Secretary of its Board of Directors. A Credit Coupon shall not be valid or obligatory for any purpose or entitled to the benefit of this resolution unless it bears a Certificate of Authentication in the form recited in Exhibit B hereto, manually executed by the Registrar. The Certificate of Authentication shall be conclusive evidence that the Credit Coupon so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this resolution.

In case either of the officers who shall have executed the Bond or any Credit Coupon shall cease to be officer or officers of the District before the Bond or Credit Coupon so signed shall have been authenticated or delivered by the Registrar, or issued by the District, such Bond or Credit Coupon may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the District as though those who signed the same had continued to be such officers of the District. Any Bond or any Credit Coupon may also be signed and attested on behalf of the District by such persons who are at the actual date of delivery of such Bond or Credit Coupon the proper officers of the District although at the original date of such Bond or Credit Coupon any such person shall not have been such officer of the District.

Application of Sale Proceeds. The proceeds of the sale of the Bond and the Credit Coupons shall be deposited in the Capital Projects Fund of the District and shall be expended solely to pay or reimburse the costs of the Project and the costs of issuing and selling the Bond and the Credit Coupons, as authorized herein.

Pledge of Funds and Credit. The District irrevocably covenants that it will use money in the Capital Projects Fund, the General Fund, the QZAB Sinking Fund or other funds legally available therefor to pay the principal of (and, except from the QZAB Sinking Fund, interest, if any, on) the Bond as the same shall become due, and all amounts due upon a mandatory redemption of the Bond and any Equalization Payments, when and as they become due. The Bond does not require approval by a vote of the electors of the District. Accordingly, the District covenants with the Registered Owner of the Bond to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, subject to the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and any other funds available, to pay interest, if any, accruing and the principal maturing on this Bond promptly when and as they become due, and all amounts due upon a mandatory redemption of the Bond and any Equalization Payments, when and as they become due. The full faith, credit and resources of the District are hereby irrevocably pledged for the prompt payment of such principal, interest, if any, and Equalization Payments, if any.

Defeasance. The Bond may not be defeased (whether legally defeased or economically defeased) except upon delivery of an opinion of Bond Counsel substantially to the effect that such defeasance will not cause the Bond to lose its status as a “qualified tax credit bond” that is a QZAB under Sections 54A and 54E of the Code and will not adversely affect the availability of Tax Credits under any Credit Coupons. In the event that (a) money and/or Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bond in accordance with its terms, are set aside in a special account of the District to effect such redemption and retirement, (b) such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, and (c) the opinion of Bond Counsel referred to in the preceding sentence is first received by the Registered Owners of the Bond and the Credit Coupons, then no further payments need be made into the QZAB Sinking Fund for the payment of the principal of and interest, if any, on the Bond so provided for, and such Bond shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the money so set aside and pledged, and such Bond shall be deemed not to be outstanding hereunder.

Tax Covenants and Certifications; Equalization Payments.

**(a) Tax Covenants and Certifications.** The District intends (a) that the Bond be issued as a “qualified tax credit bond” that is a QZAB under Sections 54A and 54E of the Code and, for that reason, interest, if any, on the Bond is not intended to be excludable from gross income for federal income tax purposes, and (b) that the Bond constitute a “strippable issue” under Internal Revenue Service Notice 2010-28 (the “Notice”). The District covenants to comply with the requirements of the Code and the Notice (and with any successor statutory provisions, any future applicable regulations and any further guidance provided hereafter) to ensure that the Bond remains such a qualified tax credit bond that is a QZAB and that is a strippable issue. In furtherance of such covenant, the District certifies as follows:

**The District hereby designates the Bond as a QZAB within the meaning of Section 54E of the Code; and**

**The District hereby designates the Bond as a “strippable issue” within the meaning of the Notice and, for such purpose, has attached hereto as Exhibit C a schedule identifying CUSIP numbers acquired by the District and hereby assigned by the District (i) to the Bond as in effect prior to the stripping of the Tax Credits as described below in this Section 11, (ii) to the Bond upon such stripping, and (iii) to each Credit Coupon (if necessary, such schedule may be approved by the Superintendent after the adoption of this resolution and shall, in such case, be attached hereto as Exhibit C prior to the issuance of the Bond); and**

**The District has received written assurances that private entities have agreed to make “qualified contributions” (as defined in Section 54E(d)(4) of the Code) to the District that meet the requirements of Section 54E(b) of the Code and have a present value of not less than 10% of the proceeds of the Bond (i.e., a present value of at least \$400,000); and**

**The District has received the written approval from the Oregon Department of Education of a 2016 allocation authorizing the District to issue \$4,000,000 in QZABs to finance costs of the Project, and such 2016 allocation remains in full force and effect; and**

**The Project constitutes a qualified purpose under Section 54E(d)(3) of the Code for the issuance of QZABs.**

**(b) Federal Tax Certificate.** To evidence and confirm the District's expectations and covenants relating to the matters set forth in this Section 11, the Board of Directors directs the Chief Executive Officer of the District to execute and deliver, on behalf of the District, a Federal Tax Certificate to be dated the date on which the Bond is issued, a form of which is attached hereto as Exhibit D.

**(c) Issuance of Credit Coupons.** Each Credit Coupon to be issued and delivered by the District under this resolution represents and evidences the right of the Registered Owner of such Credit Coupon to receive a Tax Credit on the Credit Allowance Date stated on such Credit Coupon. A separate Credit Coupon for each Credit Allowance Date shall be issued in the form attached hereto as Exhibit B. No Credit Coupon represents or evidences any right of the Registered Owner thereof to receive any payment of principal of or interest, if any, on the Bond.

**(d) Loss of Qualified Zone Academy Bond Status.** The District shall make the payment described in paragraph (e) below if any Registered Owner of a Credit Coupon either: (i) receives notice, in any form, from the Internal Revenue Service that due to a final determination by the Internal Revenue Service or by a court of competent jurisdiction (after the District has exhausted all administrative appeal remedies) a Loss of Qualified Zone Academy Bond Status has occurred; or (ii) reasonably determines, based on an opinion of Bond Counsel selected by such Registered Owner and approved by the District (which approval the District may not unreasonably withhold) that a Loss of Qualified Zone Academy Bond Status has occurred. No payment described in paragraph (e) below shall be made relating to any mandatory redemption described in Section 5 above.

**(e) Equalization Payment.** If required under paragraph (d) above, the District shall make an "Equalization Payment" to the Registered Owner of a Credit Coupon within 30 days after such Registered Owner notifies the District of a Loss of Qualified Zone Academy Bond Status. The Equalization Payment shall be the amount which, taking into account all penalties, fines, interest and additions to tax that are imposed on such Registered Owner as a result of the Loss of Qualified Zone Academy Bond Status will restore to such Registered Owner the same after-tax yield on such Registered Owner's Credit Coupon that such Registered Owner would have realized from the issue date of the Bond to the date of such determination, had the Loss of Qualified Zone Academy Bond Status not occurred. If there has occurred a Loss of Qualified Zone Academy Bond Status, such Equalization Payment shall also include any additional amount, on each Credit Allowance Date occurring after the date on which the first additional payment was made by the District pursuant to this Section 11, as will maintain such after-tax yield to such Registered Owner through the Maturity Date.

Any Registered Owner expecting the Equalization Payment described in the preceding paragraph shall, as a condition to receiving the Equalization Payment, provide the District a certificate setting forth the calculation made by it of such Registered Owner's claimed Equalization Payment and setting forth the reason for the Loss of Qualified Zone Academy Bond Status.

In the event that the District makes an Equalization Payment to a Registered Owner of a Credit Coupon and it is subsequently determined, pursuant to a final, conclusive and non-appealable decision of the Internal Revenue Service or a court of competent jurisdiction that the Bond constitutes a "qualified tax credit bond" that is a QZAB under Sections 54A and 54E of the Code notwithstanding the prior receipt by such Registered Owner of the determinations described in paragraph (d) above, the District shall be entitled to reimbursement for all Equalization Payments made to such Registered Owner.

**Sale of the Bond and Credit Coupons.** The Board of Directors hereby authorizes the Authorized Representative for a period of six (6) months from the adoption of this resolution to execute the Purchase Agreement with the Bank for the sale of the Bond (and in connection therewith for the delivery of the Credit Coupons) in the principal amount of \$4,000,000, with a zero percent (0%) interest rate, and maturing on the Maturity Date.

The proper District officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Bank and for the proper application and use of the proceeds of sale thereof.

**The Servicer as Third Party Beneficiary.** The Servicer shall be a third-party beneficiary under this resolution.

Notices. Any notice to or demand upon the following parties shall be given by first class mail, return receipt requested, as set forth below, or to such other addresses as may from time to time be furnished, effective upon the receipt of notice thereof given as provided for in this Section 14.

If to the District: Barbara Gibbs  
Senior Manager of Treasury  
School District No. 1-J Multnomah County  
(Portland Public Schools)  
501 North Dixon Street  
Portland, OR 97227  
Phone: (503) 916-3370

If to the Bank: William H. Callahan  
Market President  
Dubuque Bank & Trust Company  
1398 Central Ave.  
Dubuque, IA 52001  
Phone: (563) 589-2059

Michael J.J. Cox  
Chief Financial Officer  
BluePath Finance LLC  
Phone: (415) 549-0742

If to the Registrar: Corazon Gruenberg, CCTS  
Vice President  
U.S. Bank Global Corporate Trust Services  
555 S.W. Oak Street -PD-OR-P6TD  
Portland, OR 97204  
Phone: (503) 464-3756  
Fax: (503) 464-4122

Notwithstanding any provision to the contrary in this resolution, any information or documents required to be provided by the District to the Registered Owner of the Bond or the Registered Owners of the Credit Coupons may be provided by providing notice of and access to the District's website or other electronic platform containing such information or document. It is acknowledged that distribution of material through any such electronic platform is not necessarily secure and that there are confidentiality and other risks associated with such distribution. In consideration for the convenience and other benefits afforded by such distribution and for the other consideration provided hereunder, the receipt and sufficiency of which is hereby acknowledged, the District and the Bank, as initial Registered Owner of the Bond and of the Credit Coupons, hereby approve distribution of electronic communications through such electronic platform and understand and assume the risks of such distribution.

Exemption from Ongoing Disclosure. The District is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more.

Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution, of the Bond or of the Credit Coupons.

Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors, of School District No. 1-J Multnomah County (Portland Public Schools), Oregon, at a regular meeting thereof held this 25th day of August, 2016.

**SCHOOL DISTRICT NO. 1-J  
MULTNOMAH COUNTY, OREGON**

\_\_\_\_\_/s/[\_\_\_\_\_]\_\_\_\_\_

[\_\_\_\_\_] , Board Chair

\_\_\_\_\_/s/[\_\_\_\_\_]\_\_\_\_\_

[\_\_\_\_\_] , Chief Executive Officer

**ATTEST**

\_\_\_\_\_/s/[\_\_\_\_\_]\_\_\_\_\_

[\_\_\_\_\_] , Secretary of the Board of  
Directors

**EXHIBIT A  
FORM OF BOND**

UNITED STATES OF AMERICA

NO. R-1

00

\$4,000,0

STATE OF OREGON  
SCHOOL DISTRICT NO. 1-J MULTNOMAH COUNTY (PORTLAND PUBLIC SCHOOLS), OREGON

FULL FAITH AND CREDIT QUALIFIED ZONE ACADEMY BOND, 2016

REGISTERED OWNER: DUBUQUE BANK & TRUST  
COMPANY  
1398 CENTRAL AVE.  
DUBUQUE, IA 52001

INTEREST RATE: 0.00%

TAX IDENTIFICATION  
NUMBER: \_\_\_\_\_

PRINCIPAL AMOUNT: FOUR MILLION AND NO/100 DOLLARS

MATURITY DATE: \_\_\_\_\_

School District No. 1-J Multnomah County (Portland Public Schools), Oregon (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount indicated above. Principal of this bond (this "Bond") is payable in lawful money of the United States of America. The payment of principal of this Bond shall be made upon presentation and surrender of this Bond to the Registrar.

The District has covenanted in Resolution No. [ \_\_\_\_\_ ] of the District (the "Resolution"), to make annual deposits to a sinking fund held initially with Dubuque Bank & Trust Company (as may be transferred in connection with a transfer of this Bond as provided in the Resolution) beginning in \_\_\_\_\_ through the Maturity Date indicated above, and on the dates and in the amounts shown in the payment schedule set forth below:

<b>Sinking Fund Payment Date (August 5)</b>	<b>Sinking Fund Payment</b>
2017	\$200,000.00
2018	\$200,000.00
2019	\$200,000.00
2020	\$200,000.00
2021	\$200,000.00
2022	\$200,000.00
2023	\$200,000.00
2024	\$200,000.00
2025	\$200,000.00
2026	\$200,000.00
2027	\$200,000.00
2028	\$200,000.00
2029	\$200,000.00
2030	\$200,000.00
2031	\$200,000.00
2032	\$200,000.00
2033	\$200,000.00
2034	\$200,000.00
2035	\$200,000.00
2036	\$200,000.00*

\* The final Sinking Fund Payment will be reduced by the earnings or other moneys on deposit in the QZAB Sinking Fund in excess of the sum of all Sinking Fund Payments made immediately prior to the final Sinking Fund Payment.

This Bond is not subject to prepayment or redemption prior to the Maturity Date, except as described in the Resolution. No payment will be made to the QZAB Sinking Fund or otherwise to the Registered Owner in respect of a Loss of Qualified Zone Academy Bond Status, except to the extent such Registered Owner is also a registered owner of one or more Credit Coupons, and in such case only as further described in such Credit Coupons. This Bond shall bear interest at the Default Interest Rate should the District fail to pay this Bond at the Maturity Date as described in the Resolution.

This Bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Oregon and resolutions duly adopted by the Board of Directors, including the Resolution.

This Bond is a general obligation of the District, and the full faith, credit and resources of the District are hereby irrevocably pledged for the repayment of this Bond. The District covenants with the Registered Owner to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, subject to the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and any other funds available, to pay interest accruing and the principal maturing on this Bond promptly when and as they become due, and all amounts due upon a mandatory redemption of this Bond.

This Bond is issued as a "qualified tax credit bond" that is a "qualified zone academy bond" under Sections 54A and 54E of the Internal Revenue Code of 1986, as amended (the "Code"). This Bond does

not bear interest on unpaid principal. Ownership of this Bond does not permit the Registered Owner (and does not provide such Registered Owner with an enforceable right to) claim any credits described in Sections 54A and 54E of the Code except to (and limited by) the extent such Registered Owner holds one or more Credit Coupons (as defined in the Resolution) and only to the extent further described in such Credit Coupons.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar. Capitalized terms used herein and not otherwise defined have the meaning set forth in the Resolution.

This Bond is transferrable as described in the Resolution.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Oregon to exist, to have happened, been done and performed precedent to and in the issuance of this Bond have happened, been done and performed and that the issuance of this Bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

School District No. 1-J Multnomah County (Portland Public Schools), Oregon, has caused this Bond to be executed by the manual or facsimile signature of the Chair and Secretary of the Board of Directors, as of this \_\_\_\_ day of \_\_\_\_\_, 2016.

**SCHOOL DISTRICT NO. 1-J  
MULTNOMAH COUNTY, OREGON**

/s/ facsimile

y \_\_\_\_\_

Chair, Board of Directors

**ATTEST**

/s/ facsimile

\_\_\_\_\_

Secretary, Board of  
Directors

The Registrar's Certificate of Authentication on the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This is the Full Faith and Credit Qualified Zone Academy Bond, 2016, of School District No. 1-J, Multnomah County (Portland Public Schools), Oregon, dated \_\_\_\_\_, 2016, is described in the Resolution.

U.S. Bank National Association  
as Registrar

y \_\_\_\_\_  
Authorized Signatory

**EXHIBIT B  
FORM OF CREDIT COUPON**

**CREDIT COUPON**

**DATED [JULY 20, 2016]**

**[Prepare separate Credit Coupon for each Credit Allowance Date]**

CUSIP No.: [See Exhibit C to Resolution]

Dated: [July 20, 2016]

Registered Owner: [\_\_\_\_\_]

Notional Amount of this

Credit Coupon: Par Amount of Bond outstanding on Credit Allowance Date

Tax Credit Rate: [\_\_\_\_\_]%

Certificate No. [T-1]

Credit Allowance Date: [See Exhibit C to Resolution]

**THIS CREDIT COUPON HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND HAS NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. ANY RESALE OR TRANSFER OF THIS CREDIT COUPON MAY ONLY BE MADE (A) IN ACCORDANCE WITH THE RESOLUTION REFERRED TO HEREIN AND (B) UNLESS THIS CREDIT COUPON IS REGISTERED UNDER THE SECURITIES ACT AND IS REGISTERED OR QUALIFIED UNDER ANY APPLICABLE SECURITIES LAWS OF ANY STATE, ONLY IN A TRANSACTION EXEMPT FROM THE REGISTRATION OR QUALIFICATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH STATE LAWS AND WHICH IS IN ACCORDANCE WITH THE RESOLUTION (AS DEFINED HEREIN).**

**THIS CREDIT COUPON IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHO IS A U.S. PERSON, AS DEFINED IN SECTION 7701(A)(30) OF THE CODE, AND (B) TO A PERSON WHO IS (I) A QUALIFIED PURCHASER, AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT AND THE RULES PROMULGATED THEREUNDER (A "QUALIFIED PURCHASER") AND WHO THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OF THE SECURITIES ACT OR (II) TO A PERSON WHO IS A QUALIFIED PURCHASER AND WHO THE TRANSFEROR REASONABLY BELIEVES IS AN INSTITUTIONAL "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) PROMULGATED UNDER THE SECURITIES ACT. THE PURCHASER HEREOF AGREES TO PROVIDE NOTICE TO ANY PROPOSED TRANSFEREE OF A BENEFICIAL OWNERSHIP INTEREST IN THE CREDIT COUPONS OF THE RESTRICTION ON TRANSFERS ONLY TO QUALIFIED PURCHASERS AND U.S. PERSONS. NO CREDIT COUPON SHALL BE TRANSFERRED OR RESOLD IF SUCH TRANSFER OR RESALE WOULD RESULT IN THERE BEING MORE THAN ONE BENEFICIAL OWNER OF THE CREDIT COUPON, WITHIN THE MEANING OF TREASURY REGULATION SECTION 1.7704-1(H) OR WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT, AND NO CREDIT COUPON SHALL BE ISSUED, SOLD, TRANSFERRED, LISTED OR OTHERWISE EXCHANGED AT ANY TIME ON AN ESTABLISHED SECURITIES MARKET.**

**EACH TRANSFEREE OF THIS CREDIT COUPON, BY ITS PURCHASE HEREOF, IS DEEMED TO HAVE REPRESENTED THAT SUCH TRANSFEREE IS A U.S. PERSON AND IS EITHER A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, OR AN INSTITUTIONAL "ACCREDITED INVESTOR," AS THAT TERM IS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) PROMULGATED UNDER THE SECURITIES ACT, AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS CREDIT COUPON TO A SUBSEQUENT TRANSFEREE WHO SUCH TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, OR IS AN INSTITUTIONAL "ACCREDITED INVESTOR," AS THAT TERM IS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) PROMULGATED UNDER THE SECURITIES ACT, AND WHO IS WILLING AND ABLE TO CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS INVOLVED WITH OWNERSHIP OF THIS CREDIT COUPON, AND AGREES TO BE BOUND BY THE TRANSFER RESTRICTIONS.**

**EACH TRANSFEREE OF THIS CREDIT COUPON, BY THE PURCHASE HEREOF, IS DEEMED TO HAVE REPRESENTED THAT SUCH TRANSFEREE IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT AND A U.S. PERSON, AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS CREDIT COUPON TO A SUBSEQUENT TRANSFEREE WHO IS A QUALIFIED PURCHASER FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT AND IS A U.S. PERSON AND IN A MANNER THAT DOES NOT VIOLATE ANY TRANSFER RESTRICTIONS, AS MORE FULLY DESCRIBED IN THE RESOLUTION.**

THIS CERTIFIES THAT the registered owner specified above, or registered assignee, so long as such registered owner or assignee holds this Credit Coupon in an account with a broker (as defined in Internal Revenue Service Notice 2010-28), has the right to claim a Tax Credit on its federal income tax return in accordance with and subject to Sections 54A and 54E of the Code, Internal Revenue Service Notice 2010-28 and Resolution No. \_\_\_\_\_ (the "Resolution"), adopted at a regular meeting of the Board of Directors of the District on the \_\_\_th day of \_\_\_\_\_, 2016 for the issuance of the \$4,000,000 School District No. 1-J Multnomah County (Portland Public Schools), Oregon, Full Faith and Credit Qualified Zone Academy Bond, 2016 (the "Bond"). The Bond been designated by the District as a qualified zone academy bond pursuant to Sections 54A and 54E of the Code. Capitalized terms used but not defined herein have the meaning assigned to them in the Resolution.

The Owner of this Credit Coupon on the Credit Allowance Date specified above shall have the right to claim a credit on its federal income tax return in an amount equal to 25% of the annual credit determined with respect to the Bond (adjusted for periods of less than three months), being the product of: (a) the Tax Credit Rate set forth above *times* (b) the notional amount of this Credit Coupon. The Owner of this Credit Coupon, by its purchase of this Credit Coupon, acknowledges that the notional amount of this Credit Coupon is equal to the par amount of the Bond outstanding on the Credit Allowance Date specified above, and that such par amount is subject to reduction prior to such Credit Allowance Date in certain instances as further described in the Resolution.

Under the terms of the Resolution, this Credit Coupon is treated as a "Stripped Credit Coupon," as defined in Internal Revenue Service Notice 2010-28, and the Bond is treated as a stripped bond. The Owner of this Credit Coupon shall have the rights described in the Resolution, which includes, among other provisions, provisions for any Equalization Payments described Section 11 of the Resolution.

The transfer of this Credit Coupon is subject to certain restrictions set forth in the Resolution. No purported transfer of any interest in any Credit Coupon or any portion thereof or interest therein that is not made in accordance with the Resolution shall be given effect by or be binding upon the Registrar and any such purported transfer shall be null and void *ab initio* and vest in the transferee no rights against the Registrar.

This Credit Coupon is one of a duly authorized issue of Credit Coupons created by the Resolution. Unless the certificate of authentication hereon has been executed by the Registrar, by

manual signature, this Credit Coupon shall not be entitled to any benefit under the Resolution or be valid for any purpose.

This Credit Coupon does not purport to summarize the Resolution and reference is made to the Resolution for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Registrar.

This Credit Coupon is issued pursuant to and is subject to all the terms of the Resolution, which describes the rights and obligation of each Owner and by which each Owner, by virtue of its acceptance of this Credit Coupon or beneficial interest therein, assents to and agrees to be bound.

**THE RESOLUTION CONSTITUTES THE CONTRACT GOVERNING THE RIGHTS AND OBLIGATIONS OF THE REGISTERED OWNERS. THIS CREDIT COUPON IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECT SO THE TERMS OF THE RESOLUTION, WHICH SUPERSEDES ANY INCONSISTENT STATEMENTS IN THIS CREDIT COUPON.**

The recitals contained herein, except for the certificate of authentication, shall not be taken as statements of the Registrar and the Registrar assumes no responsibility for their correctness. The Registrar makes no representation as to the validity or sufficiency of this Credit Coupon, the Bond or the Resolution. This Credit Coupon is executed and delivered by U.S. Bank National Association (the "Registrar") solely in its capacity as Registrar under the Resolution and not in its individual capacity. Amounts, if any, payable under this Credit Coupon are payable solely from amounts related to the Resolution (to the extent of amounts payable under or allocable to the Resolution), and in accordance with the terms of, the Resolution.

WHEREOF, the Registrar has caused this Credit Coupon to be duly executed.  
U.S. BANK NATIONAL ASSOCIATION,  
not individually but solely as Registrar

By \_\_\_\_\_  
Authorized Officer/Authorized Signer

#### CERTIFICATE OF AUTHENTICATION

This Credit Coupon is the Credit Coupon for referred to in the within mentioned Resolution.

Dated: \_\_\_\_\_, \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Authorized Officer/Authorized Signer

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
\_\_\_\_\_

(please print or typewrite name and address including postal zip code of assignee)

the beneficial ownership interest in the Resolution evidenced by the within Credit Coupon and hereby authorize(s) the registration of transfer of such interest to the above named assignee on the Registration books of the Registrar.

I (we) further direct the issuance of a new Credit Coupon of a like authorized denomination evidencing the same aggregate amount and notional amount to the above named assignee and delivery of such Credit Coupon to the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Signature by or on behalf of Assignor

\_\_\_\_\_  
Signature Guaranteed

**DISTRIBUTION INSTRUCTIONS**

The assignee should include the following for purposes of distribution:

Distributions shall, if permitted, be made by wire transfer or otherwise, in immediately available funds, to \_\_\_\_\_  
for the account of \_\_\_\_\_

Distributions made by check (such check to be made payable to \_\_\_\_\_)  
and all applicable statements and notices should be mailed to

This information is provided by \_\_\_\_\_, the assignee named above, or  
\_\_\_\_\_, as its agent.

**EXHIBIT C  
CUSIP NUMBERS RELATING TO  
STRIPPING TRANSACTION**

[CUSIP numbers to be attached here on or prior to the date the Bond is issued]

**EXHIBIT D  
FORM OF FEDERAL TAX CERTIFICATE**

[Please attach Federal Tax Certificate form here]

**RESOLUTION No. 5315**

Minutes

The following minutes are offered for adoption:

June 28, 2016