

BOARD OF EDUCATION

Portland Public Schools
Study Session
October 17, 2011

Windows Cafeteria

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

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

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

This meeting may be taped and televised by the media.

STUDY SESSION AGENDA

1. **CITIZEN COMMENT** 5:00 pm
2. **SUPERINTENDENT OVERVIEW** 5:20 pm
3. **ENROLLMENT BALANCING UPDATE** 5:25 pm
4. **DINNER BREAK** 6:10 pm
5. **FINANCE AND OPERATIONS TOPICS** 6:30 pm
 - Marysville School Options
 - 2011-2012 Draft Budget Process
 - Youth Pass Transit Option
6. **BUSINESS AGENDA** 8:10 pm
7. **BOARD CONVENES AS BUDGET COMMITTEE** 8:15 pm
 - Amendments to 2011-2012 Budget
8. **UPCOMING AGENDA REVIEW** 8:30 pm
9. **ADJOURN** 8:45 pm

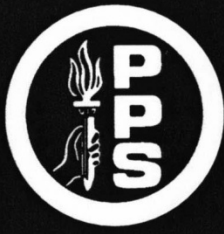
The next Regular Meeting of the Board will be held on **October 24, 2011**, at **5:00 pm** in the Board Auditorium at the Blanchard Education Service Center.

NOTE: The Board's agendas are focused on the five strategic operatives of the District as found in the 2005-2010 Strategic Plan: *Excellence in Teaching and Learning; Excellence in Operations and Services; Strong Partnerships with Families and Community; Leadership for Results; and Continuous Learning Ethic.*

Portland Public Schools Nondiscrimination Statement

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

Board of Education Policy 1.80.020-P



PORTLAND PUBLIC SCHOOLS

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MEMO

From: Judy Brennan, Enrollment Planning Director

To: Carole Smith, Superintendent

Date: October 11, 2011

RE: 2011-12 Enrollment Balancing Priorities

Since mid-September, staff has been gathering preliminary enrollment information and assessing program size and utilization across all elementary, middle and K-8 schools. This memo describes the priorities for enrollment change that have emerged from this assessment. Official enrollment count data will be available later in October, but are not expected to bring any significant changes to the priorities listed below.

PRELIMINARY ENROLLMENT ASSESSMENT RESULTS

The attached table shows preliminary enrollment for all elementary, middle and K-8 schools. Schools that are significantly smaller or larger than enrollment and utilization targets are highlighted on the chart. Seven schools have enrollment that is at least 150 students below program targets (highlighted in yellow), while 16 schools are over 100% utilization (blue highlight), meaning that there are not enough regular classrooms available for their teaching staff. Preliminary utilization is based on teacher data recorded through the end of September, and does not include changes due to fall balancing.

With 33% of all elementary, middle and K-8 schools experiencing under/over-enrollment, prioritization for actions is a critical step in this process. Over the past two weeks, regional administrators, principals and, in some cases, teachers and parents have been consulted to match up data with real-world experience. These discussions have allowed for a broader understanding of the degree of enrollment challenges different schools are facing. As a result, we have prioritized the over/under-enrolled schools into the following categories. Schools in the first categories will move through the process this year, with Board decisions expected by February and implementation beginning in September 2012. Schools in the next category will likely have longer timelines for decisions and actions.

ENROLLMENT BALANCING PRIORITIES

PRIORITY ONE: Enrollment changes scheduled to take effect in September 2012

Group A: Complete enrollment change processes begun in 2010-11 school year

Last year, enrollment balancing processes began in the Grant and Madison clusters. Immediate changes to address serious overcrowding were implemented this September, with Rigler 7th & 8th grade students transferred to Vernon and Alameda students given priority to transfer to Sabin. Preliminary assessment shows that permanent changes are still needed to improve enrollment conditions across schools in the these clusters.

Enrollment balancing will restart immediately in these sets of schools, and informational meetings have been scheduled at Alameda, Sabin, Beaumont, Rigler, Scott and Vernon. Other adjacent schools are potentially impacted by changes, as well, and additional outreach will be planned for more schools as needed. Two sample of tools that support this process are included with this memo: a draft stakeholder participation plan and enrollment data pack.

Group B: Address Sabin and Skyline enrollment guarantees

In 2006, as part of the K-8 conversion, students at Sabin K-8 school were provided a guaranteed transfer, with transportation, to Beaumont Middle School, while Skyline K-8 students received the same guarantee to East/West Sylvan Middle School. Both guarantees were to be in place for five years, with a decision due this year whether to continue the option. Skyline is one of the smallest K-8 schools in PPS, with 277 students. Sabin, as noted above, is small but growing, and will be a part of the Grant cluster process this year. Both schools would benefit from more stable enrollment in their middle grades program.

Discussions will be held at both schools this fall, and fiscal and academic impacts of the guarantee will be analyzed . A staff recommendation for your review is expected in December.

PRIORITY TWO: Enrollment changes likely to take effect in September 2013

Group A: Jefferson Cluster enrollment discussion

Several Jefferson cluster schools continue to experience very low enrollment, including Humboldt PK-8 (220 students), King PK-8 (292 students) and Ockley Green K-8 (270 students). Other schools in the cluster are near capacity limits, including Faubion PK-8 (99% of classrooms used), Chief Joseph K-5 (95% classrooms used) and Woodlawn PK-8 (93% classrooms used). Because of the complexity of these interrelated issues and the unique opportunities that exist in this set of schools, we propose conducting a balancing enrollment process across the full cluster.

Stakeholder participation will begin this school year, and will likely continue into 2012-13, with regular updates provided to the School Board along the way. Implementation is not expected before the 2013-14 school year.

Group B: Further assessment of relief options for overcrowded schools

Pockets of high growth are occurring across the district, with 30% of all elementary, middle and K-8 schools adding at least one classroom full of additional students this year. Higher enrollment was predicted at many of these schools. But in some places, growth is greater than anticipated or has resulted in overcrowding. In addition to the enrollment challenges noted above, high growth and lack of classroom space exists in every quadrant of the district: Southeast (Harrison Park, Lent, Kelly and Llewellyn), Northeast (Beverly Clearly, Laurelhurst, Scott), North (Astor); Northwest (Chapman) and Southwest (Rieke). Each of these schools will be reviewed in depth this year to identify any program changes or minor facility changes that will bring some relief. If needed, major adjustments, such as boundary change and grade reconfiguration will also be considered, however, implementation is not likely prior to the 2013-14 school year.

Group C: identify strategies to increase enrollment at small middle schools

Three middle schools, George (357 students), Gray (422 students) and Lane (443 students) have preliminary enrollment more than 150 students below the 600 student target. A team of regional administrators, school staff and community members will begin meeting this year to identify the most appropriate strategies to increase enrollment at these schools, with recommendations for you to consider likely in the 2012-13 school year.

ADDITIONAL CONSIDERATIONS

There are a few schools that are highlighted on the chart due to over-enrollment, but are not addressed in the priorities above. Based on feedback from regional and school administrators, we see these schools as full but stable, and functioning well, despite space limitations. We will monitor these schools, and elevate their priority status if conditions worsen next year.

Two programs, ACCESS Academy and the Harriet Tubman Leadership Academy for Young Women, will also be under review for change this school year. However, because each program has a unique academic program and configuration, the process for determining future growth targets, grade configuration and facility requirements will be separate from the enrollment balancing priorities identified here.

VIEWING ENROLLMENT BALANCING THROUGH AN EQUITY LENS

The enrollment balancing initiative is launching concurrently with the District's new Racial Equity policy, and the creation of an Equity department. This presents an ideal opportunity to review enrollment balancing assumptions and strategies through an equity lens, and to modify practices to increase equitable outcomes for students of color. Here are a few early reflections on the link between enrollment balancing and equity:

- Because school boundaries have existed for many decades, they often represent historically classist and racist housing patterns. Redrawing boundary lines can provide an opportunity to improve the baseline diversity at schools. At the same time, the change process will be very emotional for parents and community members, and delving into the historical identities of

neighborhoods will compound the sensitivity and complexity of any boundary change discussion. Our change process must allow time for this exploration. To the degree allowed by district policy, potential racial impact will be described in all boundary change proposals.

- Many of the schools listed as priorities educate high populations of students of color. A lack of access to rigorous programs and lack of space for effective teaching and learning are particularly harmful in these schools. However, the pace of the change process must be considerate of all the stakeholder groups involved, and, thus, may take longer than a single school year to plan and implement respectfully and effectively. As such, supplemental staff allocations and other above-formula expenditures may be required at some schools even while enrollment balancing efforts are underway.

Attachments

- **Preliminary 2011 enrollment for elementary, middle and K-8 schools**
- **Preliminary enrollment chart—elementary schools**
- **Preliminary enrollment chart—middle schools**
- **Preliminary enrollment chart—K-8 schools**
- **Sample stakeholder participation process**
- **Sample data pack for a school under consideration for enrollment change**
 - Historic and projected school and neighborhood enrollment
 - Capacity information (under development)
 - Notes space for unique program/enrollment details
 - Neighborhood and school attendance details
 - Maps showing students residing in attendance areas (2010 data shown)

Data pack note:

Future data packs will also include:

-State report card

-School floor plan

Data packs will be posted on enrollment balancing webpage and available at all community input meetings. Text will be in English, with interpretation available in other languages.

Enrollment Data Analysis Preliminary 2011 Grades PK-8

DRAFT FOR DISCUSSION

School Information				2011 Prelim data		2010 Data			Enroll change	Notes, Priority options
Cluster	School	Grade Structure	Class-rooms	School Enroll	Utili- zation	School Enroll	Utili- zation	Capture Rate		
Cleveland	Abernethy	K-5	21	455	93%	421	88%	68%	34	
Cleveland	Buckman	K-5	29	490	84%	497	84%	87%	-7	
Cleveland	Duniway	K-5	25	425	81%	442	79%	86%	-17	
Cleveland	Grout	K-5	27	359	77%	361	76%	58%	-2	
Cleveland	Hosford	6-8	34	534	82%	548	86%	55%	-14	
Cleveland	Lewis	K-5	19	363	111%	396	107%	70%	-33	Full but stable; monitor
Cleveland	Llewellyn	K-5	23	545	105%	485	90%	75%	60	High growth continues; program changes in 2011-12, possible boundary change in 2013-14
Cleveland	Sellwood	6-8	33	488	62%	474	67%	75%	14	
Cleveland	Whitman	K-5	25	360	70%	347	78%	72%	13	
Cleveland	Winterhaven	K-8	16	347	87%	352	91%		-5	
Cleveland	Woodstock	K-5	26	491	88%	466	85%	59%	25	
Franklin	Arleta	K-8	29	423	77%	428	79%	61%	-5	
Franklin	Atkinson	K-5	23	450	102%	484	101%	70%	-34	Full but stable; monitor
Franklin	Bridger	K-8	23	397	100%	365	106%	43%	32	Utilization change due to new staffing
Franklin	Creston	K-8	18	379	99%	345	104%	44%	34	Moved off priority list due to enrollment growth
Franklin	Glencoe	K-5	25	454	76%	480	100%	65%	-26	
Franklin	Kelly	K-5	27	570	111%	509	100%	78%	61	Growth in neighborhood and immersion; expand into annex, consider other options next year for implementation in 2013-14
Franklin	Lane	6-8	38	440	58%	400	61%	67%	40	Middle school discussion next year
Franklin	Lent	K-8	33	577	102%	561	112%	80%	16	Modulars in 2011; monitor enrollment
Franklin	Marysville	K-8	26	363	84%	404	93%	60%	-41	Consider expanding boundary as part of rebuild, relief to Harrison Park
Franklin	Mt. Tabor	6-8	32	593	82%	581	81%	63%	12	
Franklin	Richmond	K-5	29	663	90%	612	90%		51	Growth expected; next year consider impact at Mt. Tabor MS
Franklin	Sunnyside	K-8	27	608	100%	580	99%	74%	28	
Franklin	Woodmere	K-5	22	398	92%	393	97%	67%	5	
Grant	Alameda	K-5	31	782	107%	774	103%	88%	8	Consider boundary change to adjacent schools; implement in 2012-13
Grant	Beaumont	6-8	36	482	59%	455	54%	63%	27	discussions
Grant	Beverly Cleary	K-8	33	674	83%	604	80%	63%	70	High growth; monitor
Grant	da Vinci Arts	6-8	32	462	69%	464	70%		-2	
Grant	Irvington	K-8	29	485	81%	529	85%	70%	-44	Possible inclusion in Alameda discussion
Grant	Laurelhurst	K-8	28	680	108%	704	106%	79%	-24	Monitor enrollment
Grant	Sabin	PK-8	22	392	81%	362	60%	49%	30	Moved off priority list due to enrollment growth; ACCESS classrooms not counted; include in Alameda discussion; Address Beaumont guarantee for implementation in 2012-13

Blue highlight = enrollment above 100% utilization Yellow highlight = enrollment below program target floor

Enrollment Data Analysis Preliminary 2011 Grades PK-8

DRAFT FOR DISCUSSION

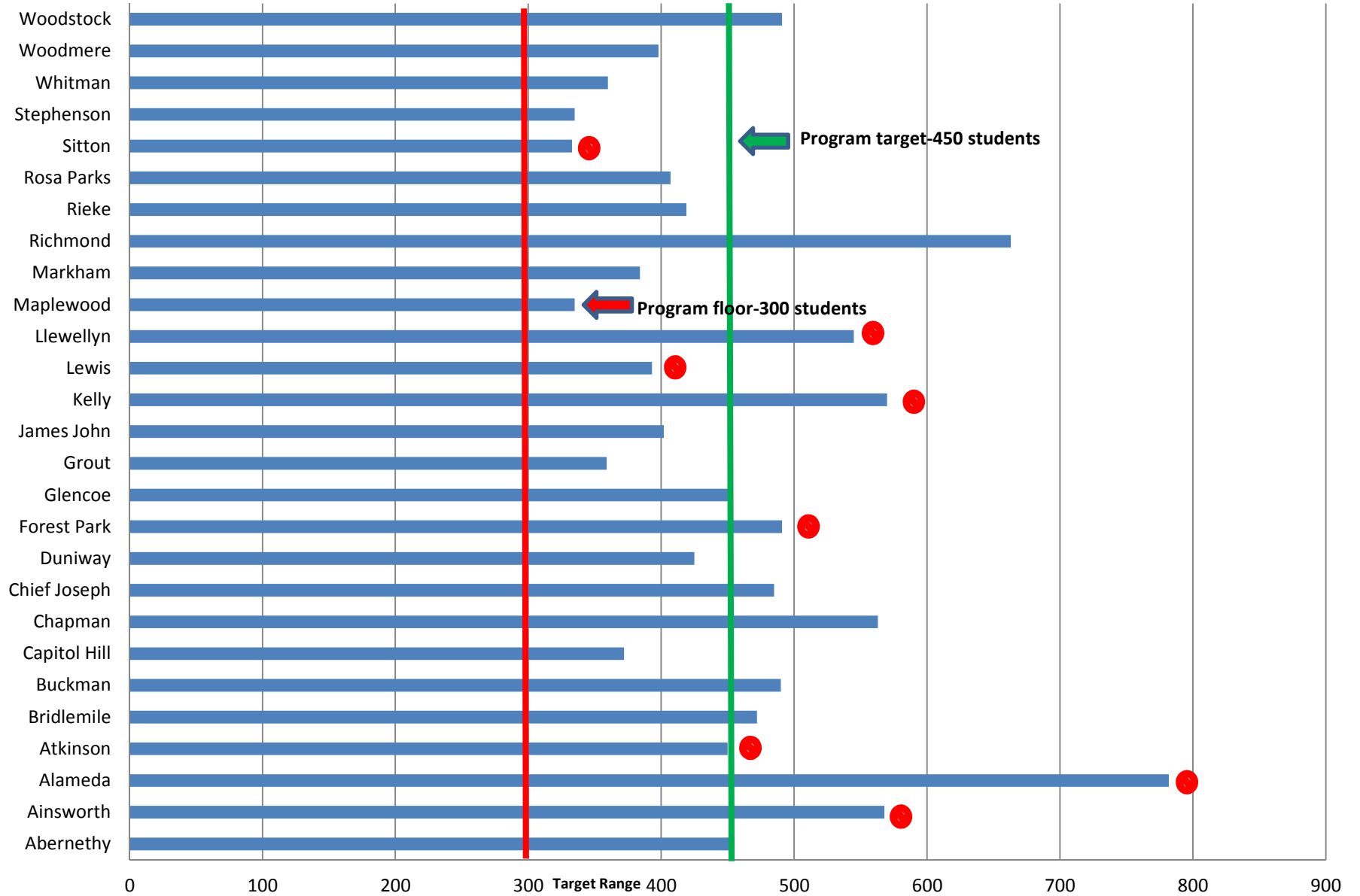
School Information				2011 Prelim data		2010 Data			Enroll change	Notes, Priority options	
Cluster	School	Grade Structure	Class-rooms	School Enroll	Utili- zation	School Enroll	Utili- zation	Capture Rate			
Jefferson	Beach	PK-8	34	582	79%	561	90%	50%	21		
Jefferson	Boise-Eliot	PK-8	35	389	64%	390	71%	65%	-1	Jefferson cluster: Multiple, interrelated enrollment issues and opportunities; Planning to beginning in 2011-12 with implementation of any changes likely to begin in 2013-14; Vernon grade increase from Rigler in 2011, include in Rigler discussion	
Jefferson	Chief Joseph	K-5	19	485	95%	408	95%	54%	77		
Jefferson	Faubion	PK-8	19	435	99%	401	116%	58%	34		
Jefferson	Humboldt	PK-8	22	220	59%	230	82%	46%	-10		
Jefferson	King	PK-8	34	292	61%	288	62%	40%	4		
Jefferson	Ockley Green	K-8	34	270	56%	310	59%	34%	-40		
Jefferson	Vernon	PK-8	30	504	82%	376	73%	41%	128		
Jefferson	Woodlawn	PK-8	29	443	93%	478	98%	42%	-35		
Lincoln	Ainsworth	K-5	26	568	101%	551	105%	93%	17		Modulars in 2011; monitor enrollment
Lincoln	Bridlemile	K-5	25	470	81%	463	84%	89%	7		
Lincoln	Chapman	K-5	26	563	98%	522	81%	81%	41	High growth; monitor	
Lincoln	Forest Park	K-5	21	491	102%	507	99%		-16	Full but stable; monitor	
Lincoln	Skyline	K-8	14	276	95%	281	107%	71%	-5	Isolated; small but stable; Address W. Sylvan guarantee for implementation in 2012-13	
Lincoln	West Sylvan	6-8	55	848	64%	850	62%	82%	-2		
Madison	Creative Science	K-8	23	357	83%	305	79%		52	Moved off priority list due to enrollment growth	
Madison	Harrison Park	K-8	38	753	112%	751	110%	72%	2	Consider program change in 2011-12, boundary change planning aligned with Marysville decisions for implementation in 2013-14	
Madison	Lee	K-8	25	458	100%	457	107%	71%	1	Full but stable; monitor	
Madison	Rigler	K-8	28	528	107%	588	121%	64%	-60	Grade change to Vernon in 2011; consider boundary change, grade reconfiguration for implementation in 2012-13	
Madison	Roseway Heights	K-8	41	589	69%	551	74%	65%	38	Possible inclusion in Alameda and/or Rigler discussion	
Madison	Scott	K-8	26	522	124%	533	134%	65%	-11	Smaller classes at lower grades; consider program changes; possible inclusion in Rigler discussion	
Madison	Vestal	K-8	25	420	107%	451	106%	58%	-31	Full but stable; monitor	
Roosevelt	Astor	K-8	22	492	111%	445	110%	64%	47	Full and growing; monitor	
Roosevelt	Cesar Chavez	K-8	27	455	88%	477	98%	60%	-22		
Roosevelt	George	6-8	27	360	79%	365	86%	49%	-5	Middle school discussion next year	
Roosevelt	James John	K-5	26	402	90%	394	96%	61%	8		
Roosevelt	Peninsula	K-8	28	358	76%	361	83%	56%	-3		
Roosevelt	Rosa Parks	K-5	25	407	88%	434	96%	68%	-27		
Roosevelt	Sitton	K-5	22	333	102%	307	97%	55%	26	Growth across 4 grades; monitor	
Wilson	Capitol Hill	K-5	19	372	89%	351	92%	78%	21		
Wilson	Gray	6-8	28	422	72%	428	69%	72%	-6	Middle school discussion next year	
Wilson	Hayhurst	K-8	22	422	84%	396	82%	72%	26		
Wilson	Jackson	6-8	38	540	68%	584	72%	89%	-44		
Wilson	Maplewood	K-5	16	335	98%	350	97%	78%	-15		
Wilson	Markham	K-5	24	384	86%	376	90%	67%	8		
Wilson	Rieke	K-5	17	419	99%	356	99%	80%	63	High growth; monitor	
Wilson	Stephenson	K-5	20	335	69%	324	73%	93%	11		

Blue highlight = enrollment above 100% utilization Yellow highlight = enrollment below program target floor

Student Database Extract as of October 3, 2011

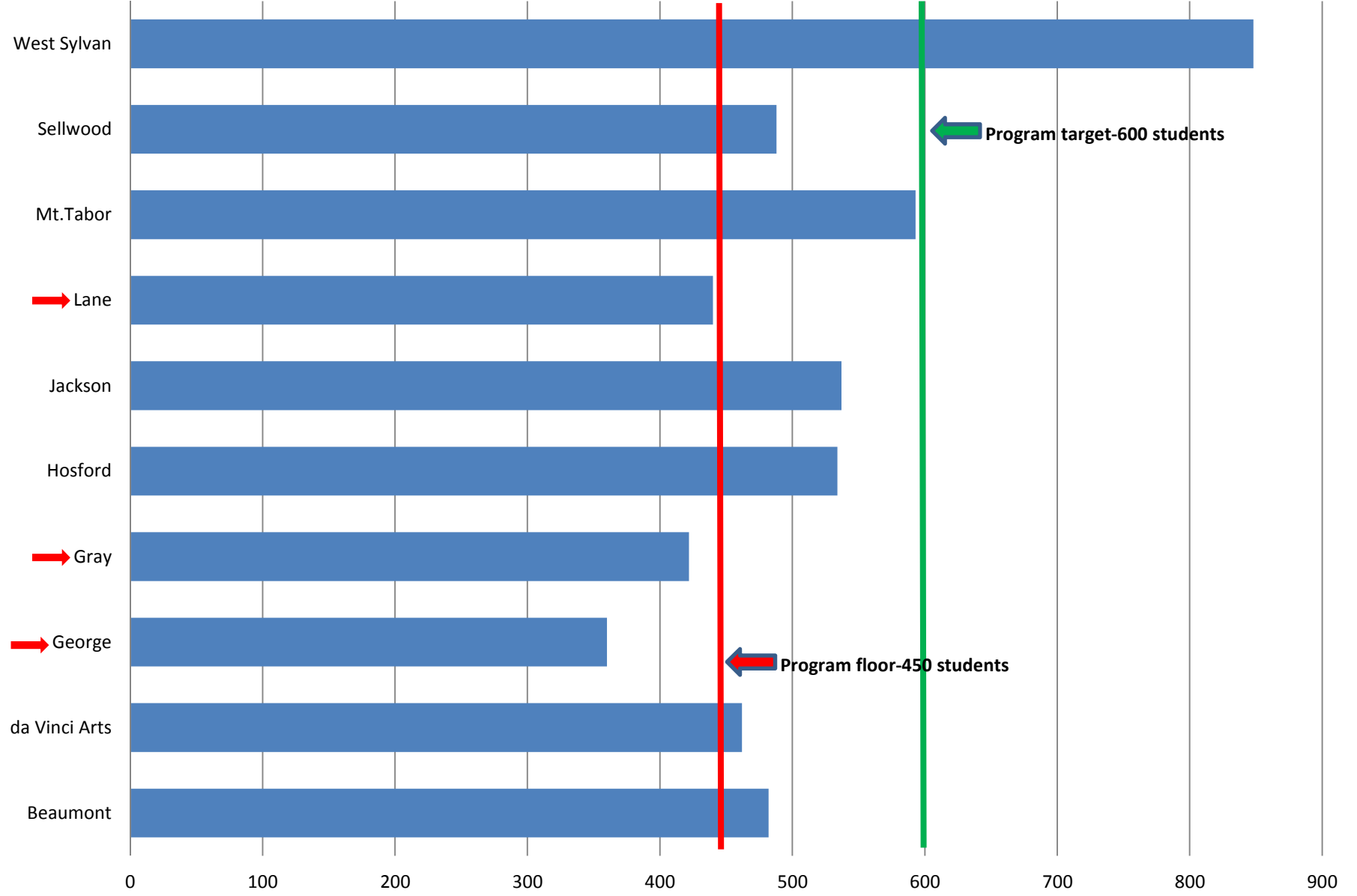
Elementary Enrollment -Preliminary 2011

● = above 100% classroom utilization



Middle School Enrollment-Preliminary 2011

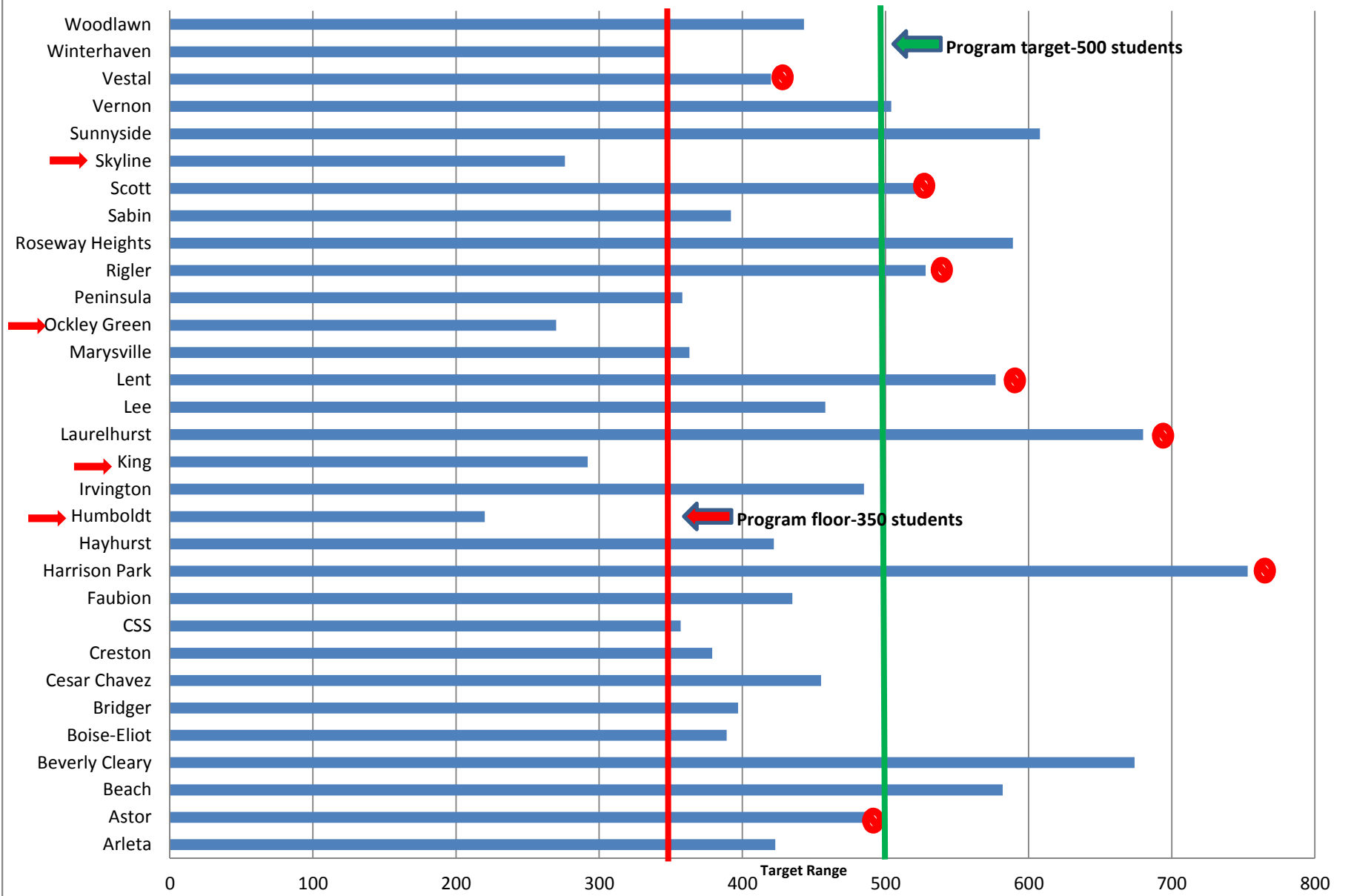
→ = 150 students or more below target size



K8 Enrollment-Preliminary 2011

→ = 150 students or more below target size

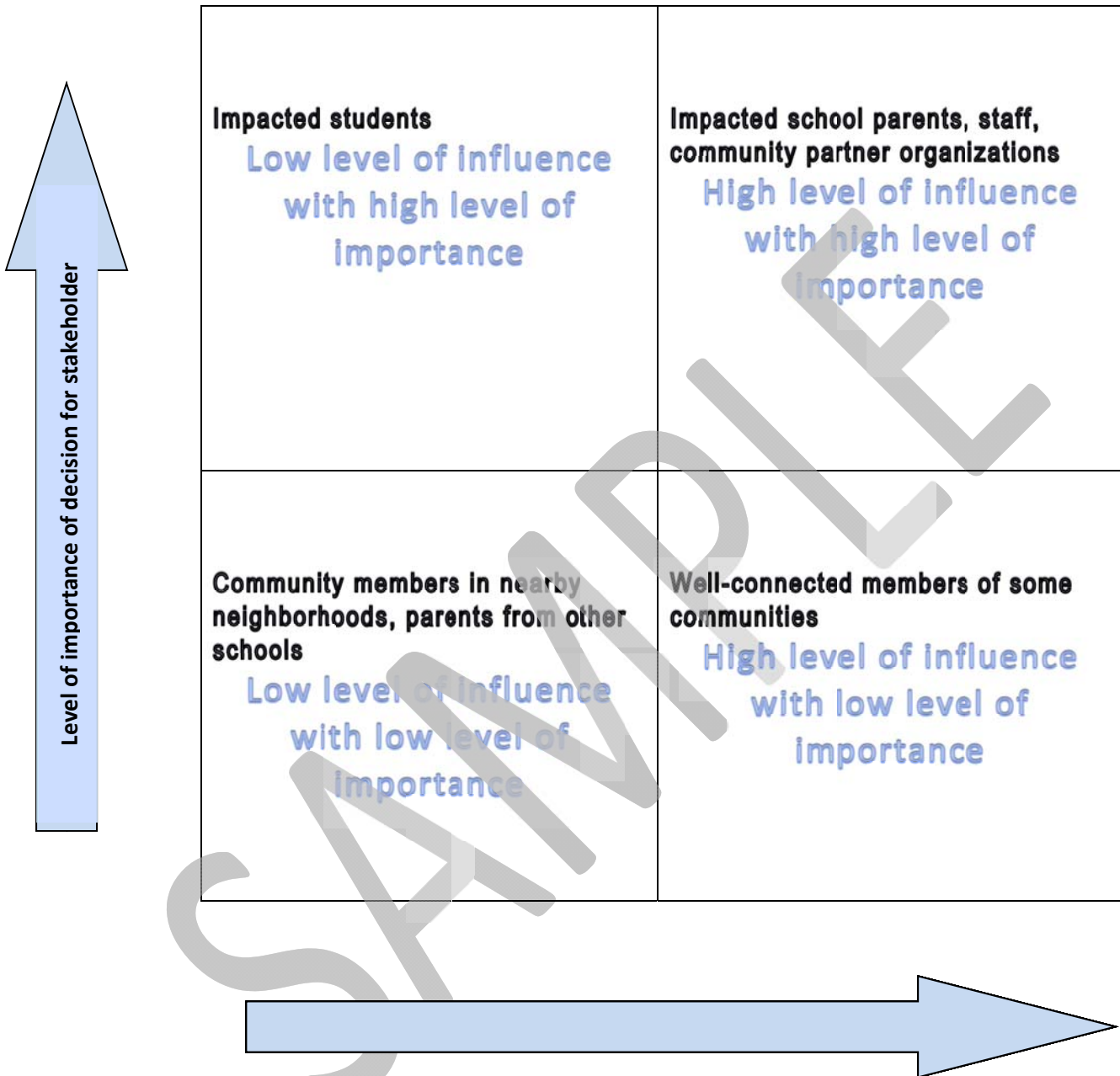
⊘ = above 100% classroom utilization



Stakeholder Participation Process

Stakeholder Identification and Analysis*

Power grid to help visually identify the stakeholder's power in the process



It is important to remember that those who are most impacted by substantial change are often those with the least power to exert over the process. Be sure to do more than “inform” those stakeholders. Please consider what the desired level of involvement would be for those high stakes/low power individuals or groups when you make your decision about their level of involvement.

It is also important to do more than “inform” regularly.

Stakeholder Participation Process

Overview	
Department: Enrollment Balancing	Project Lead: Judy Brennan
Phone: ext 6-3355	Email: jbreanna@pps.net
Start of Project: Sept 2011	Proposed End: Feb 2012
Purpose of the Process	
X	<i>Are you initiating a process?</i>
	<i>Are you responding to an issue?</i>
<p><i>Decision Making Model - Who makes the final decision and how is it done (board resolution, superintendent decision, departmental decision, etc.)?</i></p> <p>Final decision made through Board Resolution, based on Superintendent recommendation, an outcome of staff proposals.</p>	
<p><i>What is the purpose of this process? Define problem and objectives.</i></p> <p>Purpose of process is to inform stakeholders of the enrollment balancing process, and gain their input on the cause of over/underenrollment, and the benefits or challenges of options for change.</p>	
<p><i>What are the major phases/stages in this process (different phases/stages for different levels of participation)? How do we know that we are done?</i></p> <p>Phase 1: Initial exploration of problem statement and participation plan (small group of administrators, parents, staff) Complete when staff is ready to launch phase 2.</p> <p>Phase 2: General discussion of problem statement, formation of options, and description of decision timeline and input opportunities (All stakeholders). Complete when staff is ready to propose recommendation to Superintendent.</p> <p>Phase 3: Gather responses to specific staff recommendation(s) (all stakeholders) Complete when staff recommendation goes to Superintendent.</p> <p>Phase 4: Further opportunity for comment through Board decision process, notification of final Board decision (all stakeholders). Complete when Board decision is complete and notice of decision has been provided.</p>	
<p><i>What is earliest you can involve the stakeholders? Can you test assumptions with stakeholders? Could you involve the stakeholders earlier?</i></p> <p>Initial involvement can begin as soon as the school is being considered for the enrollment balancing priority list. Involvement assumptions can be tested with a small, representative group.</p>	
<p><i>Is this process creating the type of change that stakeholders will believe they are losing something?</i></p> <p>Boundary change, reconfiguration and closure can be expected to feel like loss to parents, students, staff, partners and community members.</p> <p><i>Does the way in which stakeholders are involved acknowledge this loss and the corresponding grief?</i></p> <p>Increases in important in the latter process phases—particularly in cases of closure during the final phase.</p>	

Stakeholder Participation Process

Phase 1				
<i>Purpose of the Phase/Stage</i>				
<p>To use the expertise of the building administrators, key partners, and parent groups to help create the stakeholder engagement framework for the enrollment balancing for the Rigler School Community.</p> <p>* Last year decisions had to be made quickly to deal with Rigler’s capacity issues. Many parents and community members felt that the district was not responsive to the request to look at grade configuration and school boundaries. The framework for this process has taken this into consideration.</p>				
<i>Decision Making Model – Who decides when this phase/stage is complete and how?</i>				
<p>Staff decides based on the degree in which all expected stakeholder groups have been consulted in the plan</p>				
<i>Desired Level of Participation from Stakeholders (Select only one)</i>				
Inform	Consult	Involve	Collaborate X	Empower
<i>Promise to Stakeholders</i>				
<p><i>Automatically self populate. Add additional information to address any potential barriers to participation for given stakeholders.</i></p> <p>We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.</p>				
<i>List Stakeholders</i>	<i>Strategies for Engagement</i>	<i>Means of Communication</i>	<i>Barriers to Engagement</i>	
<p>1. Parent groups: Immersion, Latino, Anglo</p> <p>2. Staff groups: Immersion staff, principal and vice principal</p> <p>3. Partners: SUN, Latino</p>	<p>Network Weekly meetings until the Nov. 2 meeting</p>	<p>Phone calls and emails</p>	<p>Schedules and the deadline to get to the next phase</p>	
<i>Evaluation (summative and/or evaluative)</i>				

Stakeholder Participation Process

<i>Phase 2</i>				
<i>Purpose of the Phase/Stage</i>				
<p>Discussion of problem statement, formation of options, and description of decision timeline and input opportunities. Concurrent process underway for all schools that may share a common problem or solution.</p>				
<i>Decision Making Model – Who decides when this phase/stage is complete and how?</i>				
<p>Staff decides based on the degree in which all expected stakeholder groups have provided input to the problem statement and formation of options</p>				
<i>Desired Level of Participation from Stakeholders (Select only one)</i>				
Inform	Consult	Involve X	Collaborate	Empower
<i>Promise to Stakeholders</i>				
<p><i>Automatically self populate. Add additional information to address any potential barriers to participation for given stakeholders.</i></p> <p>We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how stakeholder input influenced the decision.</p>				
<i>List Stakeholders</i>	<i>Strategies for Engagement</i>	<i>Means of Communication</i>	<i>Barriers to Engagement</i>	
<p>1. Parent groups: Immersion, non-immersion, K-5, 6-8, Latino, African, African-American, Anglo</p> <p>2. Staff groups: Immersion, non-immersion, support</p> <p>3. Partners: SUN, IRCO, Latino Network</p> <p>4. Community groups: Cully-Concordia Neighborhood Association, Hacienda CDC</p>	<p>1. Meetings at school and at parent gathering places; small group discussion and feedback</p> <p>2. Small group feedback @ staff meeting</p> <p>3. May be covered in 1; direct call to partner director</p> <p>4. Discussion, feedback @ scheduled meetings</p>	<p>1. Written invites home w/students; phone calls home; word of mouth through parent leaders</p> <p>2. Through principal</p> <p>3. Through partner's established channels</p> <p>4. Same as 3</p>	<p>-Lack of bilingual staff</p> <p>-Mistrust of district intent</p> <p>-Many groups to reach, few resources</p> <p>-Most families won't attend school meetings</p>	
<i>Evaluation (summative and/or evaluative)</i>				

Stakeholder Participation Process

<i>Phase 3</i>				
<i>Purpose of the Phase/Stage</i>				
Gather responses to specific staff recommendation(s)				
<i>Decision Making Model – Who decides when this phase/stage is complete and how?</i>				
Staff decides based on the degree in which all expected stakeholder groups have been informed of staff recommendation(s) and feedback received				
<i>Desired Level of Participation from Stakeholders (Select only one)</i>				
Inform	Consult X	Involve	Collaborate	Empower
<i>Promise to Stakeholders</i>				
<p><i>Automatically self populate. Add additional information to address any potential barriers to participation for given stakeholders.</i></p> <p>We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how stakeholder input influenced the decision.</p>				
<i>List Stakeholders</i>	<i>Strategies for Engagement</i>	<i>Means of Communication</i>	<i>Barriers to Engagement</i>	
1. Parent groups: Immersion, non-immersion, K-5, 6-8, Latino, African, African-American, Anglo 2. Staff groups: Immersion, non-immersion, support 3. Partners: SUN, IRCO, Latino Network 4. Community groups: Cully-Concordia Neighborhood Association, Hacienda CDC	1. Meetings at school & at parent gathering places. Feedback sheets that can be returned to school 2. Staff meeting 3 & 4: Discussion/ feedback forms at scheduled partner/ community group events	1. In writing home w/students; phone autodialers; through lead parents 2. Through principal 3. In writing, through partner leads	-Lose interest after phase 2 -Lack of bilingual staff -Mistrust of district	
<i>Evaluation (summative and/or evaluative)</i>				

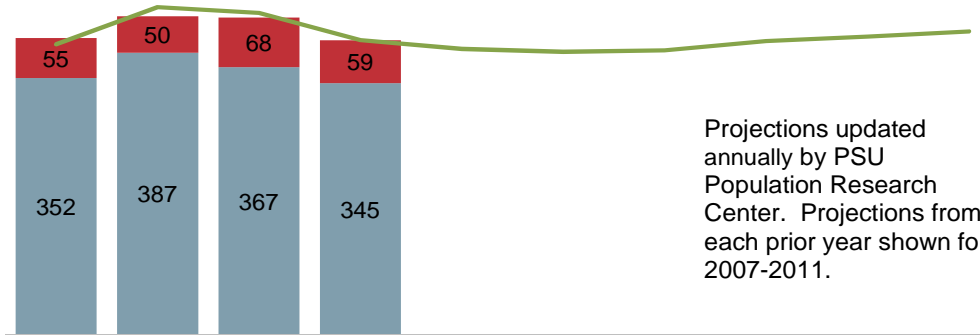
Stakeholder Participation Process

<i>Phase 4</i>				
<i>Purpose of the Phase/Stage</i>				
Further opportunity for comment through Board decision process, notification of final Board decision				
<i>Decision Making Model – Who decides when this phase/stage is complete and how?</i>				
Staff decides based on depth of change, Board direction and format of final notice				
<i>Desired Level of Participation from Stakeholders (Select only one)</i>				
Inform	Consult X	Involve	Collaborate	Empower
<i>Promise to Stakeholders</i>				
<p><i>Automatically self populate. Add additional information to address any potential barriers to participation for given stakeholders.</i></p> <p>We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how stakeholder input influenced the decision.</p>				
<i>List Stakeholders</i>	<i>Strategies for Engagement</i>	<i>Means of Communication</i>	<i>Barriers to Engagement</i>	
1. Parent groups: Immersion, non-immersion, K-5, 6-8, Latino, African, African-American, Anglo 2. Staff groups: Immersion, non-immersion, support 3. Partners: SUN, IRCO, Latino Network 4. Community groups: Cully-Concordia Neighborhood Association, Hacienda CDC	1. Written information home w/students & in mail; auto-dialers; meetings at school, through lead parents 2. Discussion @ staff meeting 3 & 4: Discussion at partner/group meetings, in writing	1. Parent alerts; auto-dialers; word-of-mouth through lead parents 2. Through principal 3. In writing, through directors	1. Lack of bilingual staff 2. Process fatigue 3. Dissatisfaction with recommendation	
<i>Evaluation (summative and/or evaluative)</i>				



School Enrollment Snapshot

This chart shows the number of students who attended a school over the past five years and whether they lived in or out of the school's neighborhood. Grade level details are on the next page.

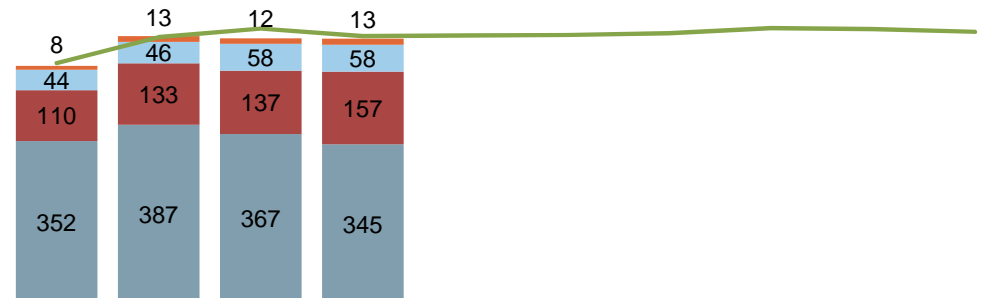


Projections updated annually by PSU Population Research Center. Projections from each prior year shown for 2007-2011.

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Non-Residents	55	50	68	59						
Residents	352	387	367	345						
Total Enrollment	407	437	435	404						
Percent Resident	86%	89%	84%	85%						
Percent Non-Resident	14%	11%	16%	15%						
Projection	398	449	441	404	392	388	390	403	409	416

Neighborhood Students and the Schools They Attend

The number of public school students who lived in a school's neighborhood over the past five years, and the type of school they attended are shown here. More attendance details are on page 3.



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Other	8	13	12	13						
Special Program/Focus	44	46	58	58						
Other Neighborhood School	110	133	137	157						
Own Neighborhood School	352	387	367	345						
Total Neighborhood	514	579	574	573						
Projection	520	577	595	579	580	581	585	596	594	588

School Capacity & Utilization

UNDER DEVELOPMENT



School Enrollment Details

Historic School Enrollment by Grade

	K	1	2	3	4	5	6	7	8	Total
2007	67	50	46	45	58	48	48	45		407
2008	45	60	45	47	60	53	51	36	40	437
2009	43	41	56	52	52	61	50	47	33	435
2010	43	46	36	52	55	40	49	47	36	404

School Demographics (Federal reporting categories shown, based on 2010 enrollment)

Hispanic		Not Hispanic Ethnicity and				Special Programs			
Any Race	White Race	African American Race	Asian and/or Pacific Islander Race	Native American / Alaskan Native Race	Multiple Races	Special Education	Talented and Gifted	Free and/or Reduced Lunch	English Language Learners
17.3%	38.1%	11.4%	25.2%	1.5%	6.4%	17.3%	5.9%	82.2%	26%

Neighborhood Enrollment Details

Neighborhood Demographics

Hispanic		Not Hispanic Ethnicity and				Special Programs			
Any Race	White Race	African American Race	Asian and/or Pacific Islander Race	Native American / Alaskan Native Race	Multiple Races	Special Education	Talented and Gifted	Free and/or Reduced Lunch	English Language Learners
21.3%	35.6%	10.1%	25.3%	1.6%	6.1%	18.7%	6.7%	77.6%	30.3%

Historic Neighborhood Enrollment by Grade

	K	1	2	3	4	5	6	7	8	Total
2007-08	Live in Neighborhood - Total									
	88	65	62	64	63	59	57	54		512
	Live in Neighborhood - Enrolled									
	66	45	40	38	46	41	41	36		353
	% of Neighborhood Enrolled (Capture Rate)									
	75%	69%	65%	59%	73%	69%	72%	67%		69%
2008-09	Live in Neighborhood - Total									
	64	82	59	65	77	66	62	50	54	579
	Live in Neighborhood - Enrolled									
	43	58	39	41	53	45	43	30	35	387
	% of Neighborhood Enrolled (Capture Rate)									
	67%	71%	66%	63%	69%	68%	69%	60%	65%	67%
2009-10	Live in Neighborhood - Total									
	67	59	79	71	63	70	59	54	49	571
	Live in Neighborhood - Enrolled									
	39	37	53	45	42	50	38	38	26	368
	% of Neighborhood Enrolled (Capture Rate)									
	58%	63%	67%	63%	67%	71%	64%	70%	53%	64%
2010-11	Live in Neighborhood - Total									
	61	75	58	80	73	55	63	57	51	573
	Live in Neighborhood - Enrolled									
	36	41	32	48	48	33	40	36	31	345
	% of Neighborhood Enrolled (Capture Rate)									
	59%	55%	55%	60%	66%	60%	63%	63%	61%	60%

School Notes

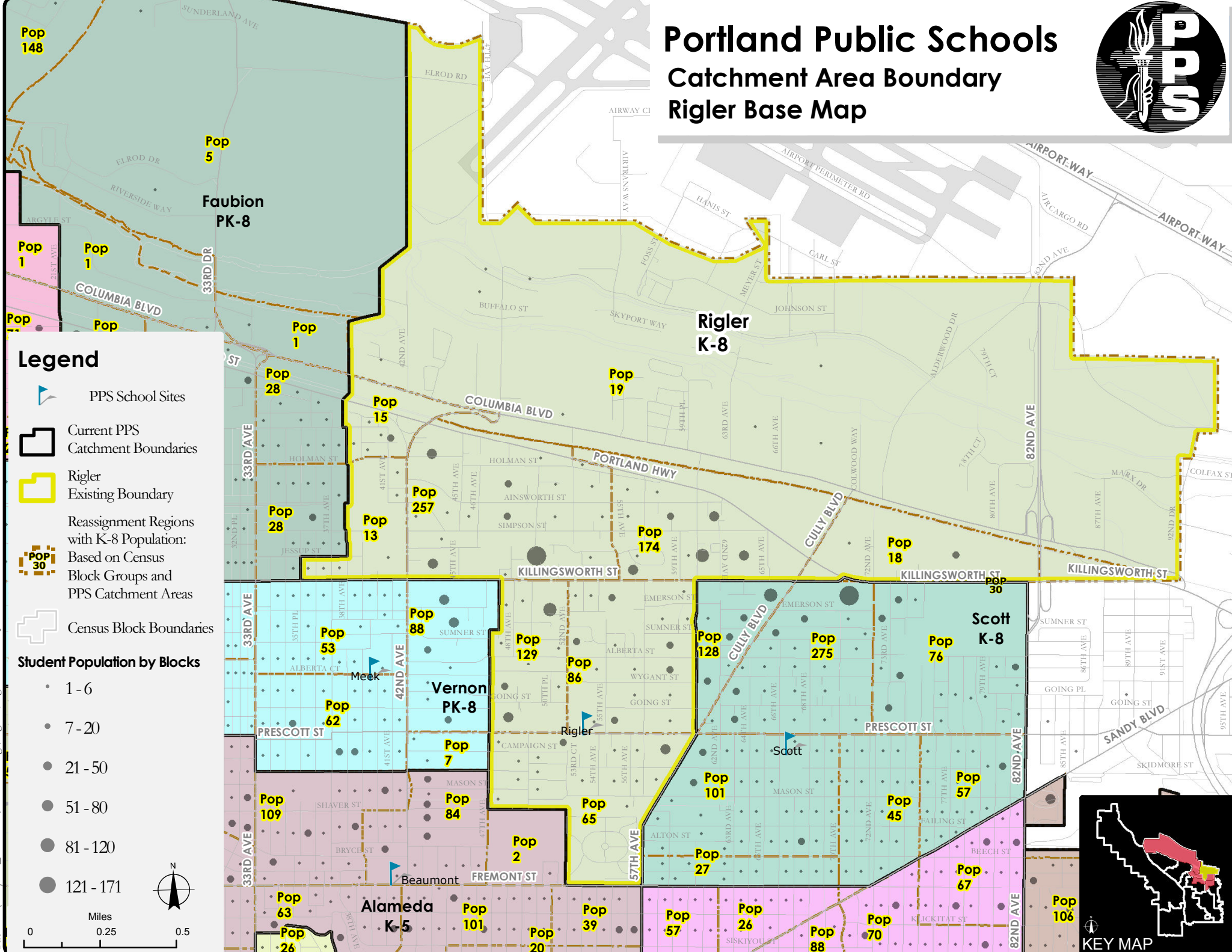


Current School and Neighborhood Attendance Patterns

Sample School Students by Where They Live	
Student's Neighborhood	Total
Arleta	6
Bridger	2
Creston	2
Grout	2
Harrison Park	3
Hosford	1
Kelly	1
Lane	6
Lee	2
Lent	17
Sample	345
Vestal	2
Woodlawn	1
Woodmere	3
Woodstock	6
Non-PPS	5
School Total	404

School Attended by Sample Neighborhood Students	
Student's School	Total
ACCESS	2
Arleta	20
Arthur Academy Charter	5
Atkinson	8
Beach	1
Beaumont	1
Bridger	14
Buckman	3
Chapman	2
Creative Science	3
Creston	21
da Vinci	4
Duniway	2
Emerson School	1
Glencoe	1
Grout	4
Harrison Park	1
Hosford	7
Irvington	1
Jackson	2
Kelly	7
King	1
Lane	2
Laurelhurst	1
Lent	26
Lewis	16
Llewellyn	1
Sample	345
Mt Tabor	6
PPS Pioneer Programs	1
Richmond	4
Roseway Heights	2
Self Enhancement Inc.	3
Sellwood	4
Sunnyside Environmental	4
Trillium	2
Vernon	1
Vestal	8
Whitman	3
Winterhaven	3
Woodmere	17
Woodstock	12
Mt Scott Park MS Learning Ctr	1
Neighborhood Total	573

Portland Public Schools Catchment Area Boundary Rigler Base Map

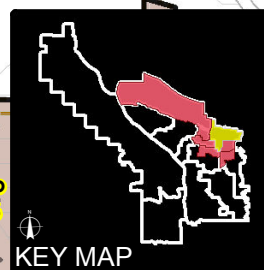
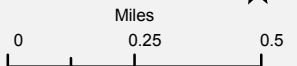


Legend

- PPS School Sites
- Current PPS Catchment Boundaries
- Rigler Existing Boundary
- Reassignment Regions with K-8 Population:
Based on Census Block Groups and PPS Catchment Areas
- POP 30
- Census Block Boundaries

Student Population by Blocks

- 1 - 6
- 7 - 20
- 21 - 50
- 51 - 80
- 81 - 120
- 121 - 171



Date: 10/6/2011

Path: V:\Projects_2011-12\Redistricting\Rigler\Rigler Base Map 8X11_L.mxd



PORTLAND PUBLIC SCHOOLS

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WORK SESSION STAFF REPORT

MARYSVILLE K-8

Board Meeting Date: October 17, 2011 Work Session

Executive Committee Lead: C.J. Sylvester, Chief Operating Officer

Department: Office of School Modernization

Staff Lead: Antonio Lopez - Regional Administrator
Judy Brennan - Director Family Support, School Choices
Sarah Schoening - Executive Director, Office of School Modernization

District Priority: Design and Implement Capital Improvement Plan

I. ISSUE STATEMENT

In a series of listening sessions and discussions, Marysville School teachers, staff, parents, community and district staff have reviewed options for bringing Marysville School back to its neighborhood. During these meetings staff and community surfaced concerns, evaluated options and voiced both concerns and support. The most feasible and favored options to come from these discussions are to rebuild the burned portion of Marysville School or to move to the Kellogg School site.

Both options would be funded by insurance proceeds. The project, in either location, will take approximately 14 months from the authorization to proceed to occupancy.

II. BACKGROUND

The Marysville K-8 School community has occupied the Rose City Park school facility since a fire destroyed a portion of the Marysville School in November 2009. The decision to move Marysville students and staff to Rose City Park was based on the readiness of that building to house the Marysville program and on the objective of rapidly resuming school sessions. Kellogg school which is closer to the Marysville site was (and is) also vacant, but would have required more work and repair to accommodate the Marysville program. As students moved into the Rose City Park School, the district made a commitment to the community to move the school back to the Marysville neighborhood.

In 2010, the Board of Education adopted Resolution No. 4381 which authorized staff to leverage insurance funds to rebuild Marysville School with the district's upcoming capital bond measure. This would have allowed expanded capacity, building systems and energy usage improvements, full building code upgrade of the entire building, configuration of spaces appropriate for K8 program and upgrade of the school to provide a 21st century learning environment. The results of the election require that existing funds be optimized for Marysville, and that no further borrowing is feasible at this time.

Staff and community have now engaged in discussion about feasible options for rebuilding using insurance funds. During August and September, 2011, Marysville staff, students, parents, community and district staff collaborated to review options and to collect responses. Two options evolved as feasible, and the benefits and drawbacks of each were discussed. The two options are:

1. Rebuild and return to the original Marysville school using approximately \$4.5 million in available insurance funds; or
2. Move the Marysville students to the currently vacant Kellogg School using approximately \$3 million in available insurance funds to make functional repairs to the Kellogg facility and to secure the Marysville School building.

INSURANCE FUNDS

The District's insurance policy for Marysville School covered personal property loss, expenses for moving to another facility, operational costs above and beyond the projected Marysville expenses for a period of one year from the date of the fire and coverage for the replacement of the facility itself. Funds have been received and spent for property and other claims. Additionally, part of the available reimbursement for the damaged school site has been received. These facility replacement funds remain available for either option, subject to the conditions described in the next two paragraphs.

Insurance proceeds for the replacement cost of the building, less depreciation, total approximately \$3,000,000. These funds are not restricted to use at the original Marysville site, and could be used to either rebuild the Marysville School, or be allocated to another facility such as Kellogg.

If these insurance funds are used to rebuild the original Marysville School, insurance proceeds will also reimburse a depreciation value of approximately \$800,000 and will reimburse the cost of building code upgrades to the extent required by state and local jurisdictions. The estimated cost of the anticipated code upgrades is approximately \$700,000 and will be reimbursed based on actual expenses. This would bring the total reimbursement for rebuilding the Marysville School to approximately \$4,500,000.

MARYSVILLE SCHOOL REBUILD OPTION CONSIDERATIONS

The Marysville School has been vacant since the fire in 2009 which damaged approximately 1/3 of the one story wood building. A new roof was applied to the burned portion of the school to protect and maintain that portion of the building. The balance of the building that was not impacted by the fire is intact.

Built in 1921, the Marysville School had historic significance. Prior to the 2009 fire, the school in its entirety was found to be eligible and of high significance for the National Register of Historic Places. Prior to the fire, Marysville School was 53,490 square feet and had a Magellan 2009 Modified FCI rating of 66%. The school housed a K-8 program with a Fall 2009 enrollment of 435 students. The school contained 24 classrooms; 19 for general use and 5 specialty classrooms. The science classroom had two sinks and no gas system or lab tables. The art room functioned in a modified standard classroom. The building housed two ½ court sized gymnasiums, one of which had been informally converted to space called the Discovery Zone.

The site is 5.2 acres, and will not accommodate modular classroom buildings. The existing parking lot contains space for 26 cars.

On the North side of the site, a community park was completed in partnership with PDC and the community in 2009. The park was designed for joint use by the school and the community. Marysville School and its park have become a gathering place for the community as a whole. The fenced and damaged school is a blight on the neighborhood and masks the beauty of the park behind it.

Marysville with its current boundary configuration would not require bussing for any of its students.

The rebuild of the Marysville school would include restoring the burned portion of the school to a condition equivalent to its pre-fire condition, installing a new fire alarm and fire sprinkler system throughout the entire facility, seismic and accessibility (ADA) upgrades within the reconstructed portion of the building, the addition of a new security camera system and an accessible ramp at the primary entrance.

As a single story wood frame building, the original seismic risk was low and will be improved in the area of the rebuilt fire damaged portion.

It was identified that Marysville School has limitations for configuration to support 6th, 7th and 8th grade program. Limitations include gymnasium size, cafeteria capacity, and science lab configuration and equipment. An insurance rebuild could provide for an additional 2 classrooms or about a 50 student enrollment increase. The addition of these 2 classrooms would result in school capacity closer to the district K-8 enrollment target of 500 students and would respond to the concern some parents voiced that returning to the original Marysville school site may mean an undersized K-8 program which in the future could be deemed inadequate.

Marysville staff and community generated several ideas that would enhance the K-8 program support of the building beyond its pre-fire configuration. These ideas do not add floor area:

- Add partition walls within the Media Center which would allow it to function as two classrooms and add 50 students to the capacity of the school
- Move the Media Center which was undamaged by the fire to the location of the girls' gymnasium which was completely demolished by the fire;
- Upgrade the existing Science Classroom to provide gas outlets and lab tables.

Additional suggestions included:

- Fully repainting the building interior;
- Removing existing vinyl siding on the building exterior to replace with siding matching the rebuilt portion.

Costs for this rebuild option are summarized in FISCAL IMPACT below. A reference floor plan of the Marysville School is provided as Attachment F.

KELLOGG SCHOOL OPTION CONSIDERATIONS

Kellogg School was in use as a middle school through the spring of 2007. The school was closed as part of the District's K-8 configuration process. Since its closure it has been used as an AP testing site, a venue for district continuing education programs and furniture storage.

The school was constructed in 1917, is a total of 90,105 square feet, and has a Magellan 2009 Modified FCI rating of 78%. The facility contains 39 classrooms, two full sized

gymnasiums - one with bleachers and a formal stage, two science labs, a full separate cafeteria and an industrial arts room. Although the school most recently functioned as a middle school it was also once used as an elementary school and does have some facilities to accommodate younger students. The portion of the site used by younger students is a separate building annex which would require the installation of additional restrooms to allow it to function in comparative fashion to other district elementary facilities. The Kellogg facility allows for enrollment that is at or above the target size of 500 students for a K-8 school. There is a strong potential for Kellogg to serve as a point of enrollment relief for nearby overcrowded K-8 schools. A move to the Kellogg site would require boundary changes between more schools, as Kellogg is currently located in the Bridger boundary.

The site is 6.36 acres with a parking lot for 67 vehicles, an asphalt play area, two ball fields and a large soccer field. The site does not currently have a play structure or equipment for small children. There is space on the site for the installation of such a structure. Additional fencing for security would also be needed.

The three story building was constructed in phases and consists primarily of unreinforced concrete exterior walls covered with brick veneer, reinforced concrete floors and unreinforced clay tile demising walls. There is no elevator access. Costs of elevator accessibility and seismic improvements are well beyond the allotted insurance funds. Limited seismic improvements were made in 1999 to improve column connections which were constructed as a part of building additions in 1917 and 1922. This building has a higher seismic risk than the Marysville School building.

To accommodate a move from Marysville to Kellogg, proposed improvements to the Kellogg School building would include:

- Roof and wall repairs to prevent water infiltration (roof replacement is not required);
- Repairing leaks in piping and heating equipment and associated repairs of areas impacted by leaks;
- Duct cleaning;
- Replacing loose flooring materials;
- Repairing broken and damaged windows and doors;
- Repairing or replacing ceiling tiles;
- Providing a full fire sprinkler system;
- Replacing lamps and fixtures as needed;
- Adding a security camera system to monitor the front entrance from the office;
- General facilities cleaning and patching;
- Installing a new play structure;
- Providing kitchen equipment including new fume hood with fire suppression; and
- Expanding the existing restroom facilities for students within the annex building.

Estimated future operational costs for Kellogg are slightly higher than those for the Marysville School. A move to Kellogg would require bussing for approximately 50% of the students based on the current boundary configuration. As a larger facility, Kellogg would also require an additional half- time custodian for maintenance.

Community support of a move to the Kellogg School is strongly tied to the ability to house a larger and perceived stronger K8 program than can be accomplished at the original Marysville site coupled with a desire to retain and make use of the Marysville facility.

FAM staff reports there are program operators who may potentially be interested in the remaining Marysville School building. Cost and scope for any necessary improvements or modifications to the Marysville site are dependent on its future use.

Costs for this option are summarized in FISCAL IMPACT below. A reference floor plan of the Kellogg School is provided as Attachment G.

ENROLLMENT ANALYSIS

Both options described above offer some opportunity to bring the Marysville School size closer to the district target for K-8 schools and potentially provide relief to nearby overcrowded schools. Attachment C maps school location and boundary illustrations. Following a school location decision, student population and capacity will be analyzed more closely, with a community process and Board decision likely in the 2011-12 school year and implementation in September 2013.

SCHEDULE COMPARISON

Although the type of work required for each facility is different, the overall schedules are similar. Both options will require approximately 14 months to complete from the date of a Board decision to the time of occupancy. The design of the Marysville School is relatively minimal and the construction will take longer. The design process will take longer on Kellogg and a Conditional Use Permit will need to be renewed since the school has been vacant for a number of years. The duration of the construction work at Kellogg would be relatively shorter.

III. RELATED POLICIES/BEST PRACTICES

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

IV. FISCAL IMPACT

The costs of both of the proposed options are closely tied to the insurance proceeds that are available to them.

Marysville School

Initial Costs: The overall rebuilding costs are estimated to be \$4,500,000. Upgrades to the building exterior, interior paint, the science classroom enhancement and the addition of 2 classrooms with the relocation of the Media Center are estimated to cost an additional \$250,000 and would not be covered by insurance funds. Fund 405 could be used for these enhancements.

Ongoing Costs: Under current boundary configuration, no bussing is required. No change from pre-fire gross square footage would occur. Better insulation and lighting in the burned portion of the building would provide small reduction in energy usage.

Kellogg School

Initial Costs: Basic improvements to the Kellogg School are estimated to cost approximately \$2,000,000. The Marysville site would require \$500,000 - \$850,000 of demolition and clean-up to allow the building to operate for limited ongoing uses. The future use of the Marysville building and potential partner funding would impact the ultimate total cost of this option.

Ongoing Costs: Under current boundary configuration, bussing for approximately 50% of Marysville students would be required. Larger building gross area would require additional maintenance. Energy costs would be more than the Marysville site since Kellogg is larger, would be occupied rather than vacant and would not have significant changes in building systems or insulation.

Additional estimated cost details are included in Attachment A.

V. COMMUNITY ENGAGEMENT

Conducting the Marysville School out of the Rose City Park school facility has been a challenge for the staff, the students and the community. The District desires to assist in bringing that community closer to home soon.

The Superintendent, a board member and district staff attended a community organized picnic at the Marysville School Park on August 13 to hear community feedback and provide notice of a plan to conduct district meetings regarding Marysville School options. During the month of September three community engagement events were held: on September 10 and 13 to gather information from the community; and on September 19 to report and review concerns and preferences surfaced by the prior discussions. Two similar events with staff occurred on September 6 and 15. On September 17 a public tour was given at the Kellogg School and this was repeated with staff on September 19. At the September 19 gathering the Superintendent, board members, the Regional Administrator and District staff noted additional feedback and described next steps. Community outreach was broad and included mailings, newsletters and fliers handed out by staff at bus stops and back to school events. Translations and translators were provided. In all, over 100 people attended these events.

A summary of these public meetings and tours is described in Attachment B.

In addition to these community events, a phone number and email address have been established where people can submit thoughts and ideas. District staff attended the Marysville School on opening day and on Back to School Night to respond to comments and questions from the community. A monthly email update has been created in coordination with Communications and school leadership.

Overall, parents, staff and students have expressed a variety of opinions and recognition of limitations within both options. The community was particularly vocal on two issues:

1. A decision one way or the other needs to be made quickly;
2. No matter the decision, something needs to be done with the Marysville School building – it cannot remain in its current state and the community will not be happy with a move to Kellogg if there is no satisfactory resolution for the Marysville building.

VI. BOARD OPTIONS

Rebuilding Marysville School. The scope of work required to rebuild Marysville School is understood by staff and consultant teams. Insurance proceeds will fund the rebuild of the burned portion of the school facility and the installation of fire alarm and sprinkler systems throughout. Moving the Media Center to the Discovery Zone location provides

for a 45% larger Media Center and converting the pre-existing Media Center space to two classrooms would provide additional classroom (enrollment) capacity.

Moving students to Kellogg School. The Marysville K-8 could be housed in the Kellogg School facility and would allow enrollment expansion beyond current enrollment. Program expansion could be considered as the district has the ability to do so. Kellogg currently has a facility condition index (FCI) of 78. The scope of work identified to improve the building is limited and should not be seen as a significant investment in the building.

Support voiced by the Marysville community for a move to Kellogg School has been strongly linked with a desire for a plan for the reuse of the Marysville building. If this recommendation is pursued, staff could pursue solicitation of proposals for the reuse of Marysville School.

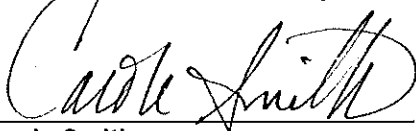
VII. STAFF RECOMMENDATION

After Board review and discussion of the options, staff will develop a recommendation for Board consideration.

VIII. TIMELINE FOR IMPLEMENTATION/EVALUATION

Staff is prepared to engage the necessary professional services immediately upon Board authorization. The time frame for completion of the work is about fourteen (14) months from the date of authorization.

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



**Carole Smith
Superintendent
Portland Public Schools**

10.11.2011
Date

ATTACHMENTS

- A. Summary of Work Scopes and Estimated Costs
- B. Community Meeting Summary
- C. School Location and Boundary Illustration – Marysville Base Map
- D. School Location and Boundary Illustration – Scenario 1 – at Marysville Site
- E. School Location and Boundary Illustration – Scenario 2 – at Kellogg Site
- F. Marysville School Floor Plan
- G. Kellogg School Floor Plan

Estimated Cost Details

Marysville Rebuild

Budget: \$4,500,000

Schedule: 14 months

Scope of Work

Reconstruct interior & exterior burned portion of building, hazardous materials abatement at burned portion, new all-building fire alarm system, new all-building fire sprinkler system, repair exterior existing landscaping, overall grounds clean-up, add accessibility ramp at entrance, add security camera at entrance.

Add Alternate 1: Paint interior of existing building.

Estimated Cost: \$39,000.

Add Alternate 2: Remove vinyl siding, replace with new wood siding, repaint to match rebuild.

Estimated Cost: \$56,000.

Add Alternate 3: Move existing Media Center to Girls Gymnasium, convert existing Media Center to 2 classrooms. Old Media to New Classrooms includes: new walls, and finishes. Old Gymnasium to new Media Center includes: new doors, new IT work. Cost is not inclusive of changes to wall finishes, lighting or heating distribution system in old gymnasium/new Media Center, since this is in a rebuild area, to be covered by insurance costs.

Estimated Cost: \$56,000.

Add Alternate 4: Create new Science Lab from existing classroom: provide new gas outlets, lab tables, fume hood, eyewash station, 4 new sinks, casework.

Estimated Cost: \$61,000.

Add Alternate 5: Refinish existing Gymnasium, restripe floor, add higher basketball hoops.

Estimated Cost: \$13,000.

All primary work includes: Soft Costs of Design, Permitting and Project Management; and Other Hard Costs of Phone systems, Moving from RCP, Printing and Bid Costs; and 10% Contingency.

Kellogg Preparation for Students

Budget: \$2,800,000 (\$2,000,000 for Kellogg; \$500,000 to \$850,000 for Maryville)

Schedule: 14 months

Scope of Work

Interior Repairs: Replace toilets and sink faucets, add new toilets at annex building, replace ceiling tiles, repairs to heating system, test alarm system, repair emergency

Estimated Cost Details

Page 2 of 2

generator, repair/replace broken light fixtures & lamps, replace carpets, refinish gym floors, clean hard floors, repair loose flooring, new interior paint, new white boards (where needed), new cafeteria tables, provide new bath accessories, overall facility cleaning.

Exterior Repairs: Roof repairs, exterior masonry repairs, replace broken windows, exterior painting, grounds cleaning, restripe parking lot, patch hole in parking lot.

Improvements: Install fire sprinkler system; repair old and provide new kitchen equipment, upgrade IT system, new play structure, new perimeter fencing.

Proposed Estimate of cost work includes: Soft Costs of Design, Permitting and Project Management; and Other Hard Costs of Phone systems, Moving from RCP, Printing and Bid Costs; and 10% Contingency.

Budget includes \$500,000 to \$850,000 for repair or partial demolition of Marysville dependent on anticipated future use.

MARYSVILLE REBUILD

COMMUNITY PROS	COMMUNITY CONS
Rebuilds community; "brings emotional healing."	Limited space for K-8; number of students limits future opportunities.
Have \$4.5 million in insurance funds to rebuild burned portion.	Concern that Marysville, as a K-8, is not large enough.
Better seismic condition than Kellogg.	Concern that school may become a K-5; K-8 seemed to be preferred.
Better accessibility for wheelchairs and strollers than Kellogg.	Rebuilding Marysville is building for the present and not for future growth.
Allows full fire sprinklers and alarms.	Less opportunities for 6-8 students in a smaller school.
Potential for partial science lab.	
Adjacent to beautiful park.	
School population and increased activity will minimize issues in park.	
Like having small community schools, need to keep these types open.	
Like being able to walk to school--sustainable.	
District promised to rebuild Marysville.	
Marysville is a good size as a K-5.	

KELLOGG MOVE

COMMUNITY PROS	COMMUNITY CONS
Provides for future growth, including more learning options.	Have \$3.0 million instead of \$4.5 million in insurance.
Has the potential for full middle school program and facilities for younger students.	Bigger school requires more work ultimately - not enough now to fully rebuild.
Can have play structure for younger/smaller students.	Requires bussing for 50% of current students.
Building for Kellogg is building for the future.	Too much space for current school size.
Increased/better parking.	Currently no covered play area.
Nearly doubles the square footage of Marysville.	More challenges for disabled. Harder access for wheelchairs and strollers to first floor--no upper floor access (like RCP).
Provides other opportunities for reuse of unburned portion of Marysville.	Concerned about busy street (Powell).
	What do we do when Kellogg is rebuilt? Is it on list of priorities?
	Concerned about what will happen to Marysville--decision must be made.
	Could disengage Marysville community.

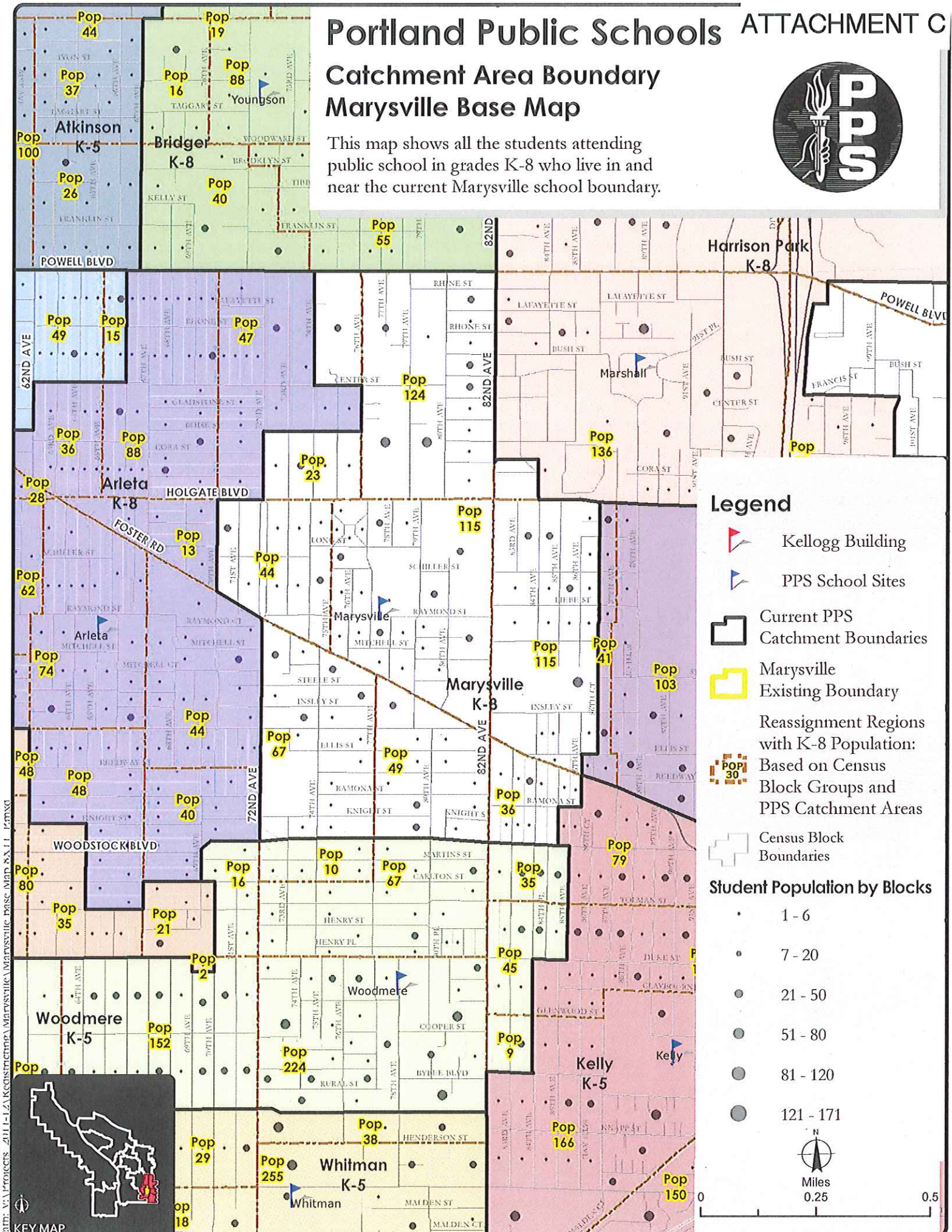
Portland Public Schools ATTACHMENT C

Catchment Area Boundary

Marysville Base Map



This map shows all the students attending public school in grades K-8 who live in and near the current Marysville school boundary.



Legend

- Kellogg Building
- PPS School Sites
- Current PPS Catchment Boundaries
- Marysville Existing Boundary
- Reassignment Regions with K-8 Population: Based on Census Block Groups and PPS Catchment Areas
- Census Block Boundaries

Student Population by Blocks

- 1 - 6
- 7 - 20
- 21 - 50
- 51 - 80
- 81 - 120
- 121 - 171



Miles
0.25

0.5

Map: V:\Projects_2011-1-12\KCS\mxd\Marysville Base Map.mxd

KEY MAP

Portland Public Schools

Catchment Area Boundary Adjustment Scenario 1: Marysville site



Name	School Enrollment Forecast	2012-13	2014-15	2016-17
Harrison Park	1 Estimated Enrollment with Change	637	655	667
Harrison Park	2 Estimated Enrollment before Change	734	755	769
Harrison Park	3 Difference	-97	-100	-102
Marysville	1 Estimated Enrollment with Change	466	484	499
Marysville	2 Estimated Enrollment before Change	388	403	416
Marysville	3 Difference	78	81	83

Legend

- Kellogg Building
- PPS School Sites
- Marysville Existing Boundary
- Current PPS Catchment Boundaries

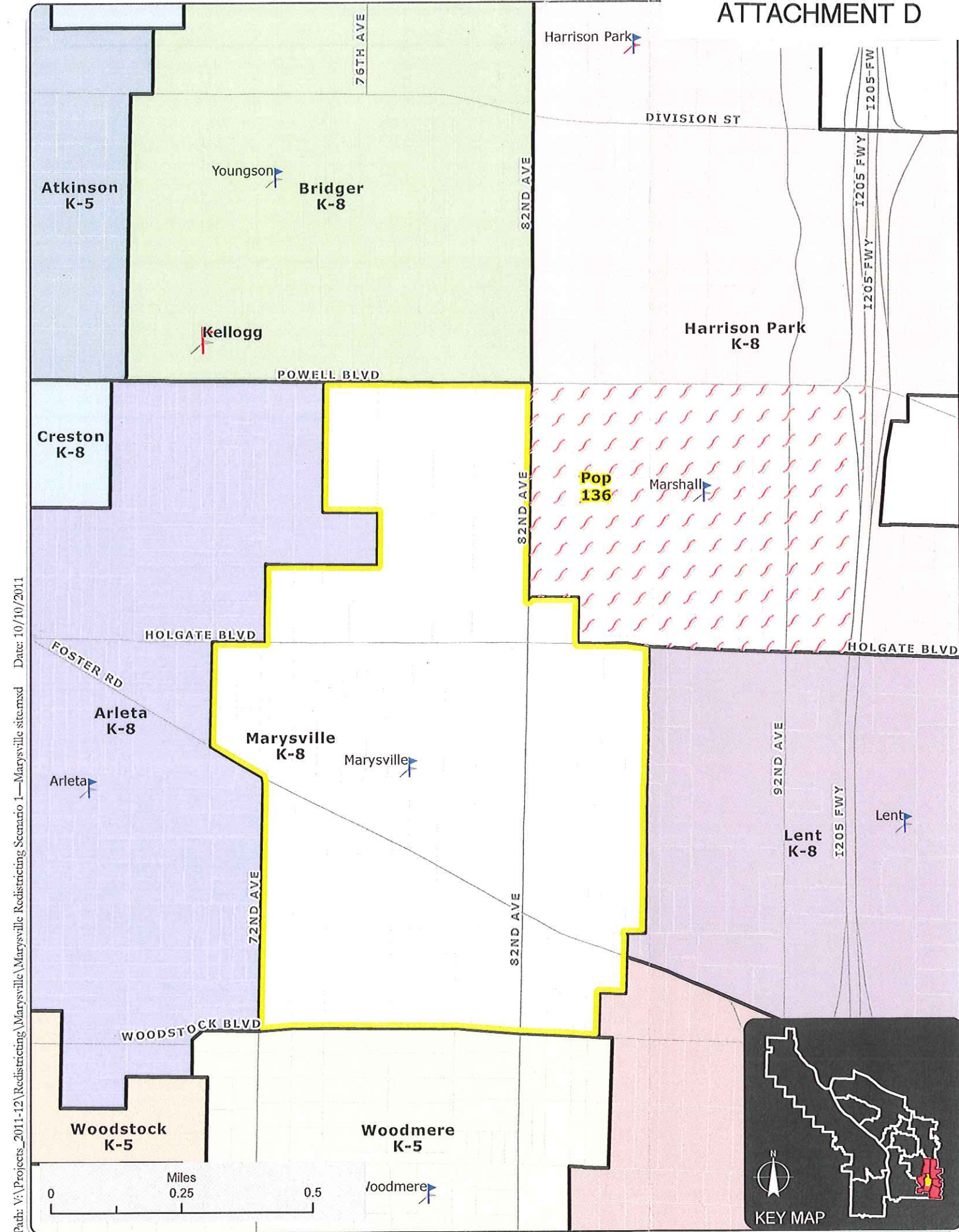
Pop 46
Student Population per Reassignment Area: Based on 2010 Enrollment not Forecasted Population in Table

Adjusted Catchment Areas

- From, To**
- Harrison Park, Marysville

Notes:

If two additional classrooms are added to the existing Marysville site, the school may be able to grow enrollment up to 500 students, the District's target size for K-8 schools. The change would come through a shift in boundary lines between Marysville and Harrison Park School. This map is an example of how the new boundary line could be drawn and the estimated enrollment that the change would bring. School staff, parents and community members would be consulted before any formal boundary change would be recommended to the School Board for decision next school year. Changes would likely take effect in September 2012, with students currently attending Harrison Park allowed to remain there through 8th grade.



Path: V:\Projects_2011-12\Redistricting\Marysville\Redistricting Scenario 1—Marysville site.mxd Date: 10/10/2011

Portland Public Schools

Catchment Area Boundary Adjustment Scenario 2: Kellogg site



Name	School Enrollment Forecast	2012-13	2014-15	2016-17
Arleta	1 Estimated Enrollment with Change	399	395	404
Arleta	2 Estimated Enrollment before Change	426	422	432
Arleta	3 Difference	-27	-27	-28
Bridger	1 Estimated Enrollment with Change	346	373	389
Bridger	2 Estimated Enrollment before Change	389	419	437
Bridger	3 Difference	-43	-46	-48
Harrison Park	1 Estimated Enrollment with Change	612	629	640
Harrison Park	2 Estimated Enrollment before Change	734	755	769
Harrison Park	3 Difference	-122	-126	-129
Marysville	1 Estimated Enrollment with Change	567	585	603
Marysville	2 Estimated Enrollment before Change	388	403	416
Marysville	3 Difference	179	182	187

Legend

- Kellogg Building
- PPS School Sites
- Marysville Existing Boundary
- Current PPS Catchment Boundaries
- Student Population per Reassignment Area: Based on 2010 Enrollment not Forecasted Population in Table

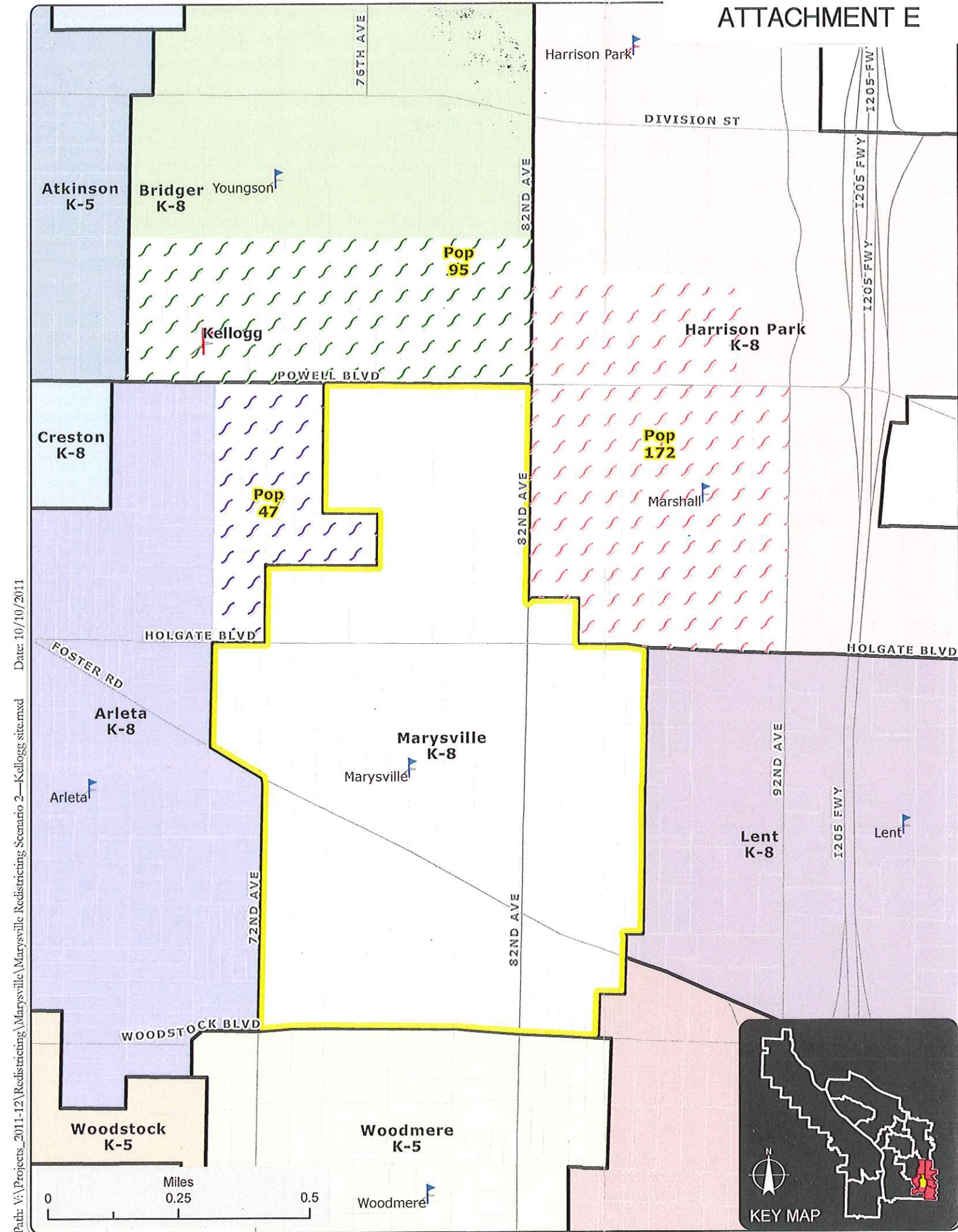
Adjusted Catchment Areas

From, To

- Bridger, Marysville
- Arleta, Marysville
- Harrison Park, Marysville

Notes:

Moving the Marysville neighborhood into the Kellogg building will require substantial boundary changes, as Kellogg is currently a part of the Bridger boundary. It also provides opportunities for enrollment relief to Harrison Park which is very overcrowded. This map is an example of how the new boundary line could be drawn and the estimated enrollment that the change would bring. School staff, parents and community members would be consulted before any formal boundary change would be recommended to the School Board for decision next school year. Changes would likely take effect in September 2012, with students currently attending Harrison Park allowed to remain there through 8th grade.



Path: V:\Projects_2011-12\Redistricting\Marysville\Marysville Redistricting Scenario 2 - Kellogg site.mxd Date: 10/10/2011



MARYSVILLE DESIGN OPTION INSURANCE REBUILD

Professional Public Schools
Office of School Modernization
501 N. Dixon Street
Portland, OR 97227
(503) 916-2801

Summary

- Rebuilds burned portion of facility
- Fire sprinkler & alarm upgrades only
- Can be accomplished with insurance proceeds

Area: 53,490 ft²

- 2 Gymnasiums
- 1 Cafeteria
- 19 Classrooms
- 0 Science
- 0 Art
- 1 Music
- 1 Computer Labs
- 2 ESL
- 1 SPED

Construction Schedule:

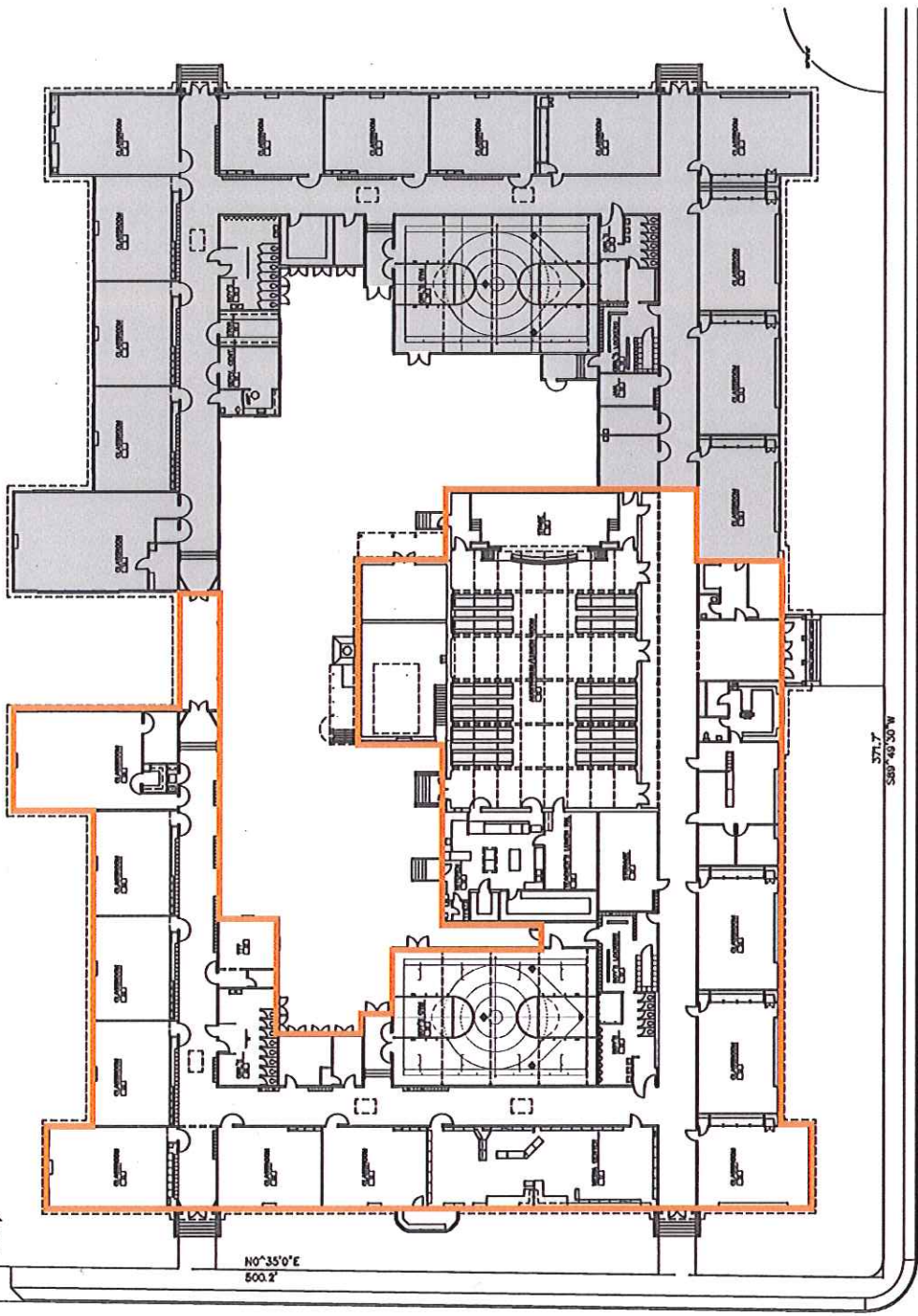
12 months
Authorization to Proceed to Occupancy

Design Requirements:

- Construction documents
- No land use required
- Upgrade fire alarm & sprinkler system

KEY

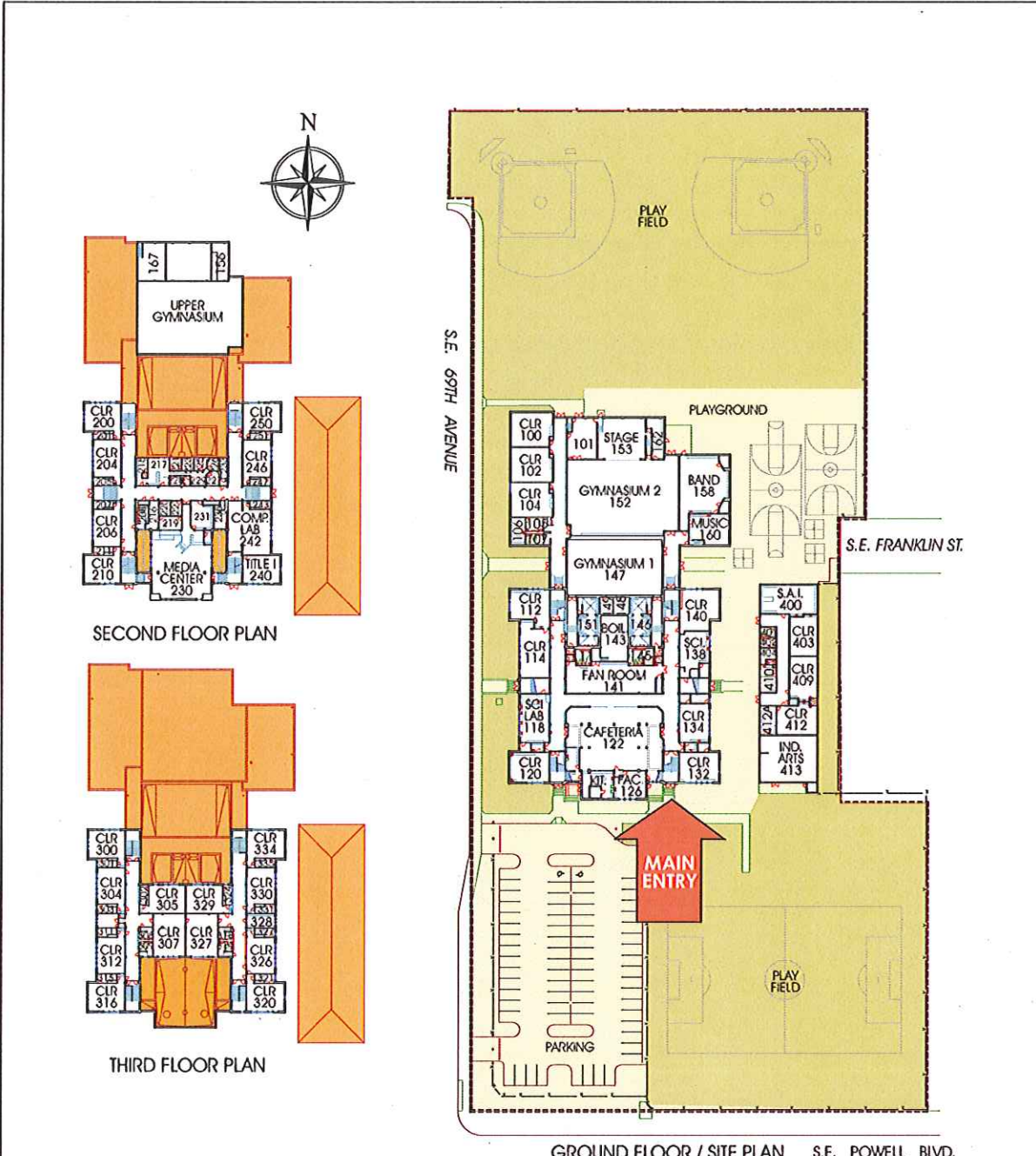
- Damaged Area to be Rebuilt
- Area Receiving Fire Alarm & Sprinkler Upgrades ONLY





KELLOGG SCHOOL
FLOOR PLANS

Portland Public Schools
Office of School Modernization
501 N Dixon Street
Portland, OR 97227
(503) 916-2801



Option Summary

Grades: 6-8 (originally)
Capacity: 862
Area: 90,105 ft²

- 2 Gymnasiums
- 1 Cafeteria
- 31 Classrooms
- 2 Science
- 1 Art
- 2 Music
- 1 Computer Labs
- ESL
- SPED
- 1 Home Economics





PORTLAND PUBLIC SCHOOLS

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MEMORANDUM

TITLE: 2012-13 BUDGET PROCESS AND TIMELINE

To: Superintendent Carole Smith

**From: David Wynde
Deputy Chief Financial Officer**

Date: October 11, 2011

The purpose of this memorandum is to outline a possible executive level budget process and timeline for PPS for the 2012-13 school year.

Budget Calendar

There are three critical events in the overall budget process around which we build the budget calendar:

- the superintendent proposes a budget to the board and delivers the budget message to our community;
- the board, acting as the budget committee, approves the budget;
- the board, as governing body, adopts the budget.

The budget approval has to happen in time for the approved budget to be filed with the Tax Supervising and Conservation Commission by May 15th, and the board adoption has to happen no later than June 30th.

Last year PPS used a priority-based budgeting process for the first time. **We will be doing so again this year.** A traditional budgeting process to respond to declining revenue is a top down effort wherein we would identify the size of cuts needed and allocate percentage reduction targets to divisions of the organization.

Under a priority-based budgeting system we build from the bottom up and allocate funding to the highest priority programs, services and activities in alignment with strategic goals and priorities of the district.

2012-13 Budget Process and Timeline

There is a more detailed description of Priority Based Budgeting and our process last year at the end of this memo.

Budget Development

The first phase of the process is the budget development phase which culminates in the superintendent's presentation of proposed budget & budget message. Key activities include confirming the priorities; department managers' review of all activities, programs and services; staff teams' review and analysis of alignment and prioritization of these submissions; development of a proposed budget to reflect these processes.

Staff will bring forth a priority framework for 2012-13 and propose to review and discuss this with the Board on December 5th so that confirmed priorities can be developed for use in the budget development work in December- February.

The date for the budget proposal has not been set. On the one hand there is interest in having this be as early as possible because school staffing is usually started immediately after the proposed budget is presented. On the other hand, there is a lot of work to be done to complete the budget development. In 2012-13 we have the advantages that we are in the second year of the biennium and the local option has been renewed so there is less uncertainty about the level of funding than there was last year.

We are tentatively planning on a date of early-mid March (March 12th or 19th) for the budget message and presentation of the proposed budget. In the 2011-12 budget process this took place on April 25th, 2011.

PPS staff would present a monthly update to the board on the budget development work during December, January and February.

Budget Review

Upon the superintendent's proposal of a budget and the presentation of the budget message, we are in the budget review phase where the board, acting as the budget committee, takes responsibility for the work. The budget committee has to hold at least one publicly noticed meeting that serves as a budget hearing. Last year the board did effectively all of its work meeting as the budget committee and held several meetings to ask questions of staff, to be briefed on key aspects of the proposed budget, and to discuss many of the key elements. The board did not delegate any of the budget consideration to a board committee save that the board's Finance, Audit and Operations Committee did meet and summarized the deliberations that had taken place in a report and recommendation for the board's consideration when it met to approve the budget.

Staff will look to the board for direction on the activities and meetings that are wanted in this phase. We are tentatively planning on a date of April 23rd for the budget approval. In the 2011-12 process this took place on May 23rd, 2011.

Budget Revision/Budget Adoption

The third phase, between approval and adoption is often the least active. The approved budget is submitted to the Tax Supervising and Conservation Commission which reviews the budget. There is a public hearing of the TSCC. This is also an opportunity for revisions or adjustments to the proposed budget. Finally the board meets to adopt the budget.

We are expecting June 25th for this meeting.

Citizen Budget Review Committee

In PPS the school board as a committee of the whole is the Budget Committee. In addition to the board we have a Citizen Budget Review Committee (“CBRC”). The mission of the CBRC is to review, evaluate, and make recommendations to the Board regarding the Superintendent’s Proposed Budget and other budgetary issues identified by the CBRC or the Board.

The CBRC receives direction from the Board and is charged with reviewing the Superintendent’s Proposed Budget and making recommendations to the Board. The CBRC will also monitor and advise the Board on the allocation and expenditure of Local Option Levy funds. No other specific charge has been made for 2012/13 budget cycle. The CBRC meets regularly during the budget development and budget review phases of this process.

The CBRC presents its formal reports to the Board prior to the approval of the budget.

Currently we are actively soliciting applicants to serve on the CBRC and will be presenting members for confirmation and appointment by the Board on November 29th. This year, in addition to the traditional advertisements and other publication of this opportunity, staff is reaching out to our community partners including communities of color to solicit candidates for this committee.

Community and Partner Engagement

Last year, during the budget process, senior staff (the superintendent, district leadership, the budget leadership team) met regularly with a Critical Friends Group that included representatives of PAT, PAPSA, PFSP, SEIU, and DCU. **Regular meetings of this group will be held again this year** during the budget development phase to review priorities, and to provide updates and solicit input and feedback on the development of the budget.

2012-13 Budget Process and Timeline

In addition, this year **regular meetings will be held with community partners including communities of color** with similar consultation on the priorities, and review and discussion of progress during the budget development process.

In addition, there will be a number of opportunities for members of the community to provide input and comments including surveys, parent advisory committees, and public testimony at board meetings and public hearings.

Equity Policy

We are developing the budget process this year making every effort to ensure that we are acting in alignment with the district's equity policy. In addition to more proactive efforts to include underrepresented families and communities of color in the budget process described above, we will also ensure that translators are available at all public meetings, and that the primary budget documents are available in the six major languages spoken by PPS families. One of the explicit statements in the equity policy is that related to differentiating resources in support of the goal of providing "every student with equitable access to high quality and culturally relevant instruction, curriculum, support, facilities and other educational resources". Recognizing that no activity in PPS is more central to the notion of differentiating resources than the budget, as the budget team works with other staff in budget development an element of the **technical assistance and analysis undertaken by the budget team will include clarification of the explicit ways in which programs, services and activities align with the goals of the equity policy.**

Roles

Budget development and monitoring is a part of every manager's job and each manager "owns" the budget for the organization they are accountable for. The budget department "owns" the budget process and budget tools and is responsible for providing technical assistance to managers at all levels of the organization to enable them to do their budget work. All of this activity takes place within the framework of policies and priorities determined by the board.

Additional Background

Priority Based Budgeting

A traditional budgeting process is a top down effort wherein we would identify the size of cuts needed (unfortunately, we really haven't had the occasion to look at what to do with increased funding) and then ask each department to identify possible cuts and quantify the impact. Then we'd make decisions based upon minimizing impact or perhaps allocate a percentage reduction target across the board.

Under a priority-based budgeting system we identify organizational priorities. We review the entire budget and align every element with these priorities. We assess the alignment of every program, service or activity with these priorities. Then we allocate funding to the highest ranked items and even add new investments where these are highly aligned – even at the same time as we are eliminating funding for some existing programs, services and activities.

This is what PPS did last year. The eight priorities we used were:

- Improve Milestones outcomes
- Successful implementation of high school system design
- Improve ELL and special education services
- Increase cultural competence and diversity of staff
- Build shared leadership and accountability for results
- Measure and report on effectiveness of schools and programs
- Design and implement a capital improvement plan
- Deepen community and student engagement

Staff is developing a draft of priorities for 2012-13 and would propose to review these with the Board on December 5th so that staff can use these priorities in the budget development work in December-February.

A district team of school leaders from every grade level met regularly over several months to review and prioritize the elements of school staffing: school administrators, secretaries and other support staff, teachers, counselors, librarians and aides. The analysis was deep, identifying the minimum staffing level needed to maintain the core program and supports, not only school by school, but using class-by-class data within each school.

Another team, a cross-departmental group of central staff, met to prioritize every service and program within the central office – from educational services (such as special education, ESL/ELL to curriculum) to other operational supports.

This process enabled us to make investments in several high priority areas even while dealing with a \$20 million budget shortfall (after the benefit from passage of the local option levy). These included: implementation of new principal and teacher evaluation processes; K-5 math and 6-8 science curriculum

materials adoptions, with related professional development; maintaining Striving Readers, SUN schools, and culturally specific family engagement programs in certain locations; support and mentoring for new teachers; and effective implementation of Response to Intervention.

The Tax Supervising and Conservation Commission

The Tax Supervising and Conservation Commission (“TSCC”) protects and represents the public interest, ensures Multnomah County governments’ compliance with Local Budget Law, promotes economy and efficiency within those local governments, and provides advice and assistance to them.

The TSCC is an independent, impartial panel of citizen volunteers established to monitor the financial affairs of local governments. The Oregon Legislature created the Commission in 1919 (Chapter 375), with the first Commission being organized in 1921. Prior to that time, the Legislature controlled local governments’ budgets.

The Commission has jurisdiction over all local governments that are required to follow local budget law and which have more real market value within Multnomah County than in any other county. The Commission presently oversees the budgeting and taxing activities of thirty-nine municipal corporations, including Oregon’s largest: city (Portland), county (Multnomah), school district (Portland), community college (PCC), education service district (Multnomah), port (Portland), mass transit district (TriMet), regional government (Metro), and urban renewal agency (Portland Development Commission).



PORTLAND PUBLIC SCHOOLS

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WORK SESSION STAFF REPORT TO THE BOARD

TRIMET YOUTHPASS PROGRAM

Board Committee Meeting Date: 10/17/2011

Executive Committee Lead: C.J. Sylvester, COO

Department: Student Transportation

Staff Lead: Andy Leibenguth, Director, Student Transportation

District Priority: Improve Milestone Outcomes

I. ISSUE STATEMENT

The Oregon State Legislature has eliminated funding required to subsidize the PPS TriMet YouthPass program, which could leave district high school students without public transit passes beginning January 2012.

II. BACKGROUND

In 2008, in an effort led by the Multnomah Youth Commission, PPS entered into an Intergovernmental Agreement with TriMet and the City of Portland to utilize Business Energy Tax Credits (BETC) as a funding source to establish fareless public transportation for all high school and Education Options students. This program began with a successful pilot project in the 2008-09 school year and was fully expanded to all students in grades 9-12 beginning in fall 2009.

Prior to the start of the YouthPass program in 2008, only two groups of PPS high school students qualified for a non-subsidized, district-provided TriMet pass: 1. Those who qualified under No Child Left Behind, and 2. Those who attended their neighborhood high school, were eligible for Free and Reduced Lunch, and lived beyond 1.5 miles from school. At that time, the district allocated \$240,000 from the General Fund to provide non-subsidized passes to these students.

Over the past 3 years, the PPS YouthPass program has provided great value to students and the community. In a spring 2011 survey, over 90% of student respondents reported utilizing TriMet through the YouthPass program. Those same students averaged 57 trips per week. The District recognized the program reduces pollution and congestion in and around schools, and TriMet has recognized how the program shapes ridership patterns for the next generation of mass transit users.

In spring 2011, the Oregon State Legislature eliminated a portion of the BETC program that had provided PPS with approximately \$2.55 million in funding for the TriMet passes for students. The district's current agreement with the City and TriMet will maintain the

YouthPass program through December 2011. To this point, alternative funding has not been identified to provide a long term sustainable program.

III. RELATED POLICIES/BEST PRACTICES

PPS has an Oregon Department of Education (ODE) waiver from ORS 327.043(2). This waiver allows the district to provide school bus transportation to only those students who do not have a TriMet stop within 1 mile of their residence and/or students with transportation as a related service in their Individual Education Plan (IEP).

IV. FISCAL IMPACT

In general, Transportation services are funded slightly different than some other administrative functions within central administration, as some transportation-related costs are eligible for state reimbursement. PPS is eligible to receive 70% reimbursement, with some limitations, for all approved costs including the YouthPass program.

The full cost of providing passes to roughly 13,000 high school and Education Options students is ~\$3.35 million ~~per~~ year. Through district IGAs with TriMet and the City, it was determined that BETC funds would cover the majority of the program or \$2.55 million per year. The PPS General Fund provided the remaining \$800,000 per year, \$560,000 of which was reimbursed by ODE leaving a net impact to the general fund of \$240,000 per year.

TriMet is requesting a reduced rate of \$1.4 million from PPS to maintain the program for the remainder of the 2011-12 school year. The reduction comes from remaining BETC dollars carried over from the prior fiscal year. The state cap for student pass reimbursement (the 70% from ODE) is tied to distance from school, which limits PPS eligibility for reimbursement to \$1.2 million total per year.

Below is a fiscal scenario to illustrate the funding required to maintain the PPS YouthPass program for the remainder of the 2011-12 school year:

TriMet Requested Rate:	\$1.4m
Amount reimbursed by state:	\$840,000 (70% of \$1.2m)
30% Match	\$360,000 (30% of \$1.2m)
Additional Funds Required:	\$200,000 (\$1.4m - \$1.2m)

- Amount remaining in PPS General Fund FY 11-12: \$120,000 (half of \$240,000 General Fund allocation)
- Total Needed to Fully Fund 2011-12 School Year: \$560,000

The net General Fund budget increase PPS would need to fund the remainder of the 2011-12 school year, in the absence of other partners, is \$440,000 (\$560,000 - \$120,000).

In fall 2012, PPS will have three options for the TriMet Youth Passes (all numbers are actual net costs to the PPS General Fund and post-state reimbursement):

- A. Fully Fund Program – All high school students eligible for TriMet passes. Requires \$2.1million per year, an increase from \$240,000 per year, in Student Transportation General Fund to fully fund this program with no subsidies.
- B. Partially Fund Program - Students qualifying under NCLB and ALL low income students residing beyond 1.5 miles from ANY school of attendance. This will reach roughly 1,500 more students including students at Benson and Jefferson Middle College. Requires an additional \$120,000 in Student Transportation for funding this partial program.
- C. Revert to 2007-08 Program Model – Students under NCLB and low income students that live beyond 1.5miles from neighborhood school are eligible for passes. Requires no new funding.

The FY 12-13 budget impacts will be assessed and discussed as part of the upcoming budget process

V. COMMUNITY ENGAGEMENT

Students and families have been notified by Multnomah Youth Commission (MYC) spring mailer, PPS Student Transportation Department website and Back To School Newsletter “What you need to know” of the potential end to the program, but no community meetings have been scheduled. PPS Administration continues to work with partners at the City of Portland, Multnomah Youth Commission, TriMet and state legislative stakeholders to identify a sustainable alternative to the program.

VI. BOARD OPTIONS

- A. Fund Remainder of 2011-12 Year – Allocate an additional \$440,000 to PPS Transportation General Fund to ensure all high school and Education Options students in grades 9-12 have access to fareless public transportation for the entire 2011-12 school year.
- B. Do Not Fund Remainder of 2011-12 Year – Make no change to PPS Transportation General Fund budget. Remaining \$120,000 in budget will be used to purchase passes for students eligible under the 2007-08 Program Model.

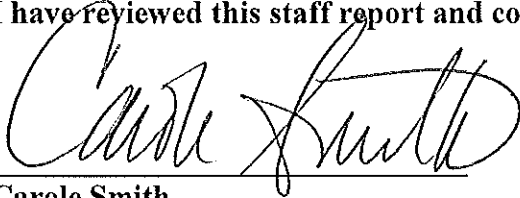
VII. STAFF RECOMMENDATION

Option A - Assuming a partnership cannot be reached with TriMet and the City of Portland by November 16, 2011, authorize full funding for the program for the remainder of the 2011-12 school year. This option will require a \$440,000 increase to the Student Transportation budget as part of a supplemental budget action to ensure that all high school students have access to a TriMet YouthPass for remainder of the 2011-12 school year. Staff recommends this option as students and families made decisions in the transfer process for this school year based on the availability of mass transit.

VIII. TIMELINE FOR IMPLEMENTATION

If an alternative funding source for the TriMet YouthPass Program cannot be identified for FY 12-13, PPS families will need to be notified of alternate plan(s) for the 2012-13 school year no later than the January 25, 2012 School Board meeting. This will allow students to enter the school choice transfer cycle if the loss of transportation would affect their ability to get to school. The High School application window is February 3 - 29, 2012.

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



Carole Smith
Superintendent
Portland Public Schools

10.11.2011

Date

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

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REGULAR BUSINESS MEETING

October 17, 2011

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Number

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Purchases, Bids, Contracts

4498 Revenue Contracts that Exceed \$25,000 Limit for Delegation of Authority..... 3

Purchases, Bids, Contracts

The Superintendent RECOMMENDS adoption of the following item:

Numbers 4498

RESOLUTION No. 4498

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

RECITAL

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

RESOLUTION

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

NEW CONTRACTS

No New Contracts

AMENDMENTS TO EXISTING CONTRACTS

Contractor	Contract Term	Contract Type	Description of Services	Amendment Amount, Contract Total	Responsible Administrator, Funding Source
State of Oregon Military Department	10/01/10 through 09/30/12 Year 2 of Contract	IGA/R 57909 Amendment 1	District-wide: One-year extension of contract for continued implementation of the Science Technology Academics Reinforcing Basic Aviation and Space Exploration (“STARBASE”) program to increase at-risk students’ awareness of math and science in the work environment.	\$300,000 \$600,000	C. Randall Fund 205 Dept. 9999 Grant G1133

INTERGOVERNMENTAL AGREEMENTS / REVENUE (“IGA/Rs”)

No IGAs

LIMITED SCOPE REAL PROPERTY AGREEMENTS

No Limited Scope Real Property Agreements

N. Sullivan



PORTLAND PUBLIC SCHOOLS

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SUPERINTENDENT'S RECOMMENDATION TO THE BOARD AND STAFF REPORT

TITLE: BUDGET AMENDMENTS REQUIRED BY TSCC

Board Study Session Date: October 17, 2011

District Priority: Build shared leadership and accountability for results

Board Meeting Date: October 24, 2011

Executive Committee Lead: Neil Sullivan

Department: Finance

Staff Lead: Zhai Logan

I. ISSUE STATEMENT

There are two separate issues identified by the Tax Supervision & Conservation Commission (TSCC) requiring attention.

The budget for Fund 405 "School Modernization Fund" as adopted by Board Resolution No. 4474 does not comply with Local Budget Law. Specifically, the changes in expenditures between the Approved and Adopted budgets were greater than 10%; sufficient to require a public hearing with the Tax Supervision & Conservation Commission (TSCC). A public hearing was held on June 27, 2011 but the changes to fund 405 were not brought to the attention of the TSCC at that time.

The Board Resolution to impose taxes (Resolution No. 4474) does not comply with Local Budget Law as it does not properly categorize the taxes being imposed.

A third concern, related to Fund 225 "PERS Rate Stabilization Fund" and the revenue sources dedicated to it, has been identified. No actions related to this are required at this time by the TSCC. District staff is currently working with our external auditors to determine future best practices.

The recommended resolutions would bring PPS into compliance with Local Budget Law by amending the earlier resolution.

II. BACKGROUND

- On June 27, 2011, The Board adopted Resolution No. 4474 "Impose Taxes and Adoption of the FY 2011/12 Budget for School District No. 1J, Multnomah County, Oregon".
- This resolution increased expenditures in Fund 405 from \$2,942,593 in the Approved budget, to \$7,067,703. The changes were based upon a revised estimate of Beginning Fund Balance for FY 2011/12.
- On August 3, 2011, PPS was informed by the TSCC that "The changes in this fund (405) were not included in the amended budget that was republished and submitted to TSCC for a public hearing as provided for in ORS 294.435(2). As such the increase in expenditures is in violation of Local Budget Law."
- Also in the August 3, 2011 letter, PPS was informed that Resolution No. 4474 "is deficient in that it does not categorize the property tax levies as either general government, education or exempt as required by ORS 294.435(1) and 310.060."

- For the October 17, 2011 Board meeting Budget staff has prepared two resolutions. The first resolution amends the budget for Fund 405 by reducing expenditures to a 10% increase from the Approved Budget to the Adopted Budget for the fund, which brings it into compliance with Local Budget Law. The second resolution specifically categorizes taxes imposed as being for the purpose of education.

III. RELATED POLICIES/BEST PRACTICES

ORS 294.435 states "the amount of estimated expenditures for each fund in an annual budget may not be increased by more than \$5,000 or 10 percent, whichever is greater... Unless the amended budget document is republished...and another public hearing is held".

ORS 310.060(1) describes "a lawfully adopted ordinance or resolution that categorizes the tax, fee, charge, assessment or toll as subject to or not subject to the limits of section 11b, Article XI of the Oregon Constitution, identified by the categories set forth in ORS 310.050". ORS 310.050 includes "taxes levied or imposed for the purpose of funding the public school system" among the available categories.

IV. FISCAL IMPACT

The amended budget reduces expenditures in Fund 405 from \$7,067,703 to \$3,236,852 and increases Contingency from \$500,000 to \$4,330,851. The expenditures for this fund could then be revised in future budget amendments as needed.

There is no fiscal impact associated with amending the resolution imposing taxes.

V. COMMUNITY ENGAGEMENT

There was no community engagement in developing this recommendation.

VI. BOARD OPTIONS

The Board could amend Resolution No. 4474. If no action were taken, the District would remain out of compliance with Local Budget Law.


VII. STAFF RECOMMENDATION

Staff recommends adopting the prepared resolutions amending the budget for Fund 405, and specifically categorizing taxes imposed, in order to remain in compliance with Local Budget Law.

VIII. TIMELINE FOR IMPLEMENTATION/EVALUATION

This change would be effective for the 2011/12 fiscal year. The new resolution would be included on the Board agenda for the October 17, 2011 meeting.

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



Carole Smith
Superintendent
Portland Public Schools

10.11.2011

Date

ATTACHMENTS:

TSCC Letter of August 3, 2011

PPS Board Resolution No. 4474

Resolution to amend budget for Fund 405

Resolution to categorize taxes



**Tax Supervising
& Conservation
Commission**

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/tsccl

August 3, 2011

Matt Makara
Portland Public School District No. 1J
501 N Dixon
Portland, Oregon 97227

Re: Review of 2011-12 Adopted Budget

Dear Mark:

The Tax Supervising and Conservation Commission completed its review of the 2011-12 Adopted Budget for Portland Public School District No. 1J, filed July 15, 2011. The following levy amount, as categorized below, will be certified to the county assessor:

Permanent Rate - Education	\$ 5.2781 / \$1,000 AV
Local Option Rate – Education	\$ 1.9900 / \$1,000 AV

There are a number of problems with the budget as detailed below.

The first is that the expenditures in the School Modernization Fund No. 405 were increased from \$2,942,593 in the Approved Budget to \$7,067,703 in the Adopted Budget, a 140.2% increase. The changes in this fund were not included in the amended budget that was republished and submitted to TSCC for a second public hearing as provided for in ORS 294.435(2). As such the increase in expenditures is in violation of Oregon's Local Budget Law. The School Board should amend the Adopted Budget to limit expenditures in this fund to no more than \$3,236,852 which is within the ten percent increase allowed by ORS 294.435(2). The balance can be placed in general operating contingency to be made available to the District during the year after completing a supplemental budget.

The second problem we found is that the resolution to Impose Taxes and Adoption of the FY 2011/12 Budget, Resolution No. 4474, is deficient in that it does not categorize the property tax levies as either general government, education or exempt as required by ORS 294.435(1) and 310.060. The language in 4.b. says the amounts are "categorized for tax year 2011/12" but nowhere does it actually state the correct category. The School Board is required to amend the resolution to formally categorize the property tax levy under one of the Ballot Measure 5 categories.

After the budget and resolution have been amended please forward copies to TSCC. A copy of the amended resolution will also need to be filed with all three county assessors.

And finally, we strongly object to allocating a portion of property taxes into the PERS Rate Stabilization Reserve Fund No. 225. Property taxes are a general resource and not dedicated to a specific purpose and "splitting" this resource into more than one fund obscures the amount of revenue that is to be received in any given year. And the fact that the 0.11% set aside only applies to current year taxes and not prior year taxes further reduces transparency.

Commissioners

Terry McCall, Chair
Javier Fernandez
Steven B. Nance
Susan Schneider
Dr. Roslyn Elms Sutherland

We recognize the District's intent to keep the PERS Stabilization Reserve Fund as a separate fund. However, we believe GASB 54 does not require this approach. In fact, a careful reading of GASB 54 would more likely call for the elimination of the reserve fund and merging it with the General Fund. The allocation of the reserves that have been set aside for fluctuations in PERS employer rates and/or changes in the internal payroll rate charged to pay debt service on the PERS bonds could be considered a "committed fund balance" (paragraph 10). To quote the statement directly:

"For the purposes of reporting fund balance, stabilization is considered a *specific purpose*, as discussed in paragraph 5. Stabilization amounts should be reported in the General Fund as restricted or committed if they meet the criteria set forth in paragraphs 8-11, based on the source of the constraint on their use. Stabilization arrangements that do not meet the criteria to be reported within the restricted or committee fund balance classifications should be reported as *unassigned* in the general fund. A stabilization arrangement would satisfy the criteria to be reported as a separate special revenue fund only if the resources derive from a specific restricted or committee *revenue* source, as required by paragraph 30". (Paragraph 20).

Again, we do not considered property taxes to be a "restricted or committed" resource despite the School Board's action to allocate a percentage to the PERS Rate Stabilization Fund. The use of property taxes from the permanent tax rate limit is established by the Oregon Constitution (Ballot Measure 50) and the courts have confirmed that the use is not restricted. (Circuit Court of Oregon for Jackson County, Case NO. 01-0508-L-1, 2002.)

We would suggest the District consult with its external auditor and reevaluate the allocation of a portion of current year property taxes into the PERS Stabilization Fund.

We would again like to remind you to monitor expenditures carefully during the year to avoid over-expenditures. Later this year we will be purging our files of the budget documents from 1986-87 and the annual audits dated June 30, 1985. If you would like these documents sent to you please let us know. Otherwise we will recycle them.

On behalf of the TSCC Commissioners and staff I want to thank you, Mark and the rest of the staff for making this year's budget review season go so smoothly. It was a pleasure working with you and your help was greatly appreciated.

If you should have any questions or I can be of assistance at any time, please do not hesitate to contact me.

Yours truly,

TAX SUPERVISING & CONSERVATION COMMISSION



Tom Linhares
Executive Director

cc: Shelly Shelton, Multnomah County Assessment & Taxation

RESOLUTION No. 4474

Impose Taxes and Adoption of the FY 2011/12 Budget for School District No. 1J, Multnomah County, Oregon

RECITALS

- A. Oregon Local Budget Law, ORS 294.406 requires each legal jurisdiction's Budget Committee approve a budget and specify *ad valorem* property tax rate for all funds
- B. The Board of Education ("Board") appointed a Citizen Budget Review Committee ("CBRC") to review the Proposed Budget and current year expenditures of the existing Local Option Levy. The CBRC acts in an advisory capacity to the Board.
- C. On May 23, 2011, the Budget Committee received testimony and a report on the current year Local Option Levy expenditures, and testimony and budget recommendations from the CBRC.
- D. On May 23, 2011, by way of Resolution No. 4456, and under the provisions of Oregon Local Budget Law (ORS Ch. 294), the Budget Committee for School District No. 1J, Multnomah County, Oregon ("District"), approved the FY 2011/12 budget and imposed taxes.
- E. Oregon Local Budget Law, ORS 294.411, requires submission of the budget document to the Tax Supervising Conservation Commission ("TSCC") by May 15 of each year. ORS 294.411 allows taxing jurisdictions to request an extension of the submission date.
- F. The District requested, and the TSCC authorized, extending the submission date to no later than June 3, 2011.
- G. The TSCC held a public hearing on the Approved Budget on June 27, 2011.
- H. The District intends to increase the size of two funds by greater than percent between the time the budget was approved by the Budget committee and adoption of this resolution
- I. Increase of greater than ten percent require the District to resubmit the budget to the TSCC and hold another budget hearing.
- J. The TSCC held another public hearing on the budget on June 27, 2011 and certified the approved budget with no objections.
- K. ORS 457.010(4)(a) provides the opportunity for a school district to exclude from urban renewal divide-the-taxes that amount with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value, to the extent that the rate limit was increased under section 11 (5)(d), Article XI of the Oregon Constitution and, property tax revenue from said increase is excluded from local revenues, as that term is used in ORS Chapter 327, and provided that the school district notifies the county assessor of the rate to be excluded for the current fiscal year not later than July 15.
- L. Portland Public Schools has a statutory rate limit that in is in excess of the \$4.50 limitation that includes an increase under section 11 (5)(d), Article XI of the Oregon Constitution.
- M. The Finance, Operations and Audit committee of the Board reviewed this resolution on June 21, 2011 and recommends approval to the Board.

RESOLUTION

1. The District's Board of Education hereby adopts the budget for the fiscal year 2011/12 in a total amount of **\$681,185,950**.
2. The Board appropriates for the fiscal year beginning July 1, 2011, the expenditure amounts summarized by program in Attachment A to this resolution and as detailed in the budget book, Adopted Budget, For the fiscal year 2011/12, School District 1J, Multnomah County, Oregon .
3. The budget document shall be available in the District administrative office and available on-line at the District's website no later than July 15, 2011.
4. The Board resolves that the District hereby imposes the taxes provided for in the adopted budget:
 - a. At the rate of \$5.2781 per \$1,000 of assessed value for operations;
 - b. At the rate of \$1.9900 per \$1,000 of assessed value for local option tax; and that these taxes are hereby imposed and categorized for tax year 2011/12 upon the assessed value of all taxable property within the district.
5. The Board further resolves that the \$0.5038 per \$1,000 of taxable assessed value Gap Tax Levy is excluded from division of taxes calculations.

M.Murray

Fund	Instruction	Support Services	Enterprise & Community Services	Facilities Acquisition & Construction	Debt Service & Transfers Out	Contingency	Ending Fund Balance	Fund Total
Fund 101	254,456,703	177,021,524	550,000	3,109,593	7,604,088	24,559,259	-	467,301,167
Fund 201	8,150,000	-	-	-	-	-	3,157,000	11,307,000
Fund 202	-	-	17,025,398	-	-	-	2,530,374	19,555,772
Fund 205	44,355,480	26,867,345	3,305,755	427,578	-	-	-	74,956,158
Fund 225	-	-	-	-	1,900,000	-	15,300,000	17,200,000
Fund 299	12,053,975	1,845,584	50,472	4,313,072	-	-	-	18,263,103
Fund 304	-	-	-	-	1,667,254	-	-	1,667,254
Fund 306	-	-	-	-	3,976,828	-	-	3,976,828
Fund 307	-	-	-	-	613,630	-	-	613,630
Fund 308	-	-	-	-	34,673,326	-	-	34,673,326
Fund 309	-	-	-	-	376,514	-	-	376,514
Fund 320	-	-	-	-	1,354,693	-	-	1,354,693
Fund 404	-	-	-	3,299,625	677,347	250,000	-	4,226,972
Fund 405	-	-	-	7,067,703	-	500,000	-	7,567,703
Fund 407	-	2,104,891	-	-	-	1,325,232	-	3,430,123
Fund 420	-	12,670	-	4,510,330	-	500,000	-	5,023,000
Fund 480	-	-	-	3,000,000	-	-	-	3,000,000
Fund 601	-	2,922,707	-	-	3,270,000	500,000	-	6,692,707
Total	\$ 319,016,158	\$ 210,774,721	\$ 20,931,625	\$ 25,727,901	\$ 56,113,680	\$ 27,634,491	\$ 20,987,374	\$ 681,185,950

RESOLUTION No.

Amendment to the 2011/12 Budget for School District No. 1J, Multnomah County, Oregon

RECITALS

- A. On June 27, 2011, the Board, by way of Resolution No. 4474, adopted a budget previously approved by the Finance, Audit and Operations ("FAO") Committee.
- B. The adopted budget contained revisions to Fund 405 "School Modernization Fund" from the approved budget greater than ten percent, which requires a public hearing as provided for by ORS 294.435(2).
- C. A public hearing was held with the Tax Supervising & Conservation Commission ("TSCC") on June 27, 2011; however, the revisions to Fund 405 were not discussed at that time.
- D. Board Policy 8.10.030-AD, "Budget Reallocations – Post Budget Adoption," establishes the guidelines to ensure consistent and detailed communication on fiscal issues between the Superintendent and the Board of Education ("Board"). Communication is essential under circumstances that could result in significant reductions or reallocations of funding after the Board has adopted the budget.
- E. Oregon Local Budget Law, ORS 294.480, allows budget changes after adoption under prescribed guidelines.
- F. This action will revise the FY 2011/12 Adopted Budget under ORS 294.480 guidelines, which states the budget may be amended at a regular meeting of the governing body.
- G. This amendment amends the expenditures for Fund 405 to within ten percent of the approved 2011/12 budget, which will ensure the District complies with the program level budgeting requirements of Local Budget Law.

RESOLUTION

1. The Board hereby amends budgeted revenues and expenditure appropriation levels as summarized by fund and appropriation level in Attachment A for the fiscal year beginning July 1, 2011.

ATTACHMENT "A" TO RESOLUTION No.

Fund 405 - School Modernization Fund	Adopted Budget	This Amendment	Amended Budget
Resources			
Beginning Fund Balance	7,567,703	-	7,567,703
Total Resources	7,567,703	-	7,567,703
Requirements			
Facilities Acquisition & Construction	7,067,703	(3,830,851)	3,236,852
Debt Service & Transfers Out	500,000	3,830,851	4,330,851
Total Requirements	7,567,703	-	7,567,703

RESOLUTION No.

Amendment to Resolution No. 4474 ("Impose Taxes and Adoption of the FY 2011/12 Budget for School District No. 1J, Multnomah County, Oregon")

RECITALS

- A. On June 27, 2011, by way of Resolution No. 4474, the Board of Education ("Board") for School District No. 1J, adopted the FY 2011/12 budget and imposed taxes.
- B. On August 3, 2011 the Tax Supervising & Conservation Commission ("TSCC") advised the District's Budget Office of needed corrections to the language imposing and categorizing property taxes for the 2011/12 budget.
- C. Specifically, the TSCC advised that the resolution did not formally categorize the property tax levy under the Ballot Measure 5 categories.
- D. ORS 457.010(4)(a) provides the opportunity for a school district to exclude from urban renewal divide-the-taxes that amount with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value, to the extent that the rate limit was increased under section 11 (5)(d), Article XI of the Oregon Constitution and, property tax revenue from said increase is excluded from local revenues, as that term is used in ORS Chapter 327, and provided that the school district notifies the county assessor of the rate to be excluded for the current fiscal year not later than July 15.
- E. Portland Public Schools has a statutory rate limit that is in excess of the \$4.50 limitation that includes an increase under section 11 (5)(d), Article XI of the Oregon Constitution.

RESOLUTION

- 1. The Board resolves that the District hereby imposes the taxes provided for in the adopted budget:
 - a. At the rate of \$5.2781 per \$1,000 of assessed value for operations;
 - b. At the rate of \$1.9900 per \$1,000 of assessed value for local option tax; and that these taxes are hereby imposed and categorized for tax year 2011/12 upon the assessed value of all taxable property within the district.

- 2. These taxes are hereby imposed and categorized as Education for tax year 2011/12 upon the assessed value of all taxable property in the District, as follows:

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

- 3. The Board further resolves that \$0.5038 per \$1,000 of taxable assessed value of the Permanent Rate Tax Levy attributable to the increase provided for in section 11 (5)(d), Article XI of the Oregon Constitution (such increase a result of the expiring Gap Tax Levy) is excluded from division of taxes calculations.



PORTLAND PUBLIC SCHOOLS

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INFORMATIONAL REPORT TO THE BOARD

CONTRACT SERVICES FOR HOME TO SCHOOL TRANSPORTATION

Board Committee Meeting Date: 10/17/2011

Executive Committee Lead: C.J. Sylvester, COO

Department: Student Transportation

Staff Lead: Andy Leibenguth, Director-Student Transportation

District Priority: Build Shared Leadership and Accountability for Results

I. ISSUE STATEMENT

Portland Public Schools' existing contract with First Student Transportation for home to school transportation will expire on June 30, 2012. A new contract with terms and conditions that meet the current and future needs of the district needs to be executed in a timely manner to allow for the acquisition of new buses before July 1, 2012.

II. BACKGROUND

Portland Public Schools has a long history of utilizing contract services for home to school transportation needs. The existing contract was established with Laidlaw Transit, Inc. in July of 1997 and was subsequently amended to extend through June 30, 2012. During this period Laidlaw Transit, Inc. was acquired by First Student, Inc.

The district's existing contract with First Student has allowed for the continued use of older buses with considerable maintenance issues and lack of modern safety and efficiency systems. Aging transportation equipment has resulted in increased service delays and inferior customer service.

Portland Public Schools issued an RFP for Student Transportation Services in the spring of 2010. The selection process began with the evaluation and scoring of written proposals, interviews, and on-site visits. First Student, Inc. was selected as a result of the RFP process and an Intent to Award letter was issued in spring 2011.

Over the past 6 months, staff has worked diligently to negotiate a contract that will meet the current and future needs of the district. Highlights of the new contract include:

- **Brand new state-of-the-art buses and equipment:** New buses will result in more timely delivery of students to and from school by decreasing the number of vehicle breakdowns and equipment failures.
- **Propane-powered buses:** Portland Public Schools made the bold move to propane-powered school buses in 1983. Utilization of propane as a fuel source has allowed the district to maintain lower-than-average fuel costs for decades while reducing the impact on air quality.

- **Automatic Vehicle Locators:** Global Positioning Systems (GPS) technology will enhance the ability of the district to track buses for efficiency and increase the safety of students.
- **Audio and Video Technology:** Onboard cameras and microphones will result in greater safety for students and reduce staff time spent investigating bus-related incidents.
- **Availability of Aides to Support Student Management:** Favorable rates for Bus Aides provide a more cost-efficient way for the district to support student management on an as-needed basis.
- **Expectation of a Second Staffed Location on the West Side of the District:** An option to creating a second fleet lot will significantly reduce costs of operation in terms of hours and fuel expended. The location of this site has not yet been determined.
- **Addition of a Field Supervisor for West Side Schools:** An additional First Student supervisory position will be available to respond to accidents and incidents that occur on the west side of the Willamette River in a timely manner.

III. RELATED POLICIES/BEST PRACTICES

School districts are required to provide student transportation under ORS 327.043. Service requirements are defined by Oregon Administrative Rules Division 53 and Portland Public Schools Board Policy 4.10.100-P.

Legislative agendas could change the funding model for student transportation and mandated services. Outsourcing the district's primary student transportation services provides flexibility to increase or decrease the number of vehicles required to serve students and meet regulatory obligations without large capital investments in equipment.

IV. FISCAL IMPACT

In general, Transportation services are funded differently than some other administrative functions within central administration, as some transportation-related costs are eligible for state reimbursement. PPS is eligible to receive 70% reimbursement for all approved costs, including the First Student contract, though some limitations may apply.

The proposed contract with First Student represents a budget-neutral opportunity for PPS to renew its bus fleet, enhance contract services and adopt modern transportation systems that meet the current and future needs of students.

After a 70% state reimbursement for transportation costs, PPS spends approximately \$2.88 million/year for the First Student contract. Assuming approval of the new First Student contract, beginning in 2012-13, the new annual rate will be approximately \$2.85 million /year.

This multi-year agreement could be extended for as many as 12 years. Unless terminated earlier, the new contract extends through June 30, 2018. At the District's option, up to

three (3) additional two (2)-year extensions may be authorized to continue service beyond June 30, 2018.

On July 1 of each additional year of the Contract, the Daily Bus Rates and athletic and field trip rates will increase 1.5% annually, or CPI, whichever is greatest (April CPI-W US City Average). The first rate increase will be effective July 1, 2013.

V. COMMUNITY ENGAGEMENT

A Request for Proposal was developed based on elements of several school district transportation contracts. The resulting proposed contract with First Student was reviewed by David Palmer (former Deputy Director of Transportation for LA Unified School District) of Palmer Consulting, based on a referral from the Council of Great City Schools.

VI. BOARD OPTIONS

- A. Approve the Business Agenda containing the contract for Student Transportation Services at the October 24, 2011 Board Meeting.
- B. Allow the existing contract to expire and/or opt for extensions to the current contract. This would result in the continued use of aged, outdated buses that are beyond their useful life, leading to increased service failures and frustrations to PPS families and school staff.
- C. Purchase, maintain and operate a district fleet of buses. This would require a considerable capital investment of approximately \$22,000,000 (prior to state reimbursements) for buses, plus heavy annual costs for personnel, maintenance, fuel, and additional facilities. It would also impact district flexibility to increase and decrease number of buses in the fleet based on changes to ADM or state transportation mandates.

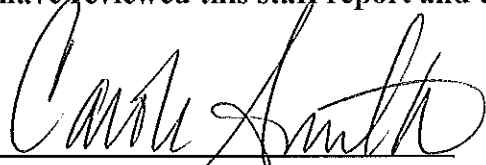
VII. STAFF RECOMMENDATION

Staff recommends the School Board approve the contract on the Business Agenda at the regularly scheduled Board Meeting on October 24, 2011.

VIII. TIMELINE FOR IMPLEMENTATION/EVALUATION

The Contract is set to become effective on July 1, 2012, or the date by which both parties have signed this Contract, whichever is later. Once the Contract is signed, First Student, Inc. will begin ordering equipment that will be utilized at the start of the contract.

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


Carole Smith
Superintendent
Portland Public Schools

10.11.2011
Date



PORTLAND PUBLIC SCHOOLS

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SUPERINTENDENT'S RECOMMENDATION TO THE BOARD AND STAFF REPORT

TITLE: CAFETERIA PLAN BOARD POLICY 5.10.090-P SECOND AMENDMENT

Board Study Session Meeting Date: 10/17/2011

District Priority: Federal Compliance

Board Meeting Date: 10/24/2011

Executive Committee Lead: Michelle Riddell

Department: Human Resources

Staff Lead: Terri Burton

I. ISSUE STATEMENT

Second amendment of Cafeteria Plan Board Policy 5.10.090-P required to comply with Federal law, due to addition of a health insurance opt-out monthly cash payment option for non-represented and SEIU employees.

II. BACKGROUND

The District established the Portland Public Schools Cafeteria Plan (the "Plan") effective May 1, 1994. The Plan was last amended and restated effective January 1, 2006 and was last amended effective January 1, 2011. The District intends that this Plan continue to satisfy the requirements of Section 125 of the Internal Revenue Code of 1986, as amended.

III. RELATED POLICIES/BEST PRACTICES

This policy amendment was advised and drafted by Mia Butzbaugh at Miller Nash, legal counsel for the District. This policy amendment came about due to the implementation of the opt-out option described in Section II of this document with an effective October 1, 2011. The opt-out option serves as an incentive for employees who attest to having other coverage. An executive summary of the opt-out option is attached for reference.

IV. FISCAL IMPACT

Implementation of the opt-out option will create a health insurance premium savings to the District. Taxable, monthly opt-out payments to employees who choose to not enroll in benefits will be in the amount of \$200. This payment is significantly lower than the District's portion of health insurance premium paid if employee opts in to health insurance, creating a savings to the District. An estimated annual savings analysis attached.

V. COMMUNITY ENGAGEMENT

Miller Nash legal counsel, SEIU union representation, Oregon Educators Benefit Board (OEBB), conducted OSBA survey regarding opt-out plan design options offered in different Oregon school districts and participation levels.

VI. BOARD OPTIONS

Board approval of this amendment is requested to satisfy requirements under Section 125 of the Internal Revenue Code of 1986. This amendment is necessary for Portland Public Schools to remain federally compliant, with regards to their benefit plans.

VII. STAFF RECOMMENDATION

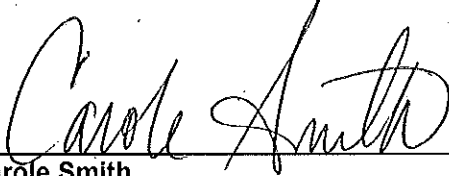
PPS Human Resources Department recommends adoption of this amendment by Portland Public Schools Board of Education effective October 1, 2011.

NOTE: As these are routine updates to the Cafeteria Plan policy, this is not scheduled as a discussion item at a study session. Lead staff will be available at the October 24th Board meeting. Board members should contact the Board office or Terri Burton at 503-916-3046 with any questions.

VIII. TIMELINE FOR IMPLEMENTATION/EVALUATION

10/17/2011 Board Committee meeting
10/24/2011 First reading of policy Amendment
11/29/2011 Second reading and approval of policy amendment

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



Carole Smith
Superintendent
Portland Public Schools

10.11.2011

Date

ATTACHMENTS

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

- A. Opt-out option explanation and savings analysis
- B. Marked copy of second amendment to Cafeteria Plan board policy #5.10.090-P
- C. Marked copy of plan document second amendment

PPS District Priorities FY 2011-12

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

Portland Public Schools 2011-2012 OEGB Open Enrollment

Opt-Out Cash

All full-time employees will have the option to waive participation in OEGB medical/RX and dental plans with proof of other medical coverage and receive opt-out cash in lieu of benefits. Retirees and part-time employees will not be eligible to receive opt-out cash.

While various levels of opt-out cash were considered as well as different amounts for single employees vs. families, the final recommendation is \$200 per month for waiving medical/rx and dental coverage, regardless of dependent enrollment.

There are currently 34 employees who are opting out of medical coverage for the 2011-2012 plan year, beginning October 1, 2011. The estimated potential District premium savings for 2011-12 plan year is \$310,066.20. Please see attached spreadsheet outlining how those savings will be realized.

2011 Opt Out Analysis

23 Employees waived 9/30/11
12 New Opt Out for 10/1/11
34 Total Opt Out 10/1/11

Savings	\$ 394,066.20
Annual Cost	\$ 84,000.00
Total Annual Savings (less opt out incentive)	\$ 310,066.20

Savings assumed that if an employee had previous coverage, the district cost is applied for that same coverage. If the employee previously waived, then the district cap of \$976 is applied.

ID	Coverage as of 9/30/11	Coverage as of 9/30/11	Savings/Month	Cost	Plan	Group
017651	Kaiser w/ KP dntl & vision FT	EE + Child(ren)	\$ 847.37	\$ 200.00	OPOUTL	ADM
006638	Kaiser - no dental no vsion FT	EE + Spouse	\$ 967.96	\$ 200.00	OPOUTL	ADM
007762	ODS7 no dental no vision FT	EE + Spouse	\$ 967.96	\$ 200.00	OPOUTL	ADM
016384	ODS6 w/ dental no vision FT	EE + Spouse + Child(ren)	\$ 1,369.29	\$ 200.00	OPOUTL	ADM
016480	ODS7 w/ dental & vision FT	EE + Spouse + Child(ren)	\$ 1,369.29	\$ 200.00	OPOUTL	ADM
020165	ODS7 w/ dental & vision FT	EE + Spouse + Child(ren)	\$ 1,369.29	\$ 200.00	OPOUTL	ADM
020289	Kaiser w/ ODS dntl & vision FT	Employee Only	\$ 444.42	\$ 200.00	OPOUTL	ADM
019946	ODS6 w/ dental & vision FT	Employee Only	\$ 444.42	\$ 200.00	OPOUTL	ADM
008568	ODS9 w/ dental & vision FT	Employee Only	\$ 358.29	\$ 200.00	OPOUTL	ADM
000389	ODS9 w/ vision no dental FT	Employee Only	\$ 308.60	\$ 200.00	OPOUTL	ADM
019980	Kaiser w/ KP dntl & vision FT	EE + Spouse	\$ 967.96	\$ 200.00	OPOUTL	ADM
020328	New Hire		\$ 976.00	\$ 200.00	OPOUTL	ADM
020327	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
019667	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
019651	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
016098	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
020287	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
008710	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
020366	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
009434	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
016052	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM
020358	Waived		\$ 976.00	\$ 200.00	OPOUTL	ADM

2011 Opt Out Analysis

005608 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
016490 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
006535 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
015812 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
020220 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
017318 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
019977 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
020193 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
020209 Waived	\$	976.00	\$	200.00	OPOUTL	ADM
017018 Waived	\$	976.00	\$	200.00	OPOUTN	SEIU
007719 Waived	\$	976.00	\$	200.00	OPOUTN	SEIU
018440 Waived	\$	976.00	\$	200.00	OPOUTN	SEIU
007976 Waived	\$	976.00	\$	200.00	OPOUTN	SEIU

SEP 20 2011

**PORTLAND PUBLIC SCHOOLS
CAFETERIA PLAN**

SECOND AMENDMENT

P A R T Y

This Second Amendment is adopted, effective October 1, 2011, by the School District No. 1, Multnomah County, Oregon ("District").

R E C I T A L S

The District established the Portland Public Schools Cafeteria Plan (the "Plan") effective May 1, 1994.

The Plan was last amended and restated effective January 1, 2006, and was last amended effective January 1, 2011.

The District intends that this Plan continue to satisfy the requirements of Section 125 of the Internal Revenue Code of 1986, as amended.

The District wishes to amend the Plan in certain respects.

A M E N D M E N T

The PORTLAND PUBLIC SCHOOLS CAFETERIA PLAN is hereby amended, effective October 1, 2011, or as of such earlier or later dates as indicated below or as provided herein, as set forth on the pages attached hereto, which are incorporated herein by reference as follows:

1. TABLE OF CONTENTS at pages i and iii.
2. ARTICLE 4—PARTICIPATION
 - 4.1(d) at pages 7 and 7a.
3. ARTICLE 5—CREDITS AND REIMBURSEMENT PROCEDURES
 - a. 5.1 at pages 15 and 16.
 - b. 5.2(c) at page 16.
 - c. 5.5(b) at pages 16a and 16b.

4. EXHIBIT B is added at page B-1.
5. EXHIBIT C is added at page C-1.

The District has caused this amendment to be executed by its duly authorized representative as of the date indicated below.

**SCHOOL DISTRICT NO. 1,
MULTNOMAH COUNTY, OREGON**

By: _____

Print Name: _____

Date: _____

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ARTICLE 4

PARTICIPATION

4.1 Election to Participate. The participation election form shall be signed by the Eligible Employee, shall designate the benefits in which the Eligible Employee elects to participate, and shall designate the Plan Year (or the remaining portion of the Plan Year) as the time period for which participation will be effective. The election form shall also specify the amounts by which the employee's Compensation shall be reduced or the amount of such reduction shall be determinable from that form. A Participant's Compensation reduction election must satisfy the minimum and maximum elective contribution requirements in 5.3.

An election form filed by a Participant is subject to acceptance, modification, or rejection by the Plan Administrator. The Plan Administrator may modify or reject an election in order to satisfy the terms of this Plan or applicable legal requirements.

An Eligible Employee may elect to receive one or more of the following benefits, all of which (except the cash benefit) shall be paid or reimbursed under this Plan by a Compensation reduction agreement with the employee:

(a) **Premium Payment Benefit.** This benefit consists of the Participant's share of the cost of the premiums under the District-provided group health plans to the extent that coverage under such plans is excludible from income under Code Section 106. The terms, conditions, and benefits of the various health plans are set forth in separate plan documents which are incorporated herein by this reference.

(b) **Health Care Expense Reimbursement Benefit.** This benefit consists of Health Care Expenses incurred by the Participant that are reimbursable under the health care reimbursement program set forth in Article 9.

(c) **Dependent Care Expense Reimbursement Benefit.** This benefit consists of Dependent Care Expenses incurred by the Participant that are reimbursable under the dependent care assistance program set forth in Article 10.

(d) **Cash Benefit.** This benefit consists of taxable cash compensation payable in substantially equal amounts ratably over the Plan Year or over the portion of the Plan Year during which the Participant's Compensation is generally paid when the Participant has elected to be compensated on a school year basis.

An eligible Participant may elect to receive a portion of the District contribution as taxable cash compensation instead of electing coverage under a District-provided group health plan. The eligibility and other requirements for cashing out the District contribution are set forth in Exhibit B, which is attached hereto and incorporated by reference herein. Exhibit B may be revised from time to time by the Plan Administrator without a formal amendment of this Plan document.

4.2 Election Procedures. The following rules shall govern an Eligible Employee's elections under this Plan:

(a) **Initial Participation.** Except as otherwise provided in 4.3, if the Eligible Employee does not make the participation election before the employee is to begin participation under 3.1, the employee's election may be made only

ARTICLE 5

CREDITS AND REIMBURSEMENT PROCEDURES

5.1 Credits to Plan. The following rules shall govern the Compensation reduction credits to this Plan during a Plan Year:

(a) **Establishment of Accounts.** For each Participant, the Plan Administrator shall establish a separate Account for each reimbursement benefit under 4.1 for the Plan Year.

(b) **Compensation Reduction Credits.** For each Participant, the amount by which the Participant elects to reduce his or her Compensation for a specific benefit shall be deducted from the Participant's Compensation during the Plan Year by payroll deduction and credited to the Participant's Account for such benefit or credited against the cost of that benefit as determined by the Plan Administrator.

(c) **District Contributions.** Prior to the beginning of each Plan Year, the District shall determine the amount to be credited to each Participant for the purchase of benefits described in 4.1. The amount so established for each Plan Year shall be set forth in Exhibit C, to be attached hereto and incorporated by reference herein. The Plan Administrator may change the District contribution amount set forth in Exhibit C without amending this Plan. District contributions or credits may be made in substantially ratable installments throughout the Plan Year.

(d) **Records of Contributions.** The Plan Administrator shall maintain appropriate records and shall record the amounts credited for a Participant for a specified benefit under (b) and (c) above in the Participant's Account established for such benefit.

(de) **Allocation of Expense.** An eligible Dependent Care Expense submitted for reimbursement by a Participant shall be paid only from the Account established for such Participant for such expense and only to the extent of the amount recorded in the Account (after deducting earlier reimbursements made during the Plan Year). The maximum amount of Health Care Expense reimbursement under Article 9 must be available at all times during the Plan Year (properly reduced as of any particular time for prior reimbursements for the same Plan Year). Thus, the maximum amount of Health Care Expense reimbursement at any particular time during the Plan Year cannot be limited to the amount recorded in the Account at that time. Reimbursement will be deemed to be available at all times if it is paid at least monthly or when the total amount of the claims to be submitted is at least a specified, reasonable minimum amount (e.g. \$50).

(ef) **Unused Amounts.** An amount remaining in an Account after the Participant has submitted all reimbursable expenses for the Plan Year of the type for which the Account is established, shall not be carried over to a subsequent Plan Year, nor shall such amount be paid, directly or indirectly, to the Participant in cash or in the form of any other benefit.

5.2 Reimbursement Payment Procedures. The following rules shall govern the reimbursement of a Participant's eligible expenses under a reimbursement benefit:

(a) **Reimbursement Request.** The Participant shall submit a written request for reimbursement on the form or forms provided by the Plan Administrator. Requests for reimbursement shall be made at such time or times as specified by the Plan Administrator; however, eligible expenses incurred during a Plan Year must be submitted for reimbursement not later than three months after the close of the Plan Year. Eligible expenses that are not submitted on a timely basis in accordance with this 5.2(a) shall not be reimbursed.

(b) **Documentation.** A Participant's written request for reimbursement shall establish that the expense was incurred during the applicable time period, and must state that the amount has not been reimbursed and is not reimbursable under any other health plan or dependent care plan, and that the amount will not be used in connection with a deduction or credit on the Participant's federal income tax return. No advance reimbursement may be made of future or projected expenses. The written request must be accompanied with a written statement from an independent third party stating that the expense has been incurred and the amount of such expense.

(c) **Payment.** A Participant's request for reimbursement, when approved by the Plan Administrator, shall be paid as soon as reasonably practicable following such approval. Payments shall only be made in reimbursement to a Participant and shall not be made directly to a service provider. Except as provided in 5.1(de), reimbursements to a Participant shall not exceed the amount available in the Participant's Account for the type of expense for which reimbursement is requested.

5.3 Amount of Elective Contributions. The maximum benefits that any Participant may receive from this Plan for a Plan Year shall be the annual amount of the Participant's share of the cost of the District-provided group health plan premiums for the Premium Payment Benefit, plus \$20,000. The minimum amount of elective contributions that may be elected by any Participant shall be \$20 per month.

Notwithstanding the foregoing, effective January 1, 2013, the maximum amount of salary reduction contributions available to any Participant under this Plan for a Plan Year for the health care reimbursement account program shall equal \$2,500 (plus cost-of-living adjustments permitted under applicable law).

5.4 Expense Reimbursement After Participation Terminates. If, during a Plan Year, a Participant terminates employment, transfers to an ineligible class of employees, or

ceases to make required contributions, he or she may nevertheless submit eligible Dependent Care Expenses incurred during the remainder of that Plan Year to the Plan Administrator for reimbursement under the dependent care reimbursement account program.

If a Participant terminates employment with the District or transfers to an ineligible class of employees and revokes his or her existing benefit elections, the Plan Administrator shall reimburse the Participant for any amount previously paid for coverage or benefits under the health care reimbursement program relating to the period after the termination or transfer.

5.5 Qualified Reservist Distributions. Notwithstanding any other Plan provision to the contrary, a Participant may request a qualified reservist distribution from the Participant's health care reimbursement account.

(a) **Definition of Qualified Reservist Distribution.** A qualified reservist distribution is a distribution to a Participant of all or a portion of the balance in the Participant's health care reimbursement account if: (1) the Participant is a qualified reservist as defined in (b) below, and (2) the request for a distribution is made during the period specified in (e) below.

(b) **Distribution Definition of Qualified Reservist.** A qualified reservist is a Participant who is, by reason of being a member of a reserve component (as defined in 37 U.S.C. § 101), ordered or called to active duty for a period of 180 days or more or for an indefinite period. The Plan Administrator may rely on the order or call to determine the period of active duty. If the order or call specifies that the period is for 180 days or more or is indefinite, the Participant is a qualified reservist, even if the actual period of active duty is less than 180 days or is otherwise changed. If the period of active duty specified in the order or call is less than 180 days, the Participant is not a qualified reservist unless subsequent calls or orders increase the total period of active duty to 180 days or more.

(c) **Amount Available.** The amount available as a qualified reservist distribution is the amount contributed to the Participant's health care reimbursement account as of the date of the request for distribution minus reimbursements received from the account as of the date of the request.

(d) **Procedures.** A Participant must make a written request to the Plan Administrator to receive a qualified reservist distribution. The Plan Administrator must receive a copy of the order or call to active duty before a distribution can be made. Only one qualified reservist distribution is permitted with respect to a Participant during a Plan Year. A Participant may submit requests for reimbursement for medical expenses incurred before the date of the request for a qualified reservist distribution and such reimbursements will be paid in accordance with Article 5 (taking into account the amount of the qualified reservist distribution as a reimbursement). A Participant may not submit requests for reimbursement for medical expenses incurred on or after the date of the request for distribution.

(e) **Timing of Requests and Distributions.** A request for a qualified reservist distribution must be made on or after the date of the order or call to active duty and before the last day of the Plan Year during which the order or call to active duty occurred. The health care reimbursement account program shall pay the qualified reservist distribution to the Participant within a reasonable time, but not more than 60 days after the date of the request for a distribution. A qualified reservist distribution may not be made with respect to a Plan Year ending before the order or call to active duty.

**EXHIBIT B
PORTLAND PUBLIC SCHOOLS
CAFETERIA PLAN**

**Cash Out of District Contribution
(Referent Section 4.1(d))**

A Participant for whom the Plan Year under Exhibit A would be October 1 through September 30 shall be entitled to \$200 in taxable cash compensation in each month in which he or she elects not to receive (and does not receive) coverage under the District's medical, dental, and vision plans, provided the Participant demonstrates to the Plan Administrator's satisfaction that he or she has coverage under another group medical plan, including a government provided basic medical plan.

**EXHIBIT C
PORTLAND PUBLIC SCHOOLS
CAFETERIA PLAN**

**District Contribution
(Referent Section 5.1(c))**

The amount of the District monthly contribution for each Plan Year for each Participant shall be the District's share of the premium for coverage under the District-provided group health plans.

SEP 20 2011

ARTICLE 4

PARTICIPATION

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Second Amendment
October 1, 2011

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Second Amendment
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**EXHIBIT C
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CAFETERIA PLAN**

**District Contribution
(Referent Section 5.1(c))**

The amount of the District monthly contribution for each Plan Year for each Participant shall be the District's share of the premium for coverage under the District-provided group health plans.