

Report to The Portland Public Schools Board of Directors

Date: March 2, 2023

From: Bond Accountability Committee

Subject: BAC Report #39

Committee Charge

The Portland Public Schools Board of Education (Board) has appointed a citizen Bond Accountability Committee (“Committee”) whose charge is to monitor the planning and progress of the bond programs relative to voter-approved work scope, schedule and budget objectives. The duties of the Committee are (i) to receive reports on the current status and planned implementation of the bond program; (ii) to determine whether such status and implementation are consistent with the program approved by the voters; and (iii) to report their findings to the Board.

The current members of the BAC are:

Greg DiLoreto
Norman Dowty
Darren Golden
Ryan Kinsella
Jonathan Truit
Cara Turano, Chair

Background;

In November 2012, voters approved a \$482M capital improvement bond for Portland Public Schools.

In May 2017, voters approved a \$790M capital improvement bond measure.

In November 2020, voters approved a \$1.206B capital improvement bond measure.

All regular BAC meetings are publicly noticed and open to the public. Staff presentation materials and meeting minutes, along with BAC reports are regularly posted on the district website. Meetings are also video recorded, that allows BAC members unable to attend scheduled meetings to watch the proceedings and review the materials at their convenience.

The BAC meeting on February 23 2023 was held in virtual session. Three members participated, Greg DeLoreto, Jonathan Truit, and Ryan Kinsella. The video of the meeting was made available to the other members. In addition to the bond program administration update,

the meeting focused on the Bond Performance Audit, Curriculum and Technology updates, and Modernization projects from the three bond programs. The robust agenda reflects a change in the BAC meeting cadence which has transitioned from 6 two hour meetings per year to 4 two and a half hour meetings per year. There was no public comment.

Report

1. *Whether the school district bond revenues are **expended only for the purposes for which the bonds were approved**, and that bond revenues are not used for any purpose prohibited by law;*

- The BAC reviewed The Program Management Cost Report and additional reports specific to bond revenues and expenditures.
- Based on the information provided, it appears that the school district is spending revenues only for the purposes for which the bonds are approved.

2. *Whether the **bond budget** is sufficient to complete the scope of work as outlined in the voter-approved bonds;*

- The BAC reviewed The Project Management Cost Report, 2020 Curriculum and Technology programs and Modernization projects expenditures, and budget forecasts during this period.
- Based on the information provided, it appears that the 2012 Bond program will have sufficient funding to complete all the scope of work. Forecasted cost overruns for Grant Upper Field improvements did not occur and Roosevelt Phase IV was completed within budget. Current projected costs for the 2012 bond program are \$348,118 under budget. Utilization of excess funds will be accessed in the coming months following close out of all open projects and go to prior add-on project requests at 2021 modernizations.
- Based on the information provided, it appears that 2017 and 2020 Bond programs will have sufficient funding for all of the modernization projects. Funding of the MPG project with 2020 funds, per the 2020 Bond measure, is complete and MPG will only be shown in the 2020 Program starting with this BAC update. McDaniel HS modernization and Kellogg Middle School, are in the close out phase and Phase 1 of Lincoln HS modernization was completed this summer, are all currently projected to underrun their respective budgets for a combined total of approximately \$10 million. Construction of Benson and MPG is complicated and the schedule was compromised by unforeseen conditions; however, delivery of the building will not be impacted. The current budget forecast is tracking within budget with OSM continuing to forecast full use of the 2017 Program Contingency to offset risk-related issues. The Jefferson HS Comprehensive Plan was approved by the Board of Education in December 2022 and the design phase is currently underway. The \$55 million budget increase is being covered by 2020 Bond Program contingency with no budgets being decreased from other projects and remaining contingency being adequate for the purpose of covering potential future project or program budget overage needs.

- Based on the information provided, it appears that 2017 and 2020 Bond programs will have more than sufficient funding to complete all the scope of work identified to date. The current forecast is indicating approximately \$14.9 million underrun (2017 Bond Program) and \$10.4 million underrun (2020 Bond Program).
- Specific to the 2020 Technology program, current forecast indicates \$10.3 million unallocated funds. PPS does plan to utilize all bond funds allocated for 2020 Technology but is still refining cost forecasts.
- Specific to the 2020 Curriculum program, all aspects of the project are running as planned in terms of scope, budget and schedule with sufficient funding to complete the scope of work. The funding includes Bond and Non-Bond funds, with non-Bond funds accounting for approximately \$17.7 million of the total funding and tracked outside of OSM by the Office of Teaching and Learning.

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

- The BAC reviewed The Project Management Cost Report, 2020 Curriculum and Technology programs and Modernization projects expenditures, and budget forecasts during this period.
- Based on the information provided by staff, it appears that the school district is proceeding with work that meets the intent of the scope of work specified in the voter-approved bonds. Project teams continue to mitigate potential scope implications due to current supply chain and cost escalation issues. 2020 Bond Capacity and Infrastructure projects identified to date are in various stages of implementation and in some cases the scope is not fully defined. Jefferson High School modernization design phase is underway and the DAG has selected members and began meeting in mid-February.

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

- The BAC reviewed The Project Management Cost Report, 2020 Curriculum and Technology programs and Modernization projects expenditures, and budget forecasts during this period.
- Based on the information provided by staff, it appears the school district is working to meet the schedule approved and expected relative to the voter-approved bonds.
- All of the modernization projects have either been completed on schedule or are currently tracking on schedule.
- In general, the 2020 Curriculum Program is on schedule with the risk that supply chain issues may delay materials getting into classrooms.
- In general, the 2020 Technology Program is on schedule. Installation of new anti-glare whiteboards for the Classroom Modernization project came across scope challenges that significantly increased the schedule for that portion of the work. After completing a pilot program with a handful of schools, the decision was made to revise the scope. While

the revised scope will still increase the schedule by roughly six months from the initial conceptual schedule, it has minimized previously anticipated schedule overruns.

5. The Committee will receive and review copies of *annual performance audit reports and financial audit reports* to ensure Bond revenues are expended in compliance with state law and the ballot measure language.

- Bond performance auditors Sjoberg Evashenk Consulting Inc provided an overview of the work plan for the Year 5 performance audit. Scope includes: 2017 and 2020 Bond delivery status; career learning equity in public purchasing and contracting; in-depth review of 2020 Bond Curriculum and Technology projects; and status review of prior audit recommendations.
- All bond revenues appear to be in compliance with state law and the ballot measure language.

Additionally, the Committee may provide feedback and/or advice to the Board on one or more of the following topics:

- *Alignment with the goals and principles of the Long Range Facilities Plan;*
 - *Alignment with the goals of the Business Equity Policy;*
 - *District standards and innovative practices for achieving lower maintenance and construction costs while improving operating efficiency, sustainability, and increasing building longevity;*
 - *Historic preservation and school renovation opportunities compatible with the architecture of surrounding Portland neighborhoods;*
 - *Potential capital partnerships for joint and shared use of PPS facilities;*
 - *Implementation of appropriate ways to address seismic issues;*
 - *Topics and scope for the annual performance audit work plan;*
 - *Compliance with ADA; and*
 - *Communicating key information related to the bonds to the School Board, public groups, organizations and stakeholders.*
- Business Equity performance was presented for capital improvement programs. The metric is based on actual spending against the district's goal of 18%. Although the cumulative results of 16.43% are slightly below the goal, the last twelve months are tracking closer to the goal at over 20%.
 - Workforce Equity performance was presented for capital improvement programs. Minority workforce participation continues to track above the 25% goal at 29%; although female workforce participation remains at 5%, against a goal of 14%, it is consistent with current local participation with other agencies. Apprenticeship participation is tracking at 23%, over the 20% requirement.

General Comments,

In the interest of improving the effectiveness of the BAC and our ability to meet the intent of our charter we have offered a number of recommendations to OSM staff that include:

- Recruitment of new BAC members to fill up to four vacancies due to the resignations of Kenechi Onyeagusi and Angela Jarvis Holland as well as Karen Weylandt and Tom Peterson's terms ending last year. At a minimum the charter requires one additional member. The recruitment of more women and people of color is being highly recommended by the current BAC members.

In conclusion, we commend the district with what they have accomplished while dealing with the continued challenges within the current economy. In particular the BAC was impressed with the successful delivery of materials to schools and the rollout of two dozen new curricula across all schools in the district. Also of note, were the equity numbers on the Benson HS Modernization where minority participation is tracking at 37% compared to the goal of 25% and female participation is at 7%. We continue to appreciate the quality and professionalism of OSM staff, design teams and contractors as they take on multiple issues and ongoing efforts to explore new approaches. We thank the Board for this opportunity to serve and play a small part in your bond programs.

Related Documents

- BAC Charter:
<https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/62/BAC%20Charter%20-%20Updated%2005%2011%202021.pdf>
- BAC Work Plan:
<https://docs.google.com/document/d/1NkKTMJRYmkU6c9yYIA4sHuz8RWCNEFyiDuwkvCFAxtA/edit?usp=sharing>
- Bond Language
 - 2012
 - 2017
 - 2020
- OSM documents
 - February 23, 2023 BAC Materials:
https://drive.google.com/drive/folders/19hmUvccGHvorn4D6xLbO1jKYsvoW4wXd?usp=share_link