

Facilities and Operations Committee
Meeting
Monday, August 21, 2023 4:30 PM

Dr. Matthew Prophet Education Center -
Windows Cafeteria / Conference Room (Floor
2)
501 N. Dixon St.
Portland, OR 97227

Agenda

1. Introductions
2. Update: Jefferson High School Modernization
3. Bond Planning
4. Whitaker-Adams Site
5. Public Comment Comment will be provided during the related agenda topic.
 - The topic must be related to an item on the agenda.
 - To sign up for public comment email PublicComment@pps.net or call 503-916-3741.
6. Adjourn



Bond Planning Introduction

August 21, 2023





Bond Planning

A series of decisions over time

1. Determine the right time to refer to voters
2. Determine the size/amount of the bond
3. Identify the district's highest priorities





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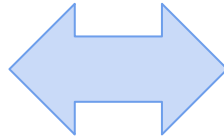
Schedule (draft)

Meeting #1

- Introduction
- Financing
- Timing

Meeting #2

- Amount
- Scope Introduction
- Maintenance



Future Meetings: Focus on Priorities

- Long Range Facilities Plan
- Modernizations (CHS & WHS)
- Classroom Technology
- ADA and Accessibility
- Athletics
- Facility Condition Assessment
- Curriculum
- Capacity & Enrollment
- Decarbonization Plan
- Security
- Tubman Relocation
- Seismic
- Playgrounds & Covered Play
- etc



Why Bonds?

General obligation (GO) bonds are municipal bonds which provide a way for state and local governments to raise money for projects that may not generate a revenue stream directly.

They are called “general obligation” bonds because they are backed by the state or local government’s ability to tax, and to raise taxes, in order to pay bondholders. For states, this power comes in the form of state income taxes and/or a sales tax. For local governments, it comes in the form of property taxes.

GO bonds are funds that can be raised to improve schools without impacting PPS’s general fund



Categories of Work

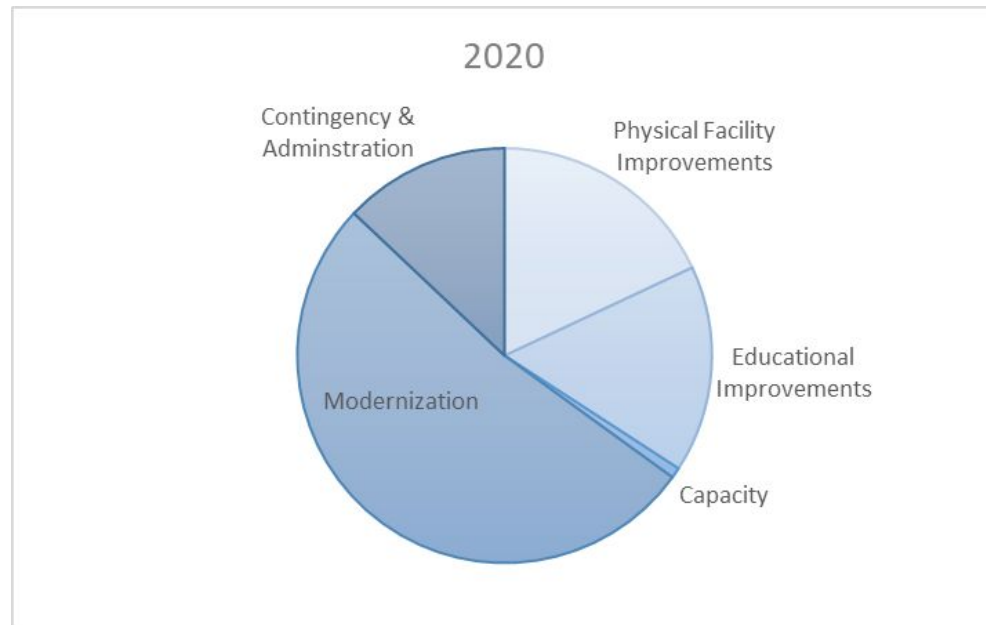
Physical Facility Improvements

Educational Improvements

Capacity

Modernizations

Contingency & Administration





Guiding Documents | 2010 - 2012

Long Range Facilities Plan

- Allocate the majority of the funding to modernizations (get the most bang for the buck)
- Start by modernizing the high schools
- Save some budget for the highest facility needs

Sustainable Financing Plan

- Address all facilities over several decades
- Fund improvement with a repeatable series of GO bonds
- Cap property taxes after the second bond
- Use short-term debt financing to minimize interest costs



Guiding Documents | Sustainable Financing (2012)

- Improve PPS' facilities through a series of voter approved General Obligation Bonds
- Target general elections that align with US presidential elections
- Maintain a sustainable funding model



Sustainable Financing Plan for 32 Year Program



Bond 1 Estimated Rate: \$1.10/\$1,000 AV over 8 years, \$0.30 over an additional 12 years



Program year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	
Calendar year	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35	'36	'37	'38	'39	'40	'41	'42	'43	'44
Ballot	*			*				*				*				*			*			*											

Voters decide at every step.



Guiding Documents | 2020 - 2021

Facility Condition Assessment | 2020

- Document condition of 15,000 assets
- The District average Facility Condition Index (FCI) score is 0.13, or “Poor”
- Sixty-two facilities rated Poor or Critical

Long Range Facilities Plan | 2021

- Educational Program
- Enrollment & Capacity



Approved Bonds

2012 - \$482m

66% approval

The 2012 School Building Improvement Bond prioritized modernizing three high schools (Franklin, Grant, Roosevelt) and rebuilding Faubion PK-8. In addition, it provided seismic and middle school science classroom upgrades, increased accessibility, and new seismically strengthened roof projects at 51 schools.

2017 - \$790m

66% approval

The \$790 million Bond modernized or rebuilt three high schools (Benson Polytechnic, Lincoln, McDaniel) and one middle school (Kellogg). In addition, a new Multiple Pathways to Graduation Building at Benson is being constructed. Over \$150 million was directed to Health & Safety improvement projects that have affected every school in the District with water quality, security upgrades, new roofs, asbestos, radon and lead paint stabilization, new fire alarms and sprinklers, ADA improvements and seismic retrofits.



Approved Bonds

2020 - \$1.2b

75% voter approval

The \$1.2 billion 2020 School Bond allows PPS to continue the vital work of improving the health and safety of our aging school buildings with new roofs and mechanical systems, seismic retrofits, plus accessibility and security upgrades. It will also transform the historic Jefferson high school into modernized 21st century centers of learning. This Bond will provide our students and staff with new textbooks, curriculum materials and new technology to support classroom and distance learning, while updating classroom and district technology devices. The 2020 Bond also looks to the future as it starts planning the modernization of Cleveland and Ida B. Wells High Schools and The Center for Black Student Excellence.



Bond Planning Financing





Bonds are Loans

Voter approval allows the district to issue bonds (loans), and pay them back with property tax revenue. The amount the total amount of the bond is dependent on the revenue (property taxes) and the terms of the loan (interest rate and number of years).

$$\text{REVENUE} * \text{LOAN TERMS} = \text{BOND AMOUNT}$$

Similar to a home mortgage, long-term loans allow for a larger bond amount, but they require more property tax revenue to be spent on interest payments. Short-term loans are linked to smaller bond amounts, but allow more revenue to be spent on principal.

Total interest impacts the district's ability to maintain a sustainable financing plan



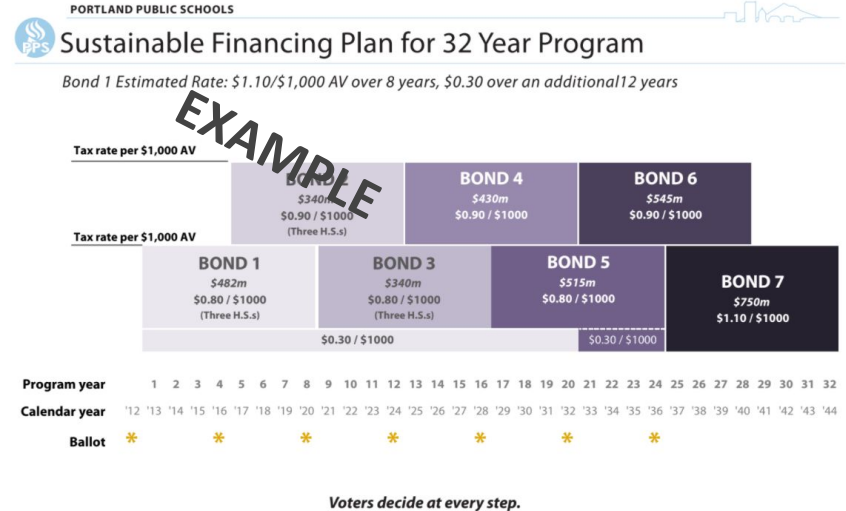
Sustainable Financing Plan

If you...

1. **Pay as you go** - Prioritize short-term loans to minimize interest costs
(stable revenue)
2. **Take manageable bites** - Plan work that can be (mostly) completed within the duration of the financing (8 years)
(stable work load)

Then you can ...

3. **Cap tax rate after 2nd bond** - allow future bonds to effectively be renewals
(stable tax rate and revenue)
4. **Target presidential elections** - maximize voter turnout
(consistent and predictable)





Bond Planning

Bond Timing





When to ask voters

When deciding to ask voters to approve a GO bond, consider the following:

- What is the plan or expectation?
- How much work is remaining on existing bonds?
(when would the work begin after passing the bond?)
- How will the next bond impact future bonds?



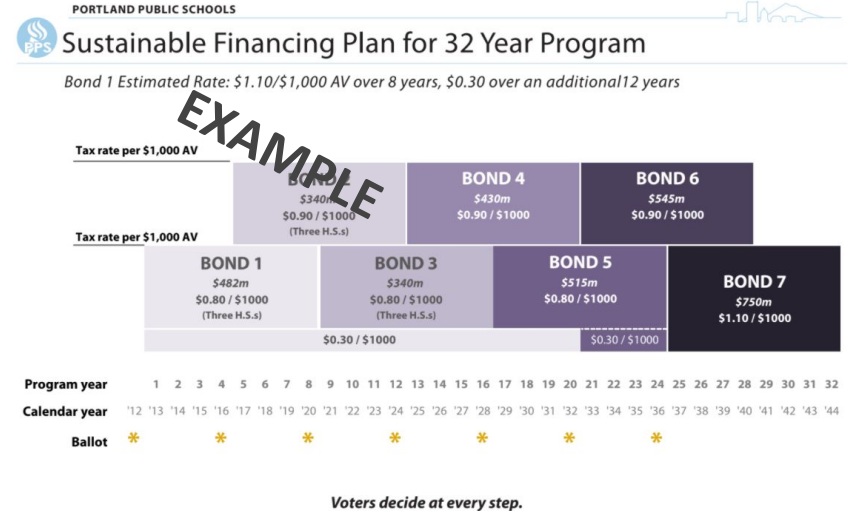
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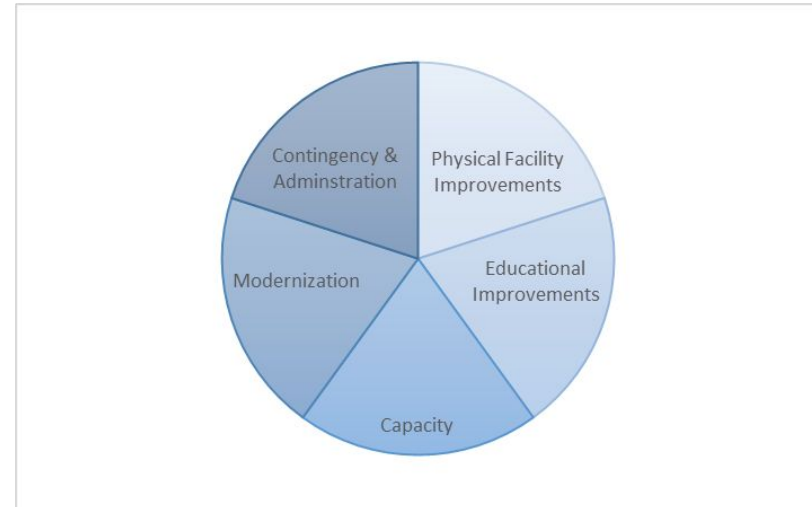




Discussion

- What are your *initial* highest priorities?
 - Physical Facility Improvements
 - Educational Improvements
 - Capacity
 - Modernizations
 - Contingency & Admin

- What additional information do you need?





Discussion

Physical Facility

- Roofs
- HVAC
- Electrical
- Plumbing
- Exterior Envelope
- Seismic
- ADA
- Accessibility
- Security
- Athletics
- Outdoor Play
- Parking & Grounds
- Fire Sprinklers & Alarms
- All Gender Restrooms
- Climate Policy
- Emergencies

Educational

- SPED Classrooms
- Performing Arts
- Physical Education
- Classroom Technology
- Curriculum

Capacity

- Boundary Changes
- New Programs

Modernizations

- Cleveland High School
- Ida B Wells High School
- Tubman Middle School
- Roosevelt Phase 5





Questions