



Bond Planning Board of Education

December 17, 2024





Materials

- 2025 GO Bond Ballot Language (Draft)
- Exhibit A: Proposed GO Bond Option (12.13.2024)
- Staff Memo: Modernization Design Process Overview



GO Bond Option Parameters

1. Target a total bond between \$1.5 - \$1.8 billion
2. Plan for an 8-year bond cycle
3. Retain the existing tax rate
4. Plan for the May 2025 ballot measure



Proposed Option

	Dec 2 Option	Proposed Option	Delta
Physical Facility Improvements	\$265,000,000	\$269,000,000	\$4,000,000
→ Deferred Maint & Priority Scope	\$190,000,000	\$190,000,000	\$0
→ Athletics	\$75,000,000	\$79,000,000	\$4,000,000
Educational & Technology Improvements	\$242,000,000	\$242,000,000	\$0
Technology	\$176,000,000	\$176,000,000	\$0
Physical Education	\$10,000,000	\$10,000,000	\$0
Curriculum	\$56,000,000	\$56,000,000	\$0
Modernizations	\$1,150,000,000	\$1,150,000,000	\$0
Jefferson High School	INCL ABOVE	INCL ABOVE	INCL ABOVE
Cleveland High School	INCL ABOVE	INCL ABOVE	INCL ABOVE
Cleveland High School - Powell Park Option	INCL ABOVE	INCL ABOVE	INCL ABOVE
Ida B Wells High School	INCL ABOVE	INCL ABOVE	INCL ABOVE
Elementary and Middle Schools	INCL ABOVE	INCL ABOVE	INCL ABOVE
→ Admin	\$41,425,000	\$83,050,000	\$41,625,000
Contingency	\$82,850,000	\$83,050,000	\$200,000
Total	\$1,781,275,000	\$1,827,100,000	\$45,825,000



Deferred Maintenance & Priority Scope: \$190m

The proposed option allocates bond funds to address deferred maintenance, ongoing capital renewal and priority scope improvements. As highlighted in previous meeting materials, PPS faces significant and substantial deferred maintenance challenges. To address these issues staff recommends structuring the GO bond to **maximize flexibility**, allowing the district to respond to dynamic facility needs.



Deferred Maintenance & Priority Scope: \$190m

The case for flexibility:

1. The size of the PPS's facility need is **big**
2. The scope of need is **broad**
3. The planning duration (8 - 10 years) is **long**
4. The **data is imperfect**



Deferred Maintenance & Priority Scope: \$190m

As detailed in the Board meeting materials, PPS is confronting substantial facility needs, with an overall cost that exceeds several billion dollars. Although there is some flexibility in how these needs are categorized, we generally classify physical facility improvements into three primary categories:

1. **Deferred Maintenance** (addressing failed or failing assets)
2. **Capital Renewal** (planning for assets beyond their expected useful life)
3. **Priority Scopes of Work** (new improvements or upgrades)

Deferred Maintenance: The District's deferred maintenance backlog is substantial, with thousands of assets in need of replacement, totaling **more than \$1 billion**. PPS's overall facility condition index is rated as "poor." **Addressing deferred maintenance items improves facility condition index score.**

Capital Renewal: According to the APPA benchmark, annual investment in capital renewal should be 3% of the Current Replacement Value (CRV), equating to roughly \$171 million per year. While this is a broad estimate not specific to PPS, it is reasonable to assume **over \$100 million per year** would be needed to maintain the existing conditions of PPS facilities. **Addressing capital renewal needs improves facility condition index score.**

Priority Scopes of Work: Priority projects that fall outside of deferred maintenance include seismic retrofits, athletic facility upgrades, the addition of air conditioning, security improvements, and other critical needs. PPS's Long Range Facilities Plan (and other capital planning documents) identify substantive upgrade needs in these areas. It is reasonable to assume addressing all of this scope would cost **several billions of dollars.**



Deferred Maintenance & Priority Scope: \$190m

Capital Project Prioritization Process

- Projects are prioritized based on highest need (impact to learning), and timing of the real/potential impact
- Projects are authorized to proceed based on prioritization and available resources (funding and staffing)

Deferred Maintenance & Priority Scope: \$190m

SAMPLE

Deferred Maintenance	Est Project Cost Range	Est # of Projects	Total
<i>Emergency & Unplanned Projects (annual)</i>	<i>\$5,000,000 - \$10,000,000</i>	<i>*</i>	<i>\$60,000,000</i>
Roof Replacement	\$5,000,000 - \$7,000,000	9 - 12	\$60,000,000
Exterior Enclosure Improvements	\$2,000,000 - \$4,000,000	3 - 5	\$10,000,000
HVAC System Major Repairs	\$250,000 - \$1,000,000	5 - 20	\$5,000,000
Plumbing System Major Repairs	\$250,000 - \$1,000,000	5 - 20	\$5,000,000
Electrical System Updates	\$1,500,000 - \$2,500,000	6 - 10	\$15,000,000
Fire Alarm Upgrades	\$250,000 - \$500,000	5 - 10	\$2,500,000
Playground Equipment Replacement	\$100,000 - \$250,000	10 - 25	\$2,500,000
New Elevators	\$1,000,000 - \$2,000,000	1 - 2	\$2,000,000
Site Improvements	\$50,000 - \$250,000	4 - 20	\$1,000,000
Priority Scope Improvements			
New HVAC Systems	\$8,000,000 - \$12,000,000	1 - 2	\$15,000,000
Security Improvements	\$500,000 - \$2,000,000	1 - 4	\$2,000,000
Seismic Improvements	\$5,000,000 - \$10,000,000	1 - 2	\$10,000,000
<i>* Estimated annual allocation</i>			\$190,000,000

Athletic Improvements: \$79m

ATHLETIC FACILITY IMPROVEMENTS		
High School Athletic Hubs		
Jackson HUB (turf field, lights, site improvements)	X	\$17,700,000
Marshall Campus HUB (turf field, lights)	X	\$6,200,000
Middle School Turf & Lights		
West Sylvan (turf field, lights)	X	\$13,300,000
High School Improvements		
Roosevelt Turf Baseball, Softball and Hitting Facility	X	\$10,200,000
Grant Lights	X	\$1,500,000
Grant Seating	X	\$5,300,000
Franklin Upper (turf, lights, hitting facility)	X	\$13,200,000
Other		
<i>HS Turf and Track Replacement in next 10 years</i>	X	\$11,400,000
		\$78,800,000

Bond Administration

Program administration includes the resources required to manage and support the bond work, covering staff, bond issuance costs, insurance, and other related expenses.

From 2021 to 2023, Portland Public Schools (PPS) spent approximately \$37 million for bond program administration, averaging approximately \$12 million annually. Annual expenses fluctuate depending on the number and complexity of active projects, as well as the timing of significant expenditures, such as bond insurance payments.

For the 2020 GO bond program, the administration budget is set at \$62 million (6% of the project budget for the bond), of which \$20 million has been spent. With approximately 46% of the budget spent to date, we anticipate that total administration costs will remain close to, but below the allocated amount.

The upcoming 2025 GO bond presents a unique challenge compared to previous bonds, due to its size, scope, and other variables. The budget for administration of the 2025 GO bond is set at \$83 million, which is 5% of the bond project budget. OSM will strategically design the mix of direct PPS employees and contracted administrative positions to provide the expertise necessary at an efficient cost. It will be important to keep a close eye on administration costs as the program evolves, the modernization budgets become solidified, and additional projects become clear to ensure that the program's administrative budget evolves with the program's project makeup.



Questions?

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