



BOND ACCOUNTABILITY RECOMMENDATIONS

SITUATION

In May 2014, voters approved a new bond for the students of the Beaverton School District. In September 2014 the School Board approved the Bond Accountability Committee to assist in monitoring the progress of executing the bond program.

BACKGROUND INFORMATION

The Bond Accountability Committee report on February 22, 2016 included three recommendations to the School Board:

1. The Board should approve all expenditures of bond funds for any projects not on the original bond measure project list.
2. Staff should be directed to prepare, for BAC review and Board approval, a cost control plan to be used during the remainder of the bond program.
3. The District should send a district-wide mailing on the status of the bond program this spring, focusing on the final approved budget for the high school, the reasons for its increase over the previous approved budget, and implications of the higher project cost for other bonds measure projects.

Additionally, the committee recommended that they increase their meeting frequency to enable more timely reporting.

RECOMMENDATION:

The Board should discuss these recommendations and convey their decision through a resolution.

(16-638) BE IT RESOLVED that the School Board values the recommendations of the Citizen's Bond Accountability Committee and directs the following actions.

District Goal: WE empower all students to achieve post-high school success.

The Beaverton School District recognizes the diversity and worth of all individuals and groups. It is the policy of the Beaverton School District that there will be no discrimination or harassment of individuals or groups based on race, color, religion, gender, sexual orientation, gender identity, gender expression, national origin, marital status, age, veterans' status, genetic information or disability in any educational programs.



**PROCESS FOR BOND PREMIUM
ADDITIONAL PROJECT AND CONTRACT APPROVAL TIMING**

POLICY ISSUE / SITUATION:

The School Board passed a Resolution Authorizing Bond Election and Adopting Ballot Title on February 24, 2014. This included a list of projects totaling \$680 million to address repairs, provide new capacity, modernize and renovate all facilities, improve safety and replace outdated learning technology, curriculum and equipment, over an eight-year period.

BACKGROUND INFORMATION:

The authority to sell bonds was approved by local voters in May 2014. The District issued \$382 million worth of bonds in July 2014, realizing a net original purchase premium totaling \$63 million. Bond proceeds have been invested and interest earnings will accrue during the eight-year life of the projects. The premium and interest earnings were not allocated to specific projects in the original plan taken to voters. The attached document outlines the approval process for projects and contracts that are:

1. Funded by bond premium and interest earnings allocations – this is current practice for clarification purposes
2. Not specified in the 2014 Bond Program Project List – this outlines a new process
3. Time sensitive – this outlines a new process
4. Emergencies over \$150,000 – this is current practice for clarification purposes

RECOMMENDATION:

The Board discusses the Approval Process for Projects and Contracts.

District Goal: All students will show continuous progress toward their personal learning goals, developed in collaboration with teachers and parents, and will be prepared for post-secondary education and career success.

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Board Approval Process for Projects and Contracts

1. Bond premium and interest earnings allocations

- All bond premium and interest earnings allocations will be approved by the board
- Senior Leadership reviews request for bond premium allocation
- Staff reviews need with Bond Accountability Committee and asks for recommendation for bond premium allocation
- Bond Accountability Committee recommends allocation to board for approval

2. Process for approving projects not included in the 2014 Bond Program Project List

- All projects not included in the 2014 Bond Program Project List will be approved by the board
- Senior Leadership reviews request for additional project
- Staff reviews need with Bond Accountability Committee and asks for recommendation for approval of additional project
- Bond Accountability Committee recommends additional project to board for approval
- All contracts submitted for board approval will reference the 2014 Bond Program Project List line item
- If there are time constraints on project approval:
 - Senior Leadership reviews request for additional project
 - Superintendent will notify board chair
 - Project will be submitted for board approval at next scheduled or special business meeting

3. Process for contract approval timing

- All contracts over \$150,000 will be approved by the Board
- Staff will submit contracts to a Board business meeting for approval including vendor name and dollar amount
- Contracts may be submitted with estimated costs and actual award amounts will be presented at the Board meeting
- If there are time constraints on a contract's approval:
 - Board will approve at a work session
 - Board will hold a short business meeting for contract approval via telephone conference
 - During bond program years, Board will hold one business meeting in July to provide Board contract approvals

4. Emergency

- Defined as not reasonably foreseen, creates risk of loss, damage or interruption of services or a threat to property, public health, welfare or safety, and requires prompt execution of a contract to remedy the condition
- Memo written to Superintendent declaring emergency and public contract
- Emergency contract that exceed \$150,000 are reported to the board at the earliest opportunity

BSD Bond Accountability Committee – Report and recommendations to the School board

February 22, 2016

- **The Bond Accountability Committee (BAC) held our regularly scheduled meeting Monday January 25, 2015 and a second special meeting on February 8, 2016.**

The Committee, along with staff, felt it necessary to meet again on 02.08.16 to further review and examine the status reports presented to us on 01.25.16.

The committee recommends that going forward we coordinate with staff and all members, a meeting schedule that would include regularly scheduled meetings be held **once monthly** instead of quarterly. This has become a necessity due to the drastically changing construction market conditions, cost escalations, compressed scheduling on all projects, timely updates and reviews necessary to meet the requirements of the Charter given to us at the onset of the Bond Project process, and to allow for our timely updates and reports to the School Board, as well as the stakeholders.

- **The Bond Accountability Committee is charged, by Charter, with communicating key information related to the bond to District stakeholders, in a timely fashion.**

The committee agrees that we have not received this information for sharing with stakeholders in a timely and complete fashion. We would **request and recommend** that all pertinent information be communicated with the committee in a timely and accurate manner, so as to allow our carrying out of our communication responsibilities with the stakeholders.

- **The Bond Accountability Committee recommends that the School Board approve the revised and updated budget numbers for the South Cooper Mountain High School and that work advance within those newly budgeted figures.**

After extensive review, discussion, suggestions and a split vote, the committee agreed to recommend that the Board approve the changes and increases and that work continue and advance within staff's revised and updated budget.

BSD Bond Accountability Committee Recommendations to the School Board:

1. The Board should approve all expenditures of bond funds for any projects not on the original bond measure project list.

Rationale: Given the high rate of projected cost inflation, which has already been experienced with the high school project, it may be challenging to pay for completion of all projects on the original bond measure project list. The BAC feels additional spending on unlisted projects should not occur unless the board itself authorizes it. The Board will take the heat if listed projects cannot be completed because bond funds run out. This could cause voters to lose trust in the district's ability to fulfill its promises.

2. Staff should be directed to prepare, for BAC review and Board approval, a cost control plan to be used during the remainder of the bond program.

Rationale: Staff has acknowledged that, in hindsight, they should have done a few things differently, such as asking for a second estimate of project costs when drafting the proposed project list and soliciting construction bids earlier. Members of the committee have also expressed concern about staff agreement to costly design changes requested by the Beaverton Planning Commission for the high school, and the possibility that will happen for upcoming projects in Beaverton that will be reviewed by the Planning Commission. A cost control plan would address these and other issues.

3. The district should send a district-wide mailing on the status of the bond program this spring, focusing on the final approved budget for the high school, the reasons for its increase over the previously approved budget, and implications of the higher project cost for other bond measure projects.

Rationale: Staff practice to this point has been to send out a district-wide mailing on the status of the bond program annually, in the fall, while communicating by other means more frequently, such as updates on the district's web site and using social media. However, given the milestone of establishing a final budget for the district's largest project and potential community concerns about the impact of cost increases for that project on other bond projects, the committee majority felt it would be best to communicate with the community by all means about the status of the bond program within a reasonable amount of time after the final high school budget is set.