

Citizens Oversight Committee Minutes

August 15, 2007

Members Present: Dick Jones, Ginny Markell, Yvonne McVay, Heather Noren, John Matthews, Kristin Mitchell, Renee King, Julie Volpel

Absent: Todd Caldwell, Jeff Klein, Gary Lane, Tom Feely

District Staff Present: Jim Langstraat, Garry Kryszak, Leslie Robinette, Blair Loudat, Ron Stewart, Joe Krumm, Vicki Chambers

Absent:

Matt Utterback, Ron Naso

School Board Members Present: Rein Vaga

Community Members Present: Lori Phillips (Rex Putnam parent)

Meeting called to order at 6:30 p.m.

Pledge of Allegiance

Bond Project update: Garry Kryszak and Ron Stewart

We are now producing a weekly bond project report that includes:

- Current photos of many on-going projects
- The construction budget: what we pay the contractor
- The award amount: what we awarded to the contractor
- Change orders to date
- Bid award
- Start date
- Estimated completion date
- Each project's architect/engineer
- Contractor
- Project manager

Current information about bond projects will soon be available on a new web site. Until then, it can be accessed on the district web site.

Alder Creek Middle School

We are now replacing old light poles. This project will be complete by August 24th, before school starts.

This has been a difficult project, involving coordination with two crews from Portland General Electric.

This project is over budget somewhat due to power routing changes to the snack shack and the need to move power lines below ground.

The Alder Creek budget is \$2.6 million. Site money will be allocated as we see the need.

Ardenwald Elementary School

Constructing a replacement for Ardenwald School is now on schedule for a spring start. Some construction managers have changed, but the schedule has not changed.

The project is now moving from schematics to design work. P&C construction will be the builder. This project remains within budget

Architects are studying the look of the old site to stay true to the character of the neighborhood. The new school will be located behind the existing school.

Athletic planning for Milwaukie High and Rex Putnam High

Question: Can we fit an 8-lane track at both schools?

Answer: Yes. It is in the budget and in the plan.

To accomplish this, at MHS, the track will be widened and visitor bleachers will be replaced and moved back.

The new tracks will be part of the installation of the all weather fields at both schools next summer. Scheduling on this is very tight to meet the needs of school athletes. We may need to displace some sports to Alder Creek temporarily next spring or fall.

Bilquist Elementary School

This project is going very well. It is within budget and will be completed just as planned.

We have now begun schematic drawings for this site. Land use planning should be easy.

Possibly we may do some preliminary work at Bilquist over winter break. Major work on a 4-classroom/office addition will begin spring break.

We are on budget for a complete renovation of this school.

Boiler Replacement: Milwaukie High, plus Sunnyside, Riverside, & Campbell Elementaries

Work on this started June 15. Removal of the old tank at Milwaukie High has been completed. All work is under budget, and on-target for completion by August 24.

Clackamas Elementary

Work at this site was done at lower cost than anticipated.

The roofing work is done.

One problem is that the windows for the annex arrived late, and will not be completely installed until after school starts. Luckily this will not interfere with classroom use. The contractor was penalized for the delay and will work weekends to complete the project s quickly as possible.

Question: On the handout, could the total site budget be added to the grey bar on the chart?

Answer: This is a weekly report on current projects, so it may not make sense to show the big picture here.

Clackamas High all weather field

The first truly completed project is the CHS all weather field, which is already being used for practice. The ribbon cutting ceremony is scheduled just before the first home foot ball game on September 7, Clackamas High vs. Canby.

The budget for this project was \$900,000, with \$200,000 funded through community contributions.

Happy Valley Elementary & Middle Schools:

Construction of a replacement for Happy Valley Elementary and a new middle school on the same site is the biggest bond project now underway.

1. All modular classrooms have been moved and will be ready for the start of school.
2. Parent drop-off parking and teacher parking will be ready when school starts.
3. We are driving 570 piles, with 160 still to be driven – no complaints so far.

4. This project is on schedule and going very well.
5. The new elementary school will open in fall of 2008.

Happy Valley resident Kristin Mitchell reports that the pile driving is loud, but not dissimilar from other construction noise nearby. People seem to be accepting of the temporary inconvenience.

Question: Will teachers use the construction as a learning opportunity for kids?

Answer: We need to keep kids safe, but teachers will likely take advantage of this opportunity.

Linwood Elementary

This school will get some major remodeling, and add a gym and a new media center. This is a two-step bid process, not a CM/GC project.

Traffic studies will happen at Linwood after school starts. We will bid the project in December, and work begins spring break.

Milwaukie High School

This remodeling project will add girls' team rooms, and add a black box theater and a dance studio to the existing theater. It will also add restrooms to the second gym.

We are recommending Emerick Construction for a CM/GC bid process. Early estimates are on budget, and we anticipate a spring start on the project.

Mt. Scott Elementary

We have encountered unexpected challenges on this site, and renovations will cost more than estimated.

This summer's work included roof upgrades and siding replacement. Considerable dry rot was discovered in the course of the siding work. The most urgent areas have been addressed this summer so repairs could be completed by the start of the school year.

Additional work to eliminate dry rot will be needed to next summer, and we may need to dip into the contingency fund to accomplish what is needed to ensure a sound structure.

Now the building looks nicer and is more structurally sound.

Oregon Trail Elementary

The school's fire alarm upgrade is nearly complete. It will be ready for the start of school.

We are also working to upgrade heating controls at this site.

The district is planning to recoup funds from Senate Bill 1149 to get reimbursement for energy improvements or to share with private energy entities to recover these funds.

Rex Putnam High School

We are very close to wrapping up the schematic designs for this major remodel. Skanska Construction is doing the work.

The school will get a completely new office and counseling center, a new commons, an upgraded kitchen, a new front entrance, a renovated media center, and upgrades throughout—flooring, lighting, heating, etc.

The budget is tight, but for a complex project we are on track. Work will start in June to avoid some disruption to students. Everything on the list will happen, and maybe more.

The conceptual design for this project has changed about 10 times. By Back to School night there will be display boards up so people can see what is planned.

Question: There are rumors in the community that what is planned is less than what was promised—at Rowe, at Putnam, and at Ardenwald. Can we provide a list of what we're doing so people can compare?

Answer: a bond information web site with complete details will be available soon. Every item identified on the list of projects for each school will be completed. There is no plan at this time to do anything less than what was promised in writing. If members of the Citizens Oversight Committee are hearing concerns from people, ask them specifically what they mean—how do they think that what is planned is less than what is promised? Committee members and members of the public are encouraged to call district staff with their questions. We are happy to provide more information to anyone who needs it.

Roof Improvements: Milwaukie High, NUHS/Sojourner, Oregon Trail, Sunnyside, Riverside, and Milwaukie Elementary Schools

This work includes many small roofing projects at different schools. Most work was routine, though some rot was found at Sojourner.

All roofing projects will wrap up this week, well in advance of the start of school. These projects were below cost estimates.

Rowe Middle School:

The major remodel at Rowe Middle School includes expanding the gym, adding a band/choir area, remodeling locker rooms, an expanded entry, improved parent drop-off and parking, upgrading the kitchen, and a general building upgrade.

Emerick Construction has been recommended for this project.

The budget on this project is tight. We have gone through several versions of plans, and are now at the end of schematics.

Sabin-Schellenberg Career-Technical School

Work at this site will happen in the summer of 2008. We have met with staff to conceptualize needs, but need to scale back their dreams to a realistic budget.

The South Campus won't get much work. Most will happen at the North Campus.

Sunrise Middle School

The carpet in the halls and commons will be replaced by vinyl-type flooring. The bid has been awarded to Trinity Flooring, and the work is on target for completion by August 24th.

The budget for this site is on target. 2 sections of leaking metal roof have been replaced. We only did 2 sections this summer to see how effective it is before we do the rest.

In summary:

Every bond project scheduled for this summer is on track to be completed before school starts, with the exception of the windows at Clackamas Elementary.

We are adding 12 portable classrooms (using non-bond money) to handle overflow until new schools are ready for use. That brings the total number of portable classrooms in our school district to 84. Some of these are leased.

Question: Why replace HV with a school of the same size?

Answer: We are building 2 new elementary schools to replace the one. The second elementary will open fall of 09.

The plan is to move all Happy Valley Elementary students into the new building (some in the elementary side and some in the middle school side). When the second new elementary school opens in the fall of 2009, half the students will move there.

Question: Why not build a bigger school?

Answer: Education research says that 550 students is the optimal size for academics.

Property Purchase: Ron Stewart

We hope to purchase 40 acres for Oregon Trail Elementary #2 and Sunrise Middle School #2 between 162nd & 172nd. We have completed appraisals and met with the property owners. We hope to come to an agreement with them on a fair sale price. If not, we will offer to bring in a mediator. If this is not successful, we will go to binding arbitration (condemnation process) to arrive at a fair price, likely above the appraised value.

The construction start date for the new elementary school is June of 2008, and we expect to finish by the summer of 2009.

The construction start date for the new middle school will be in June 2009 and finish June 2010.

We are seeking property for the Happy Valley #2 project, exploring 2 scenarios around 172nd in the Haggen Road area. One situation involves one owner. The other involves 3 owners.

At this point we have completed wetland assessments and done some appraisals. Next we will make an offer. If the offer is not accepted, the next step is to offer mediation. The final step would be to file for 3rd party binding arbitration (condemnation process), although sometimes when this happens, parties settle before going to court.

Construction on the Happy Valley Elementary #2 project will start the summer of 2008 with the goal of completion by the fall of 2009.

We are also purchasing property for future bond projects.

East of 172nd in a high growth area.

South of Sunnyside Road on the east end of the district.

Property prices are increasing, so we would like to buy sooner rather than later.

Motion to accept the minutes:

Heather Noren made a motion to accept the minutes of the May 16th meeting. Julie Volpel seconded the motion. Minutes approved unanimously as written.

District sports facilities budget: Ron Stewart

Spending on high school athletic facilities was explained.

Milwaukie High will see \$1,330,000 in athletic facility improvements. Of this, \$980,000 comes from the bond, \$100,000 will be contributed by the community over the next decade, and \$250,000 will be contributed through a partnership with Clackamas County Parks & Recreation.

Rex Putnam High will see \$1,430,000 in athletic facility improvements. Of this, \$1,080,000 comes from the bond, \$100,000 will be contributed by the community over the next decade, and \$250,000 will be contributed through a partnership with Clackamas County Parks & Recreation.

Clackamas High School will see \$900,000 in athletic facility improvements. Of this, \$700,000 comes from the bond, and \$200,000 will be contributed by the community.

In addition, \$240,000 in bond funds will be used to install gym bleachers in elementary schools.

Question: Regarding the all weather surface at Milwaukie High, the community will need to provide \$100,000 in matching funds over the next 10 years, half for the track and half for the field. This amount is lower than expected because the North Clackamas Parks & Recreation District made a contribution to the project. Why?

Answer: Because Parks & Recreation is desperate for field space. By partnering with the school district, they get to use the all weather field for youth and community sports when it is not in school use.

Question: Why is Clackamas High is getting their all weather field first?

Answer: It is because the other schools will receive larger improvements, such as stadium improvements, field lights, and 8-lane tracks, and it was most efficient and effective to coordinate to have all of these projects to be done at the same time. Clackamas High School did not have the same extensive improvements; therefore the district could complete their project sooner. Both Rex Putnam and Milwaukie High will have all weather fields ready for use in the fall of 2008.

Reportedly, the Clackamas Review article about athletic facility improvements quoted Ron Naso as saying the Clackamas High community decided that rather than the added bleachers, they will get turf sooner.

For school newsletters, the district needs to do a follow up by feeder areas describing what happened with bond projects over the summer.

Financial update: Jim Langstraat

The bond project web site will be up soon, featuring updated pictures and financial reports.

A monthly report is available detailing a current summary of bond allocations and spending to date, allocated contingencies, and unallocated contingencies, as well as a breakdown of spending for each school facility.

The worth of the bond is expected to increase from \$229 million to nearly \$260 million as a result of favorable interest rates and competitive bidding at the time the bonds were sold. Since the bonds were invested, we have generated \$4 million in interest. Every month until we buy the land, we will generate about \$100,000 in interest.

We have not yet started many of the remodeling projects. When we do we can anticipate finding problems or conditions we had not expected, and these will impact costs.

\$12.1 million in unallocated contingencies to cover errors, omissions, unknowns, unforeseens, and scope increases. If funds remain after all planned projects have been completed, we will buy down the bonds to reduce taxpayer debt.

We expect we will have to pay arbitrage because of how well we have invested the money. This is not uncommon for multi-year, large-scale projects.

The \$17.7 allocated contingency has covered most of our big cost projects. The money has been allocated in anticipation of need due to cost increases and (for example) dealing with the challenging soil conditions on the Happy Valley site.

Bottom line, we are in good shape.

We are lucky to have a contingency fund. However, we are putting a lot of pressure on the architects and builders to keep projects on budget.

We face large systems development charges for the new middle school help to develop roads, transportation infrastructure, etc. We may get some money back if we do some frontage improvements.

There will also be a large fee to Sunrise Water & Environment services for storm water & sewer connections.

Discussion of COC's annual report to the community: Dick Jones

What should the report include?

- General overview
- How to get more information about bond projects
- If we have made any changes, we need to provide the public with the rationale.
- Go back to the three promises we made to the community.
- Report on our progress toward those 3 promises.
- Explain the prudence of contingencies and where that money came from (interest).
- A link to the new bond web site with more information.
- How do you explain all the extra money we have to apply to projects?
- Quotes from kids about the difference this is making.

Possible format:

- Letter to the community from the chair?
- One page in the district's annual report issue of the newsletter, mailed to all district households in February. (some 45,000 households)

Who would like to serve on subcommittee?

- Ginny Markell
- Renee King
- Dick Jones

They will plan to meet as a subcommittee before the next COC meeting.

Questions and Concerns: Ron Stewart

Dick Jones raised a question about sustainable building and sustainability practices. In Dick's view, the most important things are outcomes, not certification standards, because time is money. He feels the district is looking at decision making with an eye to sustainability.

Leslie Robinette invited all COC members to the ribbon cutting of the new all weather field at Clackamas High, at 6:45 on Friday, September 7 just prior to the first home football game in the Clackamas High Stadium. COC members can receive free VIP admission to the game if they RSVP by September 5 to Leslie Robinette (robinettel@nclack.k12.or.us) and enter through the main gate.

Ginny Markell commended district staff for their lovely work on the Happy Valley Ground breaking ceremony. The event was great for the students and for the public. Ginny hopes all the groundbreaking will be this nice.

The next Citizens Oversight Committee meeting will be Wednesday, November 7 at 6:30 in the district boardroom.

Citizens Oversight Committee Minutes

May 16, 2007

Members Present: Dick Jones, Todd Caldwell, Ginny Markell, Renee King, Yvonne McVey, Julie Volpel, Jeff Klein, Kristin Mitchell

Absent: Heather Noren, John Matthews, Gary Lane, Tom Feely

District Staff Present: Ron Naso, Jim Langstraat, Garry Kryszak, Leslie Robinette, Blair Loudat, Ron Stewart, Matt Utterback Joe Krumm, Vicki Chambers

School Board Members Present: Cheryl Myers, Rein Vaga, Linda Moraga

Community Members Present: none

Meeting called to order at 6:30 p.m.

Pledge of Allegiance

Review of March 21 minutes: minutes approved as written

Project Update: schedules, budget, bid results

**Ron Stewart
Garry Kryszak**

Across the board there has been strong interest in our bond projects, with several competing bids.

Alder Creek: The first project, replacing field lights at Alder Creek, is moving forward. Quotes are due by May 15, and the project is on schedule for a June start.

Ardenwald: At Ardenwald, Mahlum Architects is working on schematic layout based on site, budget, and educational specifications. The Bond Steering Committee has reviewed the early site plan. The architect has been instructed to proceed with a plan to site a 62,500 square foot building on the easterly section of the property.

Bilquist: Architects have created a revised plan that brings scope of work within budget. The project scope was reviewed with the Site Planning Committee on April 17th, and the reaction of committee members was positive. We are now proceeding with the schematic design, which the Bond Steering Committee reviewed on May 3. The Construction manager/General Contractor selection process is underway, with proposals due May 23. This addition and remodel will involve moving the media center to the front, adding to office, making the music room accessible, adding classrooms, eliminating asbestos floor tile, adding carpet. This project will begin in March 2008 and will be completed by fall of 2008.

We have opened bids to replace boilers at **Milwaukie High, Sunnyside, Riverside, and Campbell**. The low bid of \$347,884 from Tom Stevens Boiler was within the engineers' estimate and the bond budget amount. The district will make a recommendation for award to the Board on May 31.

Clackamas Elementary: Work at this site includes re-roofing the building, rebuilding the front entrance and upgrading windows. The early quote package for window supply has been completed, and windows have been ordered. Bids on the rest of the work opened May 1 and came in below the architect's estimate.

The **Clackamas High School** field turf project has been bid through Eagle-Elsner. The project is on time and on budget. Construction begins May 21.

Happy Valley Elementary and Middle School: We have switched contractors from Robinson Construction to Emerick Construction. A strong team is on this project. We are working with the City of Happy Valley on final permitting and zone changes. Next Tuesday is a second meeting with the city design and review team. We have completed negotiations on acquisition of the church. Ground breaking will be June 12. We will begin moving modular classrooms on June 21.

All of the land issues surrounding this project are finalized with both landowners.

The church will rebuild to the east of their current location. The old church will be removed so our construction can begin.

Question: Will there be enough time for them to build another church?

Answer: we will allow the church to utilize Happy Valley Elementary for church services until the new church is built in 2009.

Question: Are the sports fields at the old elementary going to be usable during construction?

Answer: these fields will not be usable because of access and parking challenges. The baseball teams and soccer teams will make other arrangements.

Question: I heard earlier that there would be 174 parking places at Happy Valley. Has this changed?

Answer: The number discrepancy is because we are no longer counting the overflow area as "official" parking. This area contains basketball courts.

Linwood: This project involves a media center, a gym, office improvements, and a number of upgrades. Barrentine Bates & Lee has revised the scope of work and is well into the schematic design process. We hope to start work as early as next spring, in March or April. Parts of this project will be done before school starts in fall '08, and others will not.

Milwaukie High School: This project involves a major remodel to the girls' locker room and additions to auditorium. The district has met with staff and architects. We have begun revising schematic designs to bring things in line with the budget. We will have a contractor in place to work with architects and begin construction in spring 2008.

Mt. Scott Elementary: At this school we are replacing siding and re-roofing. First Cascade was the successful bidder. They will begin work over summer.

Putnam High School: This project involves a significant remodel to move the offices, remodel the kitchen, and create a new commons in the center of the building. We have looked at several schematic revisions. We are now in the process of selecting contractor and will do interviews on May 30-31. The work will begin in June 2008, running through two summers plus a school year. This will be one of the most disruptive projects to an existing school.

Using the CM/GC process, the contractor and architect can work closely together to make disruptions as limited as possible.

Question: What about athletic projects at MHS and PHS?

Answer: Nick Wilson of Atlas has looked at both athletic facilities to do a master plan. This will be equitable with CHS facilities. In the summer of 2008, all weather fields will go in at Putnam High and Milwaukie High. Work on athletic facilities will not occur during sports seasons.

Question: With limited parking at Putnam, how will construction staging be accommodated?

Answer: We will plan for this during the CM/GC process. Perhaps there will be room for staging behind the auditorium. Off-site parking may be required.

Putnam will be the most disruptive project we do. The architect, the contractor, and the school district will have to find the best way to make this happen while lessening the impact to students.

Question: A Milwaukie High coach is discussing a 10-year repayment plan for the community share of athletic facilities. Is that what is happening?

Answer: During the bond campaign, we made it clear that we need to improve athletic facilities. The community balked at the price, so we made a decision to use some community matching funds for athletic facilities.

Bond funds for athletic facilities will be \$700,000 each for Milwaukie High and Putnam High. In one sense, the fields are being paid for by partnership with the Department of Parks & Recreation.

Neither of these two stadiums currently has an 8-lane track. We are evaluating each site to see whether there is room.

We have asked each community to raise \$100,000 in matching funds. This can be contributed over the next 10 years. An active booster club should be able to manage this.

Clackamas High boosters will contribute \$200,000 over the next 10 years.

Question: Are there booster clubs at Milwaukie High and Putnam High?

Answer: Athletic Directors say that parents are supportive, and there should be no problem raising these funds.

We have received bids for roofing at six sites: **Milwaukie High, New Urban/Sojourner, Oregon Trail, Sunnyside, Riverside, and Milwaukie Elementary.** Bids came in below what we expected. This will help stop the degradation of facilities immediately.

Sunrise Middle School: We should get a good price on metal roofing. This work will be done in 2 phases, replacing the metal roof on both gyms and over the art rooms, which were leaking badly. At Sunrise, we will replace all carpet in the halls and commons with a hard surface in keeping with district standard for middle schools.

Rowe Middle School: Mahlum Architecture is working on the Rowe gym addition and choir room addition. We are seeking a contractor with the hope of having them on board in late July. A unique design for Rowe gym will enlarge the existing gym that will make it a full size double gym like the one at Sunrise. Rowe will also get a new lobby and new locker rooms.

We are moving forward with more than \$100 million worth of projects. The scale of the work we are doing this summer is vast, but it pales in comparison to what we will do next summer.

Question: Will the gym expand North into the bus area?

Answer: The work will not affect the bus drop and will not impact the fields.

Question: With all this work going on, who will oversee the work to ensure quality?

Answer: Architectural firms will assist with that. We also have contracted with construction project managers to oversee project progress. All projects have either an internal, in-house project manager, or a contracted project manager. We feel roofing is so important that we have retained a roofing consultant to do key periodic roofing inspections as the work is in progress.

Question: Why are we already replacing the roof at Sunrise?

Answer: There was a flaw in the roofing system. This project will fix that flaw. That is why we are micromanaging this project. Usually we expect a new roof to last 20-plus years, but the Sunrise roof (built in 1992) has had problems for the past 6-7 years.

We are starting the Happy Valley project and hope to be substantially complete on the elementary side by fall 2008. The church would like to begin work in fall of 2008 and done in fall of 2009.

Question: As it appears some time lines have been adjusted, can we get updated time line charts from Ron Stewart at our next meeting?

Answer: Our staff will work to provide that.

Budget and Contingency Funds:

The bond program is \$229.6 million plus \$28 million from the premium from the bond issuance and anticipated interest earnings from investing the bond funds short-term. This \$28 million provides a 12% contingency reserve for the scheduled projects.

It is prudent and responsible to reserve at least 10% of the bond program to be used as a contingency.

We are not distributing contingency funds equally among project budgets. We are holding these funds separately. Some projects will be over our estimated budget (without contingency), some will be under our estimated budget, and some will be on budget (without contingency). Contingency funds will be distributed on an as-needed basis. Some may require a 30% adjustment, some a 5% adjustment and some may contribute funds back to the bond program. The goal is to maintain the average distribution of contingency funds at 10% or below.

To date, we have recommended \$17.7 million in contingency adjustments to the original budget estimates. So far the average of all contingency adjustments is 7.7%. The current budget for all projects is \$247,300,000.

Question: Could you give an overview of why we requested the adjustment for contingency?

Answer: When we took the bond proposal to the public, we did a lot of dreaming. When we launched the architects on these projects, we asked them to list costs for each bond item. We are now working to wrestle out the dreams, the reality, and construction costs to bring projects into a realistic cost framework. In some cases, to fulfill the goals of the bond proposal, we need to tap contingency funds where costs need adjustments.

Two groups, architects and planners have crosschecked all budgets.

Our original estimates for the new elementary schools have been adjusted due to rapid cost increases. What is causing cost inflation is building materials: steel, concrete, and any petroleum product.

Question: Are items without contingency listings in need of contingencies?

Answer: It's likely that all schools will have contingency adjustments.

Despite the added matching funds coming for athletic facilities, we still have planned for contingencies at Milwaukie High and Putnam High.

The items with contingency listings shown on the goldenrod handout all have major additions. The remaining items have more flexibility built in.

Question: We are approving bids at Clackamas Elementary. Is this bid for all projects or part?

Answer: It is for about half the work.

The projects requiring steel and concrete are most likely to need contingency funds.

Question: About \$27 million is coming from the interest. What if we don't need it all for contingencies?

Answer: We have made a commitment to voters that if that happens we will buy back the bonds.

We are making tough decisions now to keep a tight budget and keep our promises to voters. There is some room for decisions—which flooring do we replace? All? Or only the most worn parts. If, for example, when all the projects are complete, we can go back and replace more flooring, we will.

If we made a decision to do something that we did not indicate to taxpayers we were going to do, that would not be in keeping with the scope of the bond.

There was never the intention that we would do less or more than we promised. We need to let people know as work proceeds that we may need to go back and do more on sites that need it.

Question: What if we find an unexpected problem in the course of other work? If it was not in the original plan, can we justify it?

Answer: This could be an issue for the Citizens Oversight Committee and the board to face. One example of this is the gym floor at Milwaukie High, a project during the 1998 bond. When we tried to sand and refinish the gym floor according to the original plan, it was determined that this was not possible because the floor was too worn. This necessitated complete replacement of the floor, something not planned for in the original bond proposal.

The bond language for the 2006 bond states clearly that projects not listed would be prohibited.

Property purchase

All along, there was some skepticism that the amount budgeted for property would be adequate. The \$30 million budgeted for property purchase includes not only the purchase of land, but needed improvements and site preparation to the property to make it ready for building.

To share some past history from the 1998 bond, for MHS, we had budgeted \$9 million and ended up spending more than \$12 million. This was possible because of the interest on the bond. This experience of coping with unexpected costs and using interest earnings for this purpose is not new to the district.

Property Report

Oregon Trail Elementary #2 and Sunrise Middle School #2 (which could become a future high school):

We are looking at properties between 162nd & 172nd, approximately 37-40 acres. This includes 10 parcels with eight owners.

The planned construction schedule is as follows:

New elementary: start building in the summer of '08 and finish in summer '09.

New Middle School (future high school?): start in summer 08 and complete in 2010.

We need to begin design work in June, but negotiations may continue.

The negotiation process is proceeding. All owners understand that change is coming. With the exception of one owner, all owners are willing sellers when the price is right and less than willing when the price is not right. Even the unwilling owner is participating in negotiations and allowing access to his property.

Ron Naso, Ron Stewart, and Jim Langstraat are meeting with the owners' representatives. They have agreed to the process of negotiating, then mediation, and the binding arbitration, using the court as a third party to help decide on a fair purchase price as part of the condemnation process.

Happy Valley Elementary #2:

We are considering land in the vicinity of Hagen Road and 172nd.

The construction schedule would launch the project in the summer of 2008, with completion planned for the summer of 2009/

We need to start design work in June, but negotiations may continue.

At this point, we have wetland assessments, surveys, topos, and soil assessments in progress. Next we will complete the appraisals and negotiate the purchase.

Happy Valley Elementary and Middle School:

This project will be located on the existing Happy Valley School site and purchased lands adjacent to that site, including:

The church site (3.45 acres)

The large Azar parcel (8.3 acres)

The Azar rental house (1 acre)

Total lands for the two schools is 23.25 acres, including 5 acres designated as wetlands.

If the new school is not ready to open in 09, then it creates real problems. We need 2 elementaries ready for student use.

If we want to, we can pursue wetlands adjustment to free up space for added play fields by purchasing credits. At this time, we are not planning to do that. However, this is an option we have open should we need it later.

Question: Can students use wetlands for environmental education programs?

Answer: If we access the wetlands only from walkways, yes.

Question: Do we need to enclose the wetlands with a fence?

Answer: In most cases, yes.

It is important to communicate to others that we are not building on a marsh or a swamp. In fact, technically there is a portion of the existing playfields that are designated wetlands.

Question: Once you purchase the property for new schools, how quickly will the boundaries be re-drawn?

Answer: We are working on that now. Those announcements may be made in February or March of next year. Or we may wait and announce it later to avoid dividing a community while they share the same school. The Happy Valley principal's concern is that the school community not be divided too far in advance of the move.

Two future elementary school sites:

This bond will fund sites for two future elementary school sites. Our goal is to site one north of Sunnyside Road and one south of Sunnyside, possibly east of 172nd. The search is in progress. Schools will not be built on these sites using funds from the 2006 bond. This land will be used to meet future needs.

Financial Update

Jim Langstraat

Bond proceeds total \$242,761,032.90
Investment interest totals \$1,523,991.40

We have allocated \$247.3 million for planned projects.

The expenditures list (pink handout) is checks that have actually been written.

Funds Committed (goldenrod handout) lists purchase orders for architect fees and other projects encumbered but not yet paid.

Every penny of bond funds is accounted for. We don't intermingle bond funds with operating funds or other funds.

Over time, we anticipate \$16 million in added interest.

Currently we have deposited about \$90 million in local banks. Some of this may be invested elsewhere when the right opportunity arises. But some funds we need to have accessible for on-going projects.

We will keep \$25 to \$30 million accessible to cope with changes in the construction schedule.

More information is available on request from the district office.

We have \$9 million in reserve for project management, including employment of a full time accountant to track all this. We are also funding one purchasing staffer, half of Ron Stewart's salary, J.J. Henry bond program managers, one-fifth of Matt Utterback's salary, all of Garry Kryszak's salary from this fund, and the district project manager salary.

For the 98 bond, we got the financial statements 18 months after the projects were all done. This time our accounting process is tracked as it happens.

Question: How can we compare the work done on this effort to the rest of the work accomplished by the district? How will salaries paid by the bond be covered after bond work is complete?

Answer: Many of the bond positions are temporary jobs.

The state legislature is wrestling with an excise tax. It has been approved by the Senate and is now in the House. Home Builders Association helped write it and approve it. This is the replacement for Systems Development Charges. Estimates show we may do better with the excise tax than with the SDCs. This will impact all property that is built in 2008. We expect returns in the \$3-4 million range. We made a commitment to voters to establish a land fund using these moneys. Over a period of 6 years, we will use the land

fund to purchase the properties we need for future schools. If after 6 years, money remains in the fund after land purchase, we will return this money to taxpayers.

If this bill passes and goes into effect in January, \$25 million plus \$9 million in excise taxes might leave us funds to return to the voters.

To use the construction excise tax, we will need a facilities plan in place. The district sees this as doable as we already have a facilities plan in place.

Question: Didn't we make the promise these fees would be used for land and anything left over would be returned? Is the excise tax limited to use for land?

Answer: It must be used for capital costs. And we must keep the promise we made.

The difference between an excise tax and SDCs is this: The excise tax does not restrict where the money can be spent, the way SDCs do. This way we can use the funds for capital projects in older parts of the district, not just the new parts.

Discussion: At Happy Valley City Council, we spoke of the historic value of Happy Valley School. It is important to communicate with the public that the oldest piece of the original school has been updated and modified, and changed and incorporated into the main building over the years. People need to know that we have a very limited window of time to do anything with the old music room or construction will be impeded. People who have concerns should be encouraged to contact the district as soon as possible.

Response:

The bell at Happy Valley School is an example of a relic that has been preserved and moved as the building changes and evolves. It will be moved to the new school.

The school is not a registered historical site. However, the City of Happy Valley does recognize the site as historically significant. We will honor this in the planning process.

Question: What is the process to decide specifics on bond projects?

Answer: \$3 million in the athletic facilities fund is prioritized for all-weather fields. Once we decided that, we originally said \$500,000 for CHS stadium structures, \$700,000 each to Putnam and Milwaukie High. When we decided not to annex, the costs increased.

Some at Clackamas High thought the stadium would expand, but now a different plan is in place to use booster funds to support turf. The stadium expansion plan was in place before the decision was made not to annex Clackamas High to Happy Valley. That plan has now changed.

The district tries to design according to district standards. There is some give and take, but we are working toward equity and consistent district wide standards.

Question: Does the district web site addresses the oversight committee and who is on it?

Answer: The Citizens Oversight Committee minutes are posted, and the list of committee members is listed, along with their contact info.

Question: Thinking to the next bond, the campaign needs to continue to cultivate major donors. Should we be sending them regular updates?

Answer: Can we add these people to the key communicators list? That way they will receive regular bond project updates.

Question: In the COC's report to the community, should we tailor a message to members of the community? Here's what we've spent, here's what to expect in your neighborhood, and here's what it means to our schools?

Answer: District staff stands ready to help when needed.

Next meeting date: August 15 at 6:30 p.m

Headlines you may see in the meantime:

School district condemns property on 162nd Ave.

Turf to come to all high schools in time

Pile drivers invade Happy Valley.

Meeting adjourned at 9 p.m.

Citizens Oversight Committee Minutes March 21, 2007

Members Present: Dick Jones, Gary Lane, John Matthews, Ginny Markell, Kristin Mitchell, Julie Volpel, Heather Noren, Yvonne McVey, Jeff Klein

Absent: Renee King, Todd Caldwell, Tom Feely

District Staff Present: Ron Naso, Jim Langstraat, Joe Krumm, Blair Loudat, Matt Utterback, Vicki Chambers, Garry Kryszak, Ron Stewart, Leslie Robinette

School Board Directors Present: Linda Moraga, Rein Vaga

Community Member Present: Jay Lillie

Project Update: Ron Stewart and Garry Kryszak

All summer projects on schedule to bid in April. CHS came in under the engineer's estimate and will go to the board for approval in April. \$8.5 million in projects will go out for bid in April.

We are still working on master planning for major projects at Bilquist, Putnam, and Rowe. Definitive plans will be presented to the architects in the next 3-4 weeks.

We continue to work on Linwood, looking at improvements including a gym, media center, and office.

Planning for the major remodels of PHS, & Milwaukie, Rowe and Bilquist are moving along nicely. We are moving forward with Ardenwald's plan, looking at education specifications, size, location, and building needs.

No work will begin on these projects until late fall at Linwood. All the rest will begin in the spring of 2008.

The Happy Valley Project:

The District continues to work with the City of Happy Valley on zoning. We are continuing work with the architects and general contractor Robinson construction.

We are planning an approximate 190,000 square foot structure with an elementary school and a middle school on the site.

Design documents are complete. We are now working details of the structure.

Auto traffic will move along the east side. The two schools will have a staggered release time to alleviate parking and traffic issues.

We anticipate that the elementary school will be ready to open in the fall of 2008, and that the middle school will be ready in the fall of 2009.

A portion of Sunrise Middle School students could move into the middle school at that time, alleviating crowding at Sunrise.

Cost estimates:

The process is this: general contractors work directly with the architects to help with the design of the building. Both the architect and the contractor did preliminary estimates for the Happy Valley site. As of this afternoon we are about \$2 to \$2.5 million over budget.

Using this method, we can do value engineering on the front end of the project to save on costs.

An issue with the soil has driven costs up.

The middle school is 3 stories and the elementary is 2 stories. Due to soil instability, a large number of pilings will have to be added to stabilize the site. This has resulted in a higher cost than anticipated.

Question: Do we get a rebate on portable fees if they are removed within a short time?

Answer: We pay \$275 per student to put in portables as a systems development charge. We will get credit for that as we make improvements on the property.

Question: Will the portables be sold when they are no longer needed?

Answer: some have been leased and can be returned. Some can be used on other sites during on-going construction. Afterward, they can be sold, though not for what we paid for them.

Question: In Happy Valley, when the new elementary opens, will both elementary schools be open?

Answer: A couple of options are being considered. One possibility is that those who will attend the new Happy Valley Elementary School will move there. In that case, those who will go to the other as-yet unbuilt new school would remain in the old happy valley school until their new school opens. The other option would be to move students in grades K-4 to the new Happy Valley Elementary building, and have grades 5 & 6 remain in the old school. This would allow additional time to determine the new school boundary lines and which staff would work at which school. A final decision on these options has not been made.

Question: How much parking will be provided in Happy Valley at the two-school complex?

Answer: 193 parking spots and 21 buses will fit on site, though it's unlikely that many buses would ever be there at one time.

Question: How will this impact traffic?

Answer: Schools slightly impact traffic at the start and end of the school day, but this is a short time each day. The total number of trips to the area will remain about the same or fewer than we have now. The school district will be part of the road improvement process. While the middle school students will be brought into the area, on the plus side, they will no longer cause as many traffic tie-ups in the Sunrise area. Overall, less congestion is anticipated.

Question: For after school activities, what are the options for overflow parking after school for special events?

Answer: Because this is two schools on the same site, the parking lot is larger than the lot at Sunrise. Possibly people can park at the church next door.

Question: How much will the extra pilings and soil samples cost?

Answer: Roughly \$1 million to \$1.25 million.

This project will happen in starts and fits, with unexpected issues popping up from time to time.

The Bond Sale: Jim Langstraat

The school district's bond rating is A-1 from Moody's same as before
Our Rating from Standard & Poors is an A, down from the last report.

This is because the district's general fund balance is low and fluctuating. This has been low because reduced school funding over the past few years has caused us to spend down the general fund balance to accommodate basic needs.

However, this is a respectable rating. The better the rating, the better the rate we get on bonds.

Rating agencies are impressed at the health of the local economy and the increase in property values. There may be a resulting rating increase in the future.

The district purchased bond insurance which buys us a better rating, driving down the interest rate investors will charge. It made a quarter of one percent difference.

We spent \$100,000 to get the bonds rated. Lowering the interest rate saves the district \$575,000 per year in interest alone.

The bond sale went very well. The market is strong. The market is unusual right now: there is only a 1% difference between short term and long-term borrowing.

The first good news is that we met our pledges to the community, not raising property taxes by more than \$1.10 per thousand in the first four years, or by more than \$1.25 on average over the 25-year life of the bond.

The district anticipates the tax increase per thousand dollars of a home's taxable value will be:

\$1.01 in year 1

\$1.10 in year 4

\$1.14 average over the life of the bond.

We estimate that the district's property tax value will grow by 7.5% in next two years and by 4% in years thereafter. We think these projections are reasonable.

Depending on changes in assessed value, these figures could go up or down.

Because of the strong market, we were able to sell at a premium. Buyers paid more than the asking price because the interest is tax-exempt. This tax exemption turns 4.4% interest to a real return of 6% to investors.

Bonds are not callable for 10 years, which is very favorable to investors.

The net result is that investors paid over \$13 million more than the face value of the bonds. Even after underwriting fees, this leaves us with \$241,449,586.

This gives us a cushion for cost increases and unanticipated expenses like the soil conditions in Happy Valley. This gives us protection against contingencies to provide the public with the projects we planned for.

Right now we are re-investing the funds at 5 to 5.25% until they are needed. Projections show we may generate another \$16 million in interest revenue over the construction cycle.

An estimated \$258 million will be available for projects.

If all goes well, any funds not used for planned projects can be used to reduce the cost to taxpayers.

All the bond sale paperwork is in order. This bond meets the parameters we pledged to the public and meets with all state and federal laws.

Even with this bond sale, the district could legally issue up to \$750 million in additional bonds should the voters approve them. This is not planned, but does demonstrate the economic health of the district.

According to property tax data, the assessed (taxable) value of property within school district boundaries is well under real market value—about 63% of the value of the property. This is due to limits posed by Measure 5.

There was a high demand for series B bonds.

Question: What is Urban Renewal excess?

Answer: Growth in new areas will fund urban renewal projects and will not add to the district property tax base yet. At some point in time, the Town Center area will come out of that base.

The district received the bond proceeds last Wednesday. The money was invested with a local bank.

The district wrote an RFP for investment management services to help us line up good investments in the future.

Next board meeting we will choose an investment management service.

We have three goals in managing bond proceeds:

--Ensuring that the principal is 100% safe (invested in government securities or in local banks with collateral agreements that are insured)

--making sure the money is liquid (so we can get to it when we need it if the construction schedule changes due to good weather, etc.) This keeps the schedule fluid.

--ensuring a good rate of return so we benefit from interest income. Over the life of the bonds, we will make 2-3% interest under federal rules.

\$16 million in interest is based on the lower 4.2% interest rate.

Reminder: Our commitment is to build no more than we promised, and hopefully no less. This unanticipated money gives us security that planned projects can be completed. If costs come up, the district may bring that decision to the Citizens Oversight Committee to consider whether extra money could be spent to complete the project.

Question: If some money is left over after all projects are completed, could we invest it in another site for a future school?

Answer: We don't have a lot of wiggle room to do that given the promises made to voters in the ballot explanatory statement.

Progress on Property Purchases: Ron Stewart and Garry Kryszak

We will purchase property for two new elementary schools, two new middle schools, and two future schools.

Middle school #1 will be located in Happy Valley. We have already acquired 8 acres and need to acquire an additional 4 acres. We have been in negotiations with the land owners for more than a year. They want to sell, and we want to buy. We may need a third party to negotiate price.

Middle school #2. We are negotiating with a number of parcel owners, and evaluating wetlands. Construction begins in 2009, so we have more time. This is in the area of 162nd St. and south of Sunnyside Rd. We have sent letters to property owners offering the appraised value for their properties.

We hope to locate Oregon Trail area elementary school #2 between 172nd and 162nd St. south of Sunnyside Road. Property owners are talking with us, and we have sent letters to property owners offering the appraised value for their properties. We need to identify this property in the next two months.

Happy Valley region elementary school #2 will be located in the vicinity of 172nd, north of Sunnyside Road. These sites need to be at least identified in the next two months.

We are still looking for two future school sites. This has a later deadline because these schools will not be built now.

Question: Will the price of land be in our range?

Answer: The Board is confident that we will have to dip into reserves on property costs. We have done appraisals plus our best estimates of the off-site improvements needed to make the properties usable. \$25.6 million is the estimated total cost of the properties we need based on appraised values. We doubt we can purchase many of these properties based on the appraisal. Many of these properties have homes on them, so that may increase the cost.

Land purchase will be a challenge.

Some of the property we're looking at is being proposed as being zoned Light Industrial. This creates difficulties for the planners under requirements of Metro.

The tensions that are occurring are the result of master planning without consideration for where schools will be located.

We are not choosing prime property, but rather sites located more remotely.

Industrial areas bring jobs to the community. That's part of the push/pull.

Question: Was the property by Rowe rezoned to acquire more space for parking?
Answer: That has not happened yet, but we will ensure that it does.

Question: Have we ever closed on property North of Courtney to improve access to Oak Grove school?
Answer: We believe that title has been transferred in a land swap.

Condemnation: What is it?

It is highly unlikely that the district will be able to purchase over 80 acres of land and come to agreement over such a large number of parcels with homes on them.

Not every property owner will agree.

Condemnation means using a third party such as a judge or legal process to come to a fair agreement about the value of the land. The owner will not receive less than the appraised value for the property.

In this circumstance, all our property owners are willing to discuss selling their properties. It's just a question of negotiating price and timing.

There are legal timelines in place to use condemnation as a tool to obtain the King Road property. It takes approximately six weeks to get through the required waiting period.

Historically, this will not be the first time the district has condemned land. Oregon Trail Elementary was built on condemned property.

The district considered a wide range of ideas to encourage the family to sell, including naming the school after the family. However, it is unclear which approaches actually reached the bargaining table. In the end, the condemnation went through.

Condemnation is a tool to serve the interests of the public good.

The threat of condemnation provides tax advantages to the seller, giving them an extended period of time to reinvest the proceeds (two years) without declaring income.

One property owner on King Road asked us to threaten to condemn so he could take advantage of this.

Bond communications: Leslie Robinette

The school district communicates about bond project implementation in different ways to different audiences:

--internal audiences, such as employees and students

--external audiences, such as parents, business leaders, and other community members.

People rely on a variety of different information sources, so we use multiple approaches:

--news releases to local media

--letters

--newsletters, for both employees and community members

--cable access TV (Comcast channel 28, or channel 27 in Happy Valley)

--the school district web site

--a "key communicator" list serve

--signs and displays at each school

--the Citizens Oversight Committee (with meetings open to the public)

--presentations to community groups, school communities, local government, and neighborhood associations

--special events

In the case of special events, such as ground breakings or grand openings, we make a point of involving the community and students in the event, through ribbon cuttings, student music performances, and special invitations to dignitaries, neighbors, students, parents, and involved citizens.

Overall, our communications effort has two goals: informing the public about bond projects while ensuring open, transparent communication, and giving community members a sense of pride and ownership in the school facilities we all use and help fund.

The Citizens Oversight Committee was formed to enable direct citizen participation as bond projects are implemented.

The district would like to offer this committee the opportunity to take a direct role in bond communications.

One option would be having this committee make a report to the community. This could happen in a couple of different ways depending which way the group decides to go.

One option is a one-page report in the annual report issue of the district newsletter, published each February.

Another option would be an annual presentation by a COC subcommittee to the school board at their June meeting.

The COC could also provide an e-mail update to the school district's bond information list serve, which goes to 2200 key communicators.

The Citizens Oversight Committee at this point elected Dick Jones as Chair and Jeff Klein as Vice Chair. Ginny Markell has volunteered to help Dick and Jeff with COC communications, which she considers vital.

This group and any others interested in helping will meet to discuss a June report to the Board. Joe Krumm and Leslie Robinette will assist the subcommittee as needed.

Question: Are building captains on the key communicator list?

Answer: We believe so, but will confirm this.

Questions and Discussion:

Jeff Klein looked at the MHS projects list and says based on his experience, the lights and poles will be an issue for the Historic Milwaukie Neighborhood Association. We need to involve them in the process.

The Ardenwald re-build will be an issue for the neighborhood association.

The district needs to connect with other city and county planning organizations to find out whom in the community to contact about their concerns.

Hot topic: “Cherry Stemming” Annexation

On the April 5 school board agenda, the school district is bringing the bid forward on the all weather field for Clackamas High School.

The board will discuss acceptance of the bid and how we will pay for the field. The Happy Valley annexation may be a factor in this.

If we do not move forward with annexation, we need to find other funding for this project.

Ron Naso recommends that the school board accept the bid, which is low.

Sunnyside United Neighbors sent a letter indicating their opposition to the annexation.

Ron will be in Salem on Monday discussing annexation issues with the Legislature to alleviate the concerns of the neighbors.

Ron does not have high confidence that the annexation will proceed unless the legislature makes changes to alleviate people’s fears about island annexation.

Happy Valley City Council member Kristin Mitchell says her sense is that the City of Happy Valley does not want to annex anyone who does not want to be annexed.

Dick Jones feels annexation is confusing and divisive. Would it be better to annex a clearly defined area rather than an island?

Jeff Klein thinks the county needs to do a better job of annexation. The public needs to understand that this is more about services than about taxes.

Ginny Markell is concerned that the all weather field and Happy Valley annexation is the first project out of the chute because annexation was never mentioned during the bond discussion.

We have to be careful about how the public perceives this. We need to demonstrate the cost savings to tax payers.

Ron says that if we don't proceed with annexation, because of the Parks and Recreation agreement with Happy Valley, taxpayers will need to fund two all-weather fields on the east side, one at the high school and one inside the Happy Valley city limits.

We need to be clear with the community about why there's a delay in providing all weather fields at Milwaukie High and Putnam High, because Clackamas High gets theirs a year sooner.

The only reason Putnam and Milwaukie High come later is the larger scope of their projects, involving stadium improvements, lighting, track restoration, the field, and storage buildings.

The positive news is that in the 5-year bond budget for Milwaukie and Rex Putnam, they have \$250,000 for each school's sports facility. We are asking the community to contribute \$100,000 to \$150,000 per school at these sites for sports facilities. This may be accomplished through fundraising, donations, and grant writing.

Ginny Markell's address is now Damascus. Her new zip code is 97089. Please correct this on the COC contact list.

Please add Todd Caldwell's phone number to your COC contact list: 503-721-2422.

The next meeting of the Citizens Oversight Committee is set for May 16 at 6:30 in the district board room.

Citizens Oversight Committee Minutes
February 9, 2007

Meeting Schedule: Leslie Robinette

Schedule for future meetings: 3rd Wednesdays — quarterly, with some additional as needed.
Tentative date for next meeting: March 21
Future meetings will run from 6:30 to 9 p.m. in the district board room.

If you have questions or hear questions raised by others, please e-mail them Leslie Robinette, who will track down the information you need. This will help us build an agenda for future meetings.

With your permission, contact information for each committee member will be posted on the school district web site so the public can contact you directly with questions or concerns.

Purpose of the Citizens Oversight Committee: Ron Naso

1. To be an advisory panel to district staff.
2. To be an advisory committee to the board.
3. To help the district clarify as-yet undefined specifics for some bond sites.
4. Report to the board on issues of concern.
5. To serve as a third set of eyes, making sure promises to voters are kept.
6. To diffuse public distrust.
7. This group serves as a sounding board for the staff and the board.
8. This group serves as a link to the public, relaying the questions they hear.

Question: Will there be a formal trade-off process for changes in the plan?

Staff Roles: Ron Naso

Ron Naso, Superintendent

Responsible for making final recommendations to the School Board. Lead presenter to the Citizens Oversight Committee.

Joe Krumm, Director of Community & Government Relations

Responsible for providing bond information to the community and the media, and organizing events such as groundbreaking and openings.

Leslie Robinette, Communication Specialist

Responsible for working with staff to coordinate the agenda, minutes, and communication with the Citizens Oversight Committee. A contact point for COC questions.

Elaine Drakulich, Assistant Superintendent for Administrative Services

Responsible for long-range planning regarding student population and attendance areas.

Ron Stewart, Physical Plant Director
Responsible for bond implementation.

Garry Kryszak, Bond Capital Project Manager
The only staff member who works full time on the bond, responsible for the day to day planning and construction of bond projects, serving as liaison to architects, construction managers, and contractors.

Jim Langstraat, Executive Director for Finance and Operations
Responsible for financial decisions related to bond revenue, expenditures, investments and legal obligations.

Diane Larson, Director of Fiscal Services
Responsible for accounting, expenditures, and accounts payable in relations to bond projects.

Tim Witcher, Director of Business Operations
Responsible for overseeing the purchase of land, and overseeing purchasing procedures for bond projects.

Matt Utterback, Director of Secondary Support Services
Responsible for decisions relating to instructional planning and building specifications, as well as staffing plans for new schools.

Blair Loudat, Director of Technology and Information Services
Responsible for technology planning for new and renovated facilities.

Bond Background: Ron Naso

- \$229.6 million bond issue
- Average tax rate \$1.20 per thousand (below earlier estimate)
- The largest school bond in the history of Oregon
- This bond will not serve every need we have.

Financial Report: Jim Langstraat

- Issuing the bonds is under way.
After issuing bonds, we will only be at 20% of the district's legal debt capacity.
- On December 7 the School Board approved Seattle Northwest as underwriter through a competitive process. Bond underwriting costs have been lower than expected, and lower than in 1998.
- The 100-page preliminary official statement is available electronically on request. Joe Krumm will put it on the school district web site.

- Bond sell date moved to March 6 so as not to compete with City of Portland bonds which will sell for a better rate.
- Bond proceeds will be available March 14.
District ratings: A1 from Moody's and A+ from Standard & Poors.
While not the best rate, this is respectable enough to receive good interest rates.
Because our tax base is growing steadily, we may get bumped to a better rating, at least in time.
- Bonds will be Series A and Series B, but sold at the same time. The interest range will be 4-5%.
- Proceeds of the bonds will be invested to generate \$15-20 million interest, which can be used to supplement bond project costs.
- This bond will leverage some funding from the state that could provide up to 2 or 2.5% of the cost of new classrooms.
- Our first objective is to finish the projects we have promised.
- The second goal is to spend the money wisely, using any excess proceeds to buy back the bonds. This was a promise made to the community.

Planned Projects: Ron Stewart and Garry Kryszak

- The goldenrod list details school by school, with site totals.
- We plan 6 property purchases.
- We have planned \$9 million in reserve funds.
- We anticipate 3-5% cost to manage the projects.

Schedule: Ron Stewart and Garry Kryszak

- The implementation plan is based on priority needs.
Overcrowding is a pressing concern. Construction of major facilities takes the longest.
- This fall, we begin construction of a replacement school & new middle school at Happy Valley. The new Happy Valley Elementary School is due to open in fall of 2008.
- Two new middle schools are needed.
- Two additional elementary schools needed.
- Between Aug. 2008 & Aug. 2009 we will open two elementaries and a new middle school.
- In the next two years, we'll build 4 new elementaries (2 new and 2 replacements), 1 new middle, and start on the 2nd new middle school.

- The priority this summer is what we can do quickly and immediately to stop degradation.
 - Alder Creek field lights
 - Several new boilers
 - Roofing projects
 - Siding
 - Entry problems
 - Window problems

These bid packages go out in the next 60 days for projects that begin this summer.

- We have a head start on the two schools in Happy Valley, an elementary school & middle school under one roof)

These are now in final stages of design, with zoning changes needed and site variance requests underway.

We will use the CMGC (Construction Manager/General Contractor) design process in which a general contractor works with the architect in final design phase.

--to save costs

--to expedite construction

Happy Valley Elementary will be ready in the fall of 2008.

The Happy Valley middle school will be ready in the fall of 2009.

Architect assignments for major projects: Ron Steward and Garry Kryszak

BOORA Architects

Happy Valley Elementary and Middle School – replacement and new school

New middle school (possible future high school)

Mahlum Architects

Ardenwald Elementary -- replacement

Milwaukie High School -- major remodel

Rowe Middle School -- addition and major remodel

Dull Olson Weekes Architects

Bilquist Elementary -- major remodel

Putnam High – major remodel

New elementary school

Architects Barrentine, Bates and Lee

Linwood Elementary – addition

New elementary school

The Ardenwald project kickoff with Mahlum architects will take place next week.

The replacement school must be designed to be built while the old building is in operation.

Much of the preliminary work with architects is now underway. (Walk throughs, planning, etc.)

The big project push (many projects) will be in the summer of 2008.

Quality is paramount: we have revised operational specifications that state our preferences for products, consistency, terminology, design specs, and quality. The architects are highly experienced and we have worked with many of them before.

We will do \$81 million in 2008 and \$71 million in 2009. This is the most aggressive bond implementation plan in Oregon history.

Good planning is as much work as good construction. Though you may not see a lot happening right now, there is a lot going on behind the scenes.

Question: what accountability measures do we have for construction groups? **Answer:** We have set contract incentives and disincentives to meet given time lines. e.g. the turf project at CHS has a daily penalty for each day the project is over deadline.

Question: Why is it necessary to hire so many architects? **Answer:** The difference between the sites and the communities is one reason. Ardenwald wants to maintain the historic feel of the structure. Due to the number of bonds passed statewide, the architects are in high demand.

We do try to have a standardized approach to our schools. Our elementary schools will look very much like those at Spring Mountain and Oregon Trail.

We have hired 3 project management firms: Milstead & Associates, J.J. Henry, and Cornerstone. Project management costs are built into the reserve fund.

Question: Are there performance benchmarks for the project managers? **Answer:** They are consultants. Not much accountability that can be tracked or built into the contract.

Question: Will there be any recovery of capital in the teardown of an old school?
Answer: Some things can be recycled. The Largest demolitions will occur at Ardenwald and Happy Valley. We can work demolition costs down as low as possible. Material retrieval is challenging from a cost perspective. Some recycling will be possible.

Land Acquisition: Tim Witcher

Realtor Tom Dechenne of the Norris Beggs & Simpson commercial real estate firm has been working with the district since spring 2006.

We have been trying to position ourselves to negotiate for real estate since before the bond was approved. Our focus is on the east side of the district, within the Urban Growth boundary.

We have been searching for sites large enough for schools. Who is interested in selling? Uncertainty arises because the zoning is not set and therefore the prices are not set.

We have looked at a large number of properties with the district's location goals in mind.

Goal: 10 acres for a grade school, 30-40 acres for a middle school (eventual high school).
We must find 4 elementary sites and 1 new middle school site.

Sites were reviewed by members of the Site Committee. General areas were targeted. Some properties have been weeded out due to physical constraints such as wetlands, creeks, etc.

Appraisals have been ordered for the district to purchase property at fair market value. These should be ready in a week or two.

We are prepared to make offers, though we are still narrowing down our choices. No offers have been made yet.

Much of the property was originally zoned as farmland and has not yet been re-zoned.

Between 162nd & 172nd is where we need sites for two new elementary schools and the new middle school that will eventually become a high school.

The district is also seeking pieces of property for future schools east of 172nd. The school district extends to 180th Ave. Because of planned growth in Damascus (part of which lies in our district), we need to look at sites for future schools on the far eastern edge of the district.

Question: What about the Altamont property? **Answer:** The Altamont property is 5 acres adjacent to a 6 acre park. The district is still trying to get a legal opinion on the use of this property, which was received due to a greenspace requirement of developers. If we don't put a school on that site, do we have the ability to sell the property, which has significant value? Demographically, there is no reason to put a grade school there. As Altamont has been built, Mt. Scott's enrollment has decreased.

Question: What about the property next to Rowe Middle School? **Answer:** A house east of Rowe has been purchased in order to add space for parking at the school, enabling us to complete the other projects planned for that school.

Athletic Facilities: Ron Naso

There is \$3 million in the bond for athletic facilities. We are trying to parlay the 3 million in athletic funding into 4.2 million through partnerships.

All-weather surfaces for our 3 high schools, will be accomplished in partnership with other agencies or community groups. Parks & Recreation is discussing this with us.

Ron Naso is confident that within 2 years we will have all-weather surfaces at all 3 high schools. CHS has the stadium and lights in place, so it is ready to move forward now. The community is eager to move forward with this.

City of HV has an agreement with Parks and Recreation to contribute a certain amount of facilities within Happy Valley. This specifically requires an all-weather surface within the City of Happy

Valley. We are discussing whether it would make better sense from a land and economic standpoint to merge their field with our field, rather than creating two fields. However, our high school does not lie within the boundaries of Happy Valley. We have requested that Happy Valley annex the high school site through “cherry stemming.” This has been controversial in parts of the community. Whether or not this happens, we have indications that there may still be a way to make this project work. We have scheduled installation of the all-weather surface at CHS this summer.

At the other two high school fields, we are planning a number of other facilities improvements, seeking parity between schools.

MHS: field lights, storage facility, 8-lane track.

PHS: major stadium repair and renovation, lighting, track, softball field upgrade

Both of these high schools will also receive an all weather surface.

Parks and Recreation has agreed to be a partner in both Milwaukie and Putnam.

The District will provide \$700,000 per school at both PHS and MHS. The target date for installation is the summer of 2008. Our commitment is to have parity at each high school.

The new middle school site will have a track, but not a stadium until a later bond is passed to transform it into a high school.

We are working closely with Parks & Recreation to find adjacent property parcels so we can make efficient use of greenspace. We are trying to find ways that schools can be built on smaller plots of land.

Closing Remarks:

Implementing the bond will be a messy process. Things will not always go as planned.

Commitment for future meetings: 3rd Wednesdays as scheduled

Next meeting is tentatively set for March 21

Meetings will run from 6:30 to 9 p.m.