



Portland Public Schools Facilities: Maintenance and Operations of Rebuilt Schools

March 16, 2011

Over the past two decades, Portland Public Schools made tough financial decisions in order to maintain a high-quality education for students in a time of scarce resources. Adjusted for inflation, the state's per-student spending has dropped by 22 percent in 20 years – putting constant pressure on local schools. Oregon once spent more per student than the national average on its schools, but now spends 7 percent less.

As PPS leaders sought to preserve teaching positions, protect class sizes and core educational programs, resources were diverted from the maintenance and operations (M&O) of our buildings. Since the late 1980's, the M&O budget decreased from \$12.7 million a year to \$6.8 million, dropping by almost half, and the number of maintenance workers declined from 181 to 71. This was a response to on-going budget crisis and was not – and could not be – a long-term strategy. The capital budget was hit the hardest, decreasing from \$23.3 million a year to \$3 million – resulting in an extensive deferred maintenance obligation.

A more sustainable course

In recent years, even as they confronted recurring budget cuts, superintendents, members of the Portland School Board and facilities administrators have worked to set a new and more sustainable course. They have made substantive decisions that demonstrate they understand the importance of a healthy M&O budget and taken action in that direction:

- Setting aside proceeds from the sale of surplus property for district capital needs, rather than using the funding to cover on-going operational costs.
- Hiring nine additional maintenance workers, broadening the pool of generalists and deploying specialized trades people strategically.
- Holding the maintenance and operations budget stable, even as they made tough cuts across other central departments.
- Allocating roughly \$11 million in recent Recovery Zone Bond funding to execute needed energy upgrades in all of our buildings. This will generate an estimated \$1.2 million or more in energy savings annually once the work is complete.

Best practices

Even with these positive steps, it is clear that PPS spends less on maintenance and operations than comparable large urban school districts nationally, and less than the typical, smaller Oregon district.

The Council of Great City Schools, a consortium of the largest urban school districts in the country, researched and benchmarked key performance indicators for non-instructional operations in an October 2009 report, "Managing for Results in America's Great City Schools." In this national comparison:

- PPS custodians carry a higher than median workload, as measure by square foot of building area, and
- PPS has a lower than median percent of its General Fund dedicated to M&O.

Every state and city funds schools differently. But even compared to other Oregon districts, PPS has dedicated less than the median amount for maintenance and operations.

The PPS organizational model is correct; it just is underfunded. In our maintenance organization, both custodial and maintenance supervisors report to a single manager, allowing for better coordination and team work. This management structure is reaffirmed as best practice for large school districts in the “Best Practices Manual for Maintenance and Operations” by the Collaborative for High Performance Schools.

School district	Square feet per maintenance worker	Maintenance & operations per square foot
Beaverton School District	76,556	\$5.80
Seattle School District	78,907	\$4.78
Portland Public Schools	125,574	\$4.03

It should be noted that both Seattle and Beaverton (in fact, all 19 other school districts in the Portland metropolitan area) have active school bond levies in place. Having a bond measure for major capital projects, combined with General Fund support for regular custodial care and routine maintenance is best practice for Oregon districts.

The future

PPS has identified revenue streams to match capital maintenance requirements of modernized buildings over the next 20 years while minimizing the impact to the General Fund. These revenue streams will fund a proposed Internal Service Fund dedicated to maintaining our rebuilt schools.

The attached capital plan assumes 29 modernized school buildings over the next 20 years (including Rosa Parks and Forest Park elementary schools, the only two PPS schools built since the early 1970s). This plan was modeled using American Society for Testing and Materials (ASTM) standards.

For more information on Portland Public Schools facilities bond proposal, go to: www.pps.k12.or.us or call the Information Hotline, 503-916-2801. Portland Public Schools is an equal opportunity employer and educator.

20-Year Maintenance & Operations Plan for Rebuilt Schools

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Year	Buildings	Capital Expense	CET Revenue (Note 1)	RZB (Note 2)	Interest Earned	Lease Revenue (Note 3)	Total Revenue (Note 4)	ISF Balance (Note 5)
2011	2		\$3,154,319		\$7,439		\$3,161,758	
2012	1		\$1,500,000		\$10,456	\$100,000	\$1,610,456	\$3,161,758
2013		(\$6,170)	\$1,500,000		\$20,219	\$100,000	\$1,620,219	\$4,772,214
2014	2	(\$91,442)	\$1,500,000		\$24,670	\$100,000	\$1,624,670	\$6,386,263
2015	4	(\$198,227)	\$1,500,000		\$38,487	\$100,000	\$1,638,487	\$7,919,491
2016	1	(\$91,635)	\$1,500,000		\$44,016	\$100,000	\$1,644,016	\$9,359,750
2017	1	(\$187,944)	\$1,500,000		\$49,689	\$100,000	\$1,649,689	\$10,912,131
2018	1	\$0	\$3,000,000		\$72,124	\$350,000	\$3,422,124	\$12,373,877
2019		(\$343,856)	\$3,000,000		\$86,868	\$350,000	\$3,436,868	\$15,796,000
2020	2	(\$1,180,029)	\$3,000,000		\$99,039	\$350,000	\$3,449,039	\$18,889,012
2021	4	(\$2,993,510)	\$3,000,000		\$126,347	\$350,000	\$3,476,347	\$21,158,022
2022	1	(\$170,991)	\$3,000,000		\$133,502	\$350,000	\$3,483,502	\$21,640,859
2023	1	(\$1,936,624)	\$3,000,000	\$1,200,000	\$150,044	\$350,000	\$4,700,044	\$24,953,371
2024	1	(\$1,334,966)	\$3,000,000	\$1,200,000	\$193,635	\$600,000	\$4,993,635	\$27,716,790
2025		(\$2,327,554)	\$3,000,000	\$1,200,000	\$212,493	\$600,000	\$5,012,493	\$31,375,459
2026	2	(\$4,004,021)	\$3,500,000	\$1,200,000	\$224,034	\$600,000	\$5,524,034	\$34,060,398
2027	4	(\$6,839,619)	\$3,500,000	\$1,200,000	\$254,999	\$600,000	\$5,554,999	\$35,580,412
2028	1	(\$7,575,404)	\$3,500,000	\$1,200,000	\$237,666	\$600,000	\$5,537,666	\$34,295,791
2029	1	(\$9,522,193)	\$3,500,000	\$1,200,000	\$210,653	\$600,000	\$5,510,653	\$32,258,054
2030		<u>(\$17,372,371)</u>	<u>\$3,500,000</u>	<u>\$1,200,000</u>	<u>\$150,068</u>	<u>\$600,000</u>	<u>\$5,450,068</u>	<u>\$28,246,514</u>
Total	29	(\$56,176,556)	\$53,654,319	\$9,600,000	\$2,346,447	\$6,900,000	\$72,500,766	\$16,324,210

Notes

1. CET: Construction Excise Tax. \$1.5M years 1-7. \$3M years 8-15. \$3.5M years 16-20.
2. Recovery Zone Bond: Energy (Utility Bill) Savings used to pay off Recovery Zone Bond debt redirected toward Capital Maintenance Program
3. Lease Revenue: Revenue used for Capital Maintenance from the lease of District property.
4. Sum of CET Revenue + RZB + Interest Earned + Lease Revenue
5. Internal Service Fund Balance = Total Revenue - Capital Expense

For more information, contact Chief Operating Office C.J. Sylvester at 503-916-3176.