

# Staff Analysis and Report to the Board

**Date:** September 25, 2018  
**To:** Board of Directors  
**From:** Claire Hertz, Deputy Superintendent Business & Operations  
**Subject:** Resolution to Authorize Use of Construction Excise Tax

## BACKGROUND

The Oregon Legislature passed the Senate Bill 1036 in 2007 authorizing school districts to impose construction excise taxes. In 2008, the PPS Board approved to utilize the construction excise tax fund for capital improvements for school facilities. On average PPS receives \$6.5M per year in construction excise taxes and was over projection in 2017-18 for a total of \$8.4M in collected CET revenue. 7KHGLVWU LFW¶V & (7 IXQG LV FXUUHQW O\ DOORF I restricted purposes as follows:

1. Unrestricted: This portion can be spent

portable classrooms in overcrowded schools. There were two questions that surfaced from the board discussion:

1. How much revenue is in the CAR fund?
2. What projects have we committed to with these funds?

In response to the first question, the following chart reports the revenues and expenditures of the CAR fund over the past seven years through 2016-17:

<b>FY Ending</b>	<b>Capital Expense</b>	<b>CET Revenue Fund 404</b>	<b>Interest Earned</b>	<b>Lease Revenue</b>	<b>Athletic Field'</b>	<b>Surplus Sales</b>	<b>Total Revenue</b>	<b>Balance</b>
2010/2011		\$2,476,972					\$2,476,972	\$2,476,972
2011/2012		\$1,500,000					\$1,500,000	\$3,976,972
2012/2013		\$1,500,000	\$9,195	\$157,309	\$49,587		\$1,716,091	\$5,693,063
2013/2014	(80,917)	\$1,500,000	\$1,579	\$485,890	\$74,956	\$1,993,185	\$4,055,610	\$9,667,756
2014/2015	(248,034)	\$1,500,000	\$1,650	\$349,094	\$158,417		\$2,009,160	\$11,428,883
2015/2016	(94,348)	\$1,500,000	\$2,076	\$457,826	\$137,484		\$2,097,386	\$13,431,920
2016/2017								

#### COMMUNITY ENGAGEMENT

Parents and community members from Bridger Elementary have attended multiple board meetings expressing their concerns for placement of portable classrooms for 2018-19 and 2019-20.

#### TIMELINE FOR IMPLEMENTATION/EVALUATION

A supplemental budget will be needed to authorize appropriation for this resolution transfer. This could be made anytime during the 2018-19 fiscal year.

#### **BOARD OPTIONS WITH ANALYSIS**

The resolution will authorize spending of \$13.05M Construction Excise Tax to support the Middle School Conversion and portable classrooms for enrollment growth. If this is not authorized, the 2017 Bond Program shortfall will increase by \$11M, and \$2.05M of general fund revenue would need to be used to purchase portable classrooms. Possible boundary adjustments or program changes could be made to offset the need of for portable classrooms.

#### **STAFF RECOMMENDATION**

Staff recommends the board approve the resolution to authorize the use of CET resources to lower the 2017 Bond Program shortfall and purchase portable classrooms to support overcrowded schools.

**I have reviewed this staff report and concur with the recommendation to the Board.**