



HOOD RIVER COUNTY SCHOOL DISTRICT

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Finance Advisory and Capital Projects Oversight Committee Minutes September 18 – 4:00 P.M.

Committee Members:

Present: Mark DeMoss, Bill Newton, Garrett Aplan, Michael McElwee, Ted Cramer-HREA Rep, Rolland Hayden, Chrissy Reitz, Brandi Sheppard

Absent: Nancy Rowley-OSEA Rep, Rich Truax

The following HRCSD staff/community members present:
Tod Hilstad

1. Welcome & Call to Order – 4:02 P.M.

Superintendent Bill Newton called the meeting to order at 4:02 pm on September 18, 2025 in a virtual google meet.

2. Public Comment

Superintendent Bill Newton shared no one had signed up for public comment.

3. Reports & Discussions

A. Capital Projects Update & Long-Range Facilities Planning

Superintendent Newton provided an update on the district's long-range facilities planning.

- **Current Projects:** The district currently has no large-scale capital projects underway.
- **Long-Range Facilities Planning Committee:**
 - This committee met throughout the summer to assess the needs of the district's facilities.
 - Committee members, accompanied by school principals or department directors, toured all schools and departments, including the maintenance and transportation yards.

- The final tour was of Cascade Locks, which took place the previous evening.
- Following the tour, the committee discussed key themes observed across the district's facilities and reviewed the 2017 master athletic plan to understand what had been accomplished since its creation.
- **Overarching Themes Identified:** Several common issues were identified across the district's older schools:
 - **Mechanical & Electrical Systems:** HVAC and other mechanical systems were a common concern across many schools.
 - **"Patchwork" Additions:** Many older schools have undergone numerous additions over time from various bond projects without a cohesive system design. This has created challenges with systems like flooring and HVAC, contrasting with newer, intentionally designed schools like May Street School. The committee also noted patchwork issues with furniture, like tables and chairs.
 - **Safety and Security:** This was noted as a common need across facilities.
 - **Transportation/Maintenance Department:** The transportation/maintenance department has several old and unsafe structures, including Quonset huts and an old school building used for storage that needs to be torn down. The bus barn's lifts are not designed for newer vehicles like e-buses, and the building's height is insufficient for current maintenance needs. The transportation/maintenance site was highlighted as a major concern because it is often "out of sight, out of mind," leading to deferred maintenance.
- **Facility Priority Lists:**
 - Over the summer, Maintenance and Custodial Director Todd Rainwater and school principals created prioritized lists of facility needs, rated from high to low.
 - At the previous night's meeting, Luke Harkness from the Wenaha Project Management team presented the highest-priority items for each school.
 - The committee believes this list needs continued development and conversation with school administration to ensure the right priorities are addressed in a potential future bond.
- **Next Steps:** The committee will meet again in October, where Piper Sandler, an investment banking company, will present proposals for potential bond ideas that could be pursued in the fall of 2026.

B. Financial Update (Mark DeMoss.)

This was the first Finance Advisory Committee (FAC) meeting of the fiscal year, and it included training and background information for new members.

- **Fiscal Year 2024-2025 (End-of-Year Update)**

- **Fund Balance:** The final general fund balance is projected to be 5% of revenue, as required.
 - The calculated amount is approximately \$3.6 million.
 - After reserving funds for the unspent new SIS system and anticipating \$100,000 in grant cost adjustments, the adjusted fund balance is \$3.3 million, which is about \$140,000 above the 5% target for end of year 25-26.
 - The separate operating reserve fund holds \$2.087 million.
- **Expenditures:** Total general fund spending was \$431,000 under the supplemental budget. This figure includes unspent funds for the new SIS system. The district also absorbed about \$300,000 in unexpected PERS charges from the 2021 payrolls during the year.
- **Revenue:** General fund revenue was 99.7% of the forecast, about \$158,000 under budget.
 - This was primarily due to a \$493,000 shortfall in the State School Fund, related to prior-period enrollment adjustments. The State School Fund is based on the prior year's enrollment, which is higher in a declining enrollment environment, but adjustments can be made for demographic information like poverty rates and sped students.
 - The shortfall was partially offset by higher-than-expected local option revenue (up \$164,000) and interest income (up \$120,000) from managing cash in the Oregon LGIP.

- **Fiscal Year 2025-2026 (Forecast)**

- **Budget:** No major changes are forecasted at this time relative to the adopted budget.
- **Supplemental Budget:** A supplemental budget is anticipated in October-December to incorporate the final fund balance from FY 23-24 (including reserved SIS costs) and to account for significant ongoing changes to Title grants, SIA, and High School Success funds.

- A \$500,000 staffing contingency was added this year, which will be reallocated to specific areas in the supplemental budget. It was noted this contingency may need to be increased in future budget cycles.

- **Key Financial Issues & Strategy**

- **FAC Purpose:** The committee's role is to monitor financial issues and trends and make recommendations to the School Board, which holds the authority for action.
- **Budget Committee Engagement:** The district is making a concerted effort to involve the Budget Committee earlier in the process to provide more background information before official deliberations begin in late April.
- **Long-Term Budgeting Strategy:**
 - **Enrollment:** Declining enrollment remains a primary risk, as it results in a smaller share of the state school fund.
 - **Special Education (SPED) Costs:** SPED costs rose by approximately \$1 million last year despite declining overall enrollment. The increase is driven by students exhibiting higher needs, which requires more personnel, adult assistance, and support. The state legislature did not increase the special education funding cap last session, so the district continues to fund about 3.8% of SPED costs from the general fund.
 - **PERS Pension Impacts:** A major rate change and the expiration of the side account are expected to drastically impact the budget in the 2027-2028 fiscal year. New rates impacting the 2027-2029 biennium will not be available until October 2026, creating planning challenges. The goal is to build reserves for this event to avoid a crunch.
 - **Asset Management:** A key goal is to better budget for deferred maintenance and equipment replacement (e.g., furniture, fleet vehicles) to reduce reliance on 20-year bond programs.
- **Operating Reserves:** Discussion was held about defining specific purposes for the \$2.087 million operating reserve. The goal for this year is to begin creating dedicated funds for specific future projects, such as field turf replacement.

4. Questions & Comments

- A question was raised about restrictions for the operating reserve. Mark DeMoss. explained the reserve is a flexible amount, but a goal this year is to better define what reserves are being held for.
- It was asked if medical insurance premiums are included in inflation impacts on labor costs. Mark DeMoss. noted that the Oregon Educators Benefit Board (OEB) is capped at a 3.4% increase per year, which is a legislative or statutory cap. This led to changes in coverage, like increased deductibles, this year.
- Michael McElwee asked about the value of the Forecast 5 tool, given its projections often require clarification. Mark DeMoss. explained it is valuable as a "watchdog" for identifying specific variance trends and for forecasting non-payroll expenditures, which are about 20-25% of costs.
- Ted Cramer asked about the drivers of increased SPED costs. It was confirmed that the increase is due to a rise in student needs requiring more personnel and support, a trend seen across many districts.
- Michael McElwee complimented Mark DeMoss on a clear and comprehensive financial overview, calling it a "terrific tutorial".

5. Adjournment

With no further questions, Superintendent Newton closed the meeting at 4:55 p.m..