



HOOD RIVER COUNTY SCHOOL DISTRICT

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Finance Advisory and Capital Projects Oversight Committee Minutes

October 16, 2025 – 4:00 P.M.

Committee Members:

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

Absent: Nancy Rowley-OSEA Rep,

The following HRCSD staff/community members present:

Tod Hilstad, Meghan West

1. Welcome & Call to Order – 4:04 P.M.

Superintendent Bill Newton called the meeting to order at 4:04 pm on October 16, 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. HRCSD & Capital Projects Update

Superintendent Bill Newton updated the committee on the Long-Range Facilities Planning Committee's recent meeting, which focused on bond options for a potential fall 2026 election. Lauren McMillan from Piper Sandler Investment Firm, who supported the district's 2016 bond, presented various bond possibilities and their potential tax implications for the community.

State-Mandated Facility Assessment

Superintendent Newton and Rich Truax discussed the state-mandated analysis conducted by ODE in every district to identify the costs required to bring all schools up to their original construction standards. CFO Mark DeMoss clarified that the total 20-year commitment in the ODE assessments for the Hood River County School District was estimated at \$219 million. This breaks down into immediate needs (0–2 years) totaling \$3.7 million, 3–10 year needs at \$70 million, and needs for over 10 years totaling \$145 million.

State Support for Capital Projects

Superintendent Newton explained that the state provides an "OSCIM grant," which is a matching grant up to \$8 million for the school district. If the district were to run a bond of \$8 million or more and it was approved by voters, they would receive an additional \$8 million. This provides a significant incentive for the community if a bond is pursued.

State Budget Reduction Proposals

Superintendent Newton informed the committee that the State of Oregon has directed all departments, including ODE, to prepare budget reduction proposals of 2.5% to 5% by mid-November. These proposals, driven by a decline in the August revenue forecast, could lead to cuts for the current fiscal year and will be shared during the February legislative session. COSA updates to

superintendents indicate that the State of Oregon, including ODE, is preparing draft budget reductions anywhere from 2.5% to 5%, which could eventually trickle down to districts.

B. Financial Report

CFO Mark DeMoss presented the financial advisory report.

Long-Term Financial Planning Objectives

CFO DeMoss outlined the goal of the meetings: to not only update on the current financial status, but also to discuss major issues facing the district. The aim is to move toward a multi-year projection rather than just a year-by-year budget. This approach will inform better decisions and help in understanding significant topics like expected PERS increases and long-range facility planning costs.

Current Financial Status and Future Projections

CFO DeMoss reported that the district expects to end fiscal year 2024-2025 with an ending fund balance larger than the 5% requirement, having not touched the operating reserve. However, he noted that expected negative impacts on expenditures are currently limited to less than 1%, which still amounts to about \$500,000, requiring ongoing management. A more detailed walkthrough of revenue and expenditures will be provided in the November report.

Budget Risks and Opportunities

CFO DeMoss highlighted several budget risks, including the state's proposed 2.5% to 5% reductions impacting grants and the State School Fund. Other risks include the general decline in district enrollment, increasing special education and high-cost claims, and the potential elimination or reduction of Title grant funding. These factors pose a challenge, especially with personnel and program efforts tied to these grants.

Upcoming PERS Rate Changes

CFO DeMoss detailed significant expected increases in PERS costs, primarily due to the expiration of the PERS side account in 2027-2029, the removal of a 1.68% one-time rate reduction and a potential PERS rate increase in the FY27-29 biennium. These changes are projected to result in a 60% increase in PERS costs, a net change of \$3.6 million for the district. CFO DeMoss emphasized that while revenues are expected to increase, the district could face an approximately \$2 million budget cut in the first year of the next biennium due to these changes, underscoring the need to focus on planning for two years out.

Challenges in Facility Budgeting

CFO DeMoss discussed the inherent difficulties in budgeting for facility expenses, noting that long-term projects often get overlooked in favor of more urgent current needs. He explained that while financial planning for facilities typically involves 20-year life cycles and building reserves, these reserves are often reallocated during emergencies, causing a "shock value" to the organization's finances. CFO DeMoss expressed concern that the current \$2 million reserve may be needed for potential deferred maintenance items, impacting its availability for other issues like PERS.

Limitations of Current Facility Revenue Sources

CFO DeMoss highlighted that the district's long-term facility maintenance needs are measured in millions of dollars, while traditional internal revenue sources for facilities (leases, rentals, CET and general fund spending) are only measured in the hundreds of thousands. He explained that a future bond program will need to consider funding both new programs and major deferred maintenance, creating competition for resources, as the total volume of projects exceeds what can be funded. CFO DeMoss concluded that increased general fund spending on facilities and maintenance typically results in trade-offs with personnel due to payroll being the largest part of the budget.

Facility Upgrades and Financial Planning

CFO DeMoss discussed the extensive costs associated with upgrading older school facilities, highlighting issues like single-pane windows at the middle school that would cost over a million dollars to replace. He emphasized the need to address these long-avoided projects due to factors like climate change and extended school calendars. CFO DeMoss also indicated that the district would refine its long-range facilities list over the next year to better plan for necessary upgrades.

Long-Term Financial Strategy

CFO DeMoss shared concerns about the substantial 10-year cost of facility maintenance, estimated at \$75 million, which is significantly larger than typical bond packages. He expressed a desire to find additional general fund money for emergencies, allowing larger projects to be handled through bond initiatives, while maintaining flexibility in financing.

Comprehensive Facility Assessment

CFO DeMoss and Rolland Hayden discussed that the current facility assessment reports do not fully capture all necessary improvements. Rolland Hayden pointed out that the reports do not include security enhancements like fencing or nuances of day-to-day operational improvements. CFO DeMoss confirmed this, noting that security details such as cameras and lights, as well as equipment for facilities like the transportation yard (e.g., lifts for electric buses), are not detailed in the current lists but could be fleshed out as part of the project.

Furniture Replacement and Community Impact

CFO DeMoss highlighted the need for a furniture replacement plan, noting that current efforts by Rolland Hayden to allocate funds for furniture annually are insufficient for large-scale replacement. Both speakers agreed that updating furniture, along with improvements like painting and new whiteboards, though not as costly as major structural repairs, significantly impacts community perception and pride in the school facilities.

All reports and supporting materials are available upon request.

4. Adjourn – 5:14. P.M.