

MEMORANDUM

Date: July 20, 2020

To: Portland Public Schools Board of Education

From: Bond Accountability Committee (BAC)

Subject: 2020 Bond

As a result of the inadequate cost estimates contained in the 2017 bond, the Bond Accountability Committee (BAC) Charter was amended last October to add a requirement for review of future District bond planning, including cost estimating processes and risk management strategies. The BAC was instructed to provide, as requested, advice on these matters to the Board. This memorandum will describe what transpired during our efforts to fulfill this responsibility.

A handful of relatively informal meetings occurred in late 2019 and early 2020 for staff to update the BAC on development of a 2020 bond. However, it was not until three bond options had been crafted in June that the BAC was really able to dive into this exercise. Accordingly, the BAC met virtually with staff (and others, including some Board members) on June 25th and 30th.

Staff provided substantial back-up documentation in support of the cost estimates that existed at the time and made available subject-expert staff to discuss them during the meetings. The BAC raised questions and/or made suggestions during those meetings (and followed up with email confirmations) on items such as:

- Calculation of the 2017 shortfall (including consideration of program contingency, future interest earnings, expected project COVID-related costs, etc.);
- Current Benson High School estimate and reduced contingency;
- Multiple Pathways to Graduation estimate assumptions and exclusions;
- Jefferson High School scope, schedule, and estimate assumptions;
- Risks associated with proceeding with design of Wilson and Cleveland High Schools;
- Apparent spreadsheet inconsistencies;
- Rationale for Administration estimate;

- Escalation assumptions generally;
- Arguments for various levels of program contingency; and
- Recommendations to address seismic enhancement for new structures.

We were not briefed on the curriculum and security estimates.

Following these meetings, it was understood from staff that they would consider this input as they worked on a “final” estimate for the Board, and that the BAC would be provided updates along the way. We would then meet to review the new product and write a report to the Board that would either endorse staff’s recommendations or explain why we did not agree. These anticipated follow-up steps never happened.

The BAC received staff’s final product on July 14th, an hour or so prior to the Board meeting where it was adopted. To be sure, the materials made it clear that staff had followed our recommendation on a couple of issues (e.g. escalation, future interest on the 2017 bond) but the documentation does not address what, if anything, staff did with other questions/suggestions. It’s possible, of course, that these were considered and rejected. However, there has been no opportunity to examine the rationale behind many of the final numbers and, of course, the BAC has not been briefed at all on the pricing of the latest scope additions to the package (curriculum and the \$60 million for the Center for Black Student Excellence).

The BAC understands the time pressures on staff during this process and appreciates the difficulties faced in producing the staff recommendation to the Board. It is regrettable that, due to the circumstances related above, the BAC cannot offer an opinion on the final cost estimating processes and risk management strategies supporting the bond package approved by the Board on July 14th. We will try to reach a conclusion by the 28th and report back to the Board on that date.