

MEMORANDUM

Date: July 24, 2020

To: Portland Public Schools Board of Education

From: Bond Accountability Committee (BAC)

Subject: 2020 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 Charter instructs the BAC to provide, as requested, advice on these matters to the Board.

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, and again on July 23th.

It is well established that the District's capital needs far exceed the capacity of a 2020 bond. We did not consider, and offer no opinion on, the choice of projects that are included in the bond package and which are deferred to future referrals.

Staff provided substantial back-up documentation in advance of each of our meetings in support of current cost estimates and made available subject-expert staff to discuss them during the meetings. The BAC raised questions and/or made suggestions during those meetings 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.

Staff gave appropriate consideration of these issues and either made changes or further supported the current estimates. There was full transparency as the estimates evolved.

It is important to note that as the degree of specificity of work items' scope varies, so too must estimating processes and risk assessments. For instance, the Center for Black Student Excellence represents a vision rather than a definitive project at this time, so the cost estimate represents a good faith assessment of what will be required to bring that vision to fruition. Accordingly, it will be important to clearly state this in the bond's explanatory language.

Similarly, the language should explain that the cost estimate for Jefferson High School is based on one of several preliminary design options and that further work will be needed to define the actual project. The purpose of the final program contingency should also be transparently defined and explained.

The BAC commends staff for responding to every question, concern and suggestion with equanimity despite extraordinary time pressures and other difficulties caused by these challenging times. Their responses have been supported by solid data and/or good professional judgment.

The BAC is pleased to advise the Board that, in our judgment, the proposed bond package is appropriately backed by robust, professional cost estimating processes and risk management considerations.