

May 15, 2019

Auditor Mary Hull Caballero
City of Portland
1221 SW 4th Avenue
Portland, OR 97204

Re: Portland Building Audit

Dear Ms. Caballero,

We have learned your office is conducting an interim Audit of the Portland building reconstruction project. This committee was appointed by the Mayor and each Commissioner to oversee the city staff in charge of the reconstruction.

While we don't know the specifics of what is being audited, we understand it is looking into the general topic of transparency relating to the budget, tenant improvements, and other changes made by city staff during the construction period.

Our committee has been meeting with staff virtually every month throughout the entire process. Some of our members were present in the first through current iterations of the oversight committee. We review and score the progress each month on a variety of topics. We also have the opportunity to ask any desired questions and our input has been used throughout the process.

This letter is to underscore that in our view, the city staff have been very transparent with our committee every aspect of the project, including granular matters concerning budget, scope, changes, and timing. There have been a number of difficult decisions relating to the building and they have been shared with us and to our knowledge, none of those have been contrary to our recommendations.

In our collective experience, large construction projects begin with a budget and a list of items that may have been value engineered leading up to construction. It's very normal for an owner to come back to this list once other dangers of being out of budget pass. If the owner feels they can add some of those original items back into the project, then we see this as a positive aspect to the project.

In addition, another common aspect of construction in large project is how the budget may or may not allow for the owner's contribution to tenant improvements. As an example, a building owner that is ahead on their budget, may very well decide to contribute more than planned towards tenant improvements in order to gain larger rents, secure a tenant for longer lease periods, improve the overall building value and to reduce costs of future tenant improvements.

In the City's case, it's wearing two hats (owner and tenant) so it's not always as easy to see this normal occurrence in clear lines.

Rest assured, our committee (and we understand with the Council's blessing and actual votes) has been fully briefed on each of these matters prior to a decision been made. We helped the city staff understand the tradeoffs and gave our support to their ultimate decisions because those decisions have been normal, logical, good for the citizens of Portland and made at the appropriate times in the project cycle.

Finally, as we stated earlier, the city staff have been fully transparent and we are extremely pleased by the project overall and the successful execution to date.

Please feel free to contact us if you have further questions.

Sincerely,

Citizen Oversight Committee
The Portland Building Reconstruction Project

Robert Ball
Carl Farrington
Don Shanklin
Tom Walsh
Jessie Steiger*

*This member is new to the committee after filling a vacancy and has not had participation throughout the entire project but has reviewed or been briefed on past meetings.