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Portland Building: Renovation budget is not transparent, but City made progress in other areas

News Article



2-Year Audit Update

Actualización sobre auditoría de 2 años

Двухлетний Отчёт Аудита

Cập Nhật Kiểm Toán 2-năm

2 年 审 计 更 新

This is a two-year follow-up to our 2019 report, "Portland Building: Greater public transparency needed about project costs, trade-offs, and missed equity requirement."

Published: September 16, 2021 9:00 am

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The City decided to renovate the iconic Portland Building in 2015. We identified risks during early renovation planning in 2016. Three years later, we highlighted unresolved issues the City had time to address. The City implemented the recommendations related to equity grants last year, but other improvements remained underway.

Because of the pandemic, the Portland Building is still not yet open to the public and there is little use by City employees. This year, we found the City

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did not implement our budget transparency recommendation but made progress in its compliance with the Americans with Disabilities Act and historic preservation requirements.

Recommendation Status: Not Implemented

Collective renovation costs not reported to Council and Oversight Committee



We recommended that the Chief Administrative Officer present budget-to-actual reports that reflect the complete renovation costs that tied to the original \$195 million budget for the main project as well as approved side projects that in 2019 were expected to collectively total \$214 million, less financing costs.

The City did not implement this recommendation. Reports to Council and the Oversight Committee continue to focus only on the main project. Other public reports present this information in piecemeal. As a result, the total renovation costs are not clear or transparent to decision-makers or the public.

The accounting is further complicated by changes to what is now covered in the \$195 million budget. To the project team's credit, the actual costs for the main project continued to be under budget. As a result, side projects for technology and first-floor office spaces were moved into the main project budget of \$195 million. The project team is also reserving \$2.4 million for potential post-occupancy costs. The Chief Administrative Officer provided a final update to Council in April 2021 and reported about \$9 million in anticipated savings at that time.

However, the City's most significant side projects – for furnishings and two and a half floors of offices – remain outside of the main project budget. The City has spent \$17.2 million of the \$18.8 million budgeted for these side projects as of June 2021, in addition to the main project budget.

Recommendation Status: In Process

Preparations made for Americans with Disabilities Act accommodation requests



We recommended the Chief Administrative Officer report on the status of accessibility barriers at the Portland Building. The project team has continued to consult with City staff with expertise with the Americans with Disabilities Act. The project team said that that it has an approach to address reasonable accommodations for the public as well as City employees. The City plans to finish this work once the building is open to the public and occupied by employees.

Recommendation Status: In Process

City has entered into a mitigation agreement; State plans to delist historic designation



We recommended that the Chief Administrative Officer complete the remaining State and local historic preservation requirements for the Portland Building.

The City and the State Historic Preservation Office signed a mitigation agreement in March 2021 that is in effect through June 2025. As part of that agreement, the City committed to mitigation tasks and completed one so far – an exterior interpretive display. The City has yet to complete the remaining three tasks, which include an interior history wall, monograph, and a web-based panel discussion.

A local historic preservation requirement will be triggered if the building is delisted from the National Register of Historic Places. While the State plans

to begin the delisting process, it has been unable to do so because of funding and staffing cuts.

View the [2019 audit report and recommendations](#) and our [1-year follow up report](#).

Visit our online dashboard to track the status of recommendations from other reports