



PORTLAND PUBLIC SCHOOLS

OFFICE OF OPERATIONS

501 North Dixon Street / Portland, OR 97227

Telephone: (503) 916-2000

Mailing Address: P. O. Box 3107 / 97208-3107

STAFF MEMO

Date: January 23, 2025

To: Board of Education

From: Dan Jung, Chief Operating Officer

Subject: High School Cost Comparison Report

Summary

Attached is the High School Cost Comparison report (the "Report"), prepared by Cornerstone Management Group (CMG). The purpose of this report is to provide a high-level comparison of the costs associated with five schools: Beaverton High School (BHS), Lincoln High School (LHS), Jefferson High School (JHS), Ida B. Wells High School (WHS), and Cleveland High School (CHS). The analysis has two main objectives:

1. To clarify the differences in project costs.
2. To identify potential areas for cost savings.

Project Cost Differences

It is important to note that no single factor can fully explain the differences in project costs. As outlined in the Report, a range of variables impact the costs of each project, including building size, unique spaces, sustainability standards, escalation, demolition, and site constraints. Among the most significant cost-driving factors are:

- **Escalation:** The Report highlights an average annual cost inflation rate of 8%. With this compounded interest rate, and assuming all other factors remain constant, a project's cost will double in 9 years. For a 5-year period, this results in a 47% increase in costs.
- **Unique Spaces:** Certain projects feature specialized spaces that come with a higher cost to construct. These spaces include kitchens/serving areas, health centers, teen parent centers, athletic facilities, and basements.
- **Sustainability Standards:** Incorporating all-electric building systems, green energy/solar requirements, and carbon-conscious materials significantly increases the total project costs.

Areas for Cost Savings

Some cost variables, such as escalation and site constraints, are largely beyond PPS's control. However, there are several factors that PPS can influence. The CMG report highlights a number of opportunities for cost savings, including:

- **Building Size & Spaces:** Reducing the overall building size or eliminating costly spaces can lead to significant savings.
- **Sustainability Standards:** Adjusting design standards, such as scaling back LEED requirements, electrification goals, or carbon emission targets (including opting for mass timber structures), can also result in cost reductions.
- **Equity in Contracting Goals:** The Report notes that "PPS could adjust its standards and goals for the project to realize cost savings," which suggests flexibility in how equity goals are approached without compromising project objectives.

Additionally, the Report recommends further examination of pre-construction services, general condition costs, and project schedules to identify additional opportunities for cost efficiencies, noting savings are possible but not guaranteed.

Cost Reduction Studies

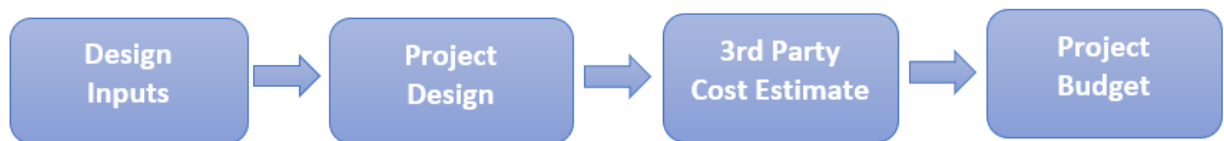
As discussed during recent Board meetings, in November 2024 the modernization project teams for CHS, JHS, and WHS were directed to pause work on the Board-approved Comprehensive Plans in order to complete cost reduction studies. The cost reduction studies will include strategies that respond to all of the recommendations of the Report plus additional potential strategies.

The teams will bring their recommendations to the Board for final decisions on project designs and costs.

Design Inputs

It may be helpful to highlight how design elements are integrated into the designs and budgets of modernization projects.

Working backwards: **Project Budgets** are informed by 3rd -party construction **Cost Estimates**, which align with the **Project Designs**, which are informed by **Design Inputs**.



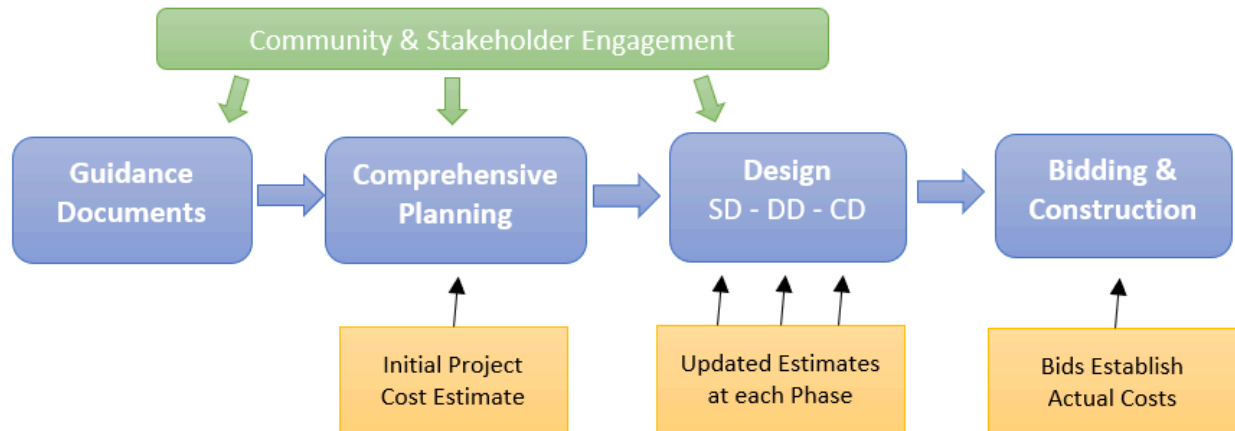
In other words, any material changes to the project budgets will likely necessitate adjustments to the Design Inputs.

Design inputs are the documents, resources, and feedback that guide the project design. These include:

- PPS's Education Specifications
- PPS's Design Standards
- Board Policies and Administrative Directives
- Lessons learned from previous projects
- Site-specific characteristics
- Special programs unique to each school
- Stakeholder feedback, including input from students, staff, PPS partners, the community, and subject matter experts
- And more

Some design inputs are defined early on, such as PPS’s Education Specifications, while others - like student and community feedback - emerge throughout the design process. This input is gathered through an iterative process that includes school staff meetings, Design Advisory Group sessions, community workshops, student forums, Steering Committee meetings, subject matter expert interviews, and Board subcommittee discussions.

A key milestone for all modernization projects is the development of the **Comprehensive Plan**, which consolidates all these inputs. The Comprehensive Plan represents years of foundational work (e.g., Education Specifications and lessons learned from prior projects), hundreds of stakeholder meetings, and thousands of hours of effort. It outlines the scope, schedule, and budget for the project and is formally approved by the Board before the design phase begins.¹



Any significant changes to the budgets for CHS, JHS, or WHS will likely require revisiting the design inputs and revising the Comprehensive Plans.

Staff looks forward to discussing the cost reduction options outlined in the Report with the Board, including strategies such as reducing square footage, eliminating high-cost spaces, and adjusting policy requirements related to sustainability, seismic resilience, and equity contracting goals.

¹ Staff recommends the Board revisit the [Modernization Design Process Overview memo](#) included in the December 17, 2024 Board materials. This memo serves as a valuable resource for understanding the PPS modernization process and how project budgets and costs are estimated.