

Portland Building Community Oversight Committee Quarterly Report (July – September 2019)

Executive Summary

In summer of 2016, City Council selected five community representatives to serve as members of the Portland Building Community Oversight Committee (PBCOC). The Committee was tasked with providing community oversight on the Portland Building Reconstruction project and assess project progress towards completion by the end of 2020 at a cost not to exceed \$195 million.

This report covers committee activities from July - September 2019. Within this time frame, the PBCOC held three meetings to review project reports and evaluate project progress. This quarter, most categories were given green scores as the project has already reached its sustainability goal of LEED Gold, has had no scope creep, established a soft opening date, and is mostly bought out. The biggest change was in the schedule category which received a yellow score due to a delay in tile installation. However, this will not affect move ins or the opening date.

PART 1 – PORTLAND BUILDING COMMUNITY OVERSIGHT, CITY OF PORTLAND

Background

In October 2015, City Council approved Resolution #37158 directing the Office of Management and Finance (OMF) to complete the Portland Building Reconstruction project by the end of 2020 for a cost not to exceed \$195 million. Council also directed OMF to convene a community oversight committee, similar to the City's Technology Oversight Committee, with members selected by each Council member.

Committee Charge: The PBCOC's purpose is to provide community oversight on the Portland Building Reconstruction project and report their findings to the Chief Administrative Officer (CAO). The Committee's role includes:

1. Reviewing project reports from staff and external experts.
2. Determine if project components such as scope, schedule, budget, equity performance, and sustainability are meeting desired results and assess progress towards the overall goal.
3. Provide project assessment.
4. Report findings and submit quarterly reports to the CAO.

Committee Members

In July 2016, Council members selected the following community members to serve on the PBCOC:

Member

Charles Farrington
Don Shanklin
Robert Ball
Tom Walsh
Jessie Steiger

Selected by:

Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Mayor Ted Wheeler

Please note: Information in this report captures Committee activity and review of the project's work from July - September 2019.

July 2019:**Construction**

Mounting of insulation and exterior board for the terra cotta tiles is in process and a mockup from the new manufacturer was received and placed on the NW corner. The project team has secured spoken to the Building Inspector regarding obtaining a certificate of occupancy to allow the Bureau of Technology Services and Facilities Services to move in while this work is going on as tile placement will not be finished before the initial move ins.

The build-out of the Fire Command Center on the 1st floor is in progress while framing and drywall installation continues on the 2nd and 3rd floors. MEP and HVAC ductwork installation has been completed up to the 12th floor. Furniture installation has been completed on Floors 4 and 5. Tile installation in restrooms has been completed up to the 12th floor, and partition installation is up to the 6th floor. The project team requested an overview of the WELL Building Documentation review and Performance Verification Schedule. The owner WELL Building policy responsibilities were reviewed and revised.

Change Management

Bureau directors attended a training regarding change management in June. The project team, with help from bureau change champions, are sending out "spotlights" on areas employees might be interested in to build excitement and disseminate information. The first spotlight communication highlighted the future bike parking area and improved biking amenities.

Social Equity

The Subcontract Utilization – Construction Services category tracked another increase toward the MBE participation goal. The MBE category is at 11.6% participation and \$12,795,768 committed, with a goal of 12% participation. Committee members learned more about the steps Howard S. Wright takes to help subcontractors that are falling behind goals in the minority and female categories. Contractors can join outreach events to connect with more workers and make other good faith efforts to increase diversity. OMF's Procurement Services Minority Evaluator Program Coordinator, Tiffani Pensen, and Chief Procurement Officer, Lester Spitler, introduced the consultant selected to conduct the survey for feedback regarding the bid process. John Jackley was selected as he has ties to the Portland contracting community and is not affiliated with the project.

August 2019:

Construction

Permanent power to the building was turned on early August. Tile placement will be completed by December or January. This work will continue after Facilities Services and BTS move in. Tile installation in restrooms has been completed up to the 14th floor and partition installation is up to the 10th. Carpet has been installed up to the 14th floor and window trim up to the 9th floor. The Contractor has finalized the last sets of buyouts for the project, including the move services and roofing on Levels 2 and 3. Pre-commissioning activities like equipment start-ups, flush and fill, pump flow verification and piping testing have been completed. Roof replacement work continues. The project team discovered cracks underneath the roof membrane which reinforced their decision to change the scope of the contract and utilize this opportunity to replace the roofs on the second and third level terraces.

Facilities Services is leading the coordination of access control protocols. New procedures are being put in place and will be communicated out shortly. A handbook to help employees use and understand the Portland Building's new amenities and common area rules is being created. The shared space protocols have been finalized, reviewed by bureaus and change champions, and will be incorporated into the building handbook for tenants.

Budget

The team continues to release some add back items as the contingency remains in good standing. All major risk items to the budget have been mitigated, though PBCOC members raised questions about the Portland Clean Energy Tax and the possibility of contractors passing the tax's cost onto the City. Clarifications are needed on who would be subject to the tax and if public projects would be exempt. This is not a risk to the project as the contingency would cover the potential tax, estimated at \$900,000. The most notable recent cost event item is the change in scope in the roofing contract as the project team realized this project was an opportunity to further extend the life of the roofs on the first and second levels.

Social Equity Report

Construction Subcontracts are 98% formally committed. MWESB certified firms' participation is now at 30.1%, based on the dollars awarded out of the hard construction cost: \$110,316,862. The project had its most active month in June with 50,000 labor hours logged. While the project team is forecasting that they will reach the goal in the Construction Services spend in the third quarter of 2019, the project team does not expect to reach the MBE goal established for the Professional, Technical, and Expertise (PTE) services spend category. With PTE services 100% bought out and the potential for significant change orders sunseting, the opportunity for finding new opportunities for MBE certified PTE firms has come to a close. Meanwhile, the construction services MBE category continues to go up as construction services contracts continue to be bought out.

September 2019:

Construction Updates

Furniture and carpet installation is up to the 11th floor. There has been a new delay with the terra cotta tiles. The corner tiles (formed) were not matching with the flat tiles. The project team has approved a new process for the corner tiles which will now be mitered. This change is expected to only impact the schedule as the tile placement is expected to extend into 2020, and it's not forecasted to change the budget. Tile installation in restrooms has been completed and only partitions and some accessories remain to be installed. Carpet has been installed up to the 15th floor and window trim up to the 13th floor. Ductwork installation is complete, and the team is following with duct pressure tests. Permanent power is available and energized on typical floors with floors B-3 to follow shortly.

BTS continues to coordinate timing of their work to complete in time for project opening. Integration of infrastructure with proposed new technologies continues to be refined. Move back planning and confirmation has begun with BTS to coordinate required technology moves. Implementation of new systems and technologies project to support the new building. HSW completed the scope of work in the IDF rooms in order for BTS to start early installation and testing.

Budget

All major risk items to the budget have been mitigated, though PBCOC members raised wondered if the change of corner terracotta tiles (from formed to mitered) would change the cost of the project. The impact of this change is negligible on the budget, though the project team is projecting a delay in the installation schedule. However, it should be noted that the project's completion is still ahead of the end of 2020 date set in the project charter.

Social Equity

Construction Subcontracts are 98% formally committed. The City's goal is to award 22% of hard construction cost to Minority/Women/Emerging Small Businesses (MWESB) firms with an additional 3% contractor goal for a total of 25% MWESB participation. MWESB certified firms' participation is now at 30.1%, based on the dollars awarded out of the hard construction cost (from June 2019 data): \$110, 316,862. The project's most active month to date continues to be June with 50,000 labor hours logged, in contrast to July which had around 15,000 labor hours logged. During this month, the construction services MBE category reached its goal of 12% of committed dollars.

During the September PBCOC meeting, Committee members learned about some of the key takeaways from this project that will help outreach efforts on future projects. For example, subcontractors must make good faith efforts to increase diversity and contribute to the project's MWESB goals or face a penalization. The project team monitors MWESB participation data on a monthly basis and works with subcontractors that are having trouble meeting goals. The project team also explained that early outreach for the design services category revealed a limited pool of minority consultants

in the region. As a result, the project team is exploring ways to provide partnerships or mentorship opportunities to ensure future projects are accessible. The project team is also requesting feedback on the disaggregated goal system which breaks down each category into MBE, WBE, and ESB subcategories, and the hierarchy which is used to prevent double counting of firms certified in multiple MWESB categories.

PART II: SUMMARY OF PROJECT UNDER PBCOC OVERSIGHT

Project Description: This project is for the reconstruction of the existing Portland Building. At the minimum, the project will include the following: eliminate water intrusion issues; repair structural degradation and upgrade seismic level to meet current code for the existing buildings; upgrade/replace HVAC and other building systems that are at/near the end of their useful life; and upgrade accessibility of the building.

Project Vision: Provide a resilient building that serves community and workplace needs for current and future City operations for years to come.

Project Mission: Reconstruct the Portland Building in a fiscally responsible way, creating a functional, accessible, sustainable, seismically upgraded workplace.

Budget: \$195 million.

Completion Deadline: By the third quarter of 2020.

Major Accomplishments This Quarter:

- Change champions were able to tour the Portland Building in early September.
- The Committee received draft questions for the Social Equity Survey that will be distributed to contractors that were contacted to bid or successfully bid on the project.
- Permanent power was turned on throughout the building.
- Installation of exterior terra cotta framing and insulation on levels 1 and 3 is ongoing.
- Storefront glass installation is nearing completion on the 1st floor.
- Roof replacement on levels 2 and 3 began and is progressing well.
- Scaffolding on 5th Avenue, including that surrounding Portlandia, was removed.
- The project reached its goal of 12% minority business participation in the subcontract utilization – construction services category.

Upcoming Milestones for Next Quarter:

- The first bureaus will begin to move into the Portland Building in November.
- Employees will have another opportunity to tour the Portland Building before move in.
- Sidewalk replacement on 4th Avenue will be completed.
- Installation of terrazzo flooring on the 1st and 2nd floors.
- Continued installation of furniture on the remaining floors.

- Installation of network infrastructure.

Risks, Concerns and Comments from the PBCOC For This Quarter:

- Though the Committee was initially concerned about the change in firms for terra cotta tile production and subsequent delay in installation, the project team pointed out that the installation of the tiles would not impact the move in schedule. However, during the September PBCOC meeting, the Committee learned that the project team had to change the type of tile used on the corners. Previously, the project was using formed tiles and when it was revealed that the glazing between the formed corner tiles and flat tiles did not match the team decided to change to mitered tiles. The mitered tiles are now being shipped, however this change has resulted in a delay in schedule.

Project Name: **Portland Building Reconstruction Building**

Reporting Date: **July - September 2019**

	Oversight Assessment			PBCOC Assessment		
Project Components	April	May	June	April	May	June
Budget	Green	Green	Green	Green	Green	Green
Schedule Expected Completion date: 2020	Green	Green	Green	Green	Green	Yellow
Scope Stability	Green	Green	Green	Green	Green	Green
Sustainability	Green	Green	Green	Green	Green	Green
Social Equity	Yellow	Yellow	Yellow	Yellow	Yellow	Green

Notes from Portland Building Community Oversight Committee (PBCOC) discussion:

Budget: The Committee scored the project’s budget green all quarter as the project is almost entirely bought out and the project team has held onto as much contingency as possible.

Schedule: Schedule received a green score from the Committee most of the quarter as the project is on track for employees to move in by the end of 2019. However, the Committee gave schedule a yellow score during the September as there has been a change in the tiles being used for the building’s corners which has resulted in a schedule delay. The Committee would still like it to be noted that the project’s charter outlines an “end of 2020” construction completion date and that the project is still on track to be ahead of that.

Scope: The Committee gave scope a green score all quarter as there has been no scope creep.

Sustainability: The Committee gave sustainability a score of green as the project has achieved LEED Gold and is set to obtain WELL Building certification.

Social Equity: Social equity was given a yellow score most of the quarter as the project team has nearly reached all its social equity goals and is expected to exceed the subcontract utilization goal. The Committee received an update on progress for the contractor engagement survey. During the September meeting, the category received a green score for meeting the construction services minority businesses goal. At this time, the only MWESB goal that has not been met is the minority businesses design services goal. With PTE services 100% bought out and the potential for significant change orders sunseting, the opportunity for finding new opportunities for MBE certified PTE firms has come to a close.