

## The Portland Tribune

### Council gets close look at BES woes

*By Jim Redden  
October 28, 2014*

Portland's City Council will learn more Tuesday morning about why Commissioner Nick Fish placed Bureau of Environmental Service Director Dean Marriott on paid leave.

Fish, who oversees BES and the Water Bureau, placed Marriott on leave last week after a city audit documented questionable decisions within BES that helped triple the cost of its new employee building at the Columbia Wastewater Treatment Plant. City Auditor LaVonne Griffin-Valade will brief the council on the audit beginning at 9 a.m. on Oct. 28.

Among other things, the audit says BES did not fully inform the council that the project cost was increasing from \$3.2 million to \$11.5 million. Fish has declined to discuss why he placed Marriott on leave, saying it is a personnel matter. But he has retained the Barran Liebman law firm to review the project for possible ethical or legal violations. Marriott is protected by city civil service policies but can be fired for cause.

The Citizens Utility Board believes the audit shows that the Bureau of Environmental Services violated its internal policies and went around Commissioner Dan Satzman to fund some of the increases. Saltzman was in charge of the project for most of the time it was under construction. CUB is a statewide utility watchdog organization that has been retained by the city to analyze spending and rate setting decisions at BES and the Water Bureau.

CUB consumer advocate Janice Thomson posted an analysis of the audit on the organization's website on Oct. 22. Among other things, it pointed out that BES paid a design consultant on the project an additional \$95,581 through a change order after Saltzman stopped supporting further cost increases. And the analysis reported that BES appears to have violated its contract provisions intended to prevent conflicts of interest on such projects.

"Appropriately, this has prompted Nick Fish, the commissioner-in-charge for BES, to bring in an independent law firm for a legal review," Thompson wrote.

Thompson also wrote that the audit's findings support CUB's call for the city to create a new oversight group to review capital project planning and cost increases. CUB has urged the Utility Oversight Blue Ribbon Commission studying BES and Water Bureau spending to recommend creation of such a group to the council.

## Willamette Week

### Mayor Charlie Hales Proposes Color-Coded Chart to Track Cost Increases on City Projects

Hales responds to damning city audit of sewer building.

*By Aaron Mesh  
October 27, 2014*

Responding to a damning city audit of a sewer office building that tripled in cost, Portland Mayor Charlie Hales is proposing a public report to track cost increases on any contract or construction project that goes before City Council.

The chart would be color-coded, like the terrorism alert system once used by the U.S. Department of Homeland Security. But the city's color palette would warn how much the the price tag of a project had risen from the original estimate.

"It would be really hard for any City Council to say, 'Gosh, we didn't know about this,'" says spokesman Dana Haynes.

The proposal is Hales' latest response to a Bureau of Environmental Services office building that rose in cost from \$3.2 million to \$11.5 million. But he is backing off his idea this spring that such reforms be cemented in city code.

A city audit released last week showed bureau officials ignored instructions not to increase the contract for the architect of the Columbia Boulevard Wastewater Treatment Plant support facility. City Commissioner Nick Fish placed BES director Dean Marriott on paid leave while the city hires outside investigators.

In April, WW reported that on five occasions between 2010 and 2012, the council agreed to keep spending more money on the building, and did so without debate.

Hales ordered in May that all contract increases over \$1 million be immediately taken off the City Council's consent agenda, where items considered routine are passed without debate. He also said he wanted a full policy discussion on changing city code to make these reforms permanent.

WW asked the mayor's office Oct. 22 whether Hales was still seeking those code changes. Hales' office responded today by releasing the color-coded chart. (You can download it [here](#).)

The tracking system flags cost increases with colors—yellow for a 5 percent hike, orange for 15 percent, and red for 25 percent.

Haynes now says that city finance chief Fred Miller convinced Hales that code changes were overkill.

Miller showed all city commissioners the proposed tracking system Oct. 24.

"The mayor's initial thought was we needed a code change," Haynes says. "That now seems duplicative. And this seems like it really get to the heart of the issue."

In an audit of released Oct. 22, City Auditor LaVonne Griffin-Valade scorched city officials for not keeping tabs on the building's budget.

"Council oversight of these project contracts was hindered by limited information that BES provided to council," the audit said. "Nine formal communication opportunities included budget requests, descriptions of the design and construction contracts and proposed contract amendments. Generally, they did not convey the extent of increasing project scope or contract costs compared to the original contract."

Haynes says the new chart responds to the auditor's warnings about transparency. He says the tracking system will also be available to the public on a city website.

"This will make it harder," he says, "to have that argument that we just didn't know that was happening."

## **The Daily Journal of Commerce**

### **Reimagining the Portland Building**

*By Inka Bajandas  
October 24, 2014*

When a committee of local industry professionals first convened last spring to advise the city of Portland on plans to renovate the Portland Building their message was clear: Don't make the same mistake twice.

"The city thought the best strategy would be fix the obvious problems, which are really limited to the structural issues and the building leaks," said committee member Bing Sheldon, co-founder of Portland-based SERA Architects. "Our advice was, 'Look, you got into this mess in the first place by budgeting too little for this building.' I think everybody felt very strongly that if the city was going to fix the building, they ought to make it a 100-year building."

City officials are taking this recommendation and others made by the six-member volunteer advisory committee seriously as they move forward on investigating the costs and best moves to make in renovating the historic — and controversial — postmodern structure, said Fred Miller, the city's chief administrative officer and director of the Office of Management and Finance.

Steps to improve drab city government offices in the building the project could include replacing tinted windows with clear glass to bring in more light, tearing out drop ceilings and opening up floor plans. Renovation plans could also call for upgrading heating, ventilation, mechanical and electrical systems, and elevators, and improving access for people with disabilities.

Earlier this year, a city report concluded that \$95 million worth of repairs are needed to fix up the Portland Building, which was completed in 1982. After considering several options, including building demolition, city officials could soon seek proposals from developers, architects and contractors for a remodel. Miller said he hopes to secure financing by early next year for a supplemental study that will look into the costs of various renovation options and the feasibility of making those upgrades while portions of the building are still occupied.

"We know the route we're headed, but it could end up in various ways," he said. "A lot of people don't want this building torn down. If you're going to maintain it, why not invest in it?"

### **Seeking outside input**

The renovation project will involve considering that the Portland Building was listed two years ago on the National Register of Historic Places and that its designer, renowned architect Michael Graves, is still alive. Miller said city officials plan to seek input on the renovation plans from Graves, a principal of Princeton, N.J.-based architecture and design firm Michael Graves & Associates.

"We don't want to do anything that violates his sense of the building," Miller said.

Earlier this month, Graves visited Portland at the invitation of the University of Oregon's John Yeon Center to give a lecture during Design Week Portland where he discussed how to improve the Portland Building. Graves' comments during the lecture in favor of replacing the building's tinted glass and modifying the ground level to better support retail space will be helpful as the city moves ahead with gaining approval for changes to the historic building from the National Park Service, which oversees the National Register, said advisory committee member John Russell of Portland-based Russell Development.

"His coming here and being open to changes is very important because it is a landmark building," Russell said.

Along with consulting Graves, Miller said he felt it was important to reach out to local professionals who've worked on similar projects. The advisory committee he assembled for this purpose includes industry leaders in architecture, real estate, development and construction. Seeking proposals from developers, architects and contractors on how to renovate the building could further help in the planning process, Miller said.

"We need to do something. We can't just let it go," he said. "We're definitely going to capitalize on outside expertise."

### **Looking beyond \$95M repair estimate**

Miller said he's long wanted to know more about the city's options beyond the \$95 million in repairs outlined in an in-depth assessment completed by Portland-based FFA Architecture and Interiors on the building's envelope and structural elements.

"I can't be comfortable with that until I know what the alternatives are," he said.

A more accurate cost estimate on renovating the Portland Building will help the city determine how much is needed for bonds to finance the project, Miller said. Since the \$95 million estimate is strictly to fix leaks and structural problems, a more extensive renovation will likely cost more, he said.

"It's got to function like a new building," Miller said. "You want something that's functional and represents a good investment."

Sheldon said a renovation that does more than repair the building will be worth it.

"Politically, this is a stubbed toe anyway so as long as you're being criticized you might as well do it right," he said. "These are big problems. That's why the price tag is as big as it is."

One potential savings could be avoiding the estimated \$28 million cost of temporarily moving everyone out of the building while it's renovated, Miller said. This could be achieved by only renovating several floors at a time.

Russell said he believes the Portland Building can be fixed seismically without taking everyone out. This could be similar to an asbestos abatement project his company did on the 200 Market Building in downtown Portland while it was still occupied, he said.

"There is a huge savings if the building is fixed when it's partially occupied," Russell said.

Sheldon disagreed. Extra costs would be incurred while moving workers around and much of the construction work would have to happen at night, he said.

"The biggest problem is it will take longer to do it that way and it's more expensive," Sheldon said.

He recommended a renovation to the Portland Building similar to a modernization project designed by SERA Architects that transformed Portland's Edith Green-Wendell Wyatt Federal Building.

"The first thing you do is you remove all the suspended ceilings and remove all the ducting, and that's exactly what we did in Wendell Wyatt," he said. "All of a sudden you have a much more pleasant environment."

Removing the ceilings in the Portland Building would be transformative, Russell said.

"The new cutting-edge standard for workplaces is the ceiling is removed," he said. "That's a perfect solution for that building."

Open floor plans would also make the building a better place to work, Sheldon said.

"Design the interior so that instead of how it's chopped up into private offices, it's open," Sheldon said. "If that were done then the Portland building would be a remarkably better building. It's not impossible. To me, it's not condemned. I think you could make significant improvements."