



CITY OF PORTLAND
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MEMORANDUM

DATE: May 5, 2014
TO: Meeting Participants
Project File
FROM: Marina Cresswell, Project Manager, Facilities Services
RE: Summary of Meeting Discussion:
TPB Advisory Group
April 22, 2014, 2pm-4pm

On April 22, 2014, an invited group of community members met with staff from the City of Portland's Office of Finance and Management to discuss issues surrounding the Portland Building. Participants from the community included: Bob Ball; Ralph DiNola; Roger Roper; John Russell; Bing Sheldon; and Tom Walsh. COP participants included: Fred Miller; Bryant Enge; Bob Kieta; and Marina Cresswell.

A 40-minute tour of the Portland Building issues was offered to participants prior to the start of the meeting. All except for John Russell were able to attend the tour. City staff led the tour. The group was provided general background information regarding the design and construction of the building. The group visited the 15th floor and rooftop penthouse to discuss prior extensive water infiltration at the penthouse, existing construction conditions discovered during the penthouse repair project, and the full-replacement measures necessary to address those conditions. Visits to the 14th and 4th floors reviewed areas of ongoing, significant water infiltration, including conditions found during previous projects and assessments. The tour concluded with a visit to look at the exterior of the building in comparison to the mapped areas of damage, with a particular note regarding efflorescence.

The TPB Advisory Group meeting was opened with comments by Fred Miller, Interim Chief Administrative Officer, City of Portland. Fred welcomed meeting participants, provided a high-level overview of the project background, and praised the value of receiving expert-level feedback on staff work from the assembled group of industry professionals. City staff described the events that led to the Portland Building envelope and structural assessment of 2013, and the development of a cost estimate related to the conditions found in the assessment.

The group was informed that City staff had met informally with City Commissioners and internal stakeholders to review the water infiltration and structural issues with the Portland Building, and the estimated project costs to repair those issues. Staff received feedback requesting additional information regarding alternatives to repairing the building. Staff chose five options, in addition to the repair project, to further develop high-level cost and schedule analyses for comparison.

Options

The six developed options were presented as follows:

- TPB Exterior Envelope and Seismic Improvements project;
- Demolish the Portland Building and build a new City building on the site;
- Sell the Portland Building and buy an existing building elsewhere downtown or inner eastside;
- Sell the Portland Building and build a new City building downtown or inner eastside;
- Sell the Portland Building and build a new City-County combined office building downtown or inner eastside;
- Sell the Portland Building and permanently move all City employees currently in the Portland Building into outside leases.

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Overview of Materials (Staff Work and Supporting Documentation)

Meeting participants were provided with materials regarding the six options. For each of the six options, staff prepared a high-level cost estimate, draft schedule, and narrative discussing cost assumptions, schedule assumptions and other considerations. In addition to these analyses, staff provided background documentation used to support the assumptions and inform the considerations.

Discussion

Fred noted that COP staff have provided high level information on a select group of options. The questions now are: "What path do staff need to go down? Can staff take out some of these options because they simply are not realistic?"

Historic:

There was discussion about the building being placed on the National Register of Historic Places even though it doesn't meet the typical criteria of 50 years old or older. It was noted that it was considered of exceptional importance. One meeting participant with knowledge of the nomination provided input that there had been no pushback from the National Park Service to the nomination and NPS had been in full agreement with its significance. City staff noted that there were several inaccuracies in the National Register nomination, and the group agreed it would be helpful to have those corrected.

In response to a question from the group, City staff confirmed that the building can be torn down even though it is on the Register. However, the City of Portland Bureau of Development Services requires that a demolition permit be obtained through a land use review. A participant also noted that ORS 358.653 is applicable to all public agencies in Oregon, and could affect any action taken by the City of Portland to renovate, demolish, sell or otherwise dispose of the Portland Building.

Participants with preservation background also provided their perspective that the City's design guidelines and landmark review process have traditionally focused on preservation of craftsmanship and materials, but that focus does not work as well for modern buildings where the techniques and materials have not been as successful. It was noted that the Federal preservation reviews provide an option for mitigation. This allows the project to go forward with something that may not be the best preservation alternative but that is made up for in other ways, and lets a good idea move forward with flexibility.

City staff informed the group that they and the consultants for the Portland Building assessment had provided a briefing to the City of Portland Historic Landmarks Commission in fall 2012 on the early results of the exterior envelope assessment. The presentation asked the Landmarks Commission to consider an argument that the primary character-defining feature of Modern and Post-Modern architecture is conceptual rather than physical. The Landmarks Commission seemed interested in that argument but this was only a preliminary briefing.

TPB Envelope Repair and Structural Improvements Project:

The group asked if the repair cost estimate of \$95 million included the cost of moving people. City staff confirmed that it included the cost of moving everyone out of the building, leasing space elsewhere, and moving them back in after work was complete.

There was discussion about whether it was necessary to move everyone out during construction. City staff agreed that it might not be necessary, but without having a CM/GC (Construction Manager/General Contractor) on board yet to look at specific phasing and protection options, staff used a worst case scenario for the sake of early, high-level pricing.

The group mentioned it is well known that employees do not like working in the building, and asked to what degree that was being factored in. City staff noted that employee comments often focus on the size of the windows, but it is important to remember that there are several environmental factors that contribute to discomfort, including thermal extremes (overly hot in summer, overly cold in winter), water dripping in multiple locations, and water under foot. One option that was priced in the construction cost estimate as an alternate was taking the spandrel panels in the curtainwall systems and changing them to glazing. This was not included in the basic project cost estimate, but it might be worth including in future discussions of this option because it would significantly increase the daylighting for the 4th to 14th floors.

A question was asked about whether the repair project would satisfactorily rehabilitate the envelope to get it to

the next 50-100 years. City staff said that, yes, the intent was to maintain the visible look of the exterior while revising the construction details and material assemblies to reflect current best practices of exterior envelope design.

This led to a lengthy discussion about also upgrading the remainder of the building to meet a 50-100 year future life span. Several participants pointed out that, in order to have a true apples-to-apples comparison with a new building option, the TPB repair option needs to bring the entire building up to the same levels of energy efficiency, sustainability, workspace layout and other elements that would be designed into a new building. It doesn't make sense to move everybody out at considerable cost to repair the exterior envelope, but still have a 20-30 year old mechanical system that is unable to operate as efficiently as a modern system and costs the same to operate and maintain as it did prior to the project. One participant felt this could be an important example of rehabilitating an historic structure to new building standards while still maintaining historic integrity.

It was also noted that, as part of bringing the building to the standards of a new building, space planning standards should be implemented. This would improve space efficiencies to better utilize the existing space, create consistent workstation brands to enable building-wide exchange and re-use of workstation components, and allow for better daylighting due to consistent workstation heights and hard-wall locations. Improved space efficiencies would also make up for any loss of square footage due to added structure for seismic improvements.

Selling the Portland Building:

One participant asked if selling the building included the option to put out an RFP to sell it to the private sector for repair and renovation, with a lease back commitment and/or option to buy. City staff said yes, that was an option. The 1900 Building was put out as an RFP with the City's development needs, and several proposals came back with different solutions, including both lease and buy options. The group discussed that a private sector developer would be able to access federal tax credits for renovating historic buildings that the City cannot access. Those savings could then be passed on to the City as part of the lease back or lease option to buy. It was discussed that the City would write the RFP to include typical City requirements such as LEED Gold for new construction, MWESB participation, BOLI wage requirements, waste reduction plans, etc.

Demolition:

It was discussed that demolition is an option that everyone will ask about, but it has some strong negatives, including the process of getting approval to demolish, as well as the cost involved in moving everyone out of the building and leasing space for the entire time of demolition and construction.

Building a new building:

A question was asked about whether downtown was the best place to be, and if there was space downtown to build. Some participants felt strongly that central City government services belonged in the downtown core, preferably close to City Hall, for best operations. Several members of the group discussed potential sites that are or could be available.

There was discourse regarding the provided cost estimate and cost assumptions for building a new building. Staff asked that participants review the cost assumptions and methodology in detail and bring specific thoughts or proposed changes back to the next meeting for discussion.

One group member pointed out that the City had specifically commissioned an iconic building when the Portland Building was built. He felt that, if the City intended to sell the Portland Building and build a new building, the new building should also be iconic. There was no disagreement noted from the group.

Process:

Throughout the meeting, the group discussed the process for determining which options to look at in detail, how best to provide that information to Council for decision making, and the factors that would likely play in to the decision. One participant indicated that City staff needed to identify what "success" would mean in the context of this project and process.

There was ongoing conversation regarding the number of options provided. It was suggested that it made more sense to provide only the best option(s) worth considering to City Council, rather than all of the options that staff researched. Participants felt that Council would be looking to staff and advisers to narrow down the options prior to presentation to Council. One participant stated that staff could put together any number of facts, but in the

end it would be a stand back kind of analysis focusing on the big picture: facts, emotions, politics, ethics, etc. Another participant felt that the group's role was not to provide answers but to ask logical questions that may not have been considered. Although the advisory group had only been asked to commit time for two total meetings, the group offered that they would be willing to commit more time to the process if it was helpful to the City.

City staff asked all participants to review the materials they had received at the meeting, and a second meeting would be set up shortly for early May.