



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE

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**MEMORANDUM**

**DATE:** December 9, 2014  
**TO:** Fred Miller, Chief Administrative Officer  
**CC:** Bryant Enge, Bureau of Internal Business Services  
Bob Kieta, Facilities Services  
**FROM:** Marina Cresswell, Project Manager, Facilities Services  
**RE:** TPB Project Review

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FFA Architecture and Interiors, in partnership with The Façade Group and KPFF Consulting Engineers, was contracted by OMF Facilities in September 2012 to provide the building's first comprehensive assessment of existing exterior envelope conditions and building structural conditions. The contract provided for an assessment report, as well as repair and upgrade recommendations, and project construction budget estimates. The assessment report and related deliverables were provided in March 2013. The report included actual conditions, conceptual designs, and construction cost estimates.

After receiving construction cost estimates as part of the assessment report, and having internal discussion about the impacts and full potential costs of the project, it was decided that a larger conversation was needed before proceeding. Discussions were initiated with individual Council members, as well as other internal stakeholders, to present the results of the assessment and other internal considerations. Feedback from those stakeholders indicated that more information regarding alternative options would be helpful in moving forward with budget discussions.

An advisory group of professionals was convened to review staff work related to the Portland Building Exterior Envelope project and a set of alternative options selected to provide a range of references for high-level comparison and analysis. This community-based advisory group consisted of local leaders in the design, construction, development, sustainability and historic preservation fields: Bob Ball; Ralph DiNola; Roger Roper; John Russell; Bing Sheldon; and Tom Walsh.

The first meeting of the group discussed six selected options for addressing the Portland Building issues:

1. Implement the TPB Exterior Envelope and Seismic Improvements Project;
2. Demolish the Portland Building and build a new City building on the site;
3. Sell the Portland Building and buy an existing building elsewhere downtown or inner eastside;
4. Sell the Portland Building and build a new City building downtown or inner eastside;
5. Sell the Portland Building and build a new City-County (or other public partner) combined office building downtown or inner eastside; and
6. Sell the Portland Building and permanently move all City employees currently in the Portland Building into outside leases.

See the attached Meeting Summary for a summary of those discussions.

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For each of the six options, advisory group members were provided a package of materials including:

- detailed cost estimates;
- timelines to implement;
- a discussion of considerations for that option, such as potential roadblocks, business operation impacts, and benefits to the City;
- cost estimating assumptions;
- potential paybacks, cost savings or cost alignments;
- project risks;
- cost analysis methodology risks; and
- all supporting information, such as building appraisals, market condition studies; debt financing estimates; and relevant local, state and federal requirements.

I have attached an overview sheet that we provided to the group as a quick summary of the cost and schedule estimates for each option.

Advisory group members were asked to review staff assumptions used to define options; review the staff process for gathering data; and provide feedback and professional perspective.

Over the course of multiple meetings since April 2014, the advisory group provided commentary on potential solutions for the City moving forward. There has been robust discussion about the possibility of partnerships with other government entities or private parties, to provide innovation, shared operations or other possible benefits. Likewise, the group has debated whether some portion of the Portland Building could remain occupied under construction to lower potential costs of this solution. The attached diagram provides an overview of how the discussion has progressed under the guidance of the advisory group.

The advisory group has also strongly recommended the costs of the Portland Building renovation project should include renovating the interior systems and environment while the exterior envelope and structure are under construction. As a result of this recommendation, the City is currently working with FFA Architecture to extend the building assessment work to include a review of the interior systems and environment, with conceptual design and cost estimates. This assessment and conceptual cost estimating work is expected to be complete in January 2015.

Facilities Services has prepared a budget decision package for consideration in the FY 15-16 budget. The package proposes reassigning a portion of the Portland Building major maintenance (MM) funds to bring on a construction manager general contractor (CMGC) to consult with the design team to develop a Guaranteed Maximum Price (GMP) by the end of FY 15-16. The development of design documents in coordination with a general contractor will provide critical information regarding logistics and cost of construction. Included in that work will be determining if the building can be renovated while partially occupied or if total vacancy is the best option for construction. This piece of information is critical to the overall cost of the project since it is estimated \$28 M will need to be budgeted for space lease and temporary move costs if all occupants are moved out for a 2-year construction duration.

Once design reaches approximately 75%, the CMGC will be able to provide the proposed construction contract cost (GMP). With the current aggressive schedule (see attached), this is estimated to occur by June 2016. Facilities will then review total project costs, logistical considerations, and proposed next steps with Council. If the decision is made to move forward with construction, the GMP can be used as the basis of negotiations for a construction contract with the CMGC. Once a construction contract is approved by Council, an aggressive construction schedule will lead to project completion by Spring 2018.

Attachment: TPB Cost and Schedule Estimate Overview, April 22, 2014  
TPB Advisory Group Summary of Meeting Discussion, April 22, 2014  
TPB Process Review diagram  
TPB Draft Schedule 12/5/14

Option	Estimated Project Cost	Estimated Cost per SF	Estimated Completion	Potential TPB Market Value	Greatest Risk
TPB Exterior Envelope & Structural Improvements	\$95,419,257	\$238.55	Feb 2017	-	Unforeseen conditions.
Demolish TPB & Build New On Site	\$316,024,473	\$630.79	Feb 2021	-	Depends on approval to demolish.
Sell TPB and Buy Existing Building(s) Elsewhere	\$128,037,301	\$320.09	Jul 2017	\$0 - \$30M	Highest TPB market value depends on permit approval to re-skin.
Sell TPB and Build New City-Only Elsewhere	\$214,606,335	\$428.36	Nov 2018	\$0 - \$30M	Highest TPB market value depends on permit approval to re-skin.
Sell TPB and Build New with Partner Elsewhere	<i>Depends on programming needs of partner.</i>			\$0 - \$30M	Highest TPB market value depends on permit approval to re-skin.
Sell TPB and Lease Permanently Elsewhere	\$346,943,521	\$867.36	Oct 2016	\$0 - \$30M	Highest TPB market value depends on permit approval to re-skin.

4/22/14