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CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

September 23, 2015

To: The Portland Building Reconstruction Advisory Committee

From: Fred Miller, Chief Administrative Officer

RE: September 29th Advisory Committee Meeting

The “Original” Advisory Committee, which was convened for the initial conversations about the reconstruction of the Portland Building, concluded that reconstruction of the Portland Building was the best and least cost option. Considerable analysis was conducted on five different options:

1. Reconstruct the Portland Building. Cost: *Approx. \$175M* (but now estimated at \$195M)
2. Demolishing the Portland Building and building in a current location. Cost: *approx. \$320M*
3. Selling the Portland Building and building new elsewhere. Cost: *approx. \$220M*
4. Selling the Portland Building and buying an existing building. Cost: *approx. \$210M*
5. Selling the Portland Building and leasing permanently elsewhere. Cost: *approx. \$260M*

Based on additional questions and suggestions from you, we did more analysis to determine the cost difference of building elsewhere in the City. The further analysis reinforced the original decision that reconstructing the existing building is the best option. Additionally, the question was asked if we could demolish the historic building or sell to an entity knowing that they would want to demolish it. The short answer is it is possible, but not probable. Attached is the analysis that supports these conclusions.

As we keep the project moving forward, your next task is to provide suggestions on our proposed Council resolutions. We are in the process of drafting three resolutions which will be brought to Council on October 21st at 10am. The resolutions will include:

1. **\$195 M cap and completion by end of 2020.** The proposed resolution directs OM to hire an Owner’s Representative and to set a cap of \$195 M on the project cost and a completion date by the end of 2020.
2. **Community benefits.** Develop a community benefit approach that upholds the goals for MWESB and DBE contracting and promotes workforce training. The proposed resolution would direct OMF to allocate 1% of the reconstruction budget to a community benefits program and to develop recommendations for implementing the program.
3. **Rate Equalization.** The proposed resolution would direct OMF and the City Budget Office to create a budget note in the FY 16-17 budget process that directs both Offices to develop rental rates that achieve rate equalization.

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The proposed meeting agenda is as follows:

1. Update on progress since the last Council Work Session
2. Review Council Resolution concepts
3. Communications and outreach work
4. Next Steps

As always, I look forward to a thoughtful and productive meeting.