



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

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Date: October 5, 2015

To: Fred Miller, Chief Administrative Officer

CC: Bryant Enge, Bureau of Internal Business Services

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From: Jamie Waltz, Strategic Planning and Development Manager, Facility Services

RE: Summary of the September 29th, 2015 Portland Building Reconstruction Advisory Committee

The committee discussed the three resolutions that OMF staff will take to Council on October 21st:

- \$195 M cap and completion by end of 2020.** The proposed resolution directs OMF 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.
 - There was a suggestion to set the price at \$189 Million. The idea was to set it at a lower price point than \$195 Million, which could easily be rounded up to \$200 Million. The caveat given with that suggestions was that if the price was really closer to \$195 Million, given all the elements that are a part of the reconstruction, then stick with the \$195 Million.
 - There was support for this resolution and a strong sense that it is important to set a price and time line and manage to that for the duration of the project.
 - It was suggested that the success of the project will be predicated on sticking to a clear line of decision making.
- 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.
 - Based on experience of the Portland Water Bureau in implementing Community Benefits Agreements, it appears that the administration of the agreement is approximately 100%. Based on this fact, and the time frame proposed for the Portland Building Reconstruction, OMF is recommending creating an alternative approach to achieving the same goals outlined in the CBAs.
 - It was stated that many of the firms are already incorporating the concepts and methodology of CBAs since it is good business practice.
 - It was recommended that the results of any approach are in line with the goals of the model CBAs.

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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.
- There was not much discussion about this resolution since the committee supported the idea in a prior meeting and continues to support the idea.

Owner's Representative and Public Outreach Services RFP. The City will release a RFP by early October for Owner's Representative and Public Outreach Services. In early spring, we will solicit for a Design – Build – Relocate (DBR) contract. Several suggestions were provided regarding the contracts:

- Consider using an Audit firm to provide a third party look on the draws for the project to ensure accuracy in billing.
- Consider having DBR proposers submit two options: a base bid that include a full relocate and an alternate that keeps employees in the building during construction. Have them explain how this would work and how they would ensure the efficiency of the workforce would not be impacted more than a complete move-out. Then the city can assess the options and the best business decision for the city and the project.
- Build in incentives for cost savings and meeting milestones.

Based on questions from the August 25th Work Session with Council, staff conducted some additional analysis to answer the questions: 1) is it cheaper to build elsewhere in the City and not reconstruct the Portland Building? And 2) would we reconstruct the Portland Building even if it were not a historic building?

The conclusion is that while land values are cheaper in inner and outer east Portland (\$4-8M less), reconstructing the Portland Building still remains the best option. The values of maintaining the Civic Center, the adjacency of functions to City Hall and sustainability goals will be maintained through the reconstruction. Additionally, although it is possible to demolish the building, given the historic status, it is not probable. To consider demolition, a time-intensive process of a demolition review would have to occur. The probability of approval is unlikely given that The Portland Building is a part of the City's history, which includes the building's design competition and later its iconic status. The Portland Building also has a strong following in the architecture community, and is memorialized in many architecture history books for its post-modern design.