



CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

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December 14, 2016

To: City Council Chiefs of Staff
From: Fred Miller, Chief Administrative Officer
RE: Phase I Report Approval and Summary

The Portland Building Reconstruction project has met the first key milestone since executing the contract with the Progressive Design-Build-Relocate (DBR) team. The Phase I report was completed on time and wraps up a four-month process of developing the criteria and basis of design for the reconstruction.

On October 15, 2015, Council set the budget and the schedule - \$195 million with a completion date by the end of 2020. In this deliverable, you will see a detailed breakdown of how the \$195 million will be allocated across the project and a detailed timeline. The one variable that was not strictly defined in October 2015, was the scope of the project. The purpose of the Progressive DBR approach is to bring together the designers and contractors at the inception of the project to define the scope as a team. The scope will continue to be refined as the project progresses.

At its core, this reconstruction project is a maintenance project. The primary goal is to eliminate water intrusion, improve seismic stability, replace the mechanical, electrical and plumbing systems, and upgrade accessibility. Additionally, through this conceptual design process, it has become clear that this project is a catalyst for improving the way we provide services to our internal and external customers and for becoming an employer of choice.

I have approved the Phase I Report, which includes the building program and preliminary designs. In traditional project management terms, this is equivalent to about 30% design drawings. There are seven items that the project team has asked me to approve through the decision making process. The team elevated these decisions because they are key elements that drive the direction of the project and may have budget implications. These include approving:

1. TPB Staff Relocation Decision
2. Clarification of \$195 Million Project Scope
3. Building Square Footage Allocations
4. Hard Wall Layout (Typical Floors)
5. Furniture & Kit-of-Parts
6. Phase I Report Acceptance
7. Seismic Solution

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With Phase I complete, the DBR contract will be amended to signal the initiation of Phase II, the detailed design and implementation documentation Phase. This means that detailed design drawings will be produced, extensive employee and public engagement will be conducted, moves to temporary spaces will occur, and the permitting process will be completed.

Through the design conceptualization process in Phase I, we know that we can optimize the space in the building to bring in bureaus currently in out leased spaces, resulting in cost savings to the City. Next year, Tom Rinehart will be scheduling a work session to discuss the “space optimization package.” This includes the space plan, standardized furniture, and moving more Bureaus into the building.

Key decisions still need to be made, but, after approving the Phase I Report and the decision documents, I am confident that the Design-Build-Relocate team will continue to successfully meet the project milestones and goals set for the project.

Attached is the memo that I sent to Bureau Directors summarizing decisions that have been made on the project.



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To: Portland Building Bureau Directors
From: Fred Miller, Chief Administrative Officer
RE: Phase I Report Approval and Summary

Since the Bureau Director's meeting on October 25, 2016, I have met with each of you individually. The purpose was to continue the discussion on issues and opportunities that impact the design decisions of the Portland Building. I recognize that some of the changes we are asking you to make will have additional demands on your budgets and staff resources. I believe these changes are valuable as they will result in improved service provision to our internal and external customers and in being the Employer of Choice.

Over the last four months, through the visioning sessions and discussions, we have come to agreement on many areas. Decisions have been made in areas that will impact the design and way we do business. These decisions include:

- **Public-Facing Services on the first and second floors.** The customer service functions will be located in a single area on the first floor. The design for this space will be further refined in the coming year. Along with finalizing the space design, new business operation procedures will have to be developed. The development of these procedures should be undertaken and led by the bureaus that currently provide the majority of direct services to the public within the building: Water, Parks and Recreation, and Transportation.
- **Open employee access between floors 3-15.** To promote collaboration and ease of movement between bureaus in the building, all-employee access to most bureau floors and functions will be established. This means most bureaus will not have a need for reception staff to greet customers. We know that front desk staff do much more than greet customers, so there may be some rethinking needed for position descriptions and job duties. I encourage each bureau to begin thinking about how this design will change their current reception needs.
- **Cubicle size.** The new space will be designed using 6x6 cubicle standards for individually assigned workstations while reallocating square footage to collaborative workspaces and other functions not currently available in the work environment. The business reasons for this are compelling both economically and functionally. We will be able to include more staff and additional bureaus in the building by using our spaces more efficiently.

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Currently staff have very few options within the building on where to work. The individual cubicle is the primary work space with conference rooms and break rooms being the other options for use of space in the current office layout. In the redesign, there will be increased access to a variety of places to work and collaborate. These might be in the “3rd places” throughout the building, with large ones on the 1st and 15th floors, quiet rooms, huddle spaces, open collaboration spaces on each floor, and possibly access to outdoor spaces from within the building.

While the individually assigned cubicle size will be reduced, we recognize that bureaus will want flexibility with the configurations of the cubicles and there will be a variety of arrangements based on specific needs, using the standardized “kit of parts” furniture system. Those needs and desires will be incorporated into the floor plate design process, which will begin early next year in Phase II. The design team will meet with Bureau Directors to discuss their particular needs.

- **Furniture Program.** While the cost for purchasing new furniture systems is outside the scope of the project’s \$195 million budget, it is an important element to the design and operations of the building. Currently, each bureau owns its own furniture. The majority of the cubicle systems are at the end of their useful life. Additionally, the City moves a large number of employees each year, and with each move, there are costs associated with changing the equipment and furnishings.

Through the Portland Building reconstruction, we have the opportunity to rethink the way we purchase, maintain and manage our furniture. With standardizing the furniture systems, or “kit of parts,” and centralizing a new furniture program, we will be able to realize considerable savings. A “kit of parts” means that all cubicles would have the same basic pieces (core panels, desks, lighting, electrical and technology setup, etc.), and the same interchangeable feature options (privacy panels, CPU holders, shelves, etc.), but there is the ability to configure the kits in different ways. If an employee moves to another location, they would only need to pack up their belongings and take their chair with them to a new space. Bureaus will spend far less money and staff time to organize cubicle reconfigurations and employees will be able to adjust them for their individual or team needs.

We are developing a proposal for the financing plan to support the purchase of new furniture systems. Tom Rinehart will arrange a work session with the Council to discuss the proposal.

- **Standardization of Tenant Improvements (TIs).** Through the design process, the TIs will be standardized. TIs include the hard wall construction and distribution of HVAC, electrical, technology, lighting, carpeting and paint. The design team recognizes the importance of maintaining the individuality of bureaus and that will be reflected in the environmental graphics and the furnishing layout within the hard walls and throughout the floors. Bureaus will have the opportunity, through the design process, to influence how their bureaus’ brand and identity is expressed in the building and how they lay out their furnishings to support how they work.

Standardization of TIs is important because it will allow us to achieve our LEED Gold certification. The HVAC system, lighting design levels, and acoustic systems are all being designed around standardization of floor plates and TIs, which over the long-term will ensure that they remain functional and energy efficient.

I want to be clear that while Environmental Services and Water are purchasing floors in the building, it is for accounting purposes, not because they receive different services or have different rights than other tenants in the building. City standards set for the building will be for all tenants, including those who own floors.

- **Stacking the building.** The leases for the temporary locations will be executed as soon as possible, likely beginning this month. The location of bureaus in out leased spaces will help determine the stacking of Portland Building because of the range of lease durations. The stacking of the building in terms of which bureaus will go where in the reconstructed building will happen by early January. We understand that there will need to be some flexibility built in as some bureaus haven't made decisions about work groups that will not be returning to the Portland Building. These decisions will need to be made by March, 2017.

We anticipate moves to occur fall of 2017, but some may occur as early as late summer. Moves will take several months and we are working with each of your bureaus to identify the best times to move you within the range available to the Project. The Change Management Committee has been meeting monthly and will be increasing their communications and support as move dates are finalized.

- **Remote work.** There was agreement that we should use technology to improve collaboration within and across bureaus, as well as help us achieve our Employer of Choice goals. There will be a pilot project in early spring. Currently, our HR policies allow for teleworking and BTS has been able to support a small subset of employees who currently telework. The pilot test will help us understand where current limitations exist from the HR and BTS perspectives, and help us understand the needs for broader use of teleworking, mobile technology, and free addressing/hoteling.

More information about the pilot will be sent out next year. The pilot will be facilitated by OMF in close collaboration with BTS, BHR, and participating bureaus.

- **Phase I completion.** Phase I, the conceptualization and criteria design of the Project has been completed. I am approving the Phase I Report and Phase II, detailed design and documentation, will commence. I am very impressed by the quality of work of the Design-Build-Relocate (DBR) team. I know that will continue in Phase II.

By the end of Phase II, the project will complete design through the permitting process. You will see the following aspects of design and moves being developed in the next few months: food program, customer service area design, conference center design, individual bureau tenant improvements and furnishing layouts, as well as technical design of the building infrastructure and systems.

- **January 2017.** I appreciate the time you are giving and commitment you have made to the Portland Building Reconstruction project. I know that the City has been talking about this project for years, and I leave knowing that we are well on our way to improving this iconic structure for current employees and the future generations that will work here. Collectively, and with the strong DBR Team, we are set for success on this project.

The Council work session next year will cover the furnishings, additional TI build-outs for bureau expansion and additional bureaus coming into the building. There will also be a resolution to Council following the work session regarding the development of this additional project and the proposed financing mechanism.

I know that Tom Rinehart will provide continued leadership to ensure that this building is reconstructed for \$195 million, completed by the end of 2020, and that it stands up to the test of time.