

# **Portland Building Community Oversight Committee Quarterly Report (January – March 2018)**

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## **Executive Summary**

In summer of 2016, City Council selected five community representatives to serve as members of the Portland Building Community Oversight Committee (PBCOC). The Committee was tasked with providing community oversight on the Portland Building Reconstruction project and assess project progress towards completion by the third quarter of 2020 at a cost not to exceed \$195 million.

This report covers the committee's activities from January to March 2018. During this time, the PBCOC held three meetings to review project reports and evaluate progress. The March meeting was rescheduled due to the City's budget presentations.

The Committee continues to review the overall project, and is monitoring the budget and social equity aspects of the project closely. Committee members are interested in the project's budget as there is uncertainty in the workforce and market, which is why budget was scored yellow throughout the quarter. Similarly, they commend the project team's progress on social equity but recognize more outreach and communication is needed to engage Disadvantaged/Minority/Women/Emerging Small Businesses (DMWESB) firms. That is why social equity also earned yellow scores throughout the quarter.

Schedule and Sustainability are two areas that have maintained green scores all quarter. The project tends to be ahead of schedule, and committee members have expressed interest in seeing an expected end date. Scope was given a green score for January and February, however during the March meeting there were some questions regarding tenant improvements and details of the original scope. As a result, Scope received a yellow score until further clarification.

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## **PART 1 – PORTLAND BUILDING COMMUNITY OVERSIGHT, CITY OF PORTLAND January – March 2018**

### **Background**

In October 2015, City Council approved Resolution #37158 directing the Office of Management and Finance (OMF) to complete the Portland Building Reconstruction project by the end of 2020 for a cost not to exceed \$195 million. Council also directed

OMF to convene a community oversight committee, similar to the City's Technology Oversight Committee, with members selected by each Council member.

**Committee Charge:** The PBCOC's purpose is to provide community oversight on the Portland Building Reconstruction project and report their findings to the Chief Administrative Officer (CAO). The Committee's role includes:

1. Reviewing project reports from staff and external experts.
2. Determine if project components such as scope, schedule, budget, equity performance, and sustainability are meeting desired results and assess progress towards the overall goal.
3. Provide project assessment.
4. Report findings and submit quarterly reports to the CAO.

### **Committee Members**

In July 2016, Council members selected the following community members to serve on the PBCOC:

| <b>Member</b>      | <b>Selected by:</b>  |
|--------------------|--|
| Cindy Nichol       | Mayor Charlie Hales<br>(re-appointed by Mayor Ted Wheeler) |
| Charles Farrington | Commissioner Nick Fish                                     |
| Don Shanklin       | Commissioner Amanda Fritz                                  |
| Robert Ball        | Commissioner Steve Novick                                  |
| Tom Walsh          | Commissioner Dan Saltzman                                  |

### **Committee Meetings: January – March 2018**

The Committee met with project team representatives, staff from the Office of Management and Finance (OMF), and the Owner's Representatives (Day CPM Services LLC).

Please note: Information in this report captures Committee activity and review of the project's previous month's work.

#### **January 18, 2018:**

During this meeting, Committee members delved into the Guaranteed Maximum Price (GMP). The total budget continues to be \$195 million and Builder's Risk was obtained directly by the City. This will provide better insurance coverage since it is part of the overall building policy now. Overall contingencies have reduced as the contract reaches

greater price certainty. However, the project still is maintaining over 10% contingency between contractor and owner controlled contingencies.

Regarding social equity, Committee members learned the project team is beginning engagement for a bid package that will be released in April or May. They are looking to right-size packages for engagement with smaller equity firms, but are also trying to balance this with large enough packages to ensure interest given the current marketplace. The project is ahead of schedule in abatement, soft demolition, and furniture disposition and deconstruction, and the data center migration is complete. The project is on track to surpass the 60 points necessary to earn a LEED Gold score, and is also considering a WELL Building certification.

**February 15, 2018:**

This meeting focused on the project's design progress and upcoming social equity outreach events. The project team is launching a proactive outreach campaign for late April and May bidding processes. They plan to have information booths at trade association expositions occurring throughout March and April, and partnering with general contractors to provide training days and guide businesses in pre-bidding processes. A subcontractor outreach event is planned for early April to coincide with an exposition.

The project is ahead of schedule and under budget; structural updates, basement excavation, and the demolition of the east facing façade are underway. Interior design has also begun. The design studio, Mayer Reed, has created an interior story which will be carried through the interior architecture and environmental graphics to unify the floors in a story that reflects Portland's connection to nature and rivers. The team still awaits a response regarding the LEED design review. The project is committed to LEED gold, but may be approaching platinum level. The team is also considering WELL certification, which would not affect the schedule or GMP. The curtain wall is expected to begin installation in September and the tile in March.

**March 23, 2018:**

The March meeting had several design and construction updates. Regarding construction: demolition is advancing from the 15th floor down (the first 3 floors have already been demolished), Portlandia has been covered up to protect her from any debris, and the terra cotta contract (a previous source of risk) has been awarded and will be executed soon. The project team chose a more expensive firm to execute the work due to their product prevailing in various quality trials. In terms of design, the project team is working with the Bureau of Environmental Services (BES) and Water Bureau as a case study for space planning, as they have the most complex uses. More modern offices use an "activity-based environment" which moves some of the activities previously completed in the individual workstation to other areas of the of office. This is being explored.

Most activities are on track or ahead of schedule. The exterior envelope permit is currently in the administrative phase and is expected to begin installation in the summer. The team is still awaiting the USGBC decision regarding the LEED credits and meeting with the WELL Building Institute. There has been less than 1% change between the Target Budget and the Guaranteed Maximum Price (GMP). The project's progress is on schedule, but the project team is cautiously optimistic they may be able to accelerate the schedule.

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## **PART II: SUMMARY OF PROJECT UNDER PBCOC OVERSIGHT**

January – March 2018

**Project Description:** This project is for the reconstruction of the existing Portland Building. At the minimum, the project will include the following: eliminate water intrusion issues; repair structural degradation and upgrade seismic level to meet current code for the existing buildings; upgrade/replace HVAC and other building systems that are at/near the end of their useful life; and upgrade accessibility of the building.

**Project Vision:** Provide a resilient building that serves community and workplace needs for current and future City operations for years to come.

**Project Mission:** Reconstruct the Portland Building in a fiscally responsible way, creating a functional, accessible, sustainable, seismically upgraded workplace.

**Budget:** \$195 million

**Completion Deadline:** By the third quarter of 2020

**Current Status:** The project is in the third phase, construction.

Major Accomplishments this quarter:

- The GMP budget was approved by the Portland City Council. The total budget continues to be \$195 million.
- The Data Center migration was completed.
- Bureau re-engagement has started. This entails talking with bureau representatives about interior design and floor plans. The design studio, Mayer Reed, has created an interior story which will be carried through the interior architecture and environmental graphics to unify the floors in a story that reflects Portland's connection to nature and rivers.
- The project is ahead of schedule and under budget; structural updates, basement excavation, and the demolition of the east facing façade are underway.

- Asbestos abatement and the removal of tile on floors 10-12 is expected to be completed by the second week of March.
- The terra cotta contract, a previous source of risk, has been awarded and will be executed soon. The project team chose a more expensive firm to execute the work due to their product prevailing in various quality trials.

Upcoming milestones for next quarter:

- The project team is beginning engagement for another round of bid packages that will be released in April or May.
- A subcontractor outreach event is planned for early May.
- Envelope installation is expected to begin in the summer of 2018.
- The project team expects to have the LEED decision from the US Green Building Council during the next quarter. Likewise, they expect to know if the project will pursue a WELL Building certification.

Risks, Concerns and Comments from the PBCOC for this quarter:

Risks:

- The Committee highlighted uncertainty in the workforce, due to the high number of construction projects in the City, and the market, such as shortages of drywall, as areas to monitor.
- The project team noted the floor sagging, which has been reported in the building for many years. The project held an allowance in the budget to allow for some infill and is in the process of surveying the floors as they are emptied. Once the surveys are complete, there will be an analysis done to determine what the appropriate amount of fill is for the various floors. The sagging has been assessed and determined not to be a structural concern.
- Social Equity remains an area of attention, however the social equity team is attending trading expositions and conducting mentorship and outreach programs for DMWESB firms.

Project Name: **Portland Building Reconstruction Building**

Reporting Date: **January – March 2018**

| Project Components                            | Oversight Assessment<br>Red, Yellow, Green |          |        | Portland Building Community Oversight<br>Committee Assessment<br>Red, Yellow, Green |          |        |
|---|--|----------|--------|---|----------|--------|
|   | January                                    | February | March  | January   | February | March  |
| Budget  | Green                                      | Green    | Green  | Yellow  | Yellow   | Yellow |
| Schedule<br>Expected Completion date:<br>2020 | Green                                      | Green    | Green  | Green   | Green    | Green  |
| Scope Stability                               | Green                                      | Green    | Green  | Green   | Green    | Yellow |
| Sustainability                                | Green                                      | Green    | Green  | Green   | Green    | Green  |
| Social Equity                                 | Yellow                                     | Yellow   | Yellow | Yellow  | Yellow   | Yellow |

## **Notes from Portland Building Community Oversight Committee (PBCOC) discussion:**

**Overall:** The Committee commended the project's schedule and sustainability. Budget was scored yellow throughout the quarter to indicate continued monitoring. The Committee is still optimistic about the project's ability to meet social equity goals and advise for continued monitoring and communication with MWESB firms.

**Budget:** The Committee ranked the project's budget as yellow as it is going in a good direction, but there's still uncertainty in the workforce and market.

**Schedule:** Schedule received a green score from the Committee as the project is on track to be completed by the end of 2020. During the next quarter, committee members hope to see an expected end date.

**Scope:** During January and February, the Committee gave scope a score of green. However, the Committee has some questions regarding scope which is why they have given scope a score of yellow until further clarification.

**Sustainability:** Sustainability received a green score from the Committee due to the project being on track to meeting, and potentially surpassing, LEED Gold requirements.

**Social Equity:** The Committee gave social equity a score of yellow as there is still much to be done, and they maintain that continuous attention and communication is key.