

# **Portland Building Community Oversight Committee Quarterly Report (April – June 2017)**

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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 end of 2020 at a cost not to exceed \$195 million.

This report covers committee activities from April through June 2017. Within this time frame, the PBCOC held three meetings to review project reports and evaluate project progress. For the April and May meetings, the Committee scored all project components green with the exception of Social Equity which received a yellow score for all three months of April, May, and June. The Committee assigned equity performance a yellow score because of concerns about the availability of minority-owned, women-owned and emerging small businesses (MWESB) needed to meet the project's equity goals. The score had nothing to do with the equity team's performance. At the June meeting, the committee assigned budget a yellow score as a result of an increase in the hard costs for the envelope. The increase was due to several factors including the limited availability of material types. The team is currently evaluating several value engineering opportunities that may allow for cost cutting. Once the guaranteed maximum price is established by the contractor, there will be much greater certainty regarding the large scopes of work that currently involve some risks.

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## **PART 1 – PORTLAND BUILDING COMMUNITY OVERSIGHT, CITY OF PORTLAND April – June 2017**

### **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
Charles Farrington	Commissioner Nick Fish
Don Shanklin	Commissioner Amanda Fritz
Robert Ball	Commissioner Steve Novick
Tom Walsh	Commissioner Dan Saltzman

**Committee Meetings: April – June 2017**

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.

**April 20, 2017:**

During this meeting the project team offered project updates and design updates including video fly throughs for common space floors. The team gave updates on temporary locations, change management and communications as well; PBCOC reports were discussed and reviewed including oversight, staff, and social equity with associated scoring. The previous Quarterly Report was reviewed and approved.

The Committee scored the project components of budget, scope, schedule and sustainability green, but flagged the Data Center Move project and Historic Landmarks Commission requirements as potential risks. The Committee gave a yellow score for

equity performance because they are concerned about the market and its effect on the availability of MWESB workforce capacity.

**May 18, 2017:**

During this meeting the project team discussed project updates. The team highlighted two open house events featuring models of the proposed Portland Building design and an immersive 360° experience with virtual reality. The budget was discussed as trending below expectations with the project moving forward on schedule. There is on-going engagement between the project team and City bureaus to ensure project completion. To address social equity concerns, Howard S. Wright is using a sub guard insurance protection policy to level the playing field for MWESB firms interested in the project.

At the end of the meeting, the committee scored all project components including schedule, budget, scope, and sustainability as green, but flagged the Data Center Move project and Historic Landmarks Commission requirement as potential risks. The Committee gave a yellow score for equity performance because they are concerned about the market and its effect on the availability of MWESB workforce capacity.

**June 15, 2017:**

At this meeting, the project team shared updates regarding an increase in budget line for work on the envelope scope, due largely to several factors including the complexity of the detailing due to the multiple material and planar changes across the surface. However, the overall project still balanced to \$195 million by decreasing contingencies and other savings the project has realized thus far. As a result of the increase, committee oversight has ranked the budget as yellow. The project team is working to find further budget reductions in other areas to increase contingencies while prioritizing the envelope and preserving contingencies. Temporary location move dates were announced on June 19 and the change management team has been preparing employees for the moves and providing guidance as necessary.

The committee ranked the budget as yellow and the schedule, scope, and sustainability were ranked green, but the potential for scope change based on cost consideration Data Center Move project, and Historic Landmarks Commission requirements were flagged as potential risks. The committee noted that staff/workforce participation on the project has been more than significant. The Committee gave a yellow score for equity performance due to the shortage of MWESB contractors in the area.

Scores and comments are attached.

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

April – June 2017

**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 its second phase. Phase 2 has been further divided into two parts: 2A (detailed design) and 2B (implementation documents). Currently, the project team is working on two parallel tracks – planning and designing the temporary spaces and continuing design work for the Portland Building.

Major Accomplishments this quarter:

- Several goals were accomplished to remain ahead of schedule including submission of snapshot 2 deliverables and temporary tenant improvement (TI) permit documents. Further, the team submitted the Land Use application to the Historic Landmarks Commission (HLC).
- The Basis of Design for the project is on track to meet or exceed the City's minimum of LEED Gold, v3 and other Green Building Policy requirements.
- The project team received permits for the three temporary sites and commenced construction in the Columbia building.
- The project team made substantial progress in refining the scope of the technology program.
- The technology budget for both the permanent building and the temporary sites has been nearly finalized.
- Attended 45 outreach events to recruit DMWESB firms and begin the education about the construction workforce needs.
- MWESB contractors and subcontractors will be conducting the temporary improvements in the three locations where City staff will be located during

construction. Additionally, two contractors from the City's Prime Contractor Development Program (PCDP) have been identified to manage two of the sites.

Upcoming milestones for next quarter:

- Permits have been received for the three primary temporary sites. Construction at Columbia has started with construction at the other two buildings expected in June.
- The Landmarks Hearing, various permit submissions and the identification of the Guaranteed Maximum Price.

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

- Risks:
  - The total project budget remains at \$195 million; however, the core team held the Snapshot 2 budget meeting to discuss an increase in the hard costs for the envelope which was approximately \$3.5 million and reduced contingencies further than the team is comfortable with at this stage of the project. The increase was due to several factors including the complexity of the detailing due to the varied surfaces. The team is currently evaluating several value engineering opportunities that may allow for savings to increase the contingencies. Once the guaranteed maximum price is established by the contractor, there will be much greater certainty regarding the large scopes of work that currently involve some risks.
  - The supply side of both equity trade partners and minority and women workers is limited and this poses a risk to meeting the goals on the project. There is a high demand for these partners and minorities and women in the trades, given the number of construction projects currently in progress, or beginning in the near future.
  - Historic Landmarks decision could impact budget, schedule, and scope and should be carefully monitored.
  - Data Center Move project could impact budget and schedule if the Data Center is not moved according to schedule. Currently, the Data Center is on track to meet their move out timeline.

Project Name: **Portland Building Reconstruction Building**

Reporting Date: **April through June 2017**

Project Components	Oversight Assessment Red, Yellow, Green			Portland Building Community Oversight Committee Assessment Red, Yellow, Green		
	April	May	June	April	May	June
Budget	Green	Green	Yellow	Green	Green	Yellow
Schedule Expected Completion date: 2020	Green	Green	Green	Green	Green	Green
Scope Stability	Green	Green	Green	Green	Green	Green
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:** Both Oversight and the Portland Building Community Oversight Committee indicate the project is meeting expectations, with a few items to watch – noted below.

**Budget:** The projects budget was ranked green in April and May as in those months the budget was trending below expectations. However, in June, the Committee gave the budget a yellow score due to a \$3.5 million increase in expected costs for the exterior envelope and potential for a decrease in contingency. The team is currently evaluating several value engineering opportunities that may allow for cutting costs.

**Schedule:** The target completion date for the Portland Building Reconstruction project is the end of 2020. The PBCOC scored green for the months of April, May, and June as the project team has accomplished several goals to remain ahead of schedule. However, the Committee has flagged the Data Center Move project and the Historic Landmarks Commission hearing as critical dependencies.

**Scope:** The Committee scored the project scope green, but cautioned that the project needs to pay close attention to dependencies like Historic Landmarks Commission decisions as well as the possible changing scope due to budget considerations.

**Sustainability:** Sustainability basis of design is on track to meet or exceed the City's minimum of LEED Gold, v3 and other Green Building policy requirements. The PBCOC assigned a green score because the Portland Building Reconstruction project itself is essentially a recycling project and is on track with sustainability expectations.

**Social Equity:** The PBCOC scored social equity performance yellow due to external constraints. The yellow score has nothing to do with the critical path or effort of the equity team. For Committee members, the main issue is dealing with a market beyond the project's control. There are a number of large projects requiring the services of MWESB partner firms and companies. The equity team will include veteran-owned businesses towards achieving standard goals and equity goals will not be revised.