

Portland Building Community Oversight Committee Quarterly Report (April – June 2018)

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 to June 2018. Within this time frame, the PBCOC held three meetings to review project reports and evaluate project progress.

The Committee continues to review the overall project and is closely monitoring the budget. Early in the quarter, tariffs on aluminum and steel emerged as an area of concern, which is reflected in the yellow score the budget has maintained all quarter. Social equity similarly earned yellow scores throughout the quarter as special attention is needed to ensure Disadvantaged/Minority/Women/Emerging Small Businesses (DMWESB) can access the project.

Schedule, scope, and sustainability earned green scores throughout the quarter. The project has consistently been ahead of schedule and committee members are awaiting an expected end date to be set soon. This quarter, Howard S. Wright received the scores from the U.S. Green Building Council (USGBC) regarding the building's LEED credit. The building was awarded an LEED Gold certification, and now the project team is considering pursuing a WELL Building certification. Scope ended last quarter with a yellow certification due to some questions regarding the details of the original scope. Those questions were clarified in the April meeting, and scope has received a green score all quarter.

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:

Member	Selected by:
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: 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.

April 2018:

During this meeting, Committee members reviewed the project's original scope to clarify some questions from the last meeting. The Committee also learned more about the Space Optimization project which was created to plan for the City's growing workforce. Tom Rinehart and former CAO Fred Miller created the Space Optimization project to leverage the Portland Building Reconstruction as an opportunity to better equip the

Portland Building and prepare for future infrastructure, as one aspect of the project is new furnishings for citywide facilities.

In terms of construction, the project team discussed placing exterior construction on a critical path line as construction was ahead of schedule and the Portland Building's core was seismically retrofitted via shotcrete. The project team also discussed the impact tariffs might have on the building's aluminum exterior cladding. The team assured the Committee that tariff activity was being tracked and that the project had already set aside \$250,000 should these tariffs become a factor. The team also noted that any costs related to tariffs could be covered with contingency funds should that situation come to pass.

May 2018:

No tariffs were charged for the aluminum exterior cladding shipment on the mockup. Despite this, the project team is still monitoring the potential for future tariffs. The tariffs are being levied on raw materials, however this project utilizes materials that have been preassembled. Howard S. Wright has consulted with an attorney to confirm these products are not considered raw. Even if the tariffs were levied against the materials, the project team has planned for the contingency to cover this cost. To further prepare, Howard S. Wright is closely monitoring price bumps, procuring materials in large quantities to help buffer against tariffs, and has an internal allowance meant for changing costs in materials. This is not a part of the owner controlled contingency.

Overall construction is going as anticipated. Though rebar installation is taking a bit longer than expected, is not impacting the overall schedule. Abatement is similarly on schedule as the team does not expect to discover further areas that will need abatement. The project team has received feedback on Bureaus' floorplans and the technology that will be needed to support the building's meeting rooms. This month the project team also received confirmation from the U.S. Green Building Council (USGBC) that all design points needed to secure LEED Gold were approved. Day CPM's concrete bid was awarded to Howard S. Wright. They were the only bidders despite the bid being put out two and a half months ago. Howard S. Wright will use this contract as a mentorship opportunity for smaller firms that would like to expand their skillset.

June 2018:

The Committee received positive updates on construction, bureau engagement, and communications. Construction progressed smoothly as the shotcrete work to seismically retrofit the building was completed and the performance mockup test for the exterior over-clad system was passed. The project team continued working with bureaus' change management representatives to begin planning for the move back in, and to prepare employees for the new work spaces. As a move-in date might soon be set, the communications team is planning to create a piece that will explain the project's success in finishing ahead of schedule.

Tariffs again emerged as an area of concern, however the project team advised that Howard S. Wright bought steel in bulk in advance to help offset costs. As a result, the cost of steel is under budget. An expanded social equity report delineated the project's goals and the committed numbers. Minority journeyman and apprentice goals are tracking ahead of schedule despite workforce concerns. However, an area of concern is the drywall contract due to a shortage of labor in the area. Despite this, the project team has a positive forecast as they are close to their social equity goals with only 69% of contracts committed.

PART II: SUMMARY OF PROJECT UNDER PBCOC OVERSIGHT

April – June 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 end 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:

- Bureau re-engagement is underway as the project team works with bureau change managers to plan for the move-in.
- Construction is progressing smoothly as the shotcrete core (for the Portland Building's seismic retrofit) is done, interior demolition work is nearly done, and abatement is complete.

- Day CPM's concrete bid was awarded to Howard S. Wright. They were the only bidders despite the bid being put out two and a half months ago. Howard S. Wright will use this contract as a mentorship opportunity for smaller firms that would like to expand their skillset.
- The performance mockup test for the exterior over-clad system was passed more quickly than expected. Due to excellent testing conditions, the test was completed in one day rather than two.
- The project team received confirmation from the U.S. Green Building Council (USGBC) that all design points needed to secure LEED Gold were approved.

Upcoming milestones for next quarter:

- The project team expects to close out on contracts by August.
- Envelope installation is expected to begin in the summer of 2018.
- Move-in dates for bureaus should be decided before the end of the summer as the project is progressing ahead of schedule.
- The Chief Administrative Officer will have a work session with Council this fall to update them on the project's progress.

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.
- Tariffs emerged as a source of concern as it would have affected the building's aluminum exterior cladding. However, the Port of Long Beach did not charge the shipment. Despite this, the project team continued to monitor future tariffs and noted they did not expect to be affected by the aluminum and steel tariffs. These tariffs were levied on raw materials, and after consulting with an attorney, Howard S. Wright determined these materials would not be considered raw as they were preassembled.

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

Overall: Throughout the quarter the Committee commended the project's schedule, sustainability, and scope. However, they expressed concern for the budget as there were outside forces that could produce a negative impact. They still advise for continuous attention regarding social equity.

Schedule: Schedule received a green score from the Committee as the project is on track and an end date is being discussed.

Budget: Throughout the quarter the Committee commended the project team's work, but ranked the project's budget yellow due to concerns with tariffs and unfilled contracts.

Scope: The Committee gave scope a score of green throughout the quarter after clarifying the original in April.

Sustainability: Sustainability received a green score from the Committee throughout the quarter as the project met LEED Gold requirements.

Social Equity: The Committee gave social equity a score of yellow throughout the quarter due to ongoing workforce concerns.