

Portland Building Community Oversight Committee Quarterly Report (July – September 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 July to September 2018. Within this time frame, the PBCOC held three meetings to review project reports and evaluate project progress.

The Committee continues to closely monitor social equity and budget as they are satisfied with the project's scope, schedule, and sustainability this quarter. The budget was given a yellow score most of the quarter as Committee members wanted to wait until most of the project was bought out to evaluate contingency. Committee members are pleased that the project is set to meet aggregate subcontractor utilization social equity goals but were also concerned with the project's inability to reach individual subcontractor utilization social equity goals. They gave social equity a red score throughout the quarter and provided recommendations on strategies that could help raise some of the individual social equity goals.

PART 1 – PORTLAND BUILDING COMMUNITY OVERSIGHT, CITY OF PORTLAND

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: July – September 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.

July 19, 2018:

Design work for the new spaces continues, and the project team expects to receive bureaus’ sign off on their space plans in August. Due to forecasted savings, the project team is considering potential add backs to the Guaranteed Maximum Pricing. A move-in date was set for November 2019. The first bureaus slated to return are Facilities and the Bureau of Technology Services, and customer service centers will also move in. At that time, the Portland Building will be considered open to the public. The rest of the bureaus will move in through Spring 2020.

As bureaus will return to the Portland Building earlier than expected, the project will save on lease renewals in rental spaces. Most spaces are leased through early 2020, except for the 400 Building which has a lease that runs through June 2020. This is the only anticipated cost that the project will be unable to recoup through utilization. The project team is considering allocating project savings to further improve certain line items. An example of this is investing in “smart elevators” which will have advanced routing systems that direct passengers more efficiently.

Soft demolition is fully complete. Shotcrete placement on the second floor is expected to be complete by the end of July. Installation for the curtainwall anchor is underway, with the curtainwall itself scheduled for installation in October. A potential source for concern may be filling the drywall contract while there is a labor shortage.

Workforce diversity goals which track diversity in journey workers and apprentices, have been exceeded. However, the project may not meet individual subcontracting goals. The project team points to a shortage of certified subcontractors across the region, size of the contract packages, and requirements attached to the contracts as some of the causes for this. Howard S. Wright is also allowing for deadline extensions and flexible scope selection to entice more MWESB certified contractors.

August 16, 2018:

The project team is working with bureaus on final floor layouts to submit furniture requests in September, and meeting with the building's primary artist to coordinate project requirements and review a contracting schedule. An opening celebration was also planned, however committee members pointed out a grand opening the week before Christmas would be poorly attended and inaccessible to the public.

South and east side tile removal is finishing up and there has been significant progress on structural upgrades to the building. Preparation for the installation of new curtainwall anchors continues, with the installation projected to start in October. The project team is considering the pursuit of a WELL Building version 2 certification. If the building receives this certification it would be the first WELL Building in the region.

Though the project is set to meet aggregate subcontract utilization goals, the project will most likely not meet individual subcontract utilization goals in the minority and emerging small business categories. As this resulted in a red score for social equity last month, Committee members focused on how the project could learn from this. Committee members learned that the MWESB goals had been set by Howard S. Wright which prompted some discussion on whether the goals were unrealistic from the beginning. Committee members also learned that these goals are more aggressive than the County's equity goals in construction. Committee members then suggested Howard S. Wright conduct exit interviews or send surveys to firms that don't win their bids or did not proceed with bidding after expressing interest. This would hopefully provide some insight into the market and how to improve the process. They also recommended making the surveys anonymous or using a third party to conduct interviews to ensure more honest responses.

September 20, 2018:

The Chief Administrative Officer (CAO) and project manager gave an update presentation to City Council. Overall, Council was pleased as the project is on budget and on schedule. There is a mockup of the new work space furniture on the Congress Center's 15th floor. Employees will soon have an opportunity to view the mockup.

Bureaus have signed off on 2D plans for furniture layouts and final 3D walkthroughs, which has allowed the project team to complete the furniture order. Furniture is expected to arrive in June 2019.

There were no major changes to the project's budget this month. The project team has continued tracking potential best value adds such as smart elevators, mechanical upgrades, and additional lighting zones. Work on structural upgrades continues, as does removal of tile and windows on the building's north façade. Shotcrete installation on the 4th floor is complete. Lighting will be "zoned" and entirely LED. These zones will be around 10-15 feet apart and daylight controlled with the aim to dim as the day gets brighter as there is more natural light. Exterior tiles are being shipped in this fall from Mexico, where they are being created. Shear wall installation is ahead of schedule as crews have installed curtainwall anchors, which can currently be seen on the building.

The project is currently 90% bought out. Following the Committee's recommendation that the project team get feedback from subcontractors, they have enlisted Fay Birch (a third-party firm) to conduct a survey that reaches out to all subcontractors that were contacted for this project. This includes subcontractors that did not bid after expressing interest and those that were not successful in their bids. The project team also explained that one of the reasons the project wasn't hitting individual subcontractor utilization goals (such as the minority businesses and emerging small businesses categories) is that the City's Prime Contractor Development Program (PCDP) conflicts with certain equity goals as it doesn't provide credit for employing firms identified in that program. Additionally, some firms have both MBE and ESB certifications, but they can only be counted in one category. Due to this discovery, the CAO has promised to make recommendations regarding the PCDP's policies to ensure the program doesn't inadvertently impede equity goals.

* Please note, this was PBCOC member Cindy Nichol's last meeting as she is moving. The Mayor and CAO have agreed to search for a new Committee member.

PART II: SUMMARY OF PROJECT UNDER PBCOC OVERSIGHT

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 third phase which focuses on construction.

Major Accomplishments this quarter:

- The CAO and project manager, Kristin Wells, presented an update on the Portland Building Reconstruction to City Council early September. Council was pleased with the project's progress.
- A move-in and opening date has been decided. The first bureaus, currently slated to be Bureau of Technology Services and Facilities, will begin moving back into the building November 2019. A "soft" opening date, where the public will be able to access customer centers and pay their bills, will be on December 16, 2019. The team plans to also host a media day and a grand opening in early January to ensure accessibility to the public.

Upcoming milestones for next quarter:

- Crews have installed the curtainwall anchors for the sheer walls. Installation is expected to begin this Fall, and the project team commented that this would be one of the big changes the public would be able to see.
- Tiles for the building's exterior are expected to arrive next quarter.
- The final buy outs are expected to be completed early next quarter.

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

- Tariffs were a source of concern previously, however all materials that would have been affected have been purchased without problem.
- Social equity remains a source of concern as it appears that the team's individual social equity goals for subcontract utilization will not be reached. The Committee has recommended various forms of outreach to ensure more subcontractors can access the project.

Project Name: Portland Building Reconstruction Building

Reporting Date: July - September 2018

	Oversight Assessment Red, Yellow, Green			PBCOC Assessment Red, Yellow, Green		
Project Components	July	August	September	July	August	September
Budget	Green	Green	Green	Yellow	Yellow	Green
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	Red	Red

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

Overall: Schedule, scope, and sustainability have maintained green scores all quarter. Budget was scored yellow this quarter as the Committee awaited updates on tariffs, buy outs and contingency. Social equity held a red score all quarter due to concerns that the project may not meet individual subcontracting utilization goals.

Budget: Budget received a yellow score as Committee members awaited tariff, contingency and buy out updates. Now that the project is 92% bought out and the team has kept much of their contingency, the Committee feels the budget deserves a green score.

Schedule: The project received green scores all quarter due to project leaders setting dates for bureau move-ins starting in November 2019 and an opening date for the public, December 16, 2019.

Scope: Scope has maintained a green score all quarter as there has been no scope creep.

Sustainability: Sustainability has maintained a green score all quarter as the project was awarded an LEED Gold certification and is discussing the pursuit of a Well Building version 2 certification.

Social Equity: Social equity received a red score all quarter as the Committee was concerned the project would not meet individual subcontractor utilization goals. As a result, the Committee suggested the project team loosen bid requirements and conduct interviews or surveys to learn about subcontractors' bidding process experience. The project team has taken these recommendations into consideration and have begun interviewing firms via a third party to ensure transparency.