

RESOLUTION No. 37274

Direct the Office of Management and Finance to implement the space optimization proposal for the Portland Building and work with Portland Development Commission to implement a financing and occupancy plan for the Jasmine Block project with Portland State University (Resolution)

WHEREAS, the City has an opportunity to reduce long-term costs and improve business efficiencies through planning for downtown building space needs; and

WHEREAS, Administrative Rule ADM 13.01 requires City bureaus to locate operations in City owned or controlled facilities when these facilities reasonably meet the business needs of the bureau; and

WHEREAS, the Portland Building currently houses approximately 1,332 City of Portland employees and the Portland Building Reconstruction project only covers the needs for the existing employees in the building as stated in Resolution No. 37158; and

WHEREAS, the furniture that bureaus have in the Portland Building is, for the most part, functionally obsolete, expensive to repair, expensive to adjust and move to accommodate changes, and would not allow for optimizing the layout.

WHEREAS, the current downtown City-owned buildings do not accommodate all existing bureaus' space needs; and

WHEREAS, tenant bureaus within the Portland Building currently have employees at alternate buildings due to space constraints; and

WHEREAS, bureaus are projecting continued growth in employees and will need additional office space in downtown Portland; and

WHEREAS, the City leases space in privately-owned buildings to accommodate current needs at a cost of \$2.84 million per year; and

WHEREAS, based on the initial phase of design work for the Portland Building Reconstruction project, the City has identified an opportunity to save significant ongoing operating costs and accommodate future employee growth through a space optimization plan, while providing consolidation opportunities for bureaus; and

WHEREAS, the space optimization plan would invest \$18.8 million to build out additional space and purchase 21st century systems furniture and other furnishings to allow for the City to accommodate approximately 412 additional employees in the Portland Building; and

WHEREAS, the Bureau of Revenue and Financial Services conducted an economic analysis of alternatives, reviewed this analysis for accuracy with internal and external partners, and found that optimizing the Portland Building space was the least cost

option and provided the most savings over the long term; and

WHEREAS, the space optimization will provide downtown office space, in City-owned facilities, needed for forecasted five-year growth and additional bureau needs; and

WHEREAS, reducing leased spaces in non-City-owned facilities will avoid future fluctuation in market rates for future leased space, which would provide more cost stability; and

WHEREAS, additional savings in reduction of move costs over time, flexibility between bureau spaces, and ability to improve access to daylight and ergonomics for all employees would be achieved; and

WHEREAS, the City and the Portland Development Commission (PDC) maintain a collective commitment to the pursuit of a project with PSU to build a new facility at the Jasmine Block that could accommodate further City needs for downtown office space; and

WHEREAS, PDC will provide PDC-owned Jasmine Block to PSU for the construction of a partnered project including the City and PSU as previously committed in the DDA between the two entities; and

WHEREAS, even with the space optimization proposal for the Portland Building, the City will continue to have bureaus occupying leased spaces rather than City-owned spaces, and bureau needs will continue to change over time and flexible workspace will support and allow for continued fluctuation; and

WHEREAS, tenancy of the Jasmine Block needs to be determined and City-owned facilities should be reviewed and optimized to support business operations.

NOW, THEREFORE, BE IT RESOLVED that the City Council directs the Office of Management and Finance to implement the building space optimization proposal as shown in Exhibit A; and

BE IT FURTHER RESOLVED that the Office of Management and Finance work with the City Budget Office to amend City financial forecasts for a debt financing for the space optimization proposal with debt service beginning in FY 2020-2021; and

BE IT FURTHER RESOLVED that the Office of Management and Finance plan to obtain contracts and contract amendments to implement the proposal; and

BE IT FURTHER RESOLVED that the Office of Management and Finance work with PDC and PSU to continue pursuit of the Jasmine Block project and develop a financing plan to fund a City-owned share of the project, and work with City bureaus to determine the best use of the City-owned portion of the building and;

BE IT FURTHER RESOLVED that the Office of Management and Finance conduct a Citywide study to determine the tenancies for the Portland Building, the 1900 Building and the Jasmine Block Building.

Adopted by the Council: MAR 15 2017

Mayor Ted Wheeler

Prepared by: Kristin Wells

Date Prepared: February 28, 2017

Mary Hull Caballero

Auditor of the City of Portland

By



Deputy


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Agenda No.

RESOLUTION NO. 37274

Title

Direct the Office of Management and Finance (OMF) to implement the space optimization proposal for the Portland Building and work with PDC to implement a financing and occupancy plan for the Jasmine Block project with PSU. (Resolution) *spell out*

INTRODUCED BY Commissioner/Auditor: <i>wheeler</i>	CLERK USE: DATE FILED <u>MAR 07 2017</u>
COMMISSIONER APPROVAL	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By:  Deputy</p> <p>ACTION TAKEN:</p>
Mayor—Finance & Administration - Wheeler <i>KID</i>	
Position 1/Utilities - Fritz	
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Eudaly	
BUREAU APPROVAL	
Bureau: Office of Management and Finance Bureau Head: Tom Rinehart <i>TR</i>	
Prepared by: Kristin Wells Date Prepared: February 28, 2017	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter	
Council Meeting Date March 15, 2017	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 15 min (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz <input checked="" type="checkbox"/>	
2. Fish	2. Fish <input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman <input checked="" type="checkbox"/>	
4. Eudaly	4. Eudaly <input checked="" type="checkbox"/>	
Wheeler	Wheeler <input checked="" type="checkbox"/>	