



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Ted Wheeler, Mayor

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REGULAR CALENDAR

December 13, 2017

TO THE COUNCIL:

The Portland Building is a 15-story high rise building that is occupied primarily by City bureaus and is located at 1120 SW Fifth Avenue, Portland, Oregon. It is an internationally renowned architectural example of Post-Modernism designed by Michael Graves. It was originally constructed in 1981 as a design-bid-build project and was listed on the National Register of Historic Places. The building is approximately 360,000 SF plus basement.

Project Vision Statement

Provide a resilient building that serves community and workplace needs for current and future City operations.

Project Mission Statement

Reconstruct the Portland Building in a fiscally responsible way, creating a functional, accessible, sustainable, seismically upgraded workplace while maintain the City's socially responsible goals and policies.

Project Requirements and Expectations

While this project initially began as a maintenance project, the maintenance solution required such extensive work on the building that it provided an opportunity to achieve much more. At a minimum, the project will do the following:

1. Eliminate water intrusion issues.
2. Repair structural degradation and upgrade seismic level to meet current code for existing buildings.
3. Upgrade/replace HVAC and other building systems that are at/near the end of their useful life.
4. Upgrade accessibility of the building.

Additionally, the project provides an opportunity to:

1. Preserve the historic integrity of the building
2. Meet the City's goals for equity and inclusion as set forward in the Equity and Inclusion Plan for the project, as well as goals for MWESB participation in consultation services.
3. Work with the Bureau of Planning and Sustainability to ensure the City's Green Building Policy is appropriately applied to the project, including the expectation it will achieve a minimum certification of LEED Gold.
4. Improve the quality and efficiency of the workplace.

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

5. Improve the technology infrastructure to support current and future technology solutions.

The project will also require moving and relocating staff to accommodate the construction work. The project will do this with the goal of minimizing disruptions of staff and services to customers.

The project seeks to utilize comprehensive strategies to support Minority and Women Owned, and Emerging Small Businesses ("MWESB") through contracting and through workforce training and hiring programs for minorities and women, and to reduce maintenance and operations costs for the Portland Building.

In October 2015, the City Council set a project budget limit of \$195 million and scheduled completion by December 2020. To achieve these requirements, the City has selected the "Progressive design-build" project delivery method, coupled with "integrated project delivery" principles. Both are characterized by early collaboration between the owner, designer and builder, shared project goals, risks and incentives; and tailored solutions for specific project challenges.

Decisions to date:

City Council Meeting on October 21, 2015 adopted the following resolutions:

- Resolution #37158: directed the Office of Maintenance and Facilities(OMF) to solicit bids for the Portland Building Reconstruction project in an amount not to exceed \$195 million with construction to be completed no later than 2020.
- Resolution #37159: directed OMF to develop a City office space lease rate equalization plan for bureaus located in the central business district.
- Resolution #37160: directed OMF to develop a proposal for dedicating an amount equal to 1% of the hard construction costs for community opportunities and enhancements.

On January 20, 2016 City Council passed:

- Ordinance #187559: authorized the Portland Building Reconstruction project competitive bid process exemption and use of progressive Design-Build-Relocate (DBR) alternative contracting method ordinance.
- Ordinance #187560: authorized the contract of DAY CPM Services LLC as the Portland Building Reconstruction project owner's representative and to provide public outreach services.

On July 27, 2016 City Council adopted Resolution #37223 which directed OMF to implement the Community Opportunities and Enhancements Plan for the Portland Building Reconstruction project and allocate \$1 million of the project budget for these purposes.

On July 27, 2016 City Council accepted Report 860-2016 which awarded Balfour Beatty Construction LLC Howard S. Wright (hereafter: Howard S. Wright) and the DLR Group the progressive Design-Build-Relocate contract for an initial not to exceed amount (GMP) of \$140 million, with the final Guaranteed Maximum Price (GMP) to be set at the end of Phase 2.

Howard S. Wright, its trade partners and subcontractors have made a commitment of 25% of the hard construction costs in utilization of State Certified Minority, Women and Emerging Small Business (D/M/W/ESB) subcontractors on this project. Within this 25% goal there is a disaggregate goal of 12% MBE, 5% WBE, 5% ESB and the remaining 3% as an additional commitment by the Contractor as stated in their proposal.

Howard S. Wright has agreed to make all reasonable and necessary efforts to achieve the workforce diversity goals for the life of the project. Minority apprentice workers shall be 22% of project apprentice level hours and separate goal for 9% women apprentice workers. The workforce diversity goals for journey level workers is 28% with a goal of 22% for minority and 6% for women journey workers.

Howard S. Wright has a current City of Portland Business Tax Registration and their EEO Certification. The company is located in Portland, Oregon and is not a State Certified D/M/W/ESB Contractor. Howard S. Wright is in full compliance with the Equal Benefits Program.

The overall budget for the Portland Building Reconstruction project was established with Resolution #37158 in the amount not to exceed \$195 million. This was the overall budget cap that OMF committed to deliver the project within. This has been maintained and will continue to be maintained through the duration of the project. Ordinance #187559 estimated the Design-Build-Relocate contract at \$153 million with High Confidence Level Rating and the assumption that the scope will be adjusted to ensure the maximum cost is not exceeded and will be revised, as the design work progresses, in order to arrive at a Guaranteed Maximum Price (GMP). The City Council accepted Report 860-2016, which awarded Howard S. Wright and the DLR Group the progressive Design-Build-Relocate (DBR) contract in the amount of \$140 million (Initial GMP for the construction of the project) and stipulated that the final GMP shall be negotiated and accepted by contract amendment upon the completion of the Project's criteria design. It also stated that "Under no circumstances shall the final GMP exceed the Initial GMP". However, the initial GMP budget was established by the Project Team (CoP and Day CPM) without final scope defined and the design or construction team work commencing. Lesson learned: the initial GMP estimate should have been delayed until the project was further into the design process. Through design, decisions were made to provide additional value to the project through: exterior envelope selection – pressure-equalized rainscreen enclosure over the existing concrete building shell (D3 No. 08); system selections – air-cooled heat recovery heat pumps and VAV air handling units (D3 No. 10); and interior schemes that will serve the public and the employees – standardize the layout for hard wall construction on all typical floors to provide maximum flexibility for the future and minimize required changes as bureau needs change over time (D3 No. 04). Some scopes have seen cost savings such as the relocation and space lease costs. Other scope items originally in the owner's side of the budget have been moved into the DBR Contractor side of the budget, including items like technology infrastructure, make-ready work to prepare the Portland Building for reconstruction by relocating critical services, migration of fiber lines, installation of temporary riser to the Data Center, install the power connection from the PGE substation

several blocks away to the building transformer vault, and the holistic security system. These trade-offs were made to provide the best overall value to the project within the total project cost of \$195 million. The proposed final GMP proposed in Amendment No. Four (4) is \$147,350,000.

Given the preceding, this report is being submitted as a recommendation that the City of Portland, accept the GMP Proposal by Howard S. Wright as Design- Build-Relocate Contractor for the Portland Building Progressive Design-Build-Relocate project and sets the GMP at \$147,350,000 as stated in the GMP Amendment No. Four to the contract, which is attached to this report.

Recommended by:

Agenda No.
REPORT

No. Title

Accept Amendment Four (4) of Contract #30005394 which sets the Guaranteed Maximum Price of \$147,350,000 from Howard S. Wright Construction Company for the Portland Building Design-Build-Relocate Project (Procurement Report – RFP No. 00000260)

<p>INTRODUCED BY Commissioner/Auditor: Mayor Wheeler</p>	<p>CLERK USE: DATE FILED <u>DEC 05 2017</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Wheeler <i>KE</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Eudaly</p>	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <i>[Signature]</i> Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: OMF/BRFS/Procurement Bureau Head: <i>[Signature]</i></p> <p>Prepared by: Celeste King Date Prepared: 11/03/17</p> <p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p> <p>Council Meeting Date December 13, 2017</p>	<p>ACTION TAKEN:</p> <p>DEC 13 2017 ACCEPTED PREPARE CONTRACT</p>

<p align="center">AGENDA</p> <p>TIME CERTAIN <input type="checkbox"/></p> <p>Start time:</p> <p>Total amount of time needed: (for presentation, testimony and discussion)</p> <p>CONSENT <input type="checkbox"/></p> <p>REGULAR <input checked="" type="checkbox"/> 15</p> <p>Total amount of time needed: 10 min (for presentation, testimony and discussion)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 30%;">FOUR-FIFTHS AGENDA</th> <th colspan="2">COMMISSIONERS VOTED AS FOLLOWS:</th> </tr> <tr> <th></th> <th>YEAS</th> <th>NAYS</th> </tr> <tr> <td>1. Fritz</td> <td align="center"><input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>2. Fish</td> <td align="center"><input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>3. Saltzman</td> <td align="center"><input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>4. Eudaly</td> <td align="center"><input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>Wheeler</td> <td align="center"><input checked="" type="checkbox"/></td> <td></td> </tr> </table>	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:			YEAS	NAYS	1. Fritz	<input checked="" type="checkbox"/>		2. Fish	<input checked="" type="checkbox"/>		3. Saltzman	<input checked="" type="checkbox"/>		4. Eudaly	<input checked="" type="checkbox"/>		Wheeler	<input checked="" type="checkbox"/>	
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