

IMPACT STATEMENT

Legislation 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)

Contact name:

Contact phone:

Presenter name:

Purpose of proposed legislation and background information:

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 was originally constructed in 1981 as a design-bid-build project and was recently listed on the National Register of Historic Places. The building is approximately 360,000 SF plus basement.

The main goals of the Portland Building Design-Build-Relocate Project are to eliminate the water infiltration problem, to upgrade seismically to today's code levels, to upgrade/replace existing building system and to upgrade the building interiors.

Financial and budgetary impacts:

The Council has taken three actions related to the finances of the Portland Building reconstruction project.

First, as part of the FY 2015-16 budget process, the Council put into the General Fund's five-year financial forecast \$2.57 million per year for the General Fund's share of cash and debt financing the project.

Second, as part of the FY 2015-16 budget process, the Council approved \$3.75 million to begin preliminary work of the project in the Facilities Services Fund in the Bureau of Internal Business Services. This resource came from the Portland Building's major maintenance account in the fund.

Third, in October of 2015 the Council-approved Resolution 37158 in which OMF was directed to do the reconstruction project by the year 2020 and for within \$195 million.

This project is funded through four resources. The first is the \$3.75 million from the Portland Building's major maintenance account. The second is cash from the funds of tenants in the Portland Building. The third resource is capturing a portion of the Portland Building rental charges that are in the budgets for the tenants and won't be needed during construction when the project will cover interim space costs. These first three resources will allow the project to have at least five percent of its costs funded through cash as per City financial policies.

The fourth resource is proceeds from a debt financing. Debt service expenses will begin in FY 2020-21 and be included in the cost pool used to develop rental rates for the City's downtown offices, and will be allocated to all bureaus based on an equalized rental rate structure. These costs have been modeled and are being built into tenant funds' financial forecasts.

Costs for this contract are built into the current project budget. The \$195 million project is included in the OMF FY 2017-18 through FY 2022-23 Capital Improvement Plan and FY 2017-18 costs are included in the City's Adopted Budget.

This legislation will neither generate nor reduce revenue coming to the City.

No positions will be created, eliminated, or re-classified as a result of this legislation.

Community impacts and community involvement:

On October 5, 2015, the City's Procurement Officer advertised and publicly announced the project on the City's Online Procurement System, initiating the engagement with the construction contracting community, including contractors certified with the State of Oregon as minority, women, and emerging small businesses at that point. The Design-Relocate Request for Proposals (RFP) was released on April 1, 2016 and the contract was executed on July 27, 2016.

Each of the release opportunities allowed for potential proposers to review the competitive solicitations, attend a pre-proposal meeting, ask questions, provide comments and submit a proposal in response to the RFP. 50% of attendees at the construction and 6% at the design-relocate pre-bid meetings were certified firms. The proposals received resulted in the award of the Owners Representative and Public Outreach contract and Progressive Design-Build Relocate Services contract. Procurement Services managed the procurement processes. No protests were received.

The Community Opportunities & Enhancements Plan outlines the project's diversity goals and funding categories dedicated to providing opportunities for minorities, women, economically disadvantaged individuals and communities, and local contractors. This includes \$750,000 to support diversifying the workforce, \$200,000 to support MWDBE businesses, \$50,000 for continuity of opportunity, and offering rent concessions to support Portland Building vendors.

The Request for Proposals for the Portland Building Reconstruction project included aggressive requirements, goals, targets, and incentives for workforce diversity at all levels and in all trades, for apprenticeship hours, and for disadvantaged, minority-owned, women-owned and emerging small business for both the construction as well as the design and professional services components of the project as described in the Equity, Inclusion and Diversity Plan. Overall project MWESB Utilization Goals were set at 20% for Design-Relocate and 22% for Construction Services; workforce goals were set at 31% diversity and 20% labor hours for apprentices.

Howard S. Wright, their 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 (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 Contractor add. The Contractor 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.

The project team has engaged the community since early in design by regularly sharing project information, responding to questions, and gathering input and comments on the project. Outreach methods have included website updates, press releases, flyers, project email updates, open houses, and conversations in person and over the phone. Public feedback that was collected through focus groups, public surveys, interactive activities, comment boxes, and online have helped inform project decisions.

Budgetary Impact Worksheet

Does this action change appropriations?

☐ **YES:** Please complete the information below.

☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount