

**IMPACT STATEMENT**

**Legislation title:** \*Authorize the Director of the Bureau of Environmental Services to execute certain lease documents necessary for bureau operations (Ordinance)

**Contact name:** Eli Callison

**Contact phone:** 503-823-5756

**Presenter name:** Eli Callison

**Purpose of proposed legislation and background information:**

Because of capacity limitations in the Portland Building, the Bureau Environmental Services (BES) has leased space in the Pioneer Tower building since 2008. At the completion of the Portland Building Reconstruction Project, BES will be allocated two floors in the Portland Building. These floors will provide space for the staff currently housed in the temporary facility (400 Building), but will not be sufficient to accommodate the staff currently located at Pioneer Tower. There are approximately 300 positions at the 400 Building that will need a workspace at the reconstructed Portland Building, and the two floors allocated to BES will have a maximum load of 312 work spaces. Approximately 90 staff are currently housed in Pioneer Tower under the current lease, which is maximum capacity. Additionally, BES utilizes temporary staff, on-site contractors and interns, and anticipates potential to grow the downtown workforce by 20-40 employees over the coming years.

The current lease for Pioneer Tower expires on November 30th, 2019. BES has retained the services of a Commercial Broker to assist with lease space needs and ensure the bureau is located in the most cost-efficient facility that meets operational needs. With the help of this broker, BES toured 8 buildings in the downtown core within reasonable (walking) distance to the Portland Building and had approximately 20,000 square feet available. From these tours BES requested proposals from 5 buildings and received responses from 4 of these requests. Of these responses, Pioneer Tower was found to have the overall lowest rate per square foot, and the lowest total 5-year occupancy cost (after factoring for required tenant improvements, move costs and other lease terms). BES plans to continue leasing the 16,754 square feet provided in the current Pioneer Tower Lease for 9 months, and then expand to 21,055 square feet (beginning during Fiscal Year 2020-2021). In addition to having the lowest overall cost to Environmental Services, staying at the current facility will avoid unexpected costs associated with moving expenses and prevent disruptions to work performance.

**Financial and budgetary impacts:**

The starting annual full-service rate for Pioneer Tower is \$31.77 per square foot with \$1 annual increases over the course of the 5-year lease. BES will continue with the 16,754 square feet of the current lease space for the first 9 months, then expand to a total lease area of 21,055.

The current annual lease cost is \$584,213, with an estimated decrease to \$551,356 in year one under the new lease and an estimated increase to \$673,519 in the second year. This action will not require any adjustment to the FY2019-20 budget. Future cost increases are already incorporated into the bureau's current long-term financial plan and rate projections, though an associated future adjustment to budgetary appropriation is anticipated.

**Community impacts and community involvement:**

None

**Budgetary Impact Worksheet****Does this action change appropriations?**

- ☐ **YES:** Please complete the information below.  
☐ **NO:** Skip this section

<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>