OPB LU 21-012886 DZM GW opb's apparent lowballing of construction value has hampered these reviews

mike dowd <dowdarchitecture@gmail.com>

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To: Bryant, Hannah < Hannah. Bryant@portlandoregon.gov>

1 attachments (1 MB)

IMG_5780.jpg;

Design Commission,

I've given Hannah Bryant many examples of OPB submitting incorrect information in this review, and in the earlier land use review for the renovation that triggered it. One graphic example is the attached site plan for the earlier review, on which marked things that were not correct.

The relevance of that is that the incorrect information has made it difficult to impossible for BDS staff to do accurate reviews. Much of my testimony to Hannah Bryant has involved pointing out incorrect information from OPB, instead of being able to focus on the proposal's merits.

I also believe OPB has hampered the review process by lowballing the construction value for the recent renovation work that triggered this current review, and hampered the previous land use reviews in which BDS staff tried to identify what nonconforming upgrades were required.

There are two reasons lowballing the construction value would hamper those reviews.

First, fees that pay for the reviews are based on construction value. Lowballing the value means staff must do a review for a project for fees that only cover the review of a smaller project.

Second, in this case, the construction value (I believe) was lowballed so much that it resulted in the land use review for the renovation being done as a Type II instead of a Type III review. I believe that if the previous land use review had been a Type III review, many issues that are complicating this current review would have been uncovered then.

Here is why I believe OPB lowballed its construction value:

In its **9/15/17 building permit application**, OPB stated the construction value was **\$2.5**

million: http://docs.portlandoregon.gov/download.aspx?

r=BDS%2DPS%2F216173&h=5807DCDBCC30269897E29C30C8581230

(This link is a portlandmaps document requiring log-in.)

Two months earlier, in its **7/18/17 design review application**, OPB also reported its construction value again as **\$2.5 million**, minus some deductions that seem legitimate (BDS allows expenses such as ADA upgrades to be excluded from construction valuations for land use reviews).

At the time, I recall the valuation threshold kicking projects from Type II into Type III was about \$2.3 million--just a few percent over OPB's stated value after exclusions.

However, several months *prior to* either of those, in April 2017, in a letter to OPB, the Oregon Bureau of Labor and Industries stated a construction value (which it obtained from OPB) of "approximately \$5.5 million"--more than double the the values OPB later claimed (see attached document).

While applicants are allowed to exclude certain project costs from construction values for building permits and land use reviews, **this \$3 million difference between the value OPB gave to the State and what it gave to BDS is extreme.** So it's logical to wonder if OPB lowballed the the costs for its building permit and land use review, especially when (again if I'm recalling correctly) its reported cost was just barely under the threshold that would have kicked OPB into a much more involved Type III review.

The only way I can see that the cost was NOT lowballed would be if the project had extremely high non-construction costs. But according to OPB itself, it did not. OPB told the State that

"For purposes of this grant, the term "Project" does <u>not</u> include (and Grant funds will <u>not</u> be used to fund) the acquisition or installation of any software, equipment, or technical infrastructure".

Shortchanging BDS on fees and avoiding a Type III review weren't the only impacts of OPB's apparent lowballing of its project construction value that are relevant to this review. Perhaps the main one is that it misleads people into thinking that the work it's currently proposing is costing OPB a much higher percentage of its renovation costs than is true.

So when the Commission is considering requests by me or others to require OPB to make changes that will increase the costs of its upgrade work, I'm requesting that the Commission remember that (based on the evidence I see) these are upgrades to a \$5.5 million project, not a \$2.5 million one. And if the Commission is concerned about the impacts on OPB of adding to the scope of the work that BDS previously identified in its reviews of upgrade work, please consider that these issues likely would have been uncovered four years ago if OPB had underwent the Type III review that its true construction costs would have triggered.

Michael Dowd, President Dowd Architecture Inc. 753 S Miles Street Portland, Oregon 97219 (503) 282-7704

email: dowdarchitecture@gmail.com

