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191795

Ordinance

Approve findings to authorize an exemption to the competitive bidding requirements and use of the alternative contracting method Construction Manager/General Contractor for fleet maintenance and headquarters repair for an estimated amount of \$42,016,303

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Bureau of Fleet and Facilities (BFF) is seeking to replace the City's primary fleet maintenance and repair garage, which is too small and deteriorated to meet the City's existing and future fleet needs.
2. The Project will require specialized skills and experience in construction methodology, problem solving, sequencing, scheduling, and cost management to successfully complete and commission the work and to verify that the completed space is fully operational prior to occupancy.
3. Procurement Services and BFF recommend using the alternative contracting method of Construction Manager/General Contractor (CM/GC) for the Project to allow BFF to:
 - a. Select a CM/GC with the experience and qualifications necessary to coordinate and build a new fleet maintenance and repair garage;
 - b. Obtain valuable input from the CM/GC during the design process on construction packaging, sequencing, and procurement of long lead items; and evaluating upfront versus ongoing maintenance costs during early cost estimate and specifications reviews;
 - c. Obtain continuous value engineering to ensure cost containment and best value for the community;

Introduced by

[Mayor Ted Wheeler](#)

Bureau

[Management and Finance;](#)
[Facilities Services](#)

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Monday thru Friday, 8:00
a.m.-5:00 p.m.

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- d. Ensure that there are opportunities for Service-Disabled Veterans Business Enterprises, Disadvantaged, Minority, Women, and Emerging Small Businesses in the contracting process.
4. Portland City Council serves as the Local Contract Review Board, with the authority to exempt certain public contracts from the competitive bidding requirements of ORS Chapter 279C and Portland City Code 5.34.
5. The City will invite prospective CM/GC's to submit competitive proposals in response to the City's Request for Proposals ("RFP"). The Selection Committee will select the CM/GC based on an evaluation of the proposals. The Selection Committee will include staff from BFF, the Architect/Engineering (A/E) consultant, and other stakeholders from the community, including a minority evaluator(s) as required per Resolution 36757. The RFP process will be completed under the guidance and direction of Procurement Services and in accordance with Alternative Contracting Methods requirements as set forth in Portland City Code 5.34.
6. Draft findings addressing favoritism, competition, substantial cost savings, operations, budget and financial data, public benefits, value engineering, specialized expertise required, public safety, market conditions, technical complexity, and funding sources recommended by the City are attached hereto as Exhibit A (collectively, the "Findings"), have been made available, and a notice of the public hearing of this Ordinance was published fourteen (14) days in advance of this public hearing.
7. Based on the Findings, the exemption of the Project from the competitive bidding requirements of ORS 279C is:
 - a. Unlikely to encourage favoritism or to diminish competition for public contracts, because the contract will be awarded using a competitive solicitation process; and
 - b. Likely to result in substantial cost savings to the City because the CM/GC will be integrated into the design team for value engineering, constructability review, and assistance in developing a construction phasing plan. Such early integration is intended to reduce the chances of redesign, change orders and cost overruns.
8. The estimated Construction Contract cost is \$42,016,303. The estimated total Project cost is \$53,127,254, including construction, architecture, design and other professional services, permits and fees, project management services, Owner's Representative services, FF&E, 2% for art, and moving costs. Although the Project has been professionally cost estimated twice by a third-party cost estimator, and although their construction estimates came within 7% of one another,

Requested Agenda Type

Consent

Date and Time Information

Requested Council Date


June 26, 2024

the Project has not yet hit 60% complete for design and engineering. Thus, per the City's Confidence Level Rating Index, Facilities' confidence in the cost estimate must be rated as low.

NOW, THEREFORE, the Council directs:

- A. Council hereby approves the Findings, as presented in Exhibit A, and on that basis exempts the Project from the competitive bidding requirements of ORS 279C.
- B. The Chief Procurement Officer is authorized to use an alternative competitive solicitation process to select a CM/GC Contractor for the Project and, upon selection of a CM/GC, is authorized to execute a contract for CM/GC pre-construction services during the design phase of the Project, provided the contract has been approved as to form by the City Attorney.
- C. Upon Council's acceptance of the Chief Procurement Officer's report recommending the Guaranteed Maximum Price (GMP), the Chief Procurement Officer is authorized to execute a contract for construction of the first and final phase of the Project, provided that the contract has been approved as to form by the City Attorney.
- D. The Mayor and Auditor are hereby authorized to pay for the contract from the Fleet Services Fund budget when demand is presented and approved by the proper authority. As required by ORS 279C.355 and PCC 5.34.820C, Facilities will prepare and deliver a post-project evaluation to the Council on behalf of the Chief Procurement Officer, once the City accepts the Project as complete.

Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2024/factual-finding-exemption-ordinance-exhibit-a.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2024/factual-finding-exemption-ordinance-exhibit-a.pdf) 122.32 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
June 26, 2024

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The existing Kerby Garage is no longer a reasonable location to house the City's fleet maintenance and repair headquarters. An existing, leased warehouse space will be modified to provide the capacity for more effective operations and will include more modern, specialized equipment to meet the requirements of a modern fleet. The new location will include the electrical infrastructure required to support net-zero goals to electrify the fleet. The project to make these improvements will require specialized skills and experience in construction methodology, problem solving, sequencing, scheduling, and cost estimating to successfully complete the work, commission it, and verify the space is fully operational prior to occupancy.

Procurement Services and BFF-Facilities recommend using the alternative contracting method of Construction Manager/General Contractor (CM/GC) for this project. This ordinance would approve this procurement method.

Financial and Budgetary Impacts

A decision package for the one-time and ongoing costs to relocate the Fleet Kerby Garage to a leased facility was included in the FY 2024-25 Approved Budget by Council on May 15, 2024. Facilities anticipates that the decision package will be formally authorized by the end of June 2024 as part of the FY 2024-25 Adopted Budget. The package included the following financial plan and impacts analysis:

The improvements project

An estimated \$53.1 million improvements project for the leased site would be funded by a combination of cash and debt. \$42 million would be for a construction contract and the related equipment and improvements to make the facility a maintenance and repair facility. \$11.1 million would be for indirect costs. Although the project has been professionally cost estimated twice by a third-party cost estimator, and although their construction estimates came within 7% of one another, the project has not yet hit 60% complete for design and engineering. Thus, per the City's Confidence Level Rating Index, Facilities' confidence in the cost estimate must be rated as low.

Cash would come in three forms to achieve the City's goal of 5% cash financing for a bond funded project.

- Allowance from landlord
- Fleet reserve money remaining from the sale of a parking lot to Emanuel Hospital
- Fleet major maintenance reserve money

No proceeds from the sale of the Kerby Garage are factored into this plan. There are four reasons for this: The timeframe for disposition is unknown; the net value is unknown; no ownership share with PBOT is available (the

owner is only listed as the City, with CityFleet historically having full control of the upper garage and offices, referred to as the “Kerby Garage,” and PBOT occupying lower offices and storage spaces, referred to as the “Stanton Yard”); and it is unclear of PBOT’s long-term need for the facility (PBOT currently occupies the basement of the facility, i.e., the Stanton Yard).

Debt financing would be in the form of limited tax revenue bonds secured by the City’s full faith and credit. The bonds will be issued by the City with a term of 20 years. The bonds would be issued in early FY 2025-26, with debt service payments starting in that fiscal year.

The net additional costs

Fleet would begin making lease and common area maintenance payments at the time the lease commences and this would be before construction of the improvements would begin. As per the FY 2024-25 Adopted Budget this will be funded by PCEF for FY 2024-25; thereafter, Fleet’s rates will fund all costs associated with this ordinance (see below).

In FY 2025-26, and ongoing, Fleet will have net additional ongoing costs of \$7,886,000. The following details these additional costs:

- Lease costs of \$1,140,000
- CAM costs of \$260,000
- Debt financing costs of \$4,900,000 (for a period of 20 years only)
- Net additional O&M and major maintenance costs of \$1,652,000; major maintenance costs are based on 3% of the value of the fleet-specific improvements being constructed in the facility.
- Kerby mothball costs of \$158,000
- Savings from the termination of Fleet’s lease with ODOT for its remaining space under I-5 will offset some of these costs (\$224,000).

Major maintenance costs are based on 3% of the value of improvements Fleet is constructing in the facility. Fleet will terminate its lease with ODOT for space under I-5 and this provides an offset to some of the additional costs of the leased facility.

The impact on Fleet rates

Additional annual ongoing costs of \$7,886,000 will be funded by an increase in Fleet’s rates in FY 2025-26. Since the facility supports all Fleet’s programs, its costs will be included in all Fleet rates. These rates include the following:

- Fixed vehicle rates
- Fuel rates
- Parts rate
- Hourly rate
- Leased vehicle rates

An analysis of the impact on specific bureaus was prepared and included in the decision package.

Community Impacts and Community Involvement

Public involvement in this transaction is not necessary since this is scheduled to occupy an existing building zoned for the intended use

100% Renewable Goal

The relocation of the City's fleet maintenance facility is a key step to meeting the City's goal of having 100% of community-wide energy needs met with renewable energy by 2050.

The new site will provide sufficient capacity to support electric vehicle charging at a scale that supports City goals, from a load and power quality perspective, as well as the physical space required for multi-vehicle charging. This building is critical for enabling CityFleet to safely service the increasing number of electric vehicles owned by the City.

In addition, specialized maintenance bays will be constructed to safely service the compressed natural gas vehicles the City owns, which can run on renewable natural gas (RNG); RNG is an essential "bridge fuel" in CityFleet's forecasted path to net zero.

New LED lighting, HVAC systems and energy-efficient appliances will also promote the City's green goals and will be more economical than their existing counterparts at Kerby.

Overall, the new Fleet facility will be significantly more energy efficient than the Kerby Garage and will support acceleration of the City's overall net-zero carbon emissions plan.

Budget Office Financial Impact Analysis

This action exempts the Bureau of Fleet and Facilities from the competitive solicitation requirements for the Kerby Garage relocation. CityFleet has conducted a full cost analysis of the relocation and alternatives outlined in the bureau's FY 2024-25 Requested Budget. The FY 2024-25 increase includes \$1,171,160 to be funded with PCEF resources. Starting in FY 2025-26, total customer bureau costs increase to \$7,886,000, which are expected to be integrated into interagency agreements with CityFleet as part of FY 2025-26 budget development. In addition to the lease costs, CityFleet expects to undertake tenant improvements in the leased facility, which will be debt financed. The costs of those tenant improvements are still being developed and CityFleet is pursuing options to fund a portion of the debt service outside of interagency agreements.

Document History

**Item 548 Consent Agenda in [June 20, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/6/19)
(<https://www.portland.gov/council/agenda/2024/6/19>)**

City Council

Passed to second reading

Passed to second reading June 26, 2024 at 9:30 a.m.

**Item 579 Consent Agenda in [June 26, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/6/26)
(<https://www.portland.gov/council/agenda/2024/6/26>)**

City Council

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Absent

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea