



**OFFICE OF MAYOR TED WHEELER
CITY OF PORTLAND**

September 25, 2023

To: Council Offices

Fr: Barry Pack, senior advisor transition and special projects for the Mayor
Maty Sauter, manager, Division of Asset Management

Re: Critical path for facilities planning for the charter transition

As you know, part of the charter transition project is planning for physical spaces for the expanded 12-member city council, mayor and city administrator. Council approved a budget of approximately \$7.2 million in the FY 23-24 approved budget to renovate council offices and chambers. In April 2023, Council also approved a contract with Howard S. Wright Construction to be the Construction Manager/General Contractor (CM/GC) for the renovations to facilitate tight timelines in the project.

Facilities staff, working with contracted architects and the CM/GC, have determined that the most cost-effective option for supporting a 12-member council is to renovate the existing council chambers. The architects have also designed four district office spaces for all 12 council members and their anticipated staff on the second floor of City Hall, with additional collaboration space on the first floor.

At your direction, the team has identified two critical paths that are outlined in the accompanying two-page summary document. As you know, those two paths are:

Option 1: Council Chambers moves to Hearings Room 2500 in the city-owned 1900 Building in January of 2024 to allow for the existing chambers to be renovated and operational by the first week of November 2024; Council offices move to temporary spaces also in the 1900 Building in January of 2024 and stay there through the end of the calendar year. **Total Estimated Cost to Project: \$893,500**

Option 2: Council Chambers moves to Hearings Room 2500 in the city-owned 1900 Building in January of 2024 to allow for existing chambers to be renovated and operational by the first week of November 2024; Council offices remain in City Hall throughout 2024 with renovations of future office space to occur in 2025. The newly elected City Council will have Council meetings in City Hall in 2025 with office spaces in a location yet to be determined. **Total Estimated Cost to Project: \$1,413,300**

More details on these two paths, including an analysis of the pros and cons and cost implications of each, are provided in the accompanying document.

Since that document was created, Facilities has surfaced additional concerns about its ability to optimize occupancy of its non-City Hall downtown spaces should City Hall construction be delayed (**Option 2**), and the cost impacts of this situation on both Facilities and some bureaus. In short, delaying the Council office space renovation to 2025 also delays Facilities' ability to consolidate certain bureaus in downtown City office buildings starting in 2024, and to thus allow the City's private office space leases to expire.

With Council signaling that it might wish to delay reconstruction of the City Hall office spaces, large segments of underutilized space in the Portland Building that could be filled by bureaus that are currently in leased spaces downtown are being "held open" in case they are needed for Council in 2025. Even if the bureaus vacated these leased spaces to move into the empty/underutilized spaces now, there would not be space for Council offices in City-owned space in 2025 under Option 2, necessitating that Facilities renew these leases anyway.

In addition to these two options, you have asked us to explore a third option.

Option 3: Delay all renovations (chambers and offices) until January of 2025. **Total Estimated Cost to Project:**
\$2,152,000

This option presents significant challenges, not the least of which is that there is no work-ready space available in city-owned buildings or other jurisdictional governments to host a 12-member council, and their support staff, in a public meeting while the existing Council Chambers is reconstructed. Likewise, no existing City meeting rooms that are equipped with the appropriate A/V and broadcasting abilities have a dais that can seat twelve members while also having sufficient in-person seating for the public.

There is also the challenge of finding suitable office space for twelve council members and staff in 2025. As noted, space will need to be held in the Portland Building to guarantee this, at substantial cost to the City and specific bureaus. Should this space be filled by the bureaus in 2024, the councilors would have to be moved to non-City-owned leased spaces downtown, or distributed in City workspaces that span multiple floors or are spread across several City buildings for the first year of their term, hindering their ability to work effectively together, build rapport, and take root in their work. The estimated one-time construction cost increases resulting from delaying both chambers and office renovations are driven by inflation, the more complex construction phasing that will be required, and by potential changes to the design concepts by the new Councilors. The risks associated with this proposed delay include potentially losing the sole contractor that bid on the CM/GC, labor and material shortages, and potential code revisions.

The project has reached the construction document phase and cannot move forward on schedule without a decision on construction timing this week.