

## IMPACT STATEMENT

**Legislation title:** Accept the Initial Guaranteed Maximum Price of \$140,000,000.00 from Balfour Beatty Construction, LLC dba Howard S. Wright for the design and construction of the Portland Building Reconstruction Project Progressive Design-Build Relocate Services (Procurement Report - RFP No. 00000260)

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**Presenter name:** Christine Moody *CM*

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

The City of Portland (“City”), Office of Management & Finance (“OMF”) provides internal services to City bureaus to accomplish its mission of supporting the administrative and operational needs of the City to enhance quality service delivery to the public. OMF Facilities Services (“Facilities”) provides professional project management, property management, and building operation services to City bureaus. Facilities’ mission is to be leaders in the planning, constructing, redeveloping, and operation of public facilities that are efficient, cost-effective, and well-maintained. Facilities is committed to constructing and maintaining buildings that contribute to Portland’s civic character and make Portland a better place to live and work.

The goal of the Portland Building Reconstruction Project Progressive Design-Build Relocate Services (“Project”) is to complete an extensive reconstruction of the Portland Building to survive another 50-100 years. The scope of reconstruction will include envelope repair/replacement; seismic upgrades; mechanical, electrical, and plumbing systems replacements; full interior remodel; and LEED™ Gold certification.

**Financial and budgetary impacts:**

Based on the Initial Guaranteed Maximum Price received, Facilities anticipates the progressive design-build relocate services contract cost to not exceed \$140,000,000.00. The original estimate for delivery of the Project was \$153,000,000.00 with a High Confidence Level.

In October of 2015, the City Council approved Resolution 37158 which directed OMF to reconstruct the Portland Building in an amount not to exceed \$195 million by the end of 2020.

The Project will be funded through five resources. The first is the \$3.75 million from the Portland Building’s major maintenance account. The second is the \$2.57 million that was put into the General Fund’s five year financial forecast by the Council as part of the FY 2015-16 budget process. 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. The fourth is cash from Water and BES funds so their cash contribution towards the eventual purchase of their floors equals five percent. These four resources will allow the Project to have at least five percent of its costs funded through cash as per City financial policies.

The fifth resource is proceeds from a debt financing. Debt service, resulting from the Project's debt sale, will be included in the cost pool used to develop FY 2020-21 rental rates for the City's downtown offices, and will be allocated to bureau tenants based on an equalized rental rate structure.

The \$195 million Project budget is included in the OMF FY 2016-17 through FY 2021-22 Capital Improvement Plan and \$12.8 million is included in the FY 2016-17 Adopted Budget for projected costs. Costs for this contract are built into the current Project 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:**

A project overview and contracting meeting was held prior to the release of the RFP at the Oregon Association of Minority Entrepreneurs on February 12, 2016. The City provided an overview of the project and the equity objectives as well as solicited feedback from the contracting community that then was then used to refine the scope of the RFP.

The professional, technical, expert and construction services contracting communities, including consultants and contractors certified with the State of Oregon as minority, women, and emerging small businesses became involved when the Chief Procurement Officer advertised and publically noticed the Project on the City's Online Procurement System on April 1, 2016.

Potential proposers were able to review the competitive solicitation, attend a pre-proposal meeting, ask questions, provide comments and submit a proposal in response to the Request for Proposals (RFP). Proposals received resulted in the award of the Progressive Design-Build Relocate Services contract. Procurement Services managed the procurement process. No protests were received.

The Equity, Inclusion, and Diversity Plan allows for a Compliance Review Committee that includes members of the public to provide for cooperation and communication in achieving the equity, inclusion, and diversity goals of the Project.

### 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