

***Authorize five-year lease extension for office, parking, and storage space at 810 N Graham St for an estimated annual cost of \$~~259,747~~ ~~212,733~~ (amend CLM Contract 10011, formerly MM 30007117 and MM 30005919, and CLM Contract 10055, formerly MM C52919)**

The City of Portland ordains:

Section 1. The Council finds:

1. Per Ordinance 190800, passed May 4, 2022, the Portland Bureau of Transportation (“PBOT”) continued leasing office, warehouse and parking space at 810 N. Graham Street (“Graham Garage”) from 810 Building LLC and Sylvia T.F. Quinn, dba S and E Properties LLC and the State of Oregon Department of Transportation (“ODOT”). The lease expires May 31, 2023, and PBOT wishes to extend the lease through May 31, 2028.
2. PBOT currently utilizes the Graham Garage to fulfill existing and future needs for office space, secure vehicle parking and functional storage. PBOT does not have sufficient alternative space to accommodate this need and an east side shared workspace is required for approximately 34 field inspectors and program specialists to utilize drop-in workstations and facilities at the beginning and end of their shifts.
3. The Graham Garage also provides crucial storage space to support expanded community programs such as Healthy Businesses, Portland Public Street Plazas, Portland in the Street and Safe Routes to School. These programs benefit from having a centralized storage location that is both secure and functional.
4. Additionally, the Graham Garage site provides secure parking for approximately 65 city vehicles that are used daily by PBOT inspectors. Vehicles were previously parked across the City in various locations and not in close proximity to any PBOT facilities which caused workday inefficiencies. Inspector vehicles parking adjacent to the Graham Garage office space enhances productivity.

5. PBOT and OMF have evaluated the benefits of pursuing a longer lease extension or other relocation plans. Relocation at this time will cause hardship on PBOT's programs and field operations due to interrupted functionality. OMF has performed a market search of alternative available properties, with a focus on City of Portland owned properties, and have not found any that meet the criteria offered by this property, including, proximity to existing PBOT operations, availability of secured city vehicle parking and staging, equipment storage opportunities and suitable shared office space at a competitive rental rate.
6. Pursuant to Resolution #37017 "Reaffirming the City's Interest to Maximize Investment in City-Owned Facilities and Directing the Office of Management and Finance to Fully Implement ADM 13.01, the Office of Management and Finance ("OMF") is working with bureaus to fully implement ADM 13.01 and ART 3.01 by bringing City operations back into City-owned facilities when possible.
7. OMF and PBOT have strategically assessed the operational needs and have concluded there are no viable options to accommodate PBOT's space needs by June 1, 2023. OMF desires to support PBOT and facilitate the lease extension with commercially reasonable rental rates and terms.
8. The cost of this lease extension is included and budgeted for in the approved and forecasted PBOT budget plans for FY 2022-23 and FY 2023-24.

NOW, THEREFORE, the Council directs:

- A. The Chief Administrative Office, or designee, is authorized to execute documents as necessary, consistent with Section 1 findings, to extend the lease term at 810 N Graham for an additional sixty-month period through May 31, 2028, upon legal review and approval as to form by the City Attorney's Office.

Section 2. The Council declares that an emergency exists because the City must promptly execute the lease amendment without delay to maintain business operations at Graham Garage; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Impact Statement

Purpose of Proposed Legislation and Background Information

The purpose of this ordinance is to authorize a sixty-month extension of the existing lease for 810 N. Graham Street (Graham garage) to provide continuity of services for in-field inspection and community programs.

There are significant needs for east side drop-in office space with adjacent, secure parking and large item storage to support PBOT construction and inspection projects and community programs such as Healthy Businesses, Portland Public Street Plazas, Portland in the Street and Safe Routes to School.

Relocation at this time will cause hardship on the bureau's programs and field operations due to interrupted functionality.

Financial and Budgetary Impacts

The sixty-month lease extension cost is an average annual base rent of ~~\$259,747~~\$212,733. The lease/rent costs for the Graham garage are budgeted through the IA with Facilities for FY 2022-23 and FY 2023-24.

Community Impacts and Community Involvement

Community programs such as Healthy Businesses, Portland Public Street Plazas and Safe Routes to School benefit from having this centralized and functional storage. If relocation is required by the end of May 2023, these programs will be impacted negatively.

100% Renewable Goal

Not applicable.