

**DATE:** December 11, 2014  
**TO:** Board of Commissioners acting in its Capacity as the PDC Local Contract Review Board  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 14-52  
Adopting Findings in Support of Emergency Status and Approving an Expedited Alternative Contracting Process for the Selective Demolition of Centennial Mills

**BOARD ACTION REQUESTED**

Adopt Resolution No. 7089

**ACTION DESCRIPTION**

This action by the Portland Development Commission (PDC) Board of Commissioners (Board), serving in its capacity as PDC's Local Contract Review Board (LCRB), will adopt a resolution that makes an emergency declaration relating to the current condition of Centennial Mills (the Project). If approved, the resolution will exempt the Project from the competitive low-bid solicitation requirements in accordance with Oregon Revised Statutes (ORS) Chapter 279C. The exemption will enable PDC to expedite an alternative contracting process to promptly solicit a contractor to commence selective demolition work. As detailed below, the accelerated deterioration over the past six months of many of the structures at the Project has necessitated this request for an emergency declaration. If this action is approved, PDC can consider various factors in the contractor selection process, such as past performance, capabilities and capacity, business equity, safety, and a salvage plan. This proposed exemption enables PDC to effect action quickly, while still supporting a competitive process. If approved, staff will return to the PDC Board in early 2015 to request approval of the terms and amount of the final proposed demolition contract.

Concurrent to this effort, staff will continue to negotiate a Development and Disposition Agreement (DDA) with Harsch Investment (Harsch) and seek additional PDC Board guidance concerning the scope and budget for the entire Project.

**BACKGROUND AND CONTEXT**

For the past 18 months PDC has been exploring a comprehensive redevelopment of the Project with Harsch. Original plans estimated that a DDA would be executed, and redevelopment initiated by summer 2015. Since discussions began with Harsch, the condition of the Project has deteriorated more rapidly than expected. Based on recent inspections and circumstances (described below), PDC believes that the Project now constitutes a significant safety and health concern, which necessitates the rapid and expeditious selective demolition of specific structures on the Project to avoid an uncontrolled structural collapse.

### **EMERGENCY FINDINGS**

ORS 279C.320 and PDC's LCRB Administrative Rules, Part 1, Section III(C)(4), permit the LCRB to award emergency contracts for construction work pursuant to ORS 279B.080. Emergency contracts for construction work may be pursued upon declaration of an emergency and pursuant to a competitive process that is reasonable and appropriate given the nature of the emergency. ORS 279A.010 defines "emergency" as including circumstances that could not be reasonably foreseen; create a substantial risk of loss, damage, or interruption of services or a substantial threat to property, public health, welfare, or safety; and require prompt execution of a contract to remedy the condition.

The Project's condition constitutes an emergency as defined in ORS 279A.010(1)(f) based upon the following findings:

- A. **The circumstances could not have been reasonably foreseen:** The deterioration of the Project has begun to advance at a rapid pace (see Attachments A, B, and C for detailed evidence). Over the past six months, columns of the wharf buildings have progressively shifted toward the river, sections of the roof in various areas have collapsed, and falling beams have damaged sections of the fire suppression system (leaving areas of the building unprotected from fire). The areas within which these various collapses have occurred have been deemed too dangerous to work in to effect repairs.
- B. **There is a substantial risk of loss, damage, and/or interruption of services:** Should the buildings or portions of the buildings fall into the Willamette River, the damage to the river ecosystem, the environmental impact of disturbing the river bed within the existing Superfund Project, and the costs associated with clean-up and remediation will far exceed the cost of controlled demolition. A third party consultant will be in attendance at the December 11, 2014, PDC Board meeting to attest to this finding.
- C. **The situation requires prompt execution of a contract to remedy the condition:** Without controlled demolition of the collapsing buildings, the potential is elevated for catastrophic failure once the spring run-off begins and the flow and force of the river current on the foundation pilings is increased. A third party consultant will be in attendance at the December 11, 2014, PDC Board meeting to attest to this finding.

The prompt execution of multiple concurrent contracts for design services, goods and services, and selective demolition may be required to address the emergency situation. PDC shall ensure competition for these emergency contracts as required by ORS 279B.080(2). This will be accomplished through a modified Request for Proposal (RFP) process.

### **PROJECTED TIMELINE**

PDC staff will utilize an expedited alternative contracting process and award the emergency contract through a competitive RFP. PDC intends to issue the RFP in December 2014 and expects to receive proposals in January 2015. PDC will then convene a selection committee that will recommend award of the contract to a qualified contractor at the February 2015 PDC Board meeting. Provided that PDC has received permits from the Bureau of Development Services by February, selective demolition of the buildings will likely begin in the second quarter of 2015 and take approximately six months. As part of this process, the Portland Police Bureau's Mounted Patrol Unit (MPU) has been notified, per the terms of the lease agreement, that it must vacate its current location in Warehouse "C" at the Project by March 1, 2015. The Office of Management and Finance (OMF) and the City of Portland (City) Mayor's Office are working with the MPU on possible relocation options.

### **COMMUNITY AND PUBLIC BENEFIT**

By utilizing the emergency declaration, PDC will be enabled to efficiently hire a qualified contractor to begin the selective demolition process as soon as possible. Given the rapidly deteriorating conditions, expedient action will limit potential future liabilities.

### **PUBLIC PARTICIPATION AND FEEDBACK**

There was no formal public participation related to this specific action. However, as the Project design, programming, and redevelopment progresses, the public and key stakeholder groups will be engaged to provide input on additional public investment and design priorities. This work will be done within the constraints of the scale of total public investment as directed by the PDC Board and other City decision makers.

### **BUDGET AND FINANCIAL INFORMATION**

The cost of the selective demolition work will not be identified until a contractor is selected through the RFP process. Staff will return to the Board in February 2015 with a recommendation for contract award.

PDC has currently allocated \$16,213,713 in the River District Urban Renewal Area (URA) Adopted Fiscal Year 2014-15 and Forecast Budget for the redevelopment of the Project (see Attachment D).

### **RISK ASSESSMENT**

In making the request to use emergency procurement methods, PDC staff carefully reviewed the standard low-bid solicitation process and determined that many factors including, but not limited to, project complexity, schedule, contractor capacity, and contractor experience are all equally essential aspects of success in the Project. The low-bid process does not allow for evaluation of these other considerations. If it were not for the emergency circumstances created by accelerated deterioration of the Project, PDC could and likely would have pursued an alternative contracting process per ORS 279C.335(2). However, the time it would take to obtain an exemption to authorize use of an alternative contracting process, conduct the standard solicitation process, and award the contract would delay the Project work by months. The emergency procurement approach enables contracting agencies such as PDC to promptly and more efficiently select a contractor that is more likely to deliver the best overall value for the agency and the public.

The highly technical and complex aspects of the Project may make evaluation of potential contractors difficult. This can be mitigated by an RFP with clear scope and instructions on Project requirements and qualification criteria. Additional mitigation can be achieved by convening a qualified team of proposal reviewers.

The timeliness of contractors' response to the RFP may limit the potential pool of respondents. However, PDC will target outreach to contractors and subcontractors to further attract proposals. If too few or no qualified proposals are received, PDC can choose to use a traditional low-bid method or another alternative contracting method.

### **ALTERNATIVE ACTIONS**

The LCRB can choose to:

- Not approve the Findings in their current condition and instruct PDC to gather additional evidence of an impending emergency.
- Not to approve the Findings or the emergency contracting exemption and instruct PDC to use the traditional low-bid contracting process for construction.

- Not to approve the Findings or the emergency contracting exemption and instruct PDC to use the alternative-bid contracting process for construction.

**ATTACHMENTS**

- A. KPFF Memorandum
- B. OMF Email Correspondence
- C. Photographic Evidence
- D. River District URA Budget

**KPFF Memorandum**



February 7, 2014

Mr. Bruce Wood  
Portland Development Commission  
222 NW 5th Ave  
Portland, OR 97209

RE: Centennial Mills Warehouse C & MPU Space

Dear Bruce:

The enclosed sketches, SK-1 through SK-5, show a scheme we have developed for the temporary buttressing of the roof structure at Warehouse C. What we are attempting to do here is to help mitigate the possibility of the roof over the MPU area from being pulled to the east as the overwater portion of the warehouse continues to deteriorate and eventually collapses. If buttressing is not added, it is possible that the roof structure over the MPU area could also collapse in a progressive manner which would be a serious safety concern for any occupants in the area.

These sketches do not represent a permanent fix. They are intended for pricing and potential modification after coordinating with a qualified contractor once they have a chance to investigate the as-built condition of the warehouse and they have determined a safe execution plan.

There still needs to be a discussion related to the overall continued safety of the occupants of Warehouse C. **As time goes on the chances of a collapse occurring in the overwater portion are greatly increased. We believe the only permanent solution is the removal of the overwater portion before it collapses on its own. Unfortunately, this is not an "if" but a "when" situation in our opinion. The overwater, wood framed, portion of Warehouse C is in the worst condition of the structures on the site but the other two overwater warehouses to the north (Warehouse B and Warehouse D) are also at risk of collapse due to the deteriorated condition of their supporting piling.**

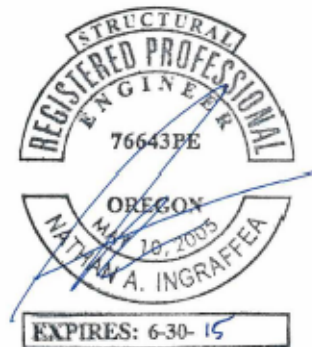
If you have any questions or need further information, please call.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Nathan A. Ingraffea'.

Nathan A. Ingraffea, P.E., S.E.  
Principal

NAI:kw  
212200/POC Letter 020714.docx



### OMF Email Correspondence

**From:** Kieta, Robert [<mailto:Robert.Kieta@portlandoregon.gov>]  
**Sent:** Monday, November 03, 2014 10:12 AM  
**To:** Blank, Steven; Ward, Patrick  
**Cc:** Gibson, Wendy  
**Subject:** Centennial Mills-Fallen Beam-Damage to Fire Suppression System

A large rotten beam fell over the weekend taking out the air pipe that supports the fire system. We sent in mechanics to isolate line, but this is too dangerous of an area to be sending anyone. We will be put together a proposal on moving riser 5 and 8 into a safer accessible area.

Thanks  
Bob

**From:** Brigham, Ron  
**Sent:** Monday, November 03, 2014 10:07 AM  
**To:** Kieta, Robert; Gibson, Wendy  
**Subject:**

MPU pics



**Photographic Evidence**



**River District URA Budget**

**Five-Year Forecast Program Requirements Detail**

	Revised- 3 FY 2013-14	Adopted FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
<b>River District URA</b>						
<b>Resources</b>						
Beginning Fund Balance	38,290,152	24,128,634	911,920	1,901,504	18,448,618	6,227,963
Fees and Charges	23,000	935	10,961	1,124	2,737	1,910
Interest on Investments	200,000	0	0	0	0	0
Intergovernmental Revenues	1,790,946	1,322,413	1,322,413	0	0	0
Loan Collections	2,899,564	8,110,789	3,108,070	2,956,649	3,392,019	3,013,874
Long Term Debt	0	10,100,000	21,000,000	61,387,874	0	2,605,785
Property Income	3,367,147	2,110,930	1,593,440	1,593,440	1,593,440	1,593,440
Reimbursements	1,030,000	860,000	0	0	0	0
Short Term Debt	25,000,000	19,078,701	22,342,241	6,159,442	18,669,280	12,412,918
<b>Total Resources</b>	<b>72,600,809</b>	<b>65,712,402</b>	<b>50,289,045</b>	<b>74,000,033</b>	<b>42,106,094</b>	<b>25,855,890</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Administration</b>						
<b>Financial Administration</b>						
A45101330 Debt Management-RVD	52,000	65,000	65,000	65,000	65,000	65,000
<b>Total Administration</b>	<b>52,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>
<b>Business Development</b>						
<b>Business Lending</b>						
L00210330 BL -General-RIV	0	500,000	500,000	500,000	500,000	500,000
L02100330 BIF-General-RVD	301,000	0	0	0	0	0
L02110330 BIF-Cluster Group-Budget-RVD	500,000	0	0	0	0	0
<b>Small Business &amp; Community Dev</b>						
B55005330 OT/CT Action Plan-RVD	0	125,000	125,000	125,000	0	0
<b>Traded Sector Business Dev</b>						
T01069330 Lean Manufacturing-RVD	12,500	0	0	0	0	0
B15100330 Cluster Development-RVD	37,500	50,000	50,000	50,000	50,000	50,000
B55005330 OT/CT Action Plan-RVD	80,000	0	0	0	0	0
<b>Total Business Development</b>	<b>931,000</b>	<b>675,000</b>	<b>675,000</b>	<b>675,000</b>	<b>550,000</b>	<b>550,000</b>
<b>Housing</b>						
<b>PHB Housing</b>						
H15135330 The Medford-RVD	0	1,476,000	0	0	0	0
H15136330 Erickson-Fritz-RVD	0	5,894,702	0	0	0	0
H15137330 The Abigail-RVD	0	8,936,091	2,800,000	0	0	0
H15430330 Affordable Rental Hsg-RVD	0	850,000	4,751,409	7,200,000	2,500,000	1,200,000
H15900330 PHB Staff & Admin-RVD	689,077	818,911	1,140,081	819,756	753,533	1,228,468
H15930330 Fairfield Apartments-RVD	19,391	50,000	50,000	50,000	0	0
H15951330 Yards at Union Station-RVD	220,000	0	0	0	0	0
<b>Total Housing</b>	<b>928,468</b>	<b>18,025,704</b>	<b>8,741,490</b>	<b>8,069,756</b>	<b>3,253,533</b>	<b>2,428,468</b>
<b>Infrastructure</b>						
<b>Parks</b>						
N33011915 Nbrhd Prk(The Fields)-RVD-Adm	470,992	0	0	0	0	0
<b>Public Facilities</b>						
N33022015 Union Station Grant-RVD-Adm	1,650,017	1,725,017	1,653,017	3,500,500	0	0
<b>Transportation</b>						
N33033415 Pearl District Cir-RVD-Adm	395,700	1,779,465	0	0	0	0
<b>Total Infrastructure</b>	<b>2,516,709</b>	<b>3,504,482</b>	<b>1,653,017</b>	<b>3,500,500</b>	<b>0</b>	<b>0</b>
<b>Property Redevelopment</b>						
<b>Commercial Property Redevelopm</b>						



**Five-Year Forecast Program Requirements Detail**

	Revised- 3 FY 2013-14	Adopted FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
P33050115 Dtn Retail Strat-RVD-Adm	195,000	30,000	30,000	30,000	0	0
P33060525 Station Place Lot 5-RVD-Adm	12,842	4,000	4,000	4,000	4,000	4,000
P33092015 Real Estate Mgmt-RVD-Adm	0	2,000	0	0	0	0
P33091015 Public Outreach-RVD-Adm	2,000	0	0	0	0	0
P33060815 Old Fire Station Mgmt-RVD-Adm	88,047	51,247	0	0	0	0
P33060715 One Waterfront North-RVD-Adm	4,187	7,187	7,187	7,187	7,187	7,187
P33060615 Block R-RVD-Adm	6,750	8,750	8,750	8,750	8,750	8,750
A45997330 Superfund-RVD	0	25,000	0	0	0	0
P33060535 Station Place Lot 7-RVD-Adm	28,149	0	0	0	0	0
P33050015 Post Office-RVD-Adm	500,000	500,000	0	10,000,000	10,000,000	9,000,000
P33060415 Centennial Mills-RVD-Adm	104,256	1,143,713	43,713	43,713	43,713	43,713
P33060315 Grove Hotel-RVD-Adm	44,499	43,037	37,237	37,237	37,237	37,237
P33050415 Centennial Mills Rdv-RVD-Adm	75,000	1,070,000	14,000,000	0	0	0
P33060115 Block Y-RVD-Adm	16,044	45,100	45,100	45,100	45,100	45,100
P33055115 Multnomah County-PDV-Adm	26,948,460	0	0	0	0	0
P33054315 RD Enviro-RVD-Adm	600,000	200,000	0	0	0	0
P33052815 PNCA Contract-RVD	135,000	0	0	0	0	0
P33052715 PNCA-RVD-Adm	22,000	0	0	0	0	0
P33052215 CC 2035-RVD-Adm	75,977	70,064	0	0	0	0
P33052115 10th & Yamhill Redev-RVD-Adm	0	0	3,250,000	10,000,000	0	0
P33060215 Union Station-RVD-Adm	1,917,805	1,258,689	1,108,689	1,108,689	1,108,689	1,108,689
P33060545 Station Place Prkng-RVD-Adm	260,855	261,320	248,820	248,820	248,820	248,820
<b>Commercial Real Estate Lending</b>						
R01100330 CPRL-General-RVD	7,803,000	30,720,000	9,350,000	12,000,000	11,000,000	2,000,000
<b>Community Redevelopment Grants</b>						
G01100330 CLG-General-RVD	0	100,000	0	0	0	0
G02100330 DOS-General-RVD	100,000	100,000	100,000	100,000	100,000	100,000
G03100330 SIP-General-RVD	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total Property Redevelopment</b>	<b>39,239,871</b>	<b>35,940,107</b>	<b>28,533,496</b>	<b>33,933,496</b>	<b>22,903,496</b>	<b>12,903,496</b>
<b>Total Program Expenditures</b>	<b>43,668,048</b>	<b>58,210,293</b>	<b>39,668,003</b>	<b>46,243,752</b>	<b>26,772,029</b>	<b>15,946,964</b>
Personal Services	693,481	561,819	2,237,909	2,427,892	2,383,226	1,974,615
Transfers - Indirect	4,110,646	6,028,370	6,481,629	6,879,771	6,722,876	5,483,082
<b>Total Fund Expenditures</b>	<b>48,472,175</b>	<b>64,800,482</b>	<b>48,387,541</b>	<b>55,551,415</b>	<b>35,878,131</b>	<b>23,404,661</b>
Contingency	24,128,634	911,920	1,901,504	18,448,618	6,227,963	2,451,229
Ending Fund Balance	0	0	0	0	0	0
<b>Total Requirements</b>	<b>72,600,809</b>	<b>65,712,402</b>	<b>50,289,045</b>	<b>74,000,033</b>	<b>42,106,094</b>	<b>25,855,890</b>