

PROSPER PORTLAND

Portland, Oregon

**ACTING IN ITS CAPACITY AS THE
LOCAL CONTRACT REVIEW BOARD**

RESOLUTION NO. 7420

**ADOPTING FINDINGS IN SUPPORT OF AND EXEMPTING THE INN AT THE
CONVENTION CENTER RENOVATION IMPROVEMENTS ON THE
PROPERTY LOCATED AT 420 NE HOLLADAY STREET FROM LOW-BID
SELECTION**

WHEREAS, by adoption of Resolution No. 3550, the Prosper Portland Board of Commissioners (“Board”) was established as the agency’s Local Contract Review Board (“LCRB”) pursuant to State of Oregon law;

WHEREAS, Oregon Revised Statutes (“ORS”) Chapter 279C and Prosper Portland’s LCRB Administrative Rules (“LCRB Rules”) generally require that all public construction contracts be awarded pursuant to a low-bid selection process (“competitive bidding”);

WHEREAS, ORS Chapter 279C.335(2) and LCRB Rules, Part 4(II)(B)(2) allow exemptions to the general requirement for competitive bidding upon the LCRB making certain findings;

WHEREAS, on May 8, 2002, the Prosper Portland Board, through Resolution No. 5855, authorized acquisition of Inn at the Convention Center (“ICC Hotel”), a 97-room hotel at 420 NE Holladay Street in the Oregon Convention Center Tax Increment Finance District that has been in continuous operations since its acquisition;

WHEREAS, Prosper Portland’s original intent was to demolish the ICC Hotel and redevelop the site with a new convention center hotel;

WHEREAS, a different site was ultimately selected for the convention center hotel, so Prosper Portland decided to retain the ICC Hotel as a long-term revenue generating asset in support of its Financial Sustainability Plan;

WHEREAS, the investment plan for the ICC Hotel calls for repositioning the asset as a mid-scale economy hotel to provide affordably priced lodging near the Oregon Convention Center;

WHEREAS, the existing lobby, shuttered restaurant, outdated pool area, and exterior façade of the building are outdated and in need of renovation (“Scope”) if Prosper Portland is to successfully reposition the ICC Hotel;

WHEREAS, Prosper Portland has evaluated its procurement process and strategy in connection with the Scope, and believes an alternate contracting process is in the public interest, as described in the findings report attached as Exhibit A to this Resolution (“Findings Report”); and

WHEREAS, after due public notice, staff held a public hearing to receive comments on the draft findings for the exemption of the Scope as required by ORS Chapter 279C.335(5) and LCRB Rule, Part 4(II)(B)(2)(c).

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board acting as the LCRB hereby approves the Findings Report and adopts the findings set forth therein;

BE IT FURTHER RESOLVED, that based upon approval of the Findings Report, the LCRB hereby exempts the Scope from competitive bidding requirements of ORS Chapter 279C and the LCRB Rules, and specifically approves the alternative contracting process set forth in the Findings Report; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Prosper Portland Commission on June 9, 2021



Pam Feigenbutz, Recording Secretary

Findings Report

DATE: June 9, 2021

TO: The Prosper Portland Board of Commissioners acting in its capacity as Prosper Portland’s Local Contract Review Board (“LCRB”)

FROM: Kimberly Branam, Executive Director

SUBJECT: Findings in Support of an Exemption from Competitive Low Bid Solicitations for the renovation of the Inn at the Convention Center located at 420 NE Holladay Street, Portland, Oregon

1.0 BACKGROUND AND CONTEXT

1.1 **Building History.** Built in 1969, the Inn at the Convention Center (the “**ICC Hotel**”) is a 72,075 square foot, 97-room, 5-story (+ basement) hotel located on a 0.41 acres site at 420 NE Holladay across the street from the Oregon Convention Center. Prosper Portland purchased the ICC Hotel in 2003 with plans to redevelop the site with a new convention center hotel. That plan shifted when an alternate site was selected for what is now the Hyatt Regency Portland at the Convention Center across the street from the ICC Hotel.

1.2 **Current Usage.** The ICC Hotel has been in continuous operations since it was acquired by Prosper Portland and is now identified as a key asset in support of Prosper Portland’s long-term financial sustainability plan. The ICC Hotel differentiates itself from the surrounding hotels by its price-point, being an economic option for the middle-income guest on a budget. Proximity to public transportation (across the street) reinforces the inherent value for their dollar that the ICC Hotel offers to its guest.

1.3 **Project Summary.** Until recently, minimal investment was made in maintaining or upgrading the structure because the original intent was to redevelop the site. Now that Prosper Portland had decided to retain the property in support of its financial sustainability plan, the property requires a significant investment to modernize the hotel to maximize its earning potential. To that end, Prosper Portland intends to renovate the ICC Hotel (the “**Project**”) to increase its market appeal by:

- making improvements to the exterior façade and signage,
- renovating and reactivating the shuttered restaurant,
- redesigning and modernizing the lobby to increase efficiency and accessibility,
- converting the shuttered pool room into rentable meeting space, and
- redirecting the drive isle and creating outdoor gathering space.

2.0 REQUIRED ELEMENTS OF THIS REQUEST

Prosper Portland’s Local Contract Review Board Administrative Rules (“**LCRB Rules**”) Part 1, Section III, Subsection C, Item 1, require that a request to the LCRB for an exemption from competitive solicitation contain the following information:

- a. The nature of the project or type of procurement. *See Section 1 above.*
- b. Estimated cost of the project or anticipated value of procurement. *Construction costs estimate only (excluding architectural, engineering, restaurant and other consultants, and other soft costs; and kitchen equipment, hotel and restaurant furnishings and equipment, and restaurant start-up costs) estimated at \$4 to \$4.5 million. Project costs of items in parentheses are estimated to total \$3.5 million.*
- c. Findings to support the substantial cost savings anticipated by the exemption from competitive solicitation. *See Section 3.2, below.*
- d. Findings to support the reason that an exemption would be unlikely to encourage favoritism or diminish competition for the public Contract. *See Section 3.1, below.*
- e. Proposed Alternative Contracting Methods to be employed if any. *See Section 3.1, below.*
- f. The estimated date by which it would be necessary to award the Contract(s). *Fall 2021*

3.0 REQUIRED LEGAL FINDINGS

Oregon Revised Statutes (“ORS”) Chapter 279C.335(2) and the LCRB Rules Part 4, Section II(B)(2) provide that Prosper Portland’s Board of Commissioners, acting as Prosper Portland’s LCRB, may exempt certain public improvement contracts from a competitive low bid process upon the LCRB making the following Findings:

- a. It is unlikely that such exemption will encourage favoritism in the awarding of a public improvement contract or substantially diminish competition for public improvement contracts; and
- b. The awarding of public improvement contract under the exemption will result in substantial cost savings to the agency and other substantial benefits to Prosper Portland or the public.

In making these Findings, the LCRB will, to the extent it believes applicable to the public improvement contract, consider the type, cost, and amount of the contract, the number of persons available to bid, any likely increases in public safety, value engineering techniques that may be applied to reduce the cost, and other factors noted in ORS 279C.335(2)(b).

3.1 Finding of No Favoritism or Diminished Competition. The contractor selection will be accomplished by issuing a competitive Request for Proposals (“RFP”) with best value selection criteria to seek a Construction Manager/General Contractor (“CM/GC”) delivery method for the Project. Any general contractor may respond to the RFP. Among other things, the RFP will require:

- a proven track record of successful completion of comparable projects, including involvement during the design process to collaborate with an established design team and to provide advice and expertise on issues such as construction feasibility and risks, evaluation of existing design for potential cost reductions or value-engineering, cost-estimating services, project phasing and schedule;
- inclusion opportunities for Minority, Women, and Emerging Small Business and Disadvantaged Business Enterprise firms and demonstrated ability to comply with Prosper Portland’s Business and Workforce Equity Policies;
- a proposed project schedule based on the current design; and
- a competitive cost proposal for pre-construction services.

To prevent favoritism, the contractor selection process will include:

- an evaluation of the proposals by committee based defined evaluation criteria including the proposers demonstrated experience and capacity to complete similar project,
- negotiations with the most qualified, responsive and responsible bidder to enter into a pre-construction services contract,
- and subsequent negotiations to establish and enter into a Guaranteed Maximum Price (“GMP”) contract following the completion of the pre-construction services contract.

The LCRB should find that the alternative contracting process neither results in favoritism nor diminished competition due to the competitive nature of the procurement process used to award the contract and the evaluation committee’s use of defined evaluation criteria.

3.2 **Finding of Substantial Cost Savings and other substantial benefits.** Using a CM/GC contract will likely result in cost savings over a low-bid selection method due to Project-specific factors, including the following:

- **Reduces the risk of change orders during construction due to risks and challenges of working in an occupied building:**

The renovation of the ICC Hotel has some complexity that increases the risk of change orders if a low bid contracting process is used. Renovation of the ICC Hotel will take place while the hotel is still in operation, 24 hours a day, seven days a week. The selected contractor will need to work with the hotel management staff to limit construction impacts to the hotel guests and to mitigate risks including noise, dust, safety of the public, guests and hotel employees. The work will likely need to be phased and/or staggered to accomplish this. Using a CM/GC contract allows the contractor to work with the Project team to understand and thoroughly evaluate the existing conditions, inform the design process to mitigate these risks, and develop a project schedule and cost estimate based on the knowledge gained during pre-construction phase resulting in fewer change orders during construction and likely substantial cost savings.

The contractor will need to put measures in place, such as additional dust containment and temporary traffic control, which falls under means and methods and not typically shown on construction documents. In addition, the contractor may need to modify the Project schedule, sequencing and staging to limit disruptions to guest and adjacent property owners. These impacts can be difficult to define in the construction documents and may be missed in the low-bid process leading to change orders, schedule delays, and increased costs.

- **Reduce the risk of change orders during construction due to risks and challenges of working in an existing structure:**

Alterations to an existing building has an inherent risk of unforeseen conditions that can lead to change orders. A CM/GC brought on board during design/pre-construction can assist the Project team with selective demolition to better understand the existing conditions and inform the design process, scheduling and cost estimating and lead to few change orders and therefore substantial cost savings.

4.0 PUBLIC HEARING

In accordance with ORS 279C.335(5) and the LCRB Rules, Part 4(II)(B)(2), Prosper Portland published notice of the required public hearing on May 24, 2021 and the hearing was held on June 7, 2021. At the hearing, interested parties had the opportunity to appear and present comment.

5.0 RECOMMENDATION

Staff recommends that the LCRB adopt a resolution to accept the Findings and authorize the use of an RFP to select a CM/GC rather than awarding the renovation contract through a low-bid solicitation process.



**PROSPER
PORTLAND**
Building an Equitable Economy

RESOLUTION NO. 7420

RESOLUTION TITLE:

ADOPTING FINDINGS IN SUPPORT OF AND EXEMPTING THE INN AT THE CONVENTION CENTER RENOVATION IMPROVEMENTS ON THE PROPERTY LOCATED AT 420 NE HOLLADAY STREET FROM LOW-BID SELECTION

Adopted by the Prosper Portland Commission on June 9, 2021

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Gustavo J. Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Francesca Gambetti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Peter Platt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Serena Stoudamire Wesley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda <input checked="" type="checkbox"/> Regular Agenda				

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Prosper Portland Commission and as duly recorded in the official minutes of the meeting.

	Date: June 10, 2021
Pam Feigenbutz, Recording Secretary	