



DATE: April 8, 2015
TO: Board of Commissioners acting in its capacity as the PDC Local Contract Review Board
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-24
Adopting Findings in Support of and Exempting the Centennial Mills Redevelopment Project from Competitive Bidding

BOARD ACTION REQUESTED

Adopt Resolution No. 7108

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 in support of an exemption from the general rule of competitive low bid solicitation for the Centennial Mills Redevelopment Project (the Project). If approved, the resolution will exempt the public improvement aspect of the Project from the competitive low-bid solicitation requirements in accordance with Oregon Revised Statutes (ORS) 279C.335(2). The LCRB's resolution will allow PDC staff to issue a Request for Proposals (RFP) to solicit the service of a design-build (D/B) team to design and construct public improvements for the Project.

Concurrent with 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. Private development efforts on the Project by Harsch or others are not a part of this LCRB action.

BACKGROUND AND CONTEXT

The Centennial Mills (Property) (see Attachment A), which was acquired by PDC in 2000, is located in Northwest Portland and is bounded on the west by Naito Parkway and to the east by the Willamette River, within the River District Urban Renewal Area (URA). On December 11, 2014, the LCRB, through Resolution No. 7089, authorized an expedited alternative contracting process for the selective demolition of the Property. Subsequently, staff issued an RFP for a contractor to perform the demolition work. Staff plan to seek approval for the selective demolition contract at the May 13, 2015, PDC Board meeting. The selective demolition work will be done in two phases (see a full Project Timeline in Attachment B):

Phase 1: Selective demolition above Ordinary High Water (OHW). Estimated schedule: June – December 2015. Work includes selective demolition of most of the Centennial Mills buildings except the Feed and Flour Mills, which have been determined to have the most historical significance.

Phase 2: Selective demolition below OHW. Estimated schedule: July – November 2016. Work includes demolition of the basement area and piers/posts located below OHW and subject to state and federal permitting requirements.

In order to obtain local, state, and federal permits necessary for Phase 2, PDC must complete design and engineering for the bank restoration, greenway trail, and related work. That is, certain public improvement design is a necessary prerequisite to the Phase 2 demolition work. The completion of the public improvement design and engineering work will also position the Project to transition from demolition to the public improvement work in a timely and coordinated manner.

PDC staff is requesting to use a D/B delivery method for the public improvement elements of the Project. This method combines both the design team and contractor as a unified team in the delivery of services. In making this request, PDC staff carefully reviewed the standard competitive low bid solicitation process and determined that it was not the most efficient delivery method to complete the Project. PDC staff evaluated other alternative public contracting methods including Construction Management/General Contractor, Guaranteed Maximum Price (GMP), and Multi-Step selection that are typically deployed at different stages of the design process. Due to the value-engineering emphasis placed on the design work, those other methods are not appropriate for the Project. PDC staff has reviewed other public entities' use of the D/B delivery method as an appropriate way to successfully deliver similarly complex projects.

PDC staff determined that the D/B delivery method will best meet Project objectives including, but not limited to: (a) Enabling Phase 2 demolition and waterway permit applications to be submitted during an early phase so that approvals will support the Project schedule; (b) Providing greater clarity on meeting the greenway site development requirements and potential impacts to budget and schedule; (c) Utilizing an integrated design team and contractor approach on complex riverbank and improvement work; (d) Achieving social equity goals; and (e) Optimizing schedule, sequencing, work, and completing public improvements which will best ready the site for future redevelopment. This approach will result in significant cost savings and result in the best use of limited resources available for the Project.

With this action to depart from a low bid selection process, PDC will issue a general RFP and select a D/B team on the basis of overall qualifications, expertise, capacity, and familiarity with the D/B delivery method. After notice of intent to award the contract, PDC and the selected team will negotiate and enter into a D/B contract. The D/B contract will consist of three parts: (1) Conceptual design services for a preferred design; (2) Schematic design, design development, and construction documentation services for the preferred design, with associated engineering, permitting, and cost estimating services; and (3) Upon approval of a GMP, construction of public improvements. The public improvements are envisioned to provide the Property a more welcoming, active space and reflect community priorities of safety, access, and honoring the historic role Centennial Mills has played in Portland's economy.

Under the approach outlined above, conceptual design work is anticipated to start in June 2015. In fall 2015, PDC staff intends to report back to the PDC Board on the preferred D/B public improvement alternative. Upon approval by the PDC Board, the D/B team will proceed with developing final construction designs and preparing a GMP bid by early spring 2016 with construction to follow. PDC staff will seek PDC Board approval to amend the D/B contract to authorize the final GMP and to proceed with construction of the public improvements. Construction of public improvements will be closely coordinated with in-water permitting schedules and work windows.

COMMUNITY AND PUBLIC BENEFIT

This action by the LCRB will enable PDC to select a D/B team which presents less risk and is more likely to deliver the best overall value for PDC and the public by reduced cost overruns, work scope changes,

and claims. As part of the D/B contract, PDC will compel compliance with its Business and Workforce Equity Policy and other applicable requirements.

PUBLIC PARTICIPATION AND FEEDBACK

In accordance with ORS 279C.335(5) and the LCRB Rules, Part 4(II)(B)(2), PDC published a 14-day notice of the intent to waive low bid contracting on March 18, 2015. A public hearing was held on April 1, 2015, and the public was afforded the opportunity to provide written comments on the Low Bid Exception Findings (Findings). No one attended the public hearing and no public comments were received on the draft Findings.

BUDGET AND FINANCIAL INFORMATION

There are no budget impacts associated with this proposed LCRB action. The initial conceptual design phase, leading to a proposed GMP bid, is anticipated to generate a cost within the Executive Director's expenditure authority.

RISK ASSESSMENT

The Project is dependent upon a successful public improvement design and construction effort. Most particularly, the Phase 2 demolition schedule will rely on a timely public improvement design to support the in-water permitting process; similarly, the coordination of public improvements with demolition leading to private improvements is critical. Consequently, staff will closely monitor and guide the contracting process and coordination of deliverables from the D/B team so that demolition and private development is best supported.

ALTERNATIVE ACTIONS

The LCRB can choose to not approve the Findings or the alternative contracting exemption and instruct PDC to use a traditional Design/Bid/Build or other contracting process for the RFP.

ATTACHMENTS

- A. Aerial Photo
- B. Project Timeline

Aerial Photo



Project Timeline

CENTENNIAL MILLS TIMELINE

