



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 14, 2019
TO: Board of Commissioners acting in its Capacity as the Prosper Portland Local Contract Review Board
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-39
Adopting Actions to Advance the Interim U.S. Postal Service Retail Post Office Relocation

BOARD ACTIONS REQUESTED

Adopt Resolutions No. 7332, No. 7333, and No. 7334

If approved, these three actions will advance the conceptual design and construction of the interim U.S. Postal Service (USPS) Retail Post Office (Facility), a proposed 15,000 square foot facility to be constructed in the ground floor of the existing parking structure located on the Prosper Portland-owned property at the northeast corner of NW Hoyt Street and NW 9th Avenue in the River District tax increment finance (TIF) district (see a project summary in Attachment A). The three requested actions are as follows:

1. **Local Contracting Review Board (LCRB) Resolution No. 7332: Adopting Findings in Support of and Exempting the Interim USPS Retail Post Office Design Services Contract with GBD Architects, Inc. (GBD) from a Competitive Solicitation Process.** If approved, this LCRB resolution will exempt the project from the competitive solicitation process requirements in accordance with Oregon Revised Statutes (ORS) 279B.085 and Prosper Portland's LCRB Administrative Rules (LCRB Rules). The findings supporting this exemption are attached to Resolution No. 7332.
2. **Board Resolution No. 7333: Authorizing Entering into a Design Services Contract with GBD Architects, Inc. (GBD) in an Amount not to Exceed \$550,000 and Approving a Green Building Policy Exemption.** If approved, this Prosper Portland Board resolution will authorize a Design Services Contract with GBD to complete 100 percent construction documents, secure approvals and permits as necessary, and administer construction of the Facility. The anticipated contract amount is \$550,000. As described more fully in this report, this resolution will also exempt the Facility from Prosper Portland's Green Building Policy due to the interim nature of the improvements.
3. **LCRB Resolution No. 7334: Adopting Findings in Support of and Exempting the Interim USPS Retail Post Office Construction Manager/General Contractor Contract from Low-Bid Solicitation.** If approved, this LCRB resolution would exempt the Facility from the low-bid solicitation process and permit staff to proceed with a competitive request for proposal (RFP) solicitation for Construction Manager/General Contractor (CM/GC) services for construction of the Facility. The findings supporting this exemption are attached to Resolution No. 7334.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Planning for and redevelopment of Broadway Corridor represents one of Prosper Portland's most significant opportunities for advancing goals of the agency's Strategic Plan. The location and size of Broadway Corridor represents an opportunity to realize Prosper Portland's vision for an equitable economy by advancing prosperity, creating a vibrant neighborhood, and supporting living wage jobs. The three proposed actions will enable Prosper Portland to complete the design, approvals, and permitting and administer the construction of the Facility, a critical step in advancing Broadway Corridor redevelopment. Construction of the Facility will advance multiple Strategic Plan goals, including i) creating healthy, complete neighborhoods by allowing for redevelopment of the Broadway Corridor as a mixed-use, transit-oriented employment, and residential center; and ii) supporting the agency's financial sustainability, as this will accelerate redevelopment, mitigate interim management costs, and expedite Prosper Portland's ability to sell property in Broadway Corridor and repay its line of credit with the City of Portland.

BACKGROUND AND CONTEXT

The 32-acre Broadway Corridor, and particularly the 14-acre USPS Property (Property) (which Prosper Portland and the City of Portland Housing Bureau acquired in September 2016), has been identified as perhaps the most significant redevelopment opportunity within Portland's Central City through multiple Portland City Council adopted land use and development plans. The Broadway Corridor is a key opportunity site for high-density employment, mixed-income housing, and signature city attractions and amenities. The Property offers the potential to create nearly four million square feet of new economic, business, social, and community development opportunities.

The USPS finalized construction of its processing and distribution site at NE Cornfoot Road in April 2018; completed relocation of all but its retail functions by June 2018; and dismantled and relocated the equipment in the former distribution center and office floors by January 2019. Prosper Portland intends to demolish the former USPS Processing and Distribution Center (P&DC) on the Property as an important step in unlocking the Property for development. However, pursuant to its agreements with Prosper Portland, USPS's existing retail facility may remain in the P&DC until Prosper Portland identifies and constructs a permanent replacement retail facility. USPS has agreed in principle to work with Prosper Portland to relocate its retail operations on an interim basis in advance of identification of a permanent relocation site, which would enable Prosper Portland to proceed with the demolition of the P&DC on a faster timeline, thus significantly expediting redevelopment of the Property.

The USPS has detailed specifications and parameters for all of its facilities. These specifications and program parameters vary depending on site location, configuration, and anticipated use. Given the unique program and specialized configuration of such facilities – and even more so in a dense urban environment such as Portland's downtown core, it is important from a timing and productivity perspective to have a design firm that is very familiar with all of USPS' design and program specifications. Through discussions with USPS, Prosper Portland staff has learned that the following three architectural firms have exclusively contracted to provide architectural design services to the USPS in the Pacific Northwest region under its Indefinite Delivery/Indefinite Quantity (IDIQ) contracting mechanisms: Humphries Poli Architects, located in Denver, Colorado; BRW Architects, located in Dallas, Texas; and Cornerstone Architectural Group (Cornerstone), located in Kenmore, Washington. While the design services contract is proposed to be held by Prosper Portland, there is a possibility the contract could be assigned to the USPS for direct management, should the USPS make that request.

In March 2019, Prosper Portland contracted with GBD (subcontracting to Cornerstone) through a flexible services contract to create conceptual “test fit” plans for a Facility within the first floor of the existing parking garage on the Property. The garage, originally designed for USPS employees and customers, contains more than 400 stalls and was recently authorized for use as a public parking facility. Prosper Portland selected GBD and Cornerstone for this test fit because (i) Cornerstone was one of the three firms on the USPS’s list of approved design firms to work in the Pacific Northwest, and (ii) the team of GBD and Cornerstone designed the most recent downtown core retail post office facility in Portland, in which Cornerstone worked under its IDIQ contract with the USPS. Cornerstone has continuously provided architectural design services for the USPS since 1993. Therefore, due to the firms’ experience working together on a downtown Portland USPS retail facility, and the firms’ specialized knowledge of USPS specifications and design parameters, Prosper Portland staff recommends engaging in this special procurement for the entire design process. This team has both market and local permitting process experience, allowing them to successfully and efficiently complete the work so that Prosper Portland can proceed with the redevelopment of this key property.

In a parallel track with commencement of the design process, staff is also seeking to solicit proposals, through a competitive RFP process, from qualified and experienced contracting firms to construct the Facility. Staff believes that the agency is best served by retaining a CM/GC to do this work rather than award the contract based on a low-bid selection process. Issuing this RFP now will allow the selected CM/GC firm to participate in the design process and provide input on constructability, value engineering, and means and methods of construction. Since the goal is to have the design process begin promptly, staff wishes to proceed with the solicitation of the CM/GC at the earliest possible opportunity.

Competitive Solicitation Exemption – GBD Design Contract. Oregon Revised Statutes (ORS) Chapter 279B and Prosper Portland’s LCRB Rules generally require that all personal services (such as architectural and design services) be awarded pursuant to a competitive process. However, ORS 279B.085 authorizes local contracting agencies to enter into contract-specific special procurement arrangements, and LCRB Rules Part 1(III)(c)(1) allows exemptions to the general competitive solicitation requirement, so long as the LCRB makes certain factual findings, including that the exemption would be unlikely to encourage favoritism and that it is anticipated that the exemption would result in substantial cost savings. The findings in support of this exemption, which articulate the basis for the exemption in greater detail, are attached as Exhibit A to Resolution No. 7332.

Green Building Policy Exemption – GBD Design Contract. Prosper Portland’s Green Building Policy requires that a project of this size and scope achieve Leadership in Energy and Environmental Design (LEED) Silver certification from the Green Building Certification Institute. However, due to the interim nature of the Facility, staff is requesting an exemption from policy; see the staff recommendation memorandum in Exhibit A to Resolution No. 7333.

Low-Bid Solicitation Exemption – CM/GC RFP for Construction of Facility. ORS Chapter 279C and the LCRB Rules generally require that all public construction contracts must be awarded pursuant to a low-bid selection process. ORS 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, including that the exemption is unlikely to encourage favoritism and that it is anticipated that the exemption would result in substantial cost savings. The findings in support of this exemption, which articulate the basis for the exemption in further detail, are attached as Exhibit A to LCRB Resolution No. 7334.

Staff anticipates returning to the Prosper Portland Board later in 2019 to seek approval of the Facility construction contract, which is estimated to be \$3,750,000.

EQUITY IMPACT

Prosper Portland has a compelling interest to ensure that the agency's owned and sponsored projects provide opportunities for State of Oregon Certified firms (Minority-Owned, Women-Owned, Disadvantaged, and Emerging Small Businesses, or M/W/D/ESBs). Prosper Portland has established a 20 percent utilization goal for professional services costs and a 20 percent utilization goal for a project's hard construction costs. Due to the specialized nature of the design services required on the Facility, a vast majority of the design work will be performed by GBD and Cornerstone, neither of which is State of Oregon Certified. However, GBD has successfully partnered with two certified firms for mechanical and structural engineering services. It is Prosper Portland's intent to exceed the 20 percent utilization rate of State of Oregon Certified firms for the construction of the Facility.

COMMUNITY PARTICIPATION AND FEEDBACK

While there has been no specific public participation related to these three proposed actions, staff has conducted a multi-year, robust engagement strategy that has informed the Broadway Corridor development planning work, including monthly meetings of the project's Steering Committee and Public Partners Technical Team, three public open houses and online forums, several focus groups, and multiple one-on-one stakeholder interviews.

In accordance with ORS 279B.085(5) and LCRB Rules, Part 1(IV)(C), Prosper Portland published notice of the solicitation exemption for the design services contract through a special procurement process on August 7, 2019.

Additionally, 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 for the alternative contracting method (CM/GC) on July 5, 2019. The hearing was held on July 16, 2019. No public comment or public testimony was received.

BUDGET AND FINANCIAL INFORMATION

There are adequate resources in the River District Adopted Budget for pre-development activities in fiscal year (FY) 2019-2020, which includes funds for the design and construction of the Facility (see Attachment B). However, the River District Five-Year Forecast is out of balance due to more conservative assumptions on holding costs, predevelopment costs, and sale of the Property. Staff anticipates resolving the budget deficit through i.) securing additional revenue from assets in the district and/or ii.) reducing programmed expenditures and will explore scenarios and refine estimates in advance of the FY 2020-21 budget development process.

RISK ASSESSMENT

Not approving the exemption for the Interim USPS Retail Post Office Design Services Contract could result in having to pursue a competitive selection process and the selection of a different design team. This risk could include higher costs and schedule delays due to both the competitive process and the due diligence a new team would need to conduct in order to attain the same level of familiarity with the USPS' specifications and parameters.

Not approving the exemption for the solicitation of a contractor to build the Facility could result in having to pursue a low-bid selection process for the contractor. This could expose the agency to higher costs due to factors that are not discovered during the design phase and risks that could increase the complexity of the construction of the Facility, resulting in additional cost and time required to complete construction.

ATTACHMENTS

- A. Project Summary
- B. River District Financial Summary

Project Summary

Project Name: Interim USPS Retail Post Office

Description: Approximately 15,000 gross square feet retail post office facility

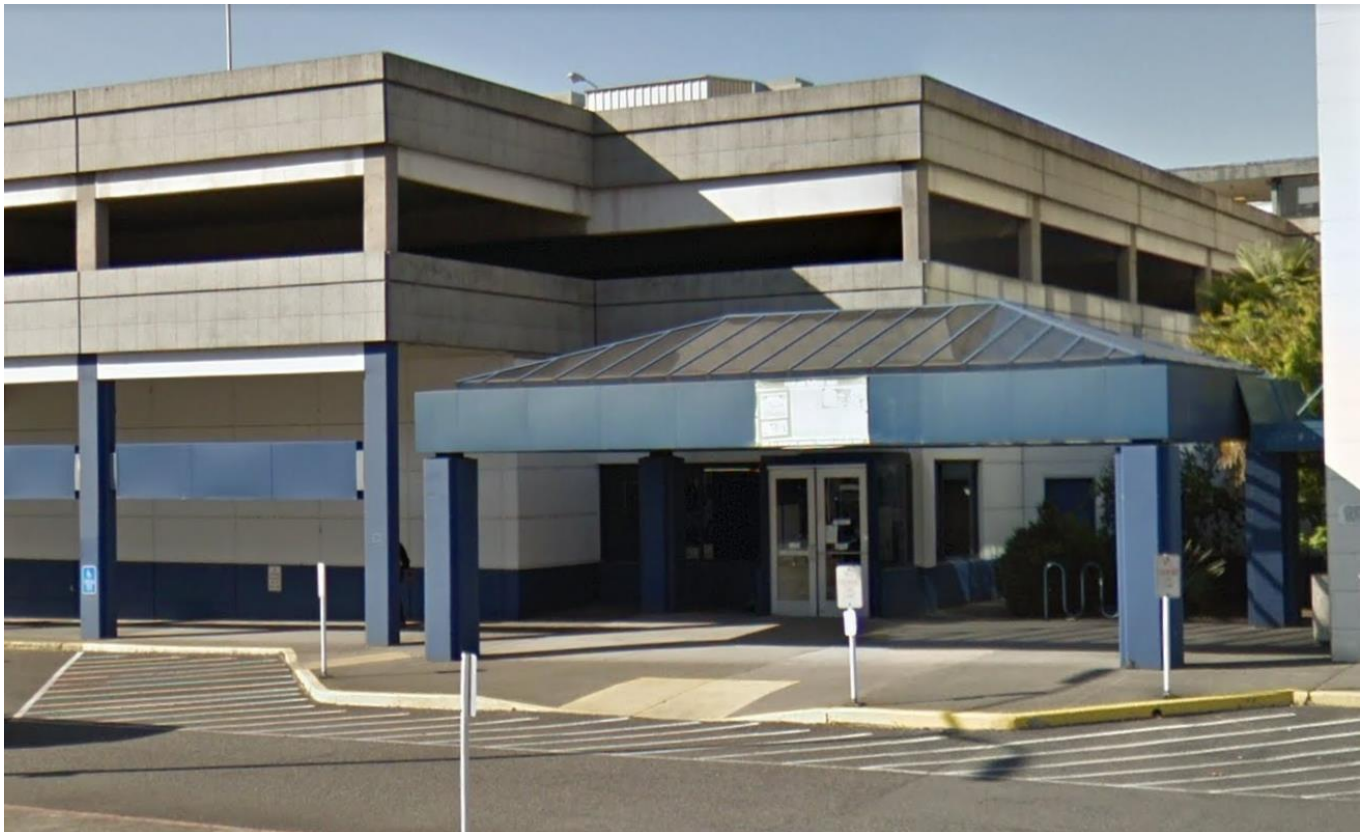
Location: At the eastern end of the existing three-story parking structure, generally located at the southwest corner of the USPS Property, at 715 NW Hoyt Street

TIF District: River District

Current Phase: 10% concept plans

Next Milestone: 100% Construction Documents

Completion Target: Late 2020 (completion of the facility)



River District Financial Summary

**Financial Summary
 Five-Year Forecast**

River District TIF Fund	Revised 2 FY 2018-19	Adopted FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23	Forecast FY 2023-24
Resources						
Beginning Fund Balance	53,674,233	52,868,175	35,745,471	6,368,708	(39,811,334)	(45,541,329)
Revenue						
Fees and Charges	6,002	3,380	3,578	3,616	2,110	-
Grants - Federal except HCD	181,318	-	-	-	-	-
Interest on Investments	1,523,577	1,047,215	1,226,926	678,399	562,174	562,174
Loan Collections	1,094,918	455,182	477,069	492,486	493,104	477,409
TIF - Short Term Debt	27,972,000	12,967,000	11,140,985	-	-	-
Other Debt	9,500,000	-	-	-	-	-
Property Sales	-	-	-	10,000,000	-	-
Rent and Property Income	2,175,537	2,714,261	2,764,261	2,614,261	2,664,261	2,914,261
Reimbursements	136,000	90,000	90,000	90,000	90,000	90,000
Total Revenue	42,589,352	17,297,036	15,702,839	14,278,762	4,011,669	4,043,664
Total Resources	96,263,585	70,165,213	51,448,310	20,667,490	(35,799,665)	(41,497,465)
Requirements						
Administration						
A00025-Debt Management-RVD	978,806	1,345,797	1,060,815	35,061,106	33,098	33,098
Administration Total	978,806	1,345,797	1,060,815	35,061,106	33,098	33,098
Economic Development						
Traded Sector						
A00110-Business Development-RVD	50,000	-	-	-	-	-
Community Economic Development						
A00084-OT/CT Action Plan-RVD	65,000	-	-	-	-	-
Economic Development Total	115,000	-	-	-	-	-
Housing						
A00166-Affordable Housing-RVD	4,905,241	2,498,266	13,827,623	101,933	-	-
Housing Total	4,905,241	2,498,266	13,827,623	101,933	-	-
Infrastructure						
Public Facilities						
A00463-Union Station Grant-RVD	550,000	-	-	-	-	-
Infrastructure Total	550,000	-	-	-	-	-
Property Redevelopment						
Real Estate Management						
A00276-Post Office-RVD	2,375,000	1,669,000	1,626,666	1,361,000	1,243,333	987,333
A00276-4th and Burnside-RVD	30,000	22,980	22,960	22,980	22,980	22,980
A00285-Block Y-RVD	49,627	84,559	88,789	93,230	97,892	102,785
A00286-Union Station-RVD	1,183,675	3,736,190	1,668,190	1,668,190	1,668,190	1,668,190
A00288-Centennial Mills-RVD	308,657	66,200	66,200	66,200	66,200	66,200
A00289-Station Place Lot 5-RVD	5,000	-	-	-	-	-
A00290-Station Place Prkng-RVD	551,385	770,301	625,066	656,320	689,136	723,591
A00291-Block R-RVD	66,510	36,000	36,000	36,000	36,000	36,000
A00292-One Waterfront North-RVD	108,200	-	-	-	-	-
A00293-Old Fire Station Mgmt-RVD	1,006,676	280,700	280,700	280,700	280,700	280,700
A00556-RD Small Lots - 9th & Naito-RVD	3,000	7,500	7,500	7,500	7,500	7,500
A00587-Block 25-RVD	20,384	63,380	54,499	24,675	25,909	27,204
Real Estate Predevelopment						
A00276-Post Office-RVD	-	6,265,000	20,145,000	5,765,000	20,000	20,000
A00276-4th and Burnside-RVD	-	30,000	5,000	5,000	5,000	5,000
A00293-Old Fire Station Mgmt-RVD	-	5,000	5,000	5,000	5,000	5,000
A00587-Block 25-RVD	-	205,000	50,000	-	-	-
Real Estate Disposition						
A00288-Centennial Mills-RVD	-	1,100,000	100,000	100,000	100,000	100,000
Redevelopment Strategy						