

PROSPER PORTLAND

Portland, Oregon

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

RESOLUTION NO. 7345

**ADOPTING FINDINGS IN SUPPORT OF AND EXEMPTING THE
ABATEMENT AND DEMOLITION OF CERTAIN STRUCTURES ON THE
UNITED STATES POSTAL SERVICE PROPERTY LOCATED AT 715 NW HOYT
FROM LOW-BID SELECTION PROCESSES**

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 law;

WHEREAS, Oregon Revised Statutes (“ORS”) Chapter 279C and Prosper Portland’s LCRB Administrative Rules (“LCRB Rules”) generally require that all public construction contracts shall 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, the acquisition and redevelopment of the United States Postal Service Processing and Distribution Center (“USPS Property”) at 715 NW Hoyt Street in the River District Tax Increment Finance District has long been envisioned by the general public, elected officials, and adopted land use and development plans as one of the most significant redevelopment sites in Portland’s central city;

WHEREAS, Prosper Portland acquired the USPS Property in September 2016 and has been preparing a Master Plan for redevelopment of the USPS Property, and initiating site preparation activities to facilitate redevelopment;

WHEREAS, timely demolition of the main Processing and Distribution Center building (“P&DC”) and the vehicle maintenance facility (“VMF”) is necessary for initial phases of redevelopment;

WHEREAS, Prosper Portland staff determined the optimal approach to abate and demolish the P&DC and VMF is through the Construction Manager/General Contractor delivery method;

WHEREAS, Prosper Portland staff anticipates procuring for the abatement and demolition of the P&DC and VMF as two separate solicitations and contracts (“Building Demolitions”);

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

WHEREAS, comments were received during the public hearing, and a summary of the comments was provided to the LCRB by staff for its consideration.

NOW, THEREFORE, BE IT RESOLVED, the Prosper Portland Board acting as the LCRB hereby adopts the findings set forth in Exhibit A (the “Findings Report”);

BE IT FURTHER RESOLVED, that based on approval of the Findings Report, the LCRB hereby exempts the Building Demolitions from competitive bidding requirements of ORS Chapter 279C and the LCRB Rules, and specifically approves the Building Demolitions for the alternative contracting approach 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 November 13, 2019



Pam Feigenbutz, Recording Secretary

Findings Report

DATE: November 13, 2019

TO: The Prosper Portland Board of Commissioners acting in its capacity as Portland Local Contract Review Board

FROM: Kimberly Branam, Executive Director

SUBJECT: Findings in Support of an Exemption from Competitive Low Bid Solicitations for the abatement and demolition of certain structures located on the USPS Property (“Projects”)

BACKGROUND AND CONTEXT

In 2016, Prosper Portland (“Owner”) acquired the 13.44-acre property located at 715 NW Hoyt Street in Portland’s Central City (“Property”) from the United States Postal Service. The acquisition and redevelopment of the Property, as called for in the Central City 2035 Plan, offers a once-in-a-generation opportunity for Prosper Portland and the City to meet growth requirements—including private development together with affordable housing, economic development, transportation, and open space goals—on a large, contiguous property in the middle of downtown and adjacent to one of Portland’s regional transit hubs. Development of the Property can absorb a substantial share of the approximately 21,500 new households and 42,500 new jobs projected to be added to the Central City by 2035. The redevelopment of the Property could house approximately 2,400 new households and 4,000 jobs, supported by approximately \$60 million invested for infrastructure.

The Projects include the abatement of hazardous building materials in and the demolition of two existing structures necessary for facilitating initial phases of redevelopment:

- **USPS Processing & Distribution Center and associated utility infrastructure:**
The main Processing and Distribution Center (“P&DC”) occupies most of the eastern half of the Property. Containing approximately 400,000 square feet of building floor area, the P&DC is a three/four-story reinforced concrete building that contained, primarily, postal processing and distribution facilities, with approximately 240,000 square feet of office space. This was the main USPS processing facility serving Oregon and Southwest Washington. The USPS processing operations have been relocated to the Colwood Industrial Park, and a retail post office is currently operating in approximately 16,000 square feet of the ground floor at the southern end of this building. Prosper Portland is working to design and construct an interim post office (“Interim Post Office”) in the ground floor of the adjacent parking structure. When construction of the Interim Post Office is complete, abatement and demolition work of the P&DC can begin.

This abatement and demolition scope is also anticipated to include removal of existing utility infrastructure no longer necessary to support the P&DC and VMF. This includes on-site water, sanitary sewer, and stormwater infrastructure, as well as removal of an electrical transformer building (“ETB”). The ETB is located approximately 100 feet north of the eastern end of the Parking Structure. It is a one-story concrete block building that contains approximately 1,000 square feet of floor area and currently houses high-voltage electrical equipment that supplies

power to the Property. New power service for the parking structure and the Interim Post Office will be included in the construction of the Interim Post Office, allowing for abatement and demolition of the ETB.

Due to the close proximity of the P&DC building to the existing parking structure and future Interim Post Office, design and demolition of the P&DC will be carefully coordinated to ensure safety and minimize disturbances to adjacent operations.

Prosper Portland is concurrently procuring the necessary design and engineering services for demolition of the P&DC. Staff believes it is important that the CM/GC contract be awarded no later than March 1, 2020 to allow meaningful engagement for all necessary parties during the design process. Prosper Portland staff estimates the abatement and demolition of the P&DC to cost approximately \$15 – 18 million.

- **Vehicle Maintenance Facility (“VMF”)**

The vehicle maintenance facility (“VMF”) is located at the northern edge of the Property and is adjacent to the NW Lovejoy bridge ramp. Containing approximately 10,540 square feet of building area, the VMF is a one-story concrete building with an abandoned vehicle refueling pump station. The abatement and demolition of this facility is anticipated to be procured via a separate solicitation by Prosper Portland.

Prosper Portland will be procuring the necessary design and engineering services for demolition of the VMF. Staff believes it is important that the CM/GC contract be awarded no later than March 1, 2020 to allow meaningful engagement for all necessary parties during the design process. Prosper Portland staff estimates the abatement and demolition of the VMF to cost approximately \$500,000.

The parking structure located at the southwest corner of the Property, which will include the Interim Post Office, is anticipated to remain until demolition is necessary for a final phase of redevelopment on the site.

FINDINGS

Oregon Revised Statutes (“**ORS**”) Chapter 279C.335(2) and Prosper’s Local Contract Review Board Administrative Rules (“**LCRB Rules**”), Part 4, Section II(B)(2) provide that Prosper’s Board of Commissioners, acting as Prosper’s Local Contract Review Board (“**LCRB**”), may exempt certain public improvements 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 contract or substantially diminish completion for the contract; and
- b. The awarding of public contract under the exemption will result in substantial cost savings to the agency.

In making the 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, value engineering techniques that may be applied to reduce the cost, and other factors noted in ORS 279C.335(2)(b).

No Favoritism or Diminished Competition

The contractor selection will be accomplished by issuing two competitive Requests for Proposals (“RFPs”) with best value selection criteria to seek a Construction Manager/General Contractor (“CM/GC”) delivery method for the Projects.

Any general contractor may respond to the RFPs. Among other things, the RFPs will require:

- a proven track record of completion of comparable projects, including involvement during the design process to provide advice and expertise on issues such as feasibility, value-engineering, and schedule;
- inclusion opportunities for Minority, Women, and Emerging Small Business and Disadvantaged Business Enterprise firms and demonstrated ability to comply with Prosper’s Business and Workforce Equity Policies;
- an optimal proposed project schedule; and
- a competitive cost proposal for pre-construction services.

The contractor selection processes will include: an evaluation of the proposals by committee, 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 performance of preconstruction services and collaboration with the design team. The LCRB should find that the alternative contracting process neither results in favoritism nor diminished competition.

Substantial Cost Savings

CM/GC contracts will likely result in cost savings over a low-bid contract due to project-specific factors, including the following:

- Demolition of the P&DC will take place immediately adjacent to an operating public parking structure and the future Interim Post Office. The Interim Post Office is open to the public during business hours six days per week and requires truck deliveries on a daily basis. The selected Contractor will need to limit impacts to the Interim Post Office, including noise, dust, and protecting customers and the public. The Contractor will also need to limit impacts to customers of the parking structure.
- Multiple abatement, demolition, and site preparation activities within the site may be underway at the same time. Potentially overlapping activities include abatement and demolition of the P&DC and supporting utility infrastructure; abatement and demolition of the VMF; soils abatement for identified hot spots; removal of underground storage tanks; the creation of legal parcels (which must be coordinated with the demolition schedules); and potentially the construction of extensions of NW Johnson and NW Kearney as the first phase of street and utility infrastructure.

Ensuring the coordination and safety of, and minimizing disturbances to, these adjacent operations and activities adds complexity that increases the Owner risk of selecting contractors based solely on cost, rather than the best value approach which evaluates cost along with contractors’ previous experience. Early engagement of the Contractors during the demolition design process will also help ensure feasible staging, sequencing and methodology to minimize risk and ensure coordination with adjacent activities.

The Contractors 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 the Construction Documents. In addition, the Contractors may need to modify the project schedule, sequencing and staging to limit disruptions to adjacent post office operations and onsite activities. These impacts can be difficult to define in the Construction Documents and may be missed in the low-bid process leading to change orders. A CM/GC contract process allows Prosper to meet with the Contractors before the GMP is established to discuss and mitigate for these and other risks, leading to fewer change orders and a lower overall cost.

The cumulative effect of these savings is expected to be substantial.

PUBLIC HEARING

In accordance with ORS 279C.335(5) and the LCRB Rules, Part 4(II)(B)(2), Prosper published notice of the required public hearing on October 30, 2019. The hearing is scheduled for November 13, 2019; no public comment was received.

RECOMMENDATION

Staff recommends that the LCRB adopt a resolution to accept the Findings and authorize the use of an RFP to select the CM/GCs rather than award the abatement and demolition contracts through low-bid processes.



**PROSPER
PORTLAND**
Building an Equitable Economy

RESOLUTION NO. 7345

RESOLUTION TITLE:

ADOPTING FINDINGS IN SUPPORT OF AND EXEMPTING THE ABATEMENT AND DEMOLITION OF CERTAIN STRUCTURES ON THE UNITED STATES POSTAL SERVICE PROPERTY LOCATED AT 715 NW HOYT FROM LOW-BID SELECTION PROCESSES


Adopted by the Prosper Portland Commission on November 13, 2019

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 Alisha Moreland-Capuia MD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Francesca Gambetti	<input checked="" 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 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: November 20, 2019
Pam Feigenbutz, Recording Secretary	