

**PROSPER PORTLAND**  
Portland, Oregon  
**ACTING IN ITS CAPACITY AS THE**  
**LOCAL CONTRACT REVIEW BOARD**

**RESOLUTION NO. 7409**

**ADOPTING FINDINGS IN SUPPORT OF AND EXEMPTING THE ENGINE  
HOUSE NO. 2 DEMOLITION PROJECT FROM LOW-BID SOLICITATION**

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

**WHEREAS**, Oregon Revised Statutes (“ORS”) Chapter 279C and the LCRB Administrative Rules (“LCRB Rules”) generally require that all public improvement contracts shall be awarded on a low-bid basis, and treat demolition projects as public improvements;

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

**WHEREAS**, Prosper Portland staff proposes to use a competitive Request for Proposals (“RFP”) selection process resulting in a construction services contract to perform demolition, pre-demolition, and other services on the Engine House No. 2 Demolition Project (“Project”); and

**WHEREAS**, after due public notice, staff held a public hearing to receive comments on the draft Low Bid Exemption Findings (“Findings Report”) (see Exhibit A) for the exemption for the Project as required by ORS 279C.335(5) and LCRB Rule Part 4(II)(B)(2) and received no public response.

**NOW, THEREFORE, BE IT RESOLVED**, the Prosper Portland Board acting as the LCRB hereby adopts the findings set forth in Exhibit A in support of exempting the Project from competitive bidding;

**BE IT FURTHER RESOLVED**, that based on approval of the Findings Report, the LCRB hereby exempts the Project from the competitive bidding requirements of ORS Chapter 279C.335(1) and the LCRB Rules and specifically approves the Project 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

February 10, 2021



Pam Feigenbutz, Recording Secretary

**DATE:** February 10, 2021

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

**FROM:** Kimberly Branam, Executive Director

**SUBJECT:** Findings in Support of an Exemption from Competitive Low Bid Requirement for the abatement and demolition of the Engine House #2 at 510 NW 3<sup>rd</sup> Avenue, Portland, Oregon

## 1. BACKGROUND AND CONTEXT

**1.1 Building History.** Engine House No. 2, also known as the Old Fire Station, is located on a 33,580 square foot (SF) lot owned by Prosper Portland in downtown Portland’s Old Town/Chinatown neighborhood on the northeast corner of NW 3rd Avenue and NW Glisan Street (“**Property**”) within the River District Urban Renewal Area. The two-story, 6,692 SF unreinforced masonry building was constructed in 1913 and designated as Portland Fire Department Engine House No. 2. An aerial view of the site is attached to this Findings Report.

Prosper Portland acquired the Property in 1987 as part of the larger Union Station acquisition. The Property has been designated a Portland Historic Landmark by the City of Portland.

**1.2 Property Condition.** The building was last used as professional office space and is currently vacant. The building is in poor condition, including large settlement cracks, deterioration of mortar, missing/broken bricks, spalled concrete, and water and fire damage. The building was placed on the “Unsafe Building List” by the City of Portland Bureau of Fire and Rescue in 2010. Building evaluations have found the building needs seismic, structural, roofing, masonry, electrical, plumbing, and other repairs.

Prosper Portland has also conducted soils and geotechnical analyses which found the Property is underlain by soft and loose fill to a considerable depth. The soils are susceptible to settlement due to static loading. In addition, according to a geotechnical study conducted by consulting firm Hart Crowser, the “site is mapped by the City as being in a zone of high earthquake hazard, and based on the subsurface conditions, the native and fill soils are likely to be highly susceptible to liquefaction under strong earthquake shaking.” In the event of a strong earthquake, both horizontal settlement on the order of two to four feet and lateral displacement on the order of two to ten feet are likely to occur.

After more than four years of analysis, Prosper Portland determined that redevelopment of Engine House #2 was not financially feasible due to its state of deterioration and location in a liquefaction zone. The most recent feasibility analysis estimated a redevelopment budget between \$13.3 and \$18.3 million which includes a funding gap of between \$4 to \$7 million dollars. Community stakeholders believed the funds were better deployed on other projects in Old Town.

Through the Old Town Community Association, the community expressed its wishes that these funds were spent on other development priorities. Without other options, Prosper Portland determined that demolition of Engine House No. 2 (the Project) was the correct course.

## 2. PROJECT SUMMARY

The Project includes the abatement of hazardous building materials and demolition of the Engine House #2 building in order to prepare the Property for sale and eliminate the costs of securing and maintaining the building.

Prosper Portland has procured the necessary design and civil engineering services for demolition of the Engine House 2 from Emerio Design LLC (a certified, minority-owned business) in advance of the contracting process and the plans have been submitted to permitting. The choice to initiate design and permitting in advance of contracting with a demolition contractor came as a result of the historic designation of the building and required demolition delay period of 120 days which began on November 02, 2020 and ends on March 02, 2021.

During a brief pre-demolition period, there will be time for additional value engineering input from the selected demolition contractor. The contract form will be a Guaranteed Maximum Price (“GMP”).

Due to its state of deterioration and close proximity of the Engine House to the existing TriMet Max Line and the Broadway Bridge, the demolition will need to be carefully coordinated to ensure public safety and avoid critical disturbances to adjacent public transportation and infrastructure. The ability to select a demolition contractor with an exemplary safety record and experience working with similar projects as the demolition of Engine House No. 2 is of high priority to minimize risk to the agency and the public.

## 3. REQUIRED LEGAL FINDINGS

Oregon Revised Statutes (“ORS”) Chapter 279C.335(2) and Prosper Portland’s *Local Contract Review Board Administrative Rules* (“LCRB Rules”), Part 4, Section II(B)(2) provide that Prosper Portland’s Board of Commissioners, acting as the agency’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 public improvement contracts; and
- b. The awarding of public improvement contract under the exemption will likely result in substantial cost savings and other substantial benefits to the agency 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, value engineering techniques that may be applied to reduce the cost, any likely increases in public safety, 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 Requests for Proposals (“RFP”) with best value selection criteria.

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

- A proven track record of completion of comparable projects, including involvement before construction to provide advice and expertise on issues such as feasibility, value-engineering, and considerations for public safety, particularly in sites closely situated near infrastructure such as rail tracks and bridgeheads and requiring close coordination with public authorities;
- An optimal proposed project schedule; and
- Proposed cost to demolish Engine House No. 2 (including, as applicable, all required insurance, bonds, fees, and other costs),

The contractor selection processes will include an evaluation of proposals by committee (50% of the evaluation) and factoring of proposed demolition costs (50%). Once an apparent successful proposer is identified, Prosper Portland will enter into limited negotiations with that firm to finalize the pre-demolition services fee and GMP for the demolition. The LCRB should find that the alternative contracting process will result in neither in favoritism nor diminished competition for the public improvement contract.

**3.2 Finding of Substantial Cost Savings and other substantial benefits to the agency or the public.** The proposed exemption is anticipated to result in cost savings and other substantial benefits over a low-bid contract due to project-specific factors, including, but not limited to, the following:

- Mitigation of the risk to public safety and agency liability by choosing a demolition contractor with an exemplary safety record and experience demolishing deteriorated structures adjacent to public transportation, as well as experience with abating hazardous building materials and removing contaminated soil;
- Hiring an experienced contractor that has a proven track record of reducing project costs through value engineering prior to construction is anticipated to keep the number and costs of change orders to a minimum; and,
- Enhanced inclusion opportunities for Minority, Women, and other Disadvantaged Business Enterprise firms and demonstrated ability to comply with, and further the goals and values of, Prosper Portland’s Business and Workforce Equity Programs.

Finally, ensuring the coordination to maximize the protection of and minimize disturbances to the adjacent TriMet MAX line operations and condition of the soil and building adds complexity that increases the Owner’s risk of selecting a contractor based solely on cost, rather than the best value approach which also considers cost along with contractors’ capabilities and past performance.

**4. 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 January 15, 2021. The hearing was held on February 1, 2021 and no public comments were received on these findings.

**5. RECOMMENDATION**

Staff recommends the LCRB adopt a resolution to adopt these Findings and authorize the use of an RFP to select a demolition contractor rather than award the abatement and demolition contract through a low-bid process.

**SITE MAP**



**EXISTING BUILDING (FRONT AND SOUTH ELEVATION)**





**EXISTING BUILDING (REAR AND YARD)**





# PROSPER PORTLAND

Building an Equitable Economy

## RESOLUTION NO. 7409

**RESOLUTION TITLE:**

ADOPTING FINDINGS IN SUPPORT OF AND EXEMPTING THE ENGINE HOUSE NO. 2  
DEMOLITION PROJECT FROM LOW-BID SOLICITATION

Adopted by the Prosper Portland Commission on February 10, 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 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 Serena Stoudamire Wesley	<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"/>

Consent Agenda                       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.*

	<b>Date:</b>  February 17, 2021
<b>Pam Feigenbutz, Recording Secretary</b>	