

**DATE:** May 13, 2015  
**TO:** Board of Commissioners acting as the Local Contract Review Board  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 15-32  
Adopting Findings in Support of and Exempting the Nelson Parking Lot Improvement Project from Low-Bid Solicitation

**BOARD ACTION REQUESTED**

Adopt Resolution No. 7115

**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 low-bid solicitation for the Nelson Parking Lot Improvement Project (Project). If approved, the resolution will exempt the Project from the low-bid solicitation requirements in accordance with Oregon Revised Statutes (ORS) 279C.335.

ORS 279C.335 and PDC's LCRB Administrative Rules (LCRB Rules) provide that the LCRB may exempt certain public contracts from the low-bid process upon the LCRB making the following findings:

1. It is unlikely that such exemption will encourage favoritism in the awarding of a public contract or substantially diminish competition for the contract; and
2. The awarding of public contract under the exemption will result in substantial cost savings to the agency.

A Best Value Guaranteed Maximum Price contract solicitation (BV-GMP) is proposed as an alternative to low-bid contracting for the Project.

**BACKGROUND AND CONTEXT**

The former Nelson Building site (Property) (see Attachment A) was purchased by PDC in 2011. The Property is located at 8411 N. Denver Avenue in the Kenton neighborhood of North Portland, within the Interstate Corridor Urban Renewal Area (URA). The Property consists of a group of six connected, one-story, industrial/office structures built in several phases between the 1930s and the 1990s, and a corner parking lot. It is the parking lot on the Property that is the site of this Project.

The scope of the Project includes demolition of a former gas station-turned-coffee-shop structure, remediation of petroleum-contaminated soil adjacent to and below the structure, and other modifications to the site (see Attachment B). Modifications will include a corner gravel courtyard with amenities to support up to six food carts, landscaping, irrigation, electrical lighting, neighborhood kiosk, new paving and other related improvements, utilities, and storm water management work (see the

Public Improvements Plan in Attachment C). These improvements will create new job opportunities and a welcoming, active, neighborhood meeting space.

Design work for the Project was completed by KPFF and 2.ink Studio. The estimated construction cost for the Project is \$275,000. PDC has completed all necessary design and engineering for the parking lot upgrades. The documents were submitted to the Bureau of Development Services for permitting on May 1, 2015, and PDC intends to coordinate all necessary procurement activities and construction administration services for the Project. If the LCRB approves the exemption, solicitation will begin in late May 2015 with construction work anticipated to start around August 1, 2015, and final completion by early fall 2015 (see Attachment D for the Project Schedule).

PDC staff evaluated other alternative public contracting methods including Construction Manager/General Contractor, Design Build, or Multi-Step selection that are typically deployed at the beginning of the design and engineering phase. Because design has already been completed for the Project, PDC staff is requesting to use a BV-GMP contract approach. In making this request, PDC staff carefully reviewed the standard competitive bid solicitation process and determined that factors including project complexity, integration of unique work elements like environmental remediation, overall cost savings, public safety, schedule, and social equity goals would best be met with a BV-GMP contract approach.

PDC staff reviewed other public entities' use of the BV-GMP contract approach as a method of selecting a general contractor using a Request for Proposals process on the basis of 'best value' according to objective criteria (the Best Value RFP). Upon selection, PDC and the general contractor will negotiate and enter into a Guaranteed Maximum Price Contract (GMP Contract). The Best Value RFP compares the strengths, weakness, risks, performance, and price of each proposal in determining the best overall value and then 'locks' in the Project cost with the GMP Contract.

### **COMMUNITY AND PUBLIC BENEFIT**

The BV-GMP approach enables contracting agencies, such as PDC, to more effectively screen bidders and use an evaluation process that is fair and balanced to select a contractor that presents less risk and is more likely to deliver the best overall value for PDC and the public. PDC can consider various factors in the selection process, such as past performance, project approach, and local economic benefits, including jobs and materials. This enables PDC to support positive societal impacts that provide local benefits to the community through the contracting work.

The final Project is also likely to be higher quality when it is delivered by a well-qualified contractor and its subcontractors. By using a BV-GMP contract PDC can reduce cost overruns, work scope changes, and claims.

### **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 April 27, 2015. A public hearing was held on May 11, 2015, and the public was afforded the opportunity to request and provide written comments on the findings.

### **BUDGET AND FINANCIAL INFORMATION**

There are no direct budget impacts related to this proposed action. Should the LCRB approve the resolution, there are sufficient funds in the Interstate Corridor URA budget (see Attachment E).

### **RISK ASSESSMENT**

The cost and time necessary for contractors to respond to the RFP, prepare detailed cost information, engage in selection interviews, and undertake negotiations may limit the potential pool of proposers. However, PDC will provide targeted outreach to contractors and subcontractors to help attract proposers. If too few or no qualified proposals are received, PDC can choose to use the low-bid contracting process.

### **ALTERNATIVE ACTIONS**

The LCRB can choose to not adopt the findings or approve the alternative contracting exemption and may instruct PDC to use a traditional contracting process for the Project.

### **ATTACHMENTS**

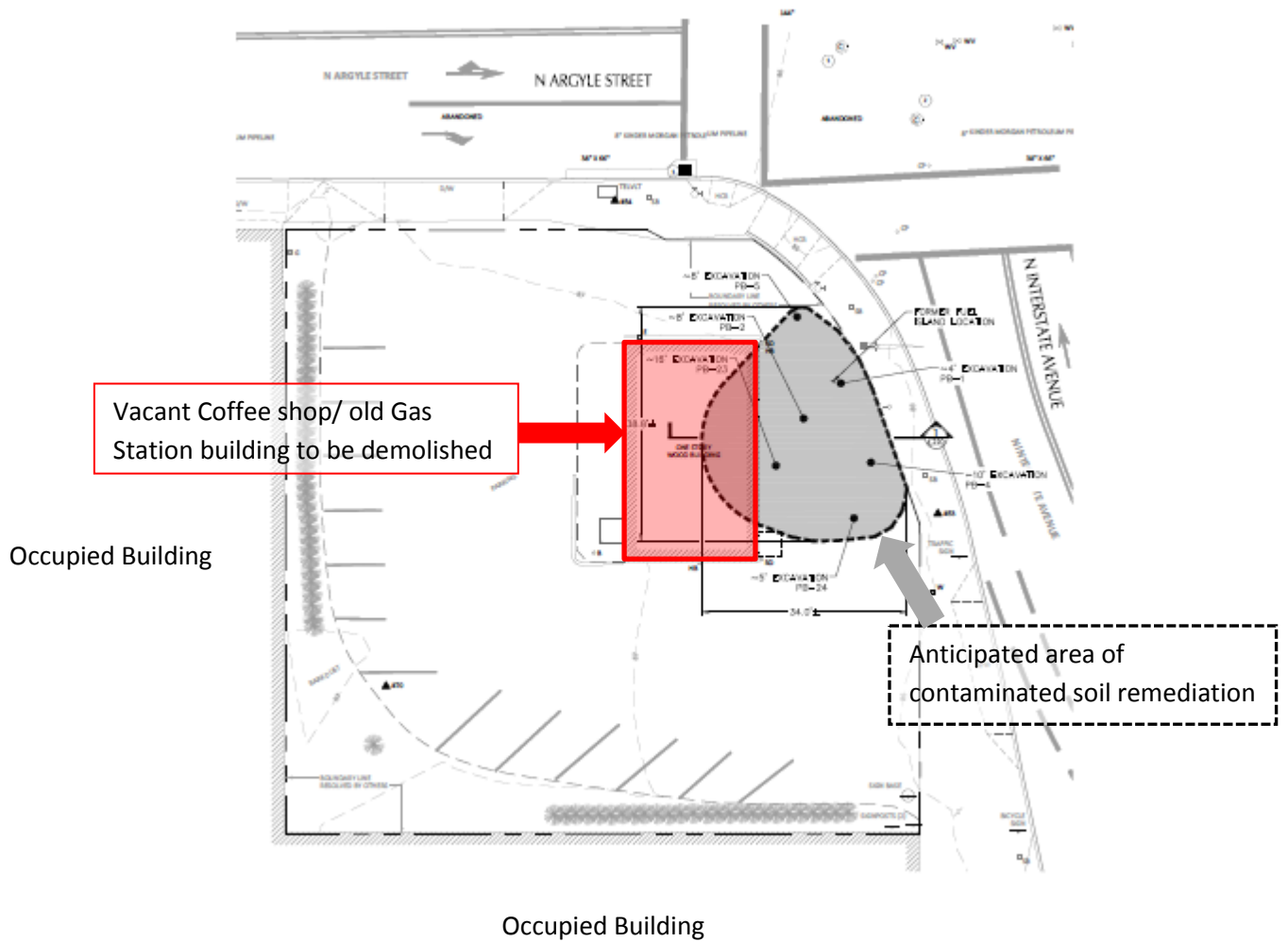
- A. Site Map
- B. Project Demolition and Remediation Plan
- C. Project Public Improvements Plan
- D. Proposed Project Schedule
- E. URA Financial Summary

Site Map



8411 N. Denver Avenue, Portland OR

### Project Demolition and Remediation Plan



Demolition and Remediation Areas – Nelson Parking Lot Improvements  
8411 N. Denver

### Project Public Improvements Plan



Proposed Public Improvements – Nelson Parking Lot Improvements  
8411 N. Denver



URA Financial Summary

Five-Year Forecast Program Requirements Detail

	Revised- 3 FY 2013-14	Adopted FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
<b>Property Redevelopment</b>						
<b>Commercial Property Redevelopm</b>						
P37060355 Fmr WalnutThtrPrkng-ISC-Adm	0	400	400	400	400	400
P37091015 Public Outreach-ISC-Adm	5,000	5,000	5,000	5,000	5,000	5,000
P37090015 Project Development-ISC-Adm	0	20,000	20,000	20,000	20,000	20,000
P37060515 Reiss House-ISC-Adm	10,045	7,208	7,208	7,208	7,208	7,208
P37060365 Fmr Wirfs Whse 1-ISC-Adm	2,500	1,900	1,900	1,900	1,900	1,900
P37060345 Fmr Wirfs Whse -ISC-Adm	1,300	400	400	400	400	400
P37060335 Fmr WalnutPark Thtr-ISC-Adm	500	550	550	550	550	550
P37060325 Former Living Color-ISC-Adm	140	540	540	540	540	540
P37050215 Vanport III-ISC-Adm	10,000	10,000	0	0	0	0
P37060155 Argyle Lot-ISC-Adm	5,930	8,630	6,130	6,130	6,130	6,130
P37060145 Spar-Tek Building-ISC-Adm	25,307	27,497	24,685	24,685	24,685	24,685
P37060135 Nelson Bldg-Retail-ISC-Adm	70,630	304,893	9,893	9,893	9,893	9,893
P37060415 C&M Motors Lot-ISC-Adm	20,834	142,200	7,200	7,200	7,200	7,200
P37060125 Nelson Bldg-Indust-ISC-Adm	500,770	229,888	75,692	75,692	75,692	75,692
P37054815 Kenton Redev Dtw-ISC-Adm	20,000	150,000	0	0	0	0
P37051015 Jefferson Frontage-ISC-Adm	36,405	0	0	0	0	0
P37050315 MLK Gateway Improve-ISC-Adm	17,000	0	0	0	0	0
P37060215 3620 NE MLK Prkng-ISC-Adm	0	9,700	0	0	0	0
<b>Commercial Real Estate Lending</b>						
R01100370 CPRL-General-ISC	375,000	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000
<b>Community Redevelopment Grants</b>						
G02100370 DOS-General-ISC	150,000	100,000	100,000	100,000	100,000	100,000
G03100370 SIP-General-ISC	800,000	500,000	500,000	500,000	500,000	500,000
G04100370 GFGP-General-ISC	200,000	100,000	100,000	100,000	100,000	100,000
G07100370 MAIN-General-ISC	50,000	0	0	0	0	0
G01100370 CLG-General-ISC	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total Property Redevelopment</b>	<b>2,601,361</b>	<b>3,193,806</b>	<b>2,434,598</b>	<b>2,434,598</b>	<b>2,434,598</b>	<b>2,434,598</b>
<b>Total Program Expenditures</b>	<b>10,792,131</b>	<b>21,377,287</b>	<b>10,757,885</b>	<b>12,919,936</b>	<b>11,908,281</b>	<b>12,193,155</b>
Personal Services	797,148	439,052	287,962	300,777	327,312	472,771
Transfers - Indirect	2,697,848	1,895,448	834,022	852,294	923,318	1,312,785
<b>Total Fund Expenditures</b>	<b>14,287,127</b>	<b>23,711,787</b>	<b>11,879,869</b>	<b>14,073,007</b>	<b>13,158,911</b>	<b>13,978,711</b>
Contingency	11,762,032	3,502,310	3,600,656	4,927,344	3,904,731	1,939,794
Ending Fund Balance	0	0	0	0	0	0
<b>Total Requirements</b>	<b>26,049,159</b>	<b>27,214,097</b>	<b>15,480,525</b>	<b>19,000,351</b>	<b>17,063,642</b>	<b>15,918,505</b>