

October 13, 2015

The Honorable Charlie Hales
City of Portland
1221 SW Fourth Avenue, Suite 340
Portland, Oregon 97204

Dear Mayor Hales:

The Alliance recognizes that the Portland Building is in need of either significant reconstruction or replacement (new construction); in fact, the Portland Building has needed significant repair for a long time. As a result, we support the city moving forward with a plan to deal with the building's structural issues, so long as the plan includes a specified not-to-exceed budget and a reasonable timeline so that risks to taxpayers are mitigated. We also support keeping the building downtown as part of a cluster of government buildings that are supported by public and private infrastructure that is also downtown.

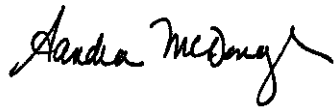
That said, we believe the project's request for proposals (RFP) should be broadened to invite bidders to submit either a reconstruction of the new building or a total building replacement. While we do not necessarily disagree with the project advisory committee's recommendation that reconstruction is the best option, we believe a broader RFP would give private-sector bidders more flexibility to develop the most cost-effective and innovative alternatives for city consideration. We also believe the RFP should require a total project cost of no more than \$195 million and a completion date of no later than 2020.

Secondly, the RFP should be posted sooner than the anticipated spring 2016 timeline since project costs will only increase over time due to inflation. Expediting the RFP process will also help the city to find other office space for city employees during the construction phase. It is estimated that 2017 will be one of the tightest office markets in recent history. To the extent the city can avoid having to look for relocation space then would be advantageous in terms of availability of office space and total project cost.

Finally, a significant portion of the project costs are driven by policies, fees and regulations the city imposes on itself, as well as sometimes the private sector. For example, green energy requirements and art fees significantly drive up project costs. Looking at the overall projected costs of a Portland Building renovation, these extras add significantly to an already substantial cost. The city would be prudent to reevaluate if – and to what extent – these extra costs make sense. While the goals of those policies may be laudable, this project represents a significant investment of taxpayer dollars and all effort should be made to minimize the impact.

We appreciate city staff's due diligence and dedication to this project and commitment to complete it by 2020 at a predictable cost. We are glad to provide input as the project moves forward and look forward to working together on a mutually agreed upon plan. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Sandra McDonough". The signature is written in a cursive, flowing style.

Sandra McDonough
President & CEO

cc: Portland City Council
Fred Miller, Office of Management and Finance