

Date: June 27, 2012

To: Board of Directors

From: Neil McFarlane

Subject: **RESOLUTIONS 12-06-56, 12-06-57, 12-06-58 AND 12-06-59 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING CONTRACTS, A CONTRACT MODIFICATION AND A LEASE FOR THE MOVING TOGETHER PROGRAM**

1. Issue or Purpose of the Item.

The purpose of this item is to request that the TriMet Board of Directors (“Board”) approve a series of resolutions authorizing the General Manager to execute: a contract for renovations of TriMet’s SE Center Street administration building; a modification to a contract for construction oversight of the renovation of the Center Street building; a contract for systems furniture for TriMet’s Center Street building and new leased building; and a lease for office space for TriMet’s administrative and Capital Projects division staff.

2. Reason for Board Action.

Board authorization is required for all goods and services contracts obligating TriMet to pay in excess of \$500,000, all personal services contracts obligating TriMet to pay in excess of \$150,000 and all real property transactions obligating TriMet to pay in excess of \$500,000.

3. Background.

TriMet’s “Moving Together” Program – working more efficiently

The Portland-Milwaukie Light Rail Project (“PMLR Project”) requires significant changes to two TriMet facilities. First, the Operations Command and Control Center (OCC), currently housed at TriMet’s Ruby Junction Maintenance Facility in Gresham, must be enlarged to accommodate added overhead screens and control consoles for the expanded system. This is the 24/7 command center for the entire MAX and bus system. Second, TriMet’s leased facility at SE 17th and Holgate will be demolished due to rail and street construction. Taken together, these two changes allow the agency to leverage PMLR Project funds to make the most effective use of its facilities, and to improve efficiency and accessibility with the minimal impact to TriMet’s General Fund. The resultant changes that will be implemented to manage these facility impacts are collectively known as TriMet’s “Moving Together” program, a component of the PMLR Project.

After a comprehensive evaluation, TriMet will consolidate work groups currently housed in four facilities into two facilities, reduce the amount of leased space with smaller workstations and create more collaborative work areas, while saving \$582,000 over existing lease costs during the 10-year life of the lease.

The current OCC in Gresham cannot accommodate the addition of the PMLR Project components without a significant expansion. To expand the OCC at Ruby Junction would require the construction of a new building, which is expensive and consumes valuable maintenance facility site area that could constrain future rail expansion options. Instead, relocating the OCC to Center Street is significantly less expensive than constructing a new facility at Ruby Junction (\$2.6 million vs. \$11.5 million). In addition, locating the OCC at Center Street greatly improves access for all operation staff during emergency incidents. As a result, the expanded OCC will be housed on the fourth floor of the SE Center Street building.

Light rail improvements require the widening of SE 17th Avenue resulting in the demolition of the Holgate Plaza building, which TriMet currently leases for some of its Operations personnel. Removal of this building displaces forty-five TriMet operations employees. No suitable replacement facility was located within walking distance to the Center Street building. As a result, these operations staff will be relocated into the Center Street Building.

Moving the OCC and operations staff from Holgate Plaza into the SE Center Street building requires displacement of the administrative staff that are currently at that building. Consequently, that staff, along with the Capital Project staff located at TriMet's NE Holladay Street leased office facility, will be moved together to a more efficient, consolidated single leased space at the Harrison Square building located at SW First and Harrison.

Overall, this program provides several very important benefits to TriMet. First, it facilitates consolidation of the OCC and Operations management personnel into a combined Operations Headquarters building at a central location in TriMet's service district. This location improves access and emergency response, and allows the call center to be co-located with the OCC to better serve our customers in getting up-to-the-minute information, particularly during special events or severe weather days. Second, it accomplishes a much-needed renovation and repairs of the Center Street building, which was constructed in 1978, has failing structural elements and inefficient systems which require intensive and costly maintenance to occur now with PMLRT Project funds. The renovation would otherwise be delayed and a future liability for TriMet's General Fund. Third, the Moving Together Program brings in one location TriMet's administrative and Capital Projects staff, facilitating less travel and better communications, and saving money on lease expense over the life of the lease.

In order to accomplish all elements of the Moving Together Program, Board authority for the following items is requested:

1. Construction Management/General Contractor ("CM/GC") contract with Hoffman Construction Company of Oregon for the renovation of the Center Street Building
2. Contract modification for Inici Group, Inc. for construction management services
3. Contract with Workplace Resources for furniture
4. Property lease with Oregon Pacific Capital Management Corporation for administrative staff

Resolution 12-06-56 - CM/GC Contract with Hoffman Construction Company of Oregon (“Hoffman”) for Renovation of the Center Street Building

The CM/GC contractor will be responsible for renovation of the Center Street building and two adjoining parking lots. At its November 2011 meeting, the Board authorized an exemption from competitive bidding to permit procurement of this contract by competitive negotiation (Resolution 11-11-84). Thereafter, TriMet utilized a competitive Request for Proposal (“RFP”) process that included a price component to determine the highest ranked contractor to provide these services.

TriMet selected a Source Evaluation Committee (“SEC”) consisting of TriMet staff drawn from TriMet Operations, Facilities Management, Capital Projects, and an outside expert from Metro experienced in the use of CM/GC for building construction. SEC members were selected based on their expertise, experience and knowledge related to the Project, and were instructed to follow strict procedures and guidelines in reviewing and scoring the proposals. Four proposers responded to the RFP: Hoffman, Howard S. Wright, Lease Crutcher Lewis, and Skanska USA Building. The SEC evaluated the technical proposals based on the criteria set forth in the RFP. After evaluating the technical proposals, the SEC opened each proposer’s price and completed the scoring of the proposals.

Based on the total of the technical and pricing scores, the SEC determined that all four proposers were within the competitive range. The SEC then interviewed each firm, and finalized the scoring. At the conclusion of this process, Hoffman was the highest ranked proposer. The final scores for the proposers are as follows:

Criteria	Possible Points	Hoffman (Portland)	Howard S. Wright (Portland)	Lease Crutcher Lewis (Portland)	Skanska USA Building (Portland)
Proposer Experience/Past Performance	10.0	9.0	8.0	8.0	6.0
Proposed Project Team	20.0	16.0	12.0	12.0	12.0
Draft Work Plan and Project Approach	10.0	9.0	6.0	6.0	4.0
Draft Contracting Plan	10.0	7.0	5.0	6.0	5.0
Project Management	15.0	10.5	8.0	8.0	7.0
DBE Program	10.0	6.0	6.0	8.0	7.0
Subtotal	75	57.5	45.0	48.0	41.0
Scored Price- Sum of forms 5.10 and 5.11		\$378,243	\$411,000	\$403,475	\$280,800
Price Score from Worksheet	25	16.3	13.4	14.1	25.0
TOTAL SCORE	100	73.8	58.4	62.1	66.0

The SEC concluded that Hoffman's proposed team was very strong in the key roles, utilizing staff from successful projects similar to the renovation scope of work. Hoffman's proposal illustrated detailed concepts for sequencing and phasing that were well-planned and consistent with TriMet's commitments for conduct of construction to minimize impacts to surrounding neighborhoods. Hoffman also showed a strong commitment to DBE participation and intends to include 25 percent DBE participation.

The \$378,243 preconstruction services and fixed fee amount is significantly less than TriMet's independent cost estimate, and is within TriMet's budget for preconstruction services for the Center Street renovation. TriMet will pay for these services with PMLR Project funds.

In order to mitigate PMLR Project impacts to the existing parking lots, the pre-construction services will be combined with a task order to construct a parking lot on property behind the Center Street building currently owned by the Union Pacific Railroad and to reconstruct the front parking lot and make modifications to the bus maintenance lot. This resolution authorizes TriMet to enter into a contract with Hoffman in an amount not to exceed \$3,400,000 to perform pre-construction services and construction work on the parking lots.

At the completion of final design, TriMet will negotiate a total construction price. At that time TriMet will seek Board authorization to modify the contract to add full construction services.

Resolution 12-06-57 - Inici Group, Inc. ("Inici") Contract Modification – Construction Management

TriMet has an existing on-call contract with Inici for construction management services which was awarded via a competitive Request for Proposal ("RFP") process. Inici is very experienced in construction management of major architectural projects for institutional owners in the Portland region, and provided expertise in the preparation of the CM/GC contract. TriMet will utilize Inici's project management services during both the preconstruction and construction phases of the Moving Together Project.

Inici will provide staff to ensure that construction work conforms to the drawings and specifications and to assist TriMet in the strategic management of construction. Inici's scope of work includes tasks for development, review and management of the CM/GC contract; preparing project phase schedules; obtaining services to support the design team and TriMet staff; and managing the Center Street renovation. During construction, Inici will track and review submittals and shop drawings, respond to contractor requests for information or clarification, review designs to support potential change orders, manage project budgets, attend construction progress meetings, conduct site visits and field inspections, and ensure adherence to an approved quality control program. This resolution would allow TriMet to modify the contract to add these services.

Inici's current contract amount is \$150,000, which is the standard initial contract amount used for TriMet's on-call contracts for this type of professional services. This resolution would increase the authorized contract amount by \$200,000, to a not-to-exceed amount of \$350,000. These amounts are within TriMet's fair cost estimate and budget. TriMet will authorize and manage Inici's work via task orders that include a detailed scope of services and a not-to-exceed budget. TriMet will pay for these services using PMLR Project funds.

Resolution 12-06-58 - Workplace Resource of Oregon Contract - Moving Together Furniture

This resolution authorizes TriMet to enter into a contract with Workplace Resource of Oregon in the estimated amount of \$1,361,750 for the purchase of furniture for the Center Street building and the Harrison Square leased building. The contract with Workplace Resource is a requirements contract, with the final contract amount to be based on the amount of furniture actually purchased by TriMet over the term of the contract. The amount of furniture TriMet will purchase may vary depending on the final tenant improvement design of both buildings.

During the design process, TriMet investigated whether to reuse its existing twenty-year-old systems furniture or replace it. TriMet calculated that reuse (requiring removal, disassembly, storage, reassembly, refurbishment and re-installation of the existing furniture) would be nearly as costly as replacement. Furthermore, new furniture creates more modern, collaborative workplaces, and is more cost efficient in that individual workstations are more open but smaller, thereby requiring considerably less space. With a one-time impact to TriMet's General Fund of \$735,345 for new, smaller workstations, this allows TriMet to lease 14,760 fewer square feet of office space, which will avoid additional lease costs to TriMet of approximately \$2,000,000 over 10 years. These savings far outweigh the cost differential of new furniture over re-use of existing.

In the leased building, TriMet selected an overall configuration with smaller individual workstations, lower cubicle panels, shared conference rooms, small huddle rooms and open collaboration meeting spaces. Most offices will be eliminated, 44 down to 16, and individual files and storage are placed in common areas rather than in individual workstations. Existing tables, chairs and storage components will be re-used to furnish these spaces and TriMet is utilizing some donated furniture from the previous occupants at Harrison Square.

TriMet followed a competitive Request for Proposal ("RFP") process that included a price component to determine the highest ranked vendor to provide these goods. TriMet selected a Source Evaluation Committee ("SEC") consisting of TriMet staff and an outside expert from Pivot Architecture. SEC members were selected based on their expertise, experience and knowledge related to the Project and TriMet staffing and facilities, and were instructed to follow strict procedures and guidelines in reviewing and scoring the proposals. In response to its RFP, TriMet received nine proposals. After evaluating the technical proposals, the SEC opened each proposer's price and completed the scoring of the proposals. At the conclusion of the initial scoring, the SEC determined that the following four firms were in the competitive range, and proceeded to interview these firms: Workplace Resource, Pacific Office Furnishings, Environments, and Smith CFI.

After interviews, each firm submitted its Best and Final Offer, and the SEC finalized its scoring, as follows:

Criteria	Possible Points	Workplace Resource	PacificOffice Furnishings	Environments	Smith CFI
Product Proposal	20	20	17	19	19
Qualifications, Experience, Diversity	25	23	22	21	15
Project Approach	20	18	16	14	12
Environmental Responsibility	15	14	14	15	15
Subtotal	80	75	69	69	61
Price (based on unit prices) =		\$1,004,907	\$966,976	\$1,027,581	\$1,178,146
Price scores	40	38.4	40	37.6	32.8
TOTAL SCORE	120	113.4	109	106.6	93.8

The price proposed by Workplace Resource is lower than TriMet’s independent cost estimate, and is determined to be fair and reasonable. This contract will be paid for with a mixture of PMLR Project funds and general funds. In general, the PMLR Project can support changes directly caused by the Project; changes that TriMet chooses to make in conjunction with, but not caused by, the Project are supported with general funds.

Resolution 12-06-59 – Lease with Oregon Pacific Capital Management Corporation

TriMet’s administrative facilities have evolved since TriMet’s creation in 1969 when modest administrative operations were located in a leased office space in downtown Portland. In 1978 TriMet opened its present office facility at SE 17th and Center Street adjacent to a reconstructed bus operating base, the largest of three bus bases. Two facilities at Ruby Junction in Gresham and Elmonica in Beaverton were constructed for light rail operations.

TriMet created two satellite administrative centers in leased office buildings. Holgate Plaza, located across from the bus maintenance facility, houses the bus training, scheduling, transportation planning, risk management and safety departments. Several large conference/training rooms support the training needs. In addition, since 1982, TriMet has leased offices for its Capital Projects Division, currently located in the Lloyd District.

In the early considerations of consolidating office space, TriMet investigated constructing a new building at the Center Street campus. However, due to higher cost, parking issues and desire to maintain that facility as an operational hub, TriMet decided to instead continue its reliance on off-site leased facilities for administrative staff in excess of Center Street’s capacity. TriMet decided not to pursue purchase of an existing building, in order to maintain financial flexibility given the required capital investment.

In June 2011, a Request for Interest was issued for office space close to public transit in the Central Business District or the Lloyd District. This request was distributed through a network that notifies brokers of landlords seeking tenants, and resulted in interest from a dozen properties. This positive response was an indication of a favorable market in which to seek office space.

In August 2011, TriMet issued a formal Request for Qualifications for office space. This request was widely distributed to the Portland-metro real estate market through placement on TriMet's Ebid system, notice on the real estate brokers' list-serve system, and advertisement in the Daily Journal of Commerce. TriMet received eight initial proposals, including two build-to-suit-options. Two additional proposals were later received, bringing the total to ten. TriMet Moving Together staff toured each building and received presentations from the build-to-suit proposers. TriMet staff considered the proposals against TriMet's evaluation criteria, which included access to transit, proximity to the future Center Street Operations Headquarters, proximity to TriMet's regional partners, availability of daycare, budget and ability to meet schedule. At the conclusion of this review process, TriMet selected four properties to provide final offers.

The final four properties considered were in downtown Portland, and easily accessible by transit. Each property was weighed carefully against stated criteria. Property owners conducted tours and calculated "fit tests." These "fit tests" reflect how each location would be configured to accommodate individual workspaces, work group adjacency requirements and common rooms. The results of this exercise determined the square footage needed in each building and narrowed the group to two

After further evaluation of the cost of each building and how it measured against the evaluation criteria, Harrison Square Building at 1800 SW First Avenue was chosen. Harrison Square offered the best fit to TriMet's evaluation criteria, offered the lowest cost and could meet TriMet's schedule. Importantly, it also has the shortest transit travel time to and from TriMet's Center Street facility of about 12 to 15 minutes, compared to 29 minutes for the second ranked proposer.

TriMet will lease 50,273 square feet. The base term of the lease is ten years and five months, with TriMet having the option to extend the lease up to two additional five-year terms. The first five months are rent free. For months 6-17, TriMet will pay \$18.59 per rentable square foot (this includes TriMet's real property tax exemption). Each succeeding year the price will increase by 2 percent. In comparison, TriMet's current Holgate site lease is \$21.51 per square foot and Crown Plaza, located two blocks away from the Harrison Square building, is offering similar space for \$20.29 per square foot.

The consolidated Harrison Square lease will save the general fund approximately \$582,000 in total lease payments during the period from 2013 to 2023 compared to the cost of existing leases at Holgate and Holladay facilities over that same time period.

TriMet's lease includes negotiated tenant improvements, move provisions, and furniture, fixtures and equipment allowances in the sum of \$2,415,447 to outfit the space for TriMet's needs. Water, sewer, electrical and gas, and maintenance are included in the lease amount.

This resolution authorizes TriMet to enter into the lease for the base term, the total value of which will be approximately \$10,300,000, taking into account TriMet's real property tax exemption. Board authority will be requested before a lease option is exercised. This lease will be paid for with a mixture of PMLR Project funds and general funds. The PMLR Project supports leased space for Project staff during the life of the Project; the general fund supports leased space for other employees.

4. Options.

The Board could elect not to approve one or more of the Resolutions. However, the PMLR Project necessitates changes to TriMet leased space at Holgate Plaza and the OCC in Gresham. These changes create an opportunity for TriMet to consolidate functions, improve efficiency, reduce general fund liabilities for maintenance and reduce costs for the agency. Therefore, approval of these Resolutions is the only recommended option.

5. Recommendation.

The General Manager recommends approval of the Resolutions.

RESOLUTION 12-06-56

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH HOFFMAN CONSTRUCTION COMPANY OF OREGON FOR CONSTRUCTION MANAGER/GENERAL CONTRACTOR SERVICES FOR THE MOVING TOGETHER PROJECT

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Hoffman Construction Company of Oregon (“Contract”); and

WHEREAS, the total amount of the Contract shall exceed \$500,000; and

WHEREAS, the TriMet Board of Directors (“Board”), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve goods and services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Contract.

Dated: June 27, 2012

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Legal Department

RESOLUTION 12-06-57

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A MODIFICATION TO A CONTRACT WITH INICI GROUP, INC. FOR CONSTRUCTION MANAGEMENT SERVICES

WHEREAS, TriMet has authority under ORS 267.200 to enter into a modification to a Contract with Inici Group, Inc. (“Modification”); and

WHEREAS, the total amount of the Contract, as modified, shall exceed \$150,000; and

WHEREAS, the TriMet Board of Directors (“Board”), by resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay an amount in excess of \$150,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Modification shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Modification.

Dated: June 27, 2012

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Legal Department

RESOLUTION 12-06-58

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH WORKPLACE RESOURCE OF OREGON FOR FURNITURE

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Workplace Resource of Oregon (“Contract”); and

WHEREAS, the total amount of the Contract shall exceed \$500,000; and

WHEREAS, the TriMet Board of Directors (“Board”), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve goods and services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Contract.

Dated: June 27, 2012

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:

Legal Department

RESOLUTION 12-06-59

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A LEASE WITH OREGON PACIFIC CAPITAL MANAGEMENT CORPORATION

WHEREAS, TriMet has authority under ORS 267.200 to enter into a lease with Oregon Pacific Capital Management Corporation (“Lease”); and

WHEREAS, the total amount of the Lease shall exceed \$500,000; and

WHEREAS, the TriMet Board of Directors (“Board”), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve real property transactions obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Lease shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Lease.

Dated: June 27, 2012

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Legal Department