

# FINANCIAL IMPACT STATEMENT

## For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Aaron Beck		2. Telephone No. X35208	3. Bureau/Office/Dept. OMF Business Operations
4a. To be filed (date) April 7, 2011	4b. Calendar (Check One) Regular <input type="checkbox"/> Consent <input checked="" type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: April 1, 2011

**1) Legislation Title:**

\* Amend contract with 3 Kings Environmental, Inc. to increase contract amount by an additional \$104,425.57 to provide additional construction services for the Stanton Yard Fuel Facility project. (Ordinance; amend Contract No. 30001449)

**2) Purpose of the Proposed Legislation:**

The purpose of this ordinance is to increase the amount of contract 30001449 with 3 Kings Environmental by an additional \$104,425.57 to provide additional construction services for the Stanton Yard Fuel Facility project.

**3) Revenue:**

**Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.**

No

**4) Expense:**

**What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)**

This change order is included in the total cost estimate of \$1,725,000 for the Stanton Yard Fuel Facility project. The increase in costs of the project from \$900,000 to \$1,725,000 will be funded thru a combination of Fleet Services fund reserves (\$100,000) and the Kerby Garage Facilities Services major maintenance account (\$725,0000). The update to the budget will be processed in the FY 2010-11 Spring BUMP report.

**Staffing Requirements:**

**5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)**

No

6) Will positions be created or eliminated in *future years* as a result of this legislation?

No

184510

Complete the following section if you are accepting and appropriating a grant via ordinance. This section should only be completed if you are adjusting total appropriations, which currently only applies to grant ordinances.

**7) Change in Appropriations** *(If the accompanying ordinance amends the budget, please reflect the dollar amount to be appropriated by this legislation. If the appropriation includes an interagency agreement with another bureau, please include the partner bureau budget adjustments in the table as well. Include the appropriate cost elements that are to be loaded by the Grants Office and/or Financial Planning. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

Jeff Baer, Director, Bureau of Internal Business Services

Aaron Beck

APPROPRIATION UNIT HEAD (Typed name and signature)



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE

**Sam Adams, Mayor**  
**Kenneth L. Rust, Chief Administrative Officer**  
**Jeffrey B. Baer, Director, Bureau of Internal Business Services**

**Robert F. Kieta, Manager**  
**Facilities Services**

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**DATE:** March 28, 2011

**TO:** Mayor Sam Adams

**VIA:** Jeff Baer, Director of Internal Business Services  
Bob Kieta, Facilities Services Manager

**FROM:** Rich Attridge, Project Manager

**RE:** \* Amend contract with 3 Kings Environmental, Inc. to increase contract amount by an additional \$104,425.57 to provide additional construction services for the Stanton Yard Fuel Facility project. (Ordinance; amend Contract No. 30001449)

**FOR MAYOR'S OFFICE USE  
ONLY**

Reviewed by Bureau Liaison

184510

1. **INTENDED THURSDAY FILING DATE:** April 7, 2011
2. **REQUESTED COUNCIL AGENDA DATE:** April 13, 2011
3. **CONTACT NAME & NUMBER:** Rich Attridge, 3-5566
4. **PLACE ON:** X **CONSENT**      **REGULAR**
5. **BUDGET IMPACT STATEMENT ATTACHED:** X **Y**      **N**      **N/A**
6. **(2) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY**  
**ATTACHED:** X **Yes**      **No**      **N/A**

**7. BACKGROUND/ANALYSIS**

Attached is an ordinance to increase 3 Kings Environmental, Inc.'s Contract No. 30001449 by \$104,425.57 and extend the substantial completion date 30 days or until January 20, 2011 for the subject project. The change orders will allow for additional construction services to include: install footings for new canopy; extend concrete islands and drive slab for new canopy dimensions; completion of backfill of contaminated soil; install transition sump and piping; install new oil/water separator and provide pipes, valves, risers, and covers for complete installation; submit final report to DEQ for clean up of the release of petroleum on the site as required by the DEQ.

In May of 2010, the Office of Management and Finance/Facilities Services solicited bids through a formal Invitation for Bids to provide construction services for the Stanton Yard Fuel Facility project. A contract in the amount of \$260,433.00 was awarded to 3 Kings Environmental, Inc. who was the lowest, responsive, responsible bidder.

The original scope of work for the Stanton Yard Fuel Facility project was to remove three 12,000 gallon underground storage tanks and pump equipment and to replace them with three new 15,000 gallon tanks and pump equipment. The facility is the main fueling station for city maintenance vehicles at the City Fleet building on North Kerby.

The gravel sand surrounding the tanks was found to be contaminated and could not be reused for the new tank installation. When the tanks were removed, a large 2 foot thick, reinforced concrete slab was found under the tanks.

The construction drawings for the previous installation did not show this slab. There was extra cost to remove the concrete and to dig the tank pit deeper than anticipated. The fuel contaminated soil extended below the slab and under the fuel station canopy footings.

The 40+ year old canopy over the fuel station had to be dismantled and the footings removed in order to reach the contaminated soil. The canopy will have to be replaced and is part of the cost of change order No. 3.

Approximately 3,300 tons of contaminated soil was excavated from the fuel station to satisfy DEQ requirements for a clean site. Approximately 4,000 tons of pea gravel is required to backfill the excavated areas.

The Oregon Department of Environmental Quality (DEQ) has been concerned about this site since the original underground tanks were replaced in 1989. An investigation was done in 1991 that indicated a petroleum release had occurred. DEQ was notified and a file was opened.

A larger investigation of the fuel station site was conducted in December 2003 by Environmental Resources Management (ERM). ERM noted the 1991 investigation in their final report dated July 2004. ERM collected soil samples from additional borings. Their report concluded the following: "Based on the field observations and analytical results of this investigation, no additional investigation or clean-up activities should be required at this time. The maximum petroleum hydrocarbon concentration reported by the lab of 464 ppm detected in soil sample Borthwick-B1-4.0 is below the applicable soil matrix cleanup concentration of 1,000 ppm".

The only known fuel leak was from under one of the pumps to a depth of 48". The clean-up of this small amount of contaminated soil was included in 3 Kings Environmental, Inc.'s bid. Because of the 2004 ERM report and the fact that the existing fuel tanks had been constantly monitored since their installation in 1989, the project team did not expect to find large quantities of contaminated soil above DEQ action levels.

Change order no. 1, dated September 14, 2010 increased the contract amount \$26,970 to include irrigation and landscape work on the east parking lot required for construction permit to resolve non-conforming use issue for the Stanton Yard Fuel Facility project.

Change order no. 2, dated October 8, 2010 increased the contract amount \$204,497.38 to include the cost to obtain a Fire Marshall Permit; remove poured concrete slab underneath storage tanks; and to partially remove contaminated soil for the Stanton Yard Fuel Facility project.

Change order no. 3, dated December 17, 2010 (Ordinance No. 184325) increased the contract amount \$511,431.08 to remove and dispose of existing overhead fuel station canopy; install 10 canopy lights, conduit, and wiring in new canopy; soil testing lab analysis reports; remove oil water separator and dispose; shoring for extended time to remove contaminated soil; remove contaminated soil in phase 2 of

site remediation; additional landscaping in east parking lot required for canopy permit; install vapor extraction piping between tanks for future leak recovery; gravel infill required for contaminated soil excavations; credit for deletion of shed roof, canopy refurbishment, waste oil tank.

Memo dated November 23, 2010 attached to Ordinance No. 184325 stated the final cost for completion of the work had not been calculated yet due to unforeseen conditions. It was estimated at that time an additional \$150,000 would be needed to close out the project. Change order no. 4 (attachment no. 1) and change order no. 5 (attachment 2) would have represented the final work to complete the project, but there is a dispute over approximately \$10,000 of additional work and the claim process has not been completed.

**8. FINANCIAL IMPACT**

The cost of the change orders is \$104,425.57. The cost is covered in the Fleet Services budget.

**9. RECOMMENDATION/ACTION REQUESTED**

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