

Portland, Oregon

# FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator Mark Hutchinson		2. Telephone No. 503-823-7113	3. Bureau/Office/Dept. BES/Construction
4a. To be filed (hearing date):  November 2, 2011	4b. Calendar (Check One)  Regular <input type="checkbox"/> Consent <input checked="" type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst:
6a. Financial Impact Section: X Financial impact section completed		6b. Public Involvement Section: X Public involvement section completed	

**1) Legislation Title:**

Amend contract with Emery and Sons Construction, Inc., for additional work and compensation for the Foster/Holgate Sewer Replacement project, Project No. E10014 (Ordinance, Amend Contract No. 30001292)

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

To authorize the Commissioner of Public Affairs to increase the contract amount of Contract No. 30001292 with Emery and Sons Construction, Inc. in the amount of \$656,626.17.

This change causes the final contract amount to exceed the bid by more than 25% and requires Council approval. The bid amount was \$427,199.00 and the final contract amount will be \$1,083,825.17

**3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?**

- |   |   |                                    |                                |
|---|---|------------------------------------|--------------------------------|
| <input type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast            | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast  | <input checked="" type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East  |
| <input type="checkbox"/> Central City       |   |                                    |                                |

**FINANCIAL IMPACT****4) Revenue:** Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

No

**5) 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. If there is a project estimate, please identify the **level of confidence**.)

Cost increase of \$656,626.17 from the BES Capitol Improvement Fund. The estimate is optimal because it was reached as a settlement with the City Attorney's office.

**6) Staffing Requirements:**

- 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

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

No

*(Complete the following section only if an amendment to the budget is proposed.)*

**7) Change in Appropriations** *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

None

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

**[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]**

**PUBLIC INVOLVEMENT**

**8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:**

☒ **YES:** Please proceed to Question #9.

☐ **NO:** Please, explain why below; and proceed to Question #10.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

This Council item is related to a sewer reconstruction project that is completed in the Foster/Holgate neighborhood of Multnomah County. The project area has been restored.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

Construction began in June 2010 for this project. BES staff began engaging area residents on Project 8870 and 10014 through the Foster Business Association in late Oct. 2008. Public meetings were held for E10014 in November, 2009 at the Junior Achievement Office and flyers were mailed May, 2010 to residents and businesses during the design phase in order to share information about the project. Feedback and input from residents and stakeholders was received by email, phone conversations, site visits, project specific stakeholder meetings and community meetings.

Throughout construction the public was provided information regarding the project's status and traffic impacts through email and postal mail notification.

c) How did public involvement shape the outcome of this Council item?

Feedback from residents and stakeholders helped shape how and when construction took place on public and private property. Additionally, conversations and feedback from nearby residents helped refine the construction phase of this project in order to minimally impact residents.

d) Who designed and implemented the public involvement related to this Council item?

BES Communications staff designed and implemented the public involvement and outreach for this project.

e) Primary contact for more information on this public involvement process (name, title, phone, email):

Joe Annett, Senior Community Outreach and Information Representative, 503-823-2934,  
joe.annett@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

As this project is completed, additional public involvement activities are not anticipated.

 Dean Marriott, Director, Bureau of Environmental Services

  
APPROPRIATION UNIT HEAD (Typed name and signature)



# CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Dan Saltzman, Commissioner ■ Dean Marriott, Director

## MEMORANDUM

185003

**Date:** October 12, 2011

**TO:** Dan Saltzman, Commissioner of Public Utilities  
Dean Marriott, Director, Bureau of Environmental Services  
Jeffrey Baer, Purchasing Director, Bureau of Procurement Services

**FROM:** Mark Hutchinson, Construction Division Manager *AA*

**SUBJECT:** Foster & Holgate Sewer Replacement  
Project No. E10014, Contract No. 30001292

**Copies:** Bill Ryan, Scott Gibson, Scott Clement

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City Code requires the Commissioner, Bureau Director and Purchasing Agent's approval for increases to construction contracts in excess of 125% of the original authorized contract amount.

The Foster & Holgate Sewer Replacement project will exceed the original contract amount of (\$427,199.00) by \$602,726, or 254% of the original contract amount. The revised contract amount requested is \$1,083,825.17.

The project replaces an old failing 36" brick sewer pipes under the intersections SE Foster Rd and SE Holgate Blvd between 62<sup>nd</sup> Ave and 63<sup>rd</sup> Ave and SE Foster Rd between 66<sup>th</sup> Ave and 67<sup>th</sup> Ave. Both intersections have high traffic volumes, and many utilities built over the sewer pipes: buried telephone, gas, and a 60" and 30" steel water supply mains.

Actual site conditions were different than what was expected; the buried telephone lines conflicted with the pipe location, the 60" water line was in a different location and surrounded with running sand, and the sewer pipe had more bends in it than City records indicated. A new design was drawn and the contractor attempted to install the pipe normally but later switched to jack & bore tunneling to prevent damaging the 60" water supply main. The jack and bore tunneling work extended the contract duration from mid October to mid February as the contractor hand excavated to remove the existing pipe whose location varied significantly from what was shown on City records.

The contractor submitted a bill for \$1,466,731 for the new design and change to tunneling. The Bureau worked with the City Attorney to resolve the claim and reached a fair settlement amount for the changed work of \$1,029,925.

185003

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Dan Saltzman,  
Commissioner of Public Utilities

*Dean Marriott*

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Dean Marriott  
Director, Bureau of Environmental Services

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Jeffrey Baer,  
Director, Bureau of Procurement Services

MWH/mh



# CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Dan Saltzman, Commissioner ■ Dean Marriott, Director

185003

City Council  
Agenda Item  
Staff Supplemental Report

TO: Commissioner Dan Saltzman  
THROUGH: Amy Trieu

FROM: Mark Hutchinson

DATE: October 10<sup>th</sup>, 2011

RE: Amend contract with Emery and Sons Construction, Inc., for additional compensation for the Foster/Holgate Sewer Replacement project, Project No. E10014 (Ordinance, Amend Contract No. 30001292)

Requested Council Hearing Date: November 2, 2011.

## I. RECOMMENDATION

Amend contract with Emery and Sons Construction, Inc., for additional compensation for the Foster/Holgate Sewer Replacement project, Project No. E10014 (Ordinance, Amend Contract No. 30001292)

## II. BACKGROUND

Emery and Sons Construction entered into Contract No. 30001292, effective April 22<sup>nd</sup>, 2010, with the City to construct the Foster/Holgate Sewer Replacement project. This project is part of the 8400 series of projects to rehabilitate the worst of the failing sewer pipes in the City of Portland. The project replaces 36" brick sewer pipes under the intersections SE Foster Rd and SE Holgate Blvd between 62<sup>nd</sup> Ave and 63<sup>rd</sup> Ave and SE Foster Rd between 66<sup>th</sup> Ave and 67<sup>th</sup> Ave. Both intersections have high traffic volumes, and many utilities built over the sewer pipes: buried telephone, gas, and a 60" and 30" steel water supply mains.

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Actual site conditions were different than what was expected; the buried telephone lines conflicted with the pipe location, the 60" water line was in a different location and surrounded with running sand, and the sewer pipe had more bends in it than City records indicated. A new design was drawn and the contractor attempted to install the pipe normally but later switched to jack & bore tunneling to prevent damaging the 60" water supply main. The jack and bore tunneling work extended the contract duration from mid October to mid February as the contractor hand excavated to remove the existing pipe whose location varied significantly from what was shown on City records.

The contractor submitted a bill for \$1,466,731 for the new design and change to tunneling. The Bureau worked with the City Attorney to resolve the claim and reached a fair settlement amount for the changed work of \$1,029,925.

### III. FINANCIAL IMPACT

The cost of this change is \$602,726. Funds are available in the Sewer Operating Fund, FY 11-12 Budget. This amendment is to provide funding for the portion of the extra costs that exceed 25% over the original contract value. This excess requires Council approval.

### IV. LEGAL ISSUES

No legal issues related to the proposed amendment have been identified.

### V. CONTROVERSIAL ISSUES

No controversial issues related to the proposed amendment have been identified.

### VI. LINK TO CURRENT CITY POLICIES

This project is consistent with BES strategic planning and the BES CIP process. Construction was performed in accordance with the City of Portland Standard Construction Specifications.

### VII. CITIZEN PARTICIPATION

Public outreach for this project was conducted by the Public Involvement / Community Relations staff of the Communications Division in the Office of the Director, BES. Citizen questions and complaints were fielded by staff and brought to the attention of the Construction Division staff and the Contractor as appropriate. A regular update of project progress was sent to residents and property owners in the project area.

### VIII. OTHER GOVERNMENT PARTICIPATION

No other government participated directly in this project.

### IX. FINANCIAL IMPACT ON LOCAL ECONOMY

IF APPLICABLE, PROVIDE INFORMATION ON ESTIMATED NUMBER OF JOBS CREATED BY THIS ACTION

This work maintained local construction industry jobs. It is not known if any new jobs were created.

IF THIS ACTION IS CONTRACT-RELATED, PROVIDE INFORMATION ON M/W/ESB PARTICIPATION (NUMBER AND PERCENTAGE)

As of August 1, 2011, Emery and Sons has utilized M/W/ESB firms, in the amount of \$39,170.00. This represents 54% of the original contract value, or 9.42% of the expected final contract amount.

- X. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? YES  
WHAT IS THEIR BUSINESS LICENSE NUMBER? 388018  
IS THEIR ACCOUNT WITH THE CITY CURRENT? YES  
IF NOT, HOW MUCH IS OWING? \_\_\_\_\_