

## IMPACT STATEMENT

**Legislation title:** Accept bid of Paul Brothers, Inc. for the Spring Garden Park – Development project for \$3,100,659.32 (Procurement Report - Bid No. 00000555)

**Contact name:** Christine Moody, Chief Procurement Officer *CM*

**Contact phone:** 503-823-1095

**Presenter name:** Christine Moody, Chief Procurement Officer

### **Purpose of proposed legislation and background information:**

The purpose of this legislation is to authorize the Chief Procurement Officer to execute a construction contract for the Spring Garden Park – Development project for \$3,100,659.32.

Ordinance No. 187740 for the Portland Bureau of Transportation (PBOT) work was approved by City Council on May 11, 2016 and Ordinance No. 188204 for Portland Parks and Recreation (PP&R) work was approved by City Council on January 25, 2017 authorizing the Chief Procurement Officer to issue a competitive solicitation for the Spring Garden Park – Development project on behalf of PBOT and PP&R. The construction cost based on bids received is \$3,100,659.32.

No revenues will be impacted by this legislation.

This legislation does not change existing City policy.

### **Financial and budgetary impacts:**

The engineer's estimate for this project was \$2,750,000.00 and the confidence level was medium. Based on bids received, the Portland Bureau of Transportation (PBOT) and Portland Parks and Recreation (PP&R) anticipates the construction contract cost to be \$3,100,659.32 which is 11.3% over the engineer's estimate.

Upon evaluation of the bid for this project, we have come to the conclusion that there were 3 primary factors that contributed to the project coming in over the engineers bid estimate.

1. **Site Topography / Access:** Construction access has proven to be far more difficult than anticipated. There is 70' of elevation change on the park site proving to be problematic and expensive for large machinery access. This showed up in the unit cost pricing specifically with regard to concrete for example. On other recently constructed projects, we have seen concrete square foot (sf) costs in the range of \$6.00 to \$9.00/sf. Due to the difficulties of the site topography, the low bid unit prices for concrete on this project came in between \$14.66 to \$18.18 / sf. Although we anticipated difficulties with access these square footage costs was a primary contributor to the cost increases.
2. **Escalating Construction Market Labor / Material Costs:** We are seeing significant escalation in the construction market. There is less availability in the local qualified general contractor pool due to increased market demand and, as such, there is no incentive to provide competitive low bid pricing.
3. **Bid Timing:** The timing of the bid in Spring was challenging. This project was bid in early April. At this point, many of the general contractors have acquired summer work. The public is expecting delivery this year of the project with a grand opening anticipated in Spring 2018 so PP&R is recommending bid acceptance to move the project forward.

Parks has identified numerous value engineering opportunities and will be working with the low bid contractor to reduce costs on this project.

Funds are available in the PP&R FY 16/ 17 budget utilizing Parks System Development Charges for the PP&R work. PBOT work is funded utilizing LID funding based on estimated amount of the future assessment for the SW Dolph Court - Spring Garden Street LID is \$1,272,551.79. Additional funding is being provided by the Portland Bureau of Transportation (PBOT) in the amount of \$189,950.37 for overhead costs.

No present positions will be created, eliminated or re-classified as a result of this legislation.

**Community impacts and community involvement:**

The construction contracting community, including contractors certified with the State of Oregon as Disadvantaged, Minority, Women, or Emerging Small Businesses became involved when the Chief Procurement Officer advertised and publically noticed the project on the City’s Online Procurement System on March 9, 2017. A public notice was also posted in the Daily Journal of Commerce on March 13<sup>th</sup> and 20<sup>th</sup>, 2017.

Potential bidders were able to review the competitive solicitation, attend a pre-bid meeting, ask questions, provide comments and submit a bid in response to the Invitation to Bid (ITB). Bids received resulted in the award of the construction contract. Procurement Services managed the procurement process. No protests were received.

We do not anticipate anyone, or group will be testifying.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- ☐ **YES:** Please complete the information below.
- ☒ **NO:** Skip this section

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