

IMPACT STATEMENT

Legislation title: Accept Guaranteed Maximum Price of \$79,607,637 from Kiewit Infrastructure West Co. for the construction of the Columbia Blvd Wastewater Treatment Plant Secondary Treatment Expansion Project (Procurement Report - RFP No. 00001126)

Contact name: Lester Spitler, Chief Procurement Officer

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Presenter name: Lester Spitler, Chief Procurement Officer

Purpose of proposed legislation and background information:

Accept Guaranteed Maximum Price (1) of \$79,607,637 from Kiewit Infrastructure West Co. for the initial phase of construction of the CBWTP Secondary Treatment Expansion Project.

The City of Portland Bureau of Environmental Services ("BES" or "Bureau") owns and operates treatment plants which continuously treat sanitary sewage from all residents, businesses, and visitors, as well as collected stormwater generated within City limits. The Columbia Boulevard Wastewater Treatment Plant ("CBWTP") is the largest facility, initially constructed in 1952 with its largest expansion last completed almost 50 years ago in the early 1970's. BES strive to contribute to the economic viability and livability of the Portland metropolitan region by protecting public health and the environment. As a continuation of this commitment, BES entered into a Mutual Agreement and Order (MAO) with the DEQ on May 25, 2011. The amended MAO requires the addition of two new secondary clarifiers to increase biological treatment of captured combined sewer overflows at the CBWTP. The City is required to complete the expanded secondary treatment facilities by December 2024.

As presented to Council on October 4, 2017, BES has engaged the services of a Construction Manager/General Contractor ("CM/GC"). As anticipated at time of that legislation, two major construction packages are planned for, and this legislation is focused on the first construction package, also referred to as "GMP 1".

This legislation does not change any City policy

No revenues will be impacted by this legislation

Financial and budgetary impacts:

As presented to Council on October 4, 2017, BES has engaged the services of a Construction Manager/General Contractor ("CM/GC") to assist in providing early and higher cost certainty on the project, which includes a number of ancillary and adjacent elements of work in addition to the new clarifiers. The initial planning budget presented to Council was \$89 million for construction, with a low level of confidence and no site investigations available. The CM/GC was brought as planned prior to the 20 percent design phase completion to provide cost estimates, constructability, field investigations, and value engineering input. The 20 percent design construction cost estimate was \$318 million in November 2019, higher than the planning cost estimate and associated contingency. Main contributors to the cost increase relate to poor existing soils conditions, the difficulty to upgrade existing 1970's structures to current seismic code while keeping them operating, and the difficulty to connect to existing aging systems with new facilities without expanding scope boundaries to maintain system integrity. The early cost estimate allowed BES to re-prioritize the scope of work and overall Capital Improvements Program to fit the anticipated project cost within the approved overall budget. The latest overall construction cost estimates, at 30 percent design completion, is \$301 million. While this legislation falls within the original authority granted to the Chief Procurement Officer, the project team will come to Council for a future legislation on the next construction package, identified as Guaranteed Maximum Price (2) ("GMP 2")

Based on the Guaranteed Maximum Price (1) received, The Bureau of Environmental Services anticipates the construction contract cost to not exceed \$79,607,637. Funding has been approved in the FY 2020-21 Budget and will be requested in the FY 2021-22 and FY 2022-23 Budgets.

Funds are available in BES Owner Cost Center E07947.

No present positions will be created or eliminated as a result of this legislation. Due to the long duration, size of the project and special expertise being built in alternative delivery, opportunities for re-classifications are envisioned to ensure succession planning at BES for technical and managerial staff.

Community impacts and community involvement:

The construction contracting community, including contractors certified as State of Oregon disadvantaged, minority, women, emerging small businesses and service disabled veteran owned businesses became involved when the Chief Procurement Officer advertised and publicly noticed the project on the City’s Online Procurement System on December 6, 2017.

Potential proposers were able to review the competitive solicitation, attend a pre-proposal meeting, ask questions, provide comments and submit qualifications in response to the Request for Qualifications (RFQ). A Request for Proposals was issued on December 19, 2018 to those Contractors who were deemed qualified in the RFQ process. The proposals received resulted in the award of the CM/GC Pre-Construction Services contract. Procurement Services managed the procurement process. No protests were received.

During construction and implementation of this legislation, the project will be implementing the City’s Community Benefits Agreement (Resolution 37329) to increase diversity and equity in construction contracting, with mentoring and apprenticeship opportunities for minorities and women in the workforce as well as subcontracting opportunities for disadvantaged, minority-owned, women-owned, disabled veteran-owned, and emerging small businesses. An advisory committee has been formed for the STEP Community Benefits Agreement.

Throughout construction, the project team will provide updates and seek input as necessary from the CBWTP Citizens Advisory Committee, as part of its regular updates.

No known persons or groups 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
