



[Home](#) / [Council Documents](#)

565-2023

Report

Accept Guaranteed Maximum Price of \$286,245,376 from MWH-Kiewit JV for construction of the first phase of the Bull Run Filtration Facility Project (Procurement Report - 00001428)

Accepted

June 28, 2023

The Portland Water Bureau provides high-quality drinking water to nearly 1 million people. The Water Bureau strives to provide excellent water every minute of every day to enhance public health and safety and contribute to the economic viability and livability of the Portland metropolitan region.

The Water Bureau is responsible for delivering the Bull Run Filtration Projects (Filtration) to protect public health and comply with federal safe drinking water regulations. The goal of the Bull Run Filtration Facility Project (Filtration Facility) is to design and construct a new water filtration facility to remove *Cryptosporidium* and other potential contaminants from the Bull Run supply. Construction of Filtration is needed for the Water Bureau to meet the compliance agreement with the Oregon Health Authority (OHA) to begin delivering filtered water to customers by September 30, 2027.

Ordinance No. 189146, passed by Council on August 29, 2018, authorized Procurement Services to use an alternative contracting method to select a Construction Manager/General Contractor (CM/GC) to construct the Filtration Facility. Procurement Services advertised Request for Proposals Number 00001428 on February 28, 2020, for pre-construction services and construction of the Filtration Facility with a combined pre-construction and construction services estimate of \$350 million. The Water Bureau rated the project estimate confidence level as low at that time.

On April 23, 2020, three proposals were received that were then reviewed, evaluated, and scored by a five-member evaluation committee made up of Water Bureau representatives. The evaluation committee selected MWH-Kiewit JV as the highest-scoring proposer. Pre-Construction Services Contract Number 30007669 was entered into with MWH-Kiewit JV, effective March 3, 2021, for \$9,500,000 million.

Introduced by

[Mayor Ted Wheeler;](#)
[Commissioner Mingus Mapps](#)

Bureau

[Management and Finance;](#)
[Revenue and Financial Services](#)

Contact

Biko Taylor
Chief Procurement Officer

✉ biko.taylor@portlandoregon.gov

☎ [503-823-1095](tel:503-823-1095)

Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

June 28, 2023

Requested Start Time

2:45 pm

Time Requested

1 hour (5 of 6)

The Pre-Construction Services Contract included project partnering; collaborative project design; constructability reviews; development of construction procurement, management, and safety plans; cost estimating; and the development of Guaranteed Maximum Prices (GMPs) for Filtration Facility construction. Pre-construction services are in progress and will be completed as the Filtration Facility moves into construction.

To meet regulatory deadlines, it is in the City's best interest to implement the Filtration Facility in two phases. The Chief Procurement Officer recommends the award of a CM/GC construction services contract to MWH-Kiewit JV for construction of the first phase of the Filtration Facility for the GMP1 of \$286,245,376, as stated in Exhibit A GMP1 Early Works attached to this report. This is the first of two GMPs for the Filtration Facility.

The Filtration Facility is aligned with the City of Portland Construction Diversity and Inclusion Policy (CDIP) and Regional Workforce Equity Agreement (RWEA), which focus on expanding economic opportunities for Black and Indigenous people, people of color, and women. RWEA centers workforce development and safe/anti-racist workspaces for women and people of color through the City's core values of equity, fiscal responsibility, transparency, communication, collaboration, and anti-racism. RWEA is a collaborative effort between public owners and unions to promote hiring local vendors, suppliers, contractors, and subcontractors, as well as local area workforce, which will return long-term community benefits.

MWH-Kiewit JV has committed to meeting the goal for Filtration Facility construction of 25 percent of hard construction costs going to equity contractor participation, with 16 percent minority-owned contractor participation and 8 percent women-owned contractor participation. MWH-Kiewit JV has been instrumental in outreach efforts and developing respectful workplace training as part of pre-construction services. The Construction Diversity and Inclusion Procurement Plan from MWH-Kiewit JV is attached as Exhibit B to this report.

MWH-Kiewit JV is located in Portland, Oregon. MWH-Kiewit JV has a current City of Portland Business Tax Registration and an Equal Employment Opportunity Certification and is in full compliance with the City's contracting requirements. MWH-Kiewit JV is not certified by the Oregon Certification Office of Business Inclusion and Diversity.

Funds are available for this project under Owner Cost Center W02229.


It is recommended that a Performance Bond and Payment Bond each at 100 percent of the contract amount be furnished by the Contractor.


Recommended by:

Biko Taylor

Chief Procurement Officer

Documents and Exhibits

 [Exhibit A](https://www.portland.gov/sites/default/files/council-documents/2023/mwh-kiewit-early-works-gmp-proposal-exhibit-a_0.pdf) (https://www.portland.gov/sites/default/files/council-documents/2023/mwh-kiewit-early-works-gmp-proposal-exhibit-a_0.pdf), 48.32 MB

 [Exhibit B](https://www.portland.gov/sites/default/files/council-documents/2023/mwh-kiewit-constr-di-procurement-plan-exhibit-b.pdf) (<https://www.portland.gov/sites/default/files/council-documents/2023/mwh-kiewit-constr-di-procurement-plan-exhibit-b.pdf>), 5.65 MB

Impact Statement

Purpose of Proposed Legislation and Background Information

The purpose of this legislation is to allow Portland City Council the opportunity to review and accept the Guaranteed Maximum Price (GMP1) of \$286,245,376 from the MWH-Kiewit JV for the construction of the first phase of the Bull Run Filtration Facility Project (Filtration Facility).

The Environmental Protection Agency considers *Cryptosporidium* to be a health risk and issued the Long Term 2 Enhanced Surface Water Treatment Rule to reduce illnesses caused by *Cryptosporidium* and other pathogens in drinking water. In January 2017, *Cryptosporidium* oocysts were found in the Bull Run supply, exceeding what is allowable by these drinking water regulations. To protect public health and comply with these regulations, the City of Portland signed a Bilateral Compliance Agreement with the Oregon Health Authority requiring the filtration facility be in operation by September 30, 2027.

City Resolution No. 37460 directed the Portland Water Bureau to plan, design, and construct the Bull Run Filtration Project (Filtration) to comply with federal and state drinking water regulations. Filtration includes the Filtration Facility planned on 95 acres of City-owned property and the Bull Run Filtration Pipelines Project to connect the facility to the existing water system.

Ordinance No. 189146, passed by Council on August 29, 2018, authorized Procurement Services to use an alternative contracting method to select a Construction Manager/General Contractor (CM/GC) for the Filtration Facility. The Chief Procurement Officer advertised Request for Proposals (RFP) Number 00001428 on February 28, 2020, for pre-construction services and construction of the Filtration Facility with a combined pre-construction and construction services estimate of \$350,000,000. The Water Bureau rated the project estimate confidence level as Low at that time.

To meet the Filtration compliance deadline, it is in the City's best interest to implement the Filtration Facility in two phases with two GMPs (GMP1 and GMP2).

No revenues will be impacted by this legislation.

This legislation does not change existing City policy.

Financial and Budgetary Impacts

The estimated total for the Filtration Facility CM/GC contract (GMP1 and GMP2) is approximately \$1,069,000,000 and has a high confidence level as the Filtration Facility design is complete. The total project cost for the Filtration Facility (W02229) is estimated to be \$1,239,000,000.

The Filtration Facility is in the Water Bureau's 5-Year Capital Improvement Plan and is part of the treatment program, with approximately \$91,000,000 requested for FY 2023–24. Approximately \$1,057,000,000 will be requested for FY 2024–25 to FY 2028–29. Funding for the Filtration Facility is from a combination of net proceeds from revenue bond sales, low-interest Environmental Protection Agency Water Infrastructure Finance and Innovation Act loan, water sales revenue, and other construction fund revenues such as system development charges and interest earnings.

Funds are available in the Water Bureau's Owner Cost Center W02229.

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

Community Impacts and Community Involvement

The Filtration Facility and related Filtration Pipelines are anticipated to create 4,700 to 7,500 construction jobs, offering opportunities for local businesses and supporting career opportunities in the construction trades.

As part of the pre-construction services, the Water Bureau and MWH-Kiewit JV have been reaching out to dozens of groups in the local contracting community to raise awareness of upcoming work opportunities and encourage equity contractor participation. This includes outreach to LatinoBuilt, Oregon Association of Minority Engineers, Constructing Hope, Oregon Tradeswomen, Portland Youth Builders, Professional Business Development Group, and others.

Using the CM/GC method for the Filtration Facility allows the City to monitor utilization of equity contractors and participation of people of color and women in the workforce to help the City achieve Regional Workforce Equity Agreement (RWEA) and Construction Diversity and Inclusion Policy (CDIP) objectives. It also helps to set the City and local economy on a path where more local contractors have the ability to provide CM/GC services while meeting the requirements established by the RWEA.

The Filtration Facility is one of the City's first RWEA efforts. RWEA is a collaborative effort between public owners and unions to promote hiring local vendors, suppliers, contractors, and subcontractors, as well as local

area workforce, which will return long-term community benefits. RWEA centers workforce development and safe/anti-racist workspaces for women and people of color through the City's core values of equity, fiscal responsibility, transparency, communication, collaboration, and anti-racism.

MWH-Kiewit JV has committed to meeting equity contractor participation goal of 25 percent of hard construction costs with 16 percent minority-owned contractor participation and 8 percent women-owned contractor participation. This is in addition to workforce diversity commitments that set goals for work hours performed by apprentice-level and journey-level people of color and women in the construction trades. MWH-Kiewit JV has been instrumental in outreach efforts and developing respectful workplace training as part of pre-construction services.

No known persons or groups will be testifying; however, it is likely community members will sign up to testify given known interest in the project.

The Water Bureau will continue current outreach efforts regarding Filtration, including ongoing communications with customers and the neighboring community about construction milestones and safety.

100% Renewable Goal

This action does not affect the City's total energy use or renewable energy use.

Although the new Filtration Facility is anticipated to increase the City's total energy usage, the Filtration project team is working within several sustainability-oriented frameworks including the Green Building Policy, LEED, and Envision to reduce energy needs and use greener energy alternatives where possible. Both holistic sustainability opportunities and specific design and operational opportunities have been identified to support City energy-efficiency goals when possible, such as designing the Filtration Facility and Filtration Pipelines to continue gravity operations.

Budget Office Financial Impact Analysis

The bureau is looking to accept the GMP of \$286,245,376 for the first of two phases of the Bull Run Filtration Facility Project. The total project costs were initially estimated to cost \$350 million in February 2020, though that project estimate confidence level was low and is now planned to cost \$1,069,000,000 with a high degree of confidence. The bureau has anticipated the notable difference in cost in its 5-year CIP and plans to fund it from a combination of net proceeds from revenue bond sales, a low-interest WIFIA loan from the EPA, water sales revenue, and other construction fund revenues such as SDC and interest earnings. Funding this project will not affect rate increases above what has been already communicated.

Agenda Items

565 Time Certain in [June 28, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/6/28)
(<https://www.portland.gov/council/agenda/2023/6/28>)

Accepted - Prepare Contract

Motion to accept the report: Moved by Mapps and seconded by Ryan.

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea