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290-2024

Report

Accept Guaranteed Maximum Price of \$7,557,030 from Granite Construction Company for construction of the NW 9th Ave/NW Hoyt St System Improvements Project (Procurement Report - RFP 00001775)

Accepted

TO THE COUNCIL:

Ordinance Number 190244 passed by Council on December 16, 2020 authorized Procurement Services to use an alternative contracting method to select a Construction Manager/General Contractor (CM/GC) for the joint Bureau of Environmental Services (BES)/Portland Water Bureau (PWB) NW 9th Avenue/NW Hoyt Street System Improvements Project. The Chief Procurement Officer advertised Request for Proposals (RFP) Number 00001775 on November 19, 2021 for pre-construction services and construction of the NW 9th Avenue/NW Hoyt Street System Improvements Project with a construction services estimate of \$5,400,000. BES rated the project estimate confidence level as Moderate.

On December 22, 2021, one (1) proposal was received. The proposal was reviewed, evaluated, and scored by a five (5)-member evaluation committee. The evaluation committee consisted of representatives from BES, PWB, and one member from the Minority Evaluator Program. The evaluation committee selected Granite Construction Company as the highest scoring proposer. Pre-Construction Services Contract Number 30008083 was entered into with Granite Construction Company, effective May 2, 2022, with a contract value of Four Hundred Eighty-One Thousand One Hundred Seventy Dollars (\$481,170). The Pre-Construction Services Contract included project partnering, collaborative project design, constructability reviews, development of construction procurement, management and safety plans, early work construction, cost estimating, and the development of the Guaranteed Maximum Price for construction of the Project.

The Chief Procurement Officer recommends the award of the CM/GC construction services contract to Granite Construction Company for the Guaranteed Maximum Price (GMP) of \$7,557,030, as stated in the GMP Proposal, Attachment 1, attached to this Report.

Granite Construction Company has made a commitment of \$2,350,474 in utilization of disadvantaged, minority, women and emerging small business subcontractors, material suppliers and manufacturers certified by the

Introduced by

[Mayor Ted Wheeler](#)

Bureau

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

Contact

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 II

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

April 10, 2024

Time Requested

15 minutes

Certification Office for Business Inclusion and Diversity (COBID), which represents 38% of the hard construction costs of the project. The Contractor Diversity and Inclusion Policy from Granite Construction Company is attached as Attachment 2 to this Report.

Granite Construction Company is located in Vancouver, WA, and is not a State Certified COBID Contractor. They have a current City of Portland Business Tax Registration and EEO Certification and are in Full Compliance with the City's contracting requirements.

Funds are available for this project under Owner Cost Center E11252/W02631.

It is recommended that a Performance Bond and Payment Bond each at 100% of the contract amount be furnished by the Contractor. Further, it is also recommended that a two (2) year Maintenance/Warranty Bond for 20% of the final contract amount be furnished by the Contractor before final payment is released.


Recommended by:


Kathleen Brenes-Morua

Interim Chief Procurement Officer

KBM: mss

Documents and Exhibits

 [Attachment 1](https://www.portland.gov/sites/default/files/council-documents/2024/attachment-1-gmp-proposal-v3-3-12-24-granite-construction-reduced_3-13-final.pdf) 10.13 MB
(https://www.portland.gov/sites/default/files/council-documents/2024/attachment-1-gmp-proposal-v3-3-12-24-granite-construction-reduced_3-13-final.pdf)

 [Attachment 2](https://www.portland.gov/sites/default/files/council-documents/2024/attachment-2-rwea-cdip-v2-signed.pdf) 428.41 KB
(<https://www.portland.gov/sites/default/files/council-documents/2024/attachment-2-rwea-cdip-v2-signed.pdf>)

Impact Statement

Purpose of Proposed Legislation and Background Information

Accept Guaranteed Maximum Price of \$7,557,030 from Granite Construction Company for the construction of the NW 9th Avenue/NW Hoyt Street System Improvements Project.

The joint Bureau of Environmental Services (BES)/Portland Water Bureau (PWB) NW 9th Avenue/NW Hoyt Street System Improvement Project (Project) will make improvements to water, sanitary, and stormwater systems to address existing system deficiencies and to minimize risks to human health and the environment in anticipation of future service needs in the United States Postal Service (USPS) site vicinity: along NW 9th Avenue, between NW Hoyt and NW Lovejoy, and sanitary and stormwater improvements along NW Hoyt Street, between NW 9th and NW 11th Avenues. A short section of water

system improvements will also be made along NW Irving Street, near NW 9th Avenue.

Ordinance Number 190244 passed by Council on December 16, 2020 authorized Procurement Services to use an alternative contracting method to select a Construction Manager/General Contractor (CM/GC) for the NW 9th Avenue/NW Hoyt Street System Improvements Project. The Chief Procurement Officer advertised Request for Proposals (RFP) Number 00001775 on November 19, 2021, for pre-construction services and construction of the NW 9th Avenue/NW Hoyt Street System Improvements Project with an estimated Construction Contract cost to be approximately \$5,400,000 and total project cost estimate of \$8,200,000. BES rated the project estimate confidence level as Moderate at that time.

No revenues will be impacted by this legislation.

This legislation does not change existing City policy.

Financial and Budgetary Impacts

Based on the Guaranteed Maximum Price received, BES anticipates the construction contract cost to not exceed \$7,557,030.

Funds are available in BES's Owner Cost Center E11252/W02631.

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

Community Impacts and Community Involvement

The public, construction contracting community, including contractors certified as State of Oregon disadvantaged, minority, women, and emerging small businesses became involved when the Chief Procurement Officer and BES advertised a notice of public hearing in the DJC on November 25, 2020 to welcome the public's comments on the findings and recommendation to exempt the project from the requirement of competitive bidding during Council's presentation on December 9, 2020. Procurement Services also advertised and publicly noticed the project on the City's Online Procurement System and the Daily Journal of Commerce on November 19, 2021 to welcome proposals from the contracting community.

Potential proposers were able to review the competitive solicitation, attend a pre-proposal meeting, ask questions, provide comments and submit a proposal in response to the Request for Proposals (RFP). Proposals received resulted in the award of the CM/GC Pre-Construction Services contract. Procurement Services managed the procurement process. No protests were received.

The use of a CM/GC contracting method is critical to facilitating this complicated Project with the least amount of disruptions to the general public, business and property owners, and commerce in the project area. This method promotes schedule efficiencies through early Contractor involvement and the incorporation of schedule-saving approaches prior to the completion of the design. The CM/GC method gives the contractor more time to engage in

noise abatement alternatives helping to lessen the impact to the neighboring businesses, residents and general public. Traffic control (vehicular, bicycle and pedestrian) impacts will also be lessened because the Contractor will be able to adjust their work in response to public access needs prior to being in construction.

Utilizing the CM/GC method allows the City to monitor Contractor outreach and utilization of apprentices, SDVBE/D/M/W/ESB subcontractors and help the City achieve the Regional Workforce Equity Agreement (RWEA) and the Contractor Diversity and Inclusion Policy (CDIP) objectives for this Project. Also, 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 qualifications established by the RWEA and CDIP.

Procurement Services and BES made additional outreach efforts with the contracting community by holding a virtual meeting on February 3rd, 2021. The informational meeting provided an open forum for potential prime and subcontractors to network and gain insight into the project scope, social equity in contracting objectives, and CM/GC process. The attendees were able to ask questions and seek clarification anytime during the presentation.

No known persons or groups will be testifying.

No future public involvement is anticipated or necessary for this request.

100% Renewable Goal

This action neither increases nor decreases the City's total energy use.

This action neither increases nor decreases the City's renewable energy use.

Agenda Items

**290 Regular Agenda in [April 10-11, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/4/10)
(<https://www.portland.gov/council/agenda/2024/4/10>)**

Accepted - Prepare Contract

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

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea