

## ORDINANCE No. 183993

\*Authorize a Change Order to contract with Stacy and Witbeck, Inc. to purchase and install a wheel truing machine for the Portland Streetcar and direct the Office of Management and Finance to finance, under certain conditions, the purchase (Ordinance; Contract No. 30000609)

The City of Portland ordains:

Section 1. The Council finds:

1. The City owns Portland Streetcar providing streetcar service on a 4-mile alignment between N.W. 23rd Avenue and S.W. Lowell Street and including a fleet of 10 streetcar vehicles.
2. The City in partnership with Portland Streetcar, Inc. (PSI), and TriMet operates and maintains the streetcar with a shared annual budget of approximately \$5.6 million.
- 3.. A 3.5 mile extension of streetcar service to the Eastside across the Broadway Bridge to the Lloyd District and south on 7th Avenue, Oregon, MLK Jr. Blvd and Grand to OMSI (Loop Project) is currently under construction with a substantial completion scheduled in fall of 2011 with revenue service beginning in 2012.
4. Regular maintenance of all streetcars requires wheel truing, which removes defects from regular wear and flat spots due to braking, wheel turning and sliding.
5. The City contracts with TriMet to true the streetcar wheel trucks at the Ruby Junction Light Rail Maintenance facility in Gresham. Each of the ten streetcars is trued every six months by removing the two trucks (4 wheels each), loading the parts onto a flatbed truck and transporting them on the one truck TriMet owns that will accommodate this task. This activity must be coordinated with TriMet's own wheel truing requirements which receive schedule priority. Upon completion of the wheel truing, the trucks are loaded onto a truck and returned to the Streetcar Maintenance Facility. A streetcar bay is out of service during this time, while the streetcar waits for the trucks to be remounted.
6. The current cost for wheel truing on each streetcar vehicle is approximately \$2,000 for Portland Streetcar maintenance personnel to remove and remount the trucks and to transport them to and from Gresham; and \$5,000 in TriMet costs billed to the City for the grinding; or a total of approximately \$140,000 per year for the present 10-vehicle fleet. This cost is expected to increase to \$260,000 per year in current dollars when the Portland Streetcar fleet increases to 17 vehicles when Loop Project service starts in 2012.
7. The Portland Streetcar Loop Project (Loop Project) includes the purchase of six additional streetcars. A truing machine was initially planned to be installed in the maintenance facility during the concurrent improvements related to the Loop Project. The truing machine was removed from the Loop Project budget in order to increase the project contingency to meet Federal Transit Administration (FTA) contingency reserve

requirements; an action supported by the third party risk assessment conducted by the Portland Development Commission.

6. In addition to saving time, increasing safety and convenience, a wheel truing machine located in the Streetcar Maintenance Facility, will generate significant streetcar operating cost savings. It would no longer be necessary to remove or transport the trucks or to pay TriMet personnel costs, reducing the cost for grinding wheels to less than \$900 per vehicle or approximately \$30,000 per year in 2012, representing an annual cost savings of about \$230,000 in current dollars with a 17-vehicle fleet. The savings would increase exponentially in future years if Portland Streetcar service and the vehicle fleet is expanded and as costs increase due to inflation.
7. Currently, the Loop Project contingency reserves total \$5,695,764.00. Although there is no guarantee, the project expects that by mid-2011 adequate project contingency reserves will be available to pay for the unanticipated costs in the remaining civil construction and that FTA will allow the release of reserve contingency funds to cover all or a portion of the cost of the wheel truing machine. Any remaining costs related to the truing machine will be funded by savings in the maintenance budget.
8. A commitment to purchase and install the wheel truing machine in the Streetcar maintenance facility must be made now due to the 15-month lead time for ordering and manufacturing the equipment and for providing the required electrical, structural and foundation design changes to accommodate the wheel truing machine in the Streetcar maintenance facility as a part of the current Loop Project work.
9. Portland Bureau of Transportation (PBOT) and Portland Streetcar Inc. (PSI), working with the Office of Management & Finance (OMF), determined that the \$2,000,000 cost of the wheel truing machine and its installation can be financed over 5 years with principal and interest payments equal to approximately \$442,000 per year.
10. The annual savings of approximately \$230,000 will contribute to retiring the debt in five years and will result in a positive reduction of the maintenance budget over a ten-year period of \$425,855 based on a 17-vehicle fleet.
11. The City will continue to realize savings over the 30 to 50 year useful life of the machine. As a result, PBOT and PSI recommended that the City Council authorize the additional expenditure for the truing machine, and that OMF finance the cost for a period of up to 5 years with the provision that the financing may be partially or totally retired at some time after mid-2011 if remaining Loop Project contingency reserves become available and FTA approves their use for that purpose.

NOW, THEREFORE, the Council directs:

- a. The Mayor and the City Auditor are hereby authorized to enter into a Change Order to the Construction Services Contract with Stacy and Witbeck, Inc. (Contract No. 30000609) for the purchase and installation of a wheel truing machine and related infrastructure, substantially in accordance with the Change Order attached to the original of this Ordinance, and, by reference, made a part hereof.

- b. The Office of Management and Finance (OMF) is hereby authorized to obtain financing for the truing machine in an amount not to exceed \$2,000,000 plus issuance costs. The source of repayment of the financing will be all revenues of PBOT that are legally available to pay debt service on the financing. In addition, the Debt Manager or City Treasurer may further secure the financing with the full faith and credit of the City, finalize the terms and conditions of the financing, execute documents, and take other action in connection with the financing that the Debt Manager or City Treasurer find will be advantageous to the City.
- c. The Mayor and City Auditor are hereby authorized to draw and deliver checks payable to Stacy and Witbeck, Inc., chargeable to the Transportation Operating Fund, Fund 200000, Business Area TR00.

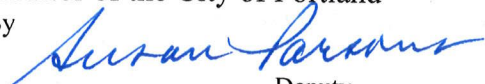
Section 2. The Council declares that an emergency exists because delay would significantly disrupt the construction schedule, the Project needs 15 months lead time to order and manufacture the equipment and to provide the required electrical, structural and foundation design associated with accommodating the equipment; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council, JUL 14 2010

Mayor Sam Adams  
Prepared by: Shoshanah Oppenheim: slg  
Date Prepared: June 22, 2010

**LaVonne Griffin-Valade**  
Auditor of the City of Portland

By

  
Deputy

Agenda No. **1839 93**  
**ORDINANCE NO.**  
 Title

\*Authorize a Change Order to Contract with Stacy and Witbeck, Inc. (SWI) to purchase and install a wheel truing machine for the Portland Streetcar and direct the Office of Management and Finance to finance, under certain conditions, the purchase (Ordinance; Contract No. 30000609)

<p><b>INTRODUCED BY</b>                  Commissioner/Auditor:  <b>MAYOR SAM ADAMS</b>  <i>R. Dittmann on behalf of Mayor Adams</i>  <b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p> <p><b>BUREAU APPROVAL</b></p> <p>Bureau: Bureau of Transportation                  Group Manager: Greg Jones                  Development &amp; Capital Program</p> <p>Other: <i>Carson</i></p> <p>Prepared by: Shoshanah Oppenheim:slg</p> <p>Date Prepared: June 22, 2010 <i>old</i></p> <p>Financial Impact Statement                  Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>                  Not Required <input type="checkbox"/></p> <p>Portland Policy Document                  If "Yes" requires City Policy paragraph stated in document.                  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Council Meeting Date  <b>July 14, 2010</b></p> <p><input checked="" type="checkbox"/> <b>City Attorney Approval</b></p>	<p>CLERK USE: DATE FILED <u>JUL 09 2010</u></p> <p style="text-align: center;">LaVonne Griffin-Valade                  Auditor of the City of Portland</p> <p>By: <i>Fritz</i> Deputy</p> <p><b>ACTION TAKEN:</b></p>
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<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____                  (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input type="checkbox"/></p>
<p><b>REGULAR</b> <input checked="" type="checkbox"/></p> <p>Total amount of time needed: <b>15</b>                  (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Leonard	✓	
Adams	✓	