

**FINANCIAL IMPACT STATEMENT
For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Rich Attridge, Project Manager		2. Telephone No. 3-5208	3. Bureau/Office/Dept. OMF-Internal Business Services-Facilities Services
4a. To be filed (date) December 9, 2010	4b. Calendar (Check One) Regular Consent 4/5ths X <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst:

1) Legislation Title:

* Amend contract with 3 Kings Environmental, Inc. to increase contract amount by an additional \$511,431.08 to provide additional construction services for the Stanton Yard Fuel Facility project. (Ordinance; amend Contract No. 30001449)

2) Purpose of the Proposed Legislation:

The purpose of this ordinance is to increase the amount of Contract No. 30001449 with 3 Kings Environmental, Inc. by an additional \$511,431.08 to provide additional construction services for the Stanton Yard Fuel Facility project.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

No

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

This change order will bring the total cost of the Stanton Yard Fuel Facility project to \$1,003,331.40. The additional costs of the project will be funded thru a combination of Fleet Services fund reserves and/or a Facilities Services major maintenance account. The mix will depend on the outcome of an update to the projections of Fleet Services fund reserves and a Facilities Services major maintenance account. This update is being done for the FY 2011-12 budget and FY 2010-11 Winter BUMP report.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)

No

6) Will positions be created or eliminated in future years as a result of this legislation?

No

Complete the following section if you are accepting and appropriating a grant via ordinance. This section should only be completed if you are adjusting total appropriations, which currently only applies to grant ordinances.

7) Change in Appropriations (If the accompanying ordinance amends the budget, please reflect the dollar amount to be appropriated by this legislation. If the appropriation includes an interagency agreement with another bureau, please include the partner bureau budget adjustments in the table as well. Include the appropriate cost elements that are to be loaded by the Grants Office and/or Financial Planning. Use additional space if needed.)

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

JEFFREY B. BAER, BUREAU OF INTERNAL BUSINESS SERVICES

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor
Kenneth L. Rust, Chief Administrative Officer
Jeffrey B. Baer, Director, Bureau of Internal Business Services

184325
Robert F. Kieta, Manager
Facilities Services

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DATE: November 23, 2010

TO: Mayor Sam Adams

VIA: Jeff Baer, Director of Internal Business Services
Bob Kieta, Facilities Services Manager

FROM: Rich Attridge, Project Manager

RE: * Amend contract with 3 Kings Environmental, Inc. to increase contract amount by an additional \$511,431.08 to provide additional construction services for the Stanton Yard Fuel Facility project. (Ordinance; amend Contract No. 30001449)

**FOR MAYOR'S OFFICE USE
ONLY**

Reviewed by Bureau Liaison

1. **INTENDED THURSDAY FILING DATE:** December 9, 2010
2. **REQUESTED COUNCIL AGENDA DATE:** December 15, 2010
3. **CONTACT NAME & NUMBER:** Rich Attridge, 3-5566
4. **PLACE ON:** ___ CONSENT X REGULAR
5. **BUDGET IMPACT STATEMENT ATTACHED:** X Y ___ N ___ N/A
6. **(2) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** X Yes ___ No ___ N/A

7. BACKGROUND/ANALYSIS

Attached is an ordinance to increase 3 Kings Environmental, Inc's Contract No. 30001449 by \$511,431.08 and extend the substantial completion date 34 days or until December 21, 2010 for the subject project. The change order will allow for additional construction services to include: removal of the existing overhead fuel station canopy; soil testing lab analysis reports; removal of contaminated soil; gravel infill required for contaminated soil excavations. The change order also includes a credit in the amount of \$29,878.91 for deletion of shed roof, canopy refurbishment, and waste oil tank.

In May of 2010, the Office of Management and Finance/Facilities Services solicited bids through a formal Invitation for Bids to provide construction services for the Stanton Yard Fuel Facility project. A contract in the amount of \$260,433.00 was awarded to 3 Kings Environmental, Inc. who was the lowest, responsive, responsible bidder.

The original scope of work for the Stanton Yard Fuel Facility project was to remove three 12,000 gallon underground storage tanks and pump equipment and to replace them with three new 15,000 gallon tanks and pump equipment. The facility is the main fueling station for city maintenance vehicles at the City Fleet building on North Kerby.

The gravel sand surrounding the tanks was found to be contaminated and could not be reused for the new tank installation. When the tanks were removed, a large 2 foot thick, reinforced concrete slab was found under the tanks.

The construction drawings for the previous installation did not show this slab. There was extra cost to remove the concrete and to dig the tank pit deeper than anticipated. The fuel contaminated soil extended below the slab and under the fuel station canopy footings.

The 40+ year old canopy over the fuel station had to be dismantled and the footings removed in order to reach the contaminated soil. The canopy will have to be replaced and is part of the cost of change order No. 3.

Approximately 3,300 tons of contaminated soil was excavated from the fuel station to satisfy DEQ requirements for a clean site. Approximately 4,000 tons of pea gravel is required to backfill the excavated areas.

The Oregon Department of Environmental Quality (DEQ) has been concerned about this site since the original underground tanks were replaced in 1989. An investigation was done in 1991 that indicated a petroleum release had occurred. DEQ was notified and a file was opened.

A larger investigation of the fuel station site was conducted in December 2003 by Environmental Resources Management (ERM). ERM noted the 1991 investigation in their final report dated July 2004. ERM collected soil samples from additional borings. Their report concluded the following: "Based on the field observations and analytical results of this investigation, no additional investigation or clean-up activities should be required at this time. The maximum petroleum hydrocarbon concentration reported by the lab of 464 ppm detected in soil sample Borthwick-B1-4.0 is below the applicable soil matrix cleanup concentration of 1,000 ppm".

The only known fuel leak was from under one of the pumps to a depth of 48". The clean-up of this small amount of contaminated soil was included in 3 Kings Environmental, Inc.'s bid. Because of the 2004 ERM report and the fact that the existing fuel tanks had been constantly monitored since their installation in 1989, the project team did not expect to find large quantities of contaminated soil above DEQ action levels.

Change order no. 1, dated September 14, 2010 increased the contract amount \$26,970 to include irrigation and landscape work on the east parking lot required for construction permit to resolve non-conforming use issue for the Stanton Yard Fuel Facility project.

Change order no. 2, dated October 8, 2010 increased the contract amount \$204,497.38 to include the cost to obtain a Fire Marshall Permit; remove poured concrete slab underneath storage tanks; and to partially remove contaminated soil for the Stanton Yard Fuel Facility project.

The final cost to complete this work has not been calculated yet. It is anticipated that up to an additional \$150,000 will be needed to close out the project.

8. FINANCIAL IMPACT

The cost of this change order is \$511,431.08. The cost is covered in the Fleet Services budget.

9. RECOMMENDATION/ACTION REQUESTED

* Amend contract with 3 Kings Environmental, Inc. to increase contract amount by an additional \$511,431.08 to provide additional construction services for the Stanton Yard Fuel Facility project. (Ordinance; amend Contract No. 30001449)