

**FINANCIAL IMPACT STATEMENT
For Council Action Items**

(Use this form for Ordinances and Resolutions)

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

1. Name of Initiator Mark Hutchinson	2. Telephone Number 503-823-7113	3. Bureau/Office/Dept. BES/Construction
4a. To be filed (date) June 8, 2011	4b. Calendar (Check One) Regular Consent 4/5ths [] [X] []	5. Date Submitted to FPD Budget Analyst:

1) Legislation Title:

Amend contract with Moore Excavation, Inc. for additional work and compensation for the Fanno Basin Pump Station Force Main: Multnomah Section project, Project No. E08294 (Ordinance, Amend Contract No. 30001048).

2) Purpose of the Proposed Legislation:

To authorize the Commissioner of Public Affairs to increase the contract amount of Contract No. 30001048 with Moore Excavation, Inc. in the amount of \$986,311.25.

This change causes the final contract amount to exceed the bid by more than 25% and requires Council approval. The bid amount was \$5,050,951 and the final contract amount will be \$7,309,727.35.

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 identify the source.

No

4) Expense:

What are the costs to the City as a result of this legislation? Include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract include the local contribution or match required.

\$986,311.25

5) Staffing Requirements:

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


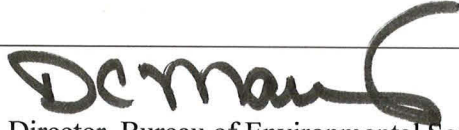
No

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

No

6) Change in Appropriations: Budget changes for the current year must go through the BMP Process. This section may only be use with prior permission of your OMF analyst for exceptions. Reflect the dollar amount to be appropriated by this legislation. Include the appropriate center codes and accounts to be used by Central Accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.

Fund	Center Code	Account	Amount	Project Fund	Project No.
OMF USE ONLY					

Dean Marriott, Director, Bureau of Environmental Services
 APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
ENVIRONMENTAL SERVICES

184668



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 • Dan Saltzman, Commissioner • Dean Marriott, Director

MEMORANDUM

Date: May 23, 2011

TO: Dan Saltzman, Commissioner of Public Utilities
Dean Marriott, Director, Bureau of Environmental Services
Jeffrey Baer, Purchasing Director, Bureau of Procurement Services

FROM: Mark Hutchinson, Construction Division Manager *WFR*

SUBJECT: Council Ordinance for authority to exceed contract by over 25%, Fanno Basin Pump Station Force Main: Multnomah Section

Copies: Bill Ryan, Scott Gibson, Ted Luyben, Dan Hebert

City Code requires the Council approval for expenditures in excess of 125% of the original authorized construction contract amount.

The Fanno Basin Pump Station Force Main: Multnomah Section project will exceed the original contract amount (\$5,050,951) by 44.53%, or \$2,249,049. The amount exceeding 25% of the original contract, for which additional authorization is needed, will be \$986,311.25.

The Multnomah section of the force main project is located in SW Multnomah Boulevard, between SW 69th and SW 31st Avenues. Moore Excavation, Inc. installed twin 30-inch ductile iron pipes to replace the existing failing 32" PVC force main. The new pipes have been tested and are currently in use, conveying flows from the Fanno Basin Pump Station.

In all, there were more than 40 changes or extra cost issues to this contract. There were three major changes which contributed to the cost overruns: Traffic Detour Impacts, Waterline Relocation, and Grinding and Repaving Multnomah between 45th and 31st.

1. Traffic Detour Impacts: This project was designed with the intent that the Contractor would work at night in order to minimize the amount of traffic detours of Multnomah Boulevard during the day. After discussions with the contractor, it was apparent that many parts of the operation such as paving and rock breaking would have to occur during the day and that it would be impractical to manage both daytime and nighttime detours. PBOT assisted in the design of the daytime detour, which required a large number of flaggers to direct and control traffic around the work area. The number of flagger hours required substantially overran the bid quantity, and a change order for \$420,000 was needed to adjust the quantity and price of the flagger hours. Flaggers were also used on other added phases of the project, including the water line relocation and the grind and overlay of the paving on Multnomah Boulevard between SW 45th Avenue and SW 31st Avenue. There were also costs for the purchase of additional required signage and the labor to install and adjust the signs daily during the detour; the purchase of speed reader signs to help control traffic speeds; plus a Traffic Control Supervisor to oversee the traffic control operations. All together, traffic control costs related to the detour were about \$600,000.

830 2. Waterline Relocation: The waterline relocation became an issue when we discovered that there was less room than we had believed between the 24" water main and the 10" water main on the other side of the street. It was not possible to install the force mains as planned and to still meet the requirements of OAR 333, which mandates separation distances between sewer and water pipes. Over 3300 feet of existing 10" water line had to be relocated and replaced with 12" pipe. This work cost approximately \$850,000. We have a Memorandum of Understanding with the Water Bureau regarding this work and they will repay us approximately 20% of the final costs under a cost sharing agreement.

184668

3. Grinding and Repaving: The force main and water line work affected the pavement on the eastern end of the project. The pavement in this area was already less than perfect and PBOT proposed that the street be ground down and repaved in order to upgrade the pavement quality in this area. Grinding and repaving 4" from SW 45th to SW 31st will cost roughly \$650,000. PBOT will cost-share half of the repaving costs after the work is complete.

This project was bid during a period with a very favorable bid climate for the City. The bid for this project came in at approximately 46.6% of the Engineer's Estimate. So, despite the major cost increases on this contract, the final contract amount is still nearly 33% under the original estimate of the cost of construction. The final cost of all the extras and overruns has not been determined - the Construction Manager is engaged in ongoing negotiations with the Contractor. However, Change Orders have already been written for 25% of the original contract value. No further Change Orders, including the grind and overlay to repair the street surface, can be written until we have the authorization to exceed the 25% threshold.

Dan Saltzman, Commissioner of Public Utilities

WFR

Dean Marriott
Director, Bureau of Environmental Services

Jeffrey Baer, Purchasing Director
Bureau of Procurement Services

MWH/mb



CITY OF PORTLAND
ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Dan Saltzman, Commissioner ■ Dean Marriott, Director

City Council
Agenda Item
Staff Supplemental Report

TO: Commissioner Dan Saltzman
THROUGH: Matt Grumm or Amy Trieu

FROM: Mark Hutchinson

DATE: May 23, 2011

RE: Authorization to amend Contract No. 30001048 with Moore Excavation, Inc. for additional work and compensation for extra and changed items of work, including water line relocation, grinding and paving of Multnomah Boulevard and multiple utility conflicts encountered during the installation of the force main pipes.

Requested Council Hearing Date: June 8, 2011

I. RECOMMENDATION

Amend contract with Moore Excavation, Inc. for additional work and compensation for the Fanno Basin Pump Station Force Main: Multnomah Section project, Project No. E08294 (Ordinance, Amend Contract No. 30001048).

II. BACKGROUND

Moore Excavation, Inc. entered into Contract No. 30001048, effective January 5, 2010, with the City to construct the Fanno Basin Pump Station Force Main: Multnomah Section project. This project replaced the existing 30-inch PVC pressure line with two side by side 30-inch ductile iron pressure lines from SW 69th, just off Multnomah, to SW 31st and Multnomah. This project is one part of a program to replace and upsize the entire pressure line and to increase the capacity of, and construct improvements at, the Fanno Basin Pump Station.

During construction, dozens of extra work items and utility conflicts were encountered. Most of these were relatively small in scope, but there were several items that substantially impacted the project.

This project was designed with the intent that the Contractor would work at night in order to minimize the amount of traffic detours of Multnomah Boulevard during the day. After discussions with the contractor, it was apparent that many parts of the operation such as paving and rock breaking would have to occur during the day and that it would be impractical to manage both daytime and nighttime detours. PBOT assisted in the design of the daytime detour, which required a large number of flaggers to direct and control

traffic around the work area. The number of flagger hours required substantially overran the bid quantity, and a change order for \$420,000 was needed to adjust the quantity and price of the flagger hours. Flaggers were also used on other added phases of the project, including the water line relocation and the grind and overlay of the paving on Multnomah Boulevard between SW 45th Avenue and SW 31st Avenue. There were also costs for the purchase of additional required signage and the labor to install and adjust the signs daily during the detour; the purchase of speed reader signs to help control traffic speeds; plus a Traffic Control Supervisor to oversee the traffic control operations. All together, traffic control costs related to the detour were about \$600,000.

Despite initial estimates that the new force mains could be installed with minimal impact on existing utilities on the east end of this project, it was not possible to install the force mains as planned and meet the requirements of OAR 333, which mandates separation distances between sewer and water pipes. Over 3300 feet of existing 10" water line had to be relocated and replaced with 12" pipe. This work cost approximately \$850,000. The water line work affected the pavement on the eastern end of the project and PBOT contacted BES to propose that the street be ground down and repaved in order to upgrade the pavement quality in this area. Grinding and repaving 4" from SW 45th to SW 31st cost roughly \$650,000.

This project was bid during a period with a very favorable bid climate for the City. The bid for this project came in at approximately 46.6% of the Engineer's Estimate. Despite the major cost increases on this contract, the final contract amount is still nearly 33% under the original estimate of the cost of construction. In addition, PWB and PBOT are both cost-sharing on the extra work and should repay BES approximately \$500,000 after this project is complete.

This amendment and Change Order are to provide funds for the portion of the extra costs that exceed 25% over the contract value. This excess requires Council approval.

III. FINANCIAL IMPACT

The cost of this change is \$986,311.25. Funds are available in the Sewer Operating Fund, FY 10-11 Budget, BES Project No. E08294.

IV. LEGAL ISSUES

No legal issues related to the proposed Change Order have been identified.

V. CONTROVERSIAL ISSUES

No controversial issues related to the proposed Change Order have been identified.

VI. LINK TO CURRENT CITY POLICIES

This project is consistent with BES strategic planning and the BES CIP process. Construction was performed in accordance with the City of Portland Standard Construction Specifications.

VII. CITIZEN PARTICIPATION

Public outreach for this project was conducted by the Public Involvement / Community Relations staff of the Communications Division in the Office of the Director, BES. Citizen questions and complaints were fielded by staff and brought to the attention of the Construction Division staff and the Contractor as appropriate. A regular update of project progress was sent to residents and property owners in the project area.

VIII. OTHER GOVERNMENT PARTICIPATION

One short section of this project, at SW 69th and Railroad Street, is under the jurisdiction of the City of Beaverton. We coordinated with COB to meet their construction standards in this area.

IX. FINANCIAL IMPACT ON LOCAL ECONOMY

IF APPLICABLE, PROVIDE INFORMATION ON ESTIMATED NUMBER OF JOBS CREATED BY THIS ACTION

This work maintained local construction-industry jobs. It is not known if new jobs were created.

IF THIS ACTION IS CONTRACT-RELATED, PROVIDE INFORMATION ON M/W/ESB PARTICIPATION (NUMBER AND PERCENTAGE)

Payments to three M/W/ESB firms totaled \$351,574 (almost 7 percent of the original contract value) through March 30th.

- X. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? YES
 WHAT IS THEIR BUSINESS LICENSE NUMBER? 171604
 IS THEIR ACCOUNT WITH THE CITY CURRENT? YES
 IF NOT, HOW MUCH IS OWING? _____