

ORDINANCE No. 185148

* Authorize a contract with LMK Enterprises, Inc., to provide Inversion Built Liner Supplies for a five year contractual total not to exceed \$5,000,000. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. Fourteen years ago the City began experimentation with trenchless sewer repair technologies. While there were several different types and/or methods for spot repair, the City found that LMK Enterprises, Inc. (LMK) provides a specially designed and patent protected trenchless technology which has been found to be a very safe and efficient trenchless sewer repair system. Over the past fourteen years the City has saved millions of dollars and numerous man hours in repair time as well as commuter disruptions and delays using this repair method.
2. American Society for Testing and Materials (ASTM) Standards #F2599 and F2561 are the current standards for lining a spot section repair of mainline pipe by using a cured in place pipe (CIPP) inverted liner, and lateral lining while simultaneously renewing the main to lateral connection. LMK is the only company that meets both of these ASTM standards.
3. City of Portland Code 5.33.220.D.1 authorizes the City to award a contract for Special Procurements without competition for Manufacturer Direct Supplies. LMK is the inventor, manufacturer, and only distributor of this trenchless technology and continues to research the systems which the City uses while also manufacturing and distributing materials, resins, and proprietary equipment in support of these systems. LMK owns over 60 patents protecting the methods, supplies and proprietary equipment used in these systems.
4. In 2009, the City purchased two Robotic Schwalm cutters at approximately \$200,000 each. LMK exclusively owns the North American distributing rights for this equipment which includes training, technical support, and parts for these cutters. The Robotic Schwalm cutters are used in conjunction with the trenchless technology patented by LMK. Provision of parts and service for these robotic systems will be a part of the scope for the new contract with LMK.
5. Awarding a contract to LMK will allow the City to continue its efficient inversion process utilizing the knowledge, skills, equipment, and training previously obtained, thereby minimizing disruption to the Portland Bureau of Transportation's (PBOT) operations while efficiently managing the services required. The supplies, equipment and services are required so the PBOT Maintenance Operations will be able to continue "spot repairs" and "main to lateral" one piece repairs throughout the City. Awarding a contract

to LMK will allow the City to continue its efficient inversion process utilizing the knowledge, skills, equipment, and training previously obtained.

6. The Bureau's level of confidence in the cost estimates for this project is high, as the system is a patented system and materials and equipment included within the contract will have a firm quote from the manufacturer.

NOW, THEREFORE, the Council directs:

- a. The Chief Procurement Officer is hereby authorized to execute a contract with LMK Enterprises, Inc. in the amount of \$1,000,000 per year for a total not to exceed amount over the five year contract term of \$5,000,000.
- b. The Mayor and the Auditor hereby are authorized to draw and deliver warrants payable to the contractor.

Section 2. The Council declares that an emergency exists to prevent a disruption in the operations resulting in less efficient service to the City's customers and a delay in the delivery of essential City services; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council:

FEB 15 2012

LaVonne Griffin-Valade
Auditor of the City of Portland

By



Deputy

Mayor Sam Adams

Prepared by: Christine Moody - JVN

Date Prepared: February 1, 2012

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Agenda No.

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Title

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INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams	CLERK USE: DATE FILED <u>FEB 10 2012</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Adams <i>[Signature]</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Leonard	LaVonne Griffin-Valade Auditor of the City of Portland By: <i>[Signature]</i> Deputy ACTION TAKEN:
BUREAU APPROVAL Bureau: Internal Business Services, Bureau Head: Jeff Baer <i>[Signature]</i> Prepared by: Jim Van Nest Date Prepared: 2/1/12 Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Council Meeting Date February 15, 2012 City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan	

AGENDA TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion) CONSENT <input checked="" type="checkbox"/> REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)

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