

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator Gary Halverson		2. Telephone No. 503 823-4750	3. Bureau/Office/Dept. Bureau of Transportation
4a. To be filed (hearing date): February 15 th , 2012	4b. Calendar (Check One) Regular Consent 4/5ths <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: January 11, 2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title: *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)

2) Purpose of the Proposed Legislation:

Funded by the Bureau of Environmental Services, PBOT Maintenance Operations maintains the gravity-fed portion of the City's sanitary and stormwater collection system. LMK Enterprises, Inc. provides a specially-designed and patent-protected trenchless technology which Maintenance has used for many years and has found to be a very safe and efficient trenchless sewer repair system.

The purpose of this action is to authorize a contract with LMK Enterprises, Inc., to provide bulk sewer liner supplies and epoxy to be used by Maintenance Operations in the repair of mainline sewer pipe by use of cured in place pipe inverted liners and in lateral lining repairs. Because LMK is the inventor, manufacturer and distributor of this trenchless technology, this ordinance authorizes the City to award a contract for Special Procurements without competition for Manufacturer Direct Supplies. The contract has an estimated Not to Exceed cost of \$1,000,000 per year and \$5,000,000 for 5 years.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source. No.

5) Expense: What are the costs to the City as a result of this legislation? What is the source of funding for the expense? The previous contract had combined expenditures in FY's 2009-10 and 2010-11 of approximately \$1.5 million. Future expenditures are expected to not exceed \$1 million per year. Funding for these expenditures is contained in the Maintenance Operations Adopted Budget, as part of a cooperative, interagency funding agreement with BES. Amounts will be spent under the contract only as part of the sewer maintenance and repair program as authorized and funded by BES.

6) Staffing Requirements:

- Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? No.

- Will positions be created or eliminated in *future years* as a result of this legislation? No.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations

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

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- YES: Please proceed to Question #9.
- NO: Please, explain why below; and proceed to Question #10.

This action is a Special Procurement which does not require competition and is based on proven efficient practices utilized by the Portland Bureau of Transportation for many years.

9) If "YES," please answer the following questions:

- a) What impacts are anticipated in the community from this proposed Council item?
- b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?
- c) How did public involvement shape the outcome of this Council item?
- d) Who designed and implemented the public involvement related to this Council item?
- e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

This action is a Special Procurement which does not require competition and is based on proven efficient practices utilized by the Portland Bureau of Transportation for many years.

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APPROPRIATION UNIT HEAD TOM MILLER, Director, Bureau of Transportation



CITY OF PORTLAND

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OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor
Jack D. Graham, Chief Administrative Officer
Jeffrey B. Baer, Director, Bureau of Internal Business Services

FOR MAYOR'S OFFICE USE ONLY

DATE: February 1, 2012
TO: Mayor Sam Adams
FROM: Christine Moody, Chief Procurement Officer
SUBJECT: *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)

Reviewed by Bureau Liaison _____

1. INTENDED THURSDAY FILING DATE: February 9, 2012
2. REQUESTED COUNCIL AGENDA DATE: February 15, 2012
3. CONTACT NAME & NUMBER: Christine Moody, 503-823-1095
4. PLACE ON: CONSENT REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: Yes No N/A
6. THREE (3) ORIGINALS OF CONTRACT "APPROVED AS TO FORM" BY CITY ATTORNEY ATTACHED: Yes No N/A

7. BACKGROUND/ANALYSIS:

Fourteen years ago the City began research and 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 minimizing commuter disruptions and delays using this repair method.

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.

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.

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.

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 Portland Bureau of Transportation's (PBOT) operations while efficiently managing the services required. The supplies, equipment and services are required so PBOT Maintenance Operations will be able to

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To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

continue "spot repairs" and "main to lateral" one piece repairs throughout the City.

Legal issues - none known

Controversial issues – none known

Citizen participation – not applicable

Link to current city policies – none

Other governmental participation – none

8. **FINANCIAL IMPACT**

Costs for this contract will be funded from the Portland Bureau of Transportation's adopted budget.

9. **RECOMMENDATION/ACTION REQUESTED**

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.