

Portland, Oregon

# FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator Mark Hutchinson		2. Telephone No. (503) 823-7113	3. Bureau/Office/Dept. Environmental Services
4a. To be filed (hearing date):  October 8, 2014	4b. Calendar (Check One) Regular <input type="checkbox"/> Consent <input checked="" type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst:
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:**

\*Amend contract with R&G Excavating, Inc. for additional compensation to complete existing contract work due to increased bid item quantities for the Columbia Boulevard Wastewater Treatment Plant (CBWTP) Lagoon Reconstruction Phase 2 Project, Project No. E07145 for \$2,469,860 (Ordinance; amend Contract No. 30002275)

**2) Purpose of the Proposed Legislation:**

To authorize the Commissioner of Bureau of Environmental Services to increase the contract amount of Contract No. 30002275 with R&G Excavating, Inc. up to the amount of \$559,823.

This change causes the final contract amount to exceed the bid by more than 25% and requires Council approval. The bid amount was \$7,640,150 and the final contract amount will not exceed \$10,110,010.

**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 type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input checked="" 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?**

\$559,823. Source: Existing CIP budget for Parent project.

**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.

**7) Change in Appropriations** *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

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

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

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.

There are no public involvement issues. Project is entirely within CBWTP property.

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. Project has no public impacts and is contained entirely within the confines of CBWTP property.

Dean Marriott, Director, Bureau of Environmental Services



# CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Nick Fish, Commissioner ■ Dean Marriott, Director

## MEMORANDUM

18 6843

**Date:** September 18, 2014

**TO:** Nick Fish, Commissioner of BES  
Dean Marriott, Director, Bureau of Environmental Services  
Christine Moody, Chief Procurement Officer, Bureau of Procurement Services

**FROM:** Mark Hutchinson, Construction Division Manager

**SUBJECT:** CBWTP Lagoon Reconstruction Phase 2  
Project No. E07145, Contract No. 30002275

**Copies:** Bill Ryan, Scott Gibson, Darin Wilson, Muriel Gueissaz-Teufel, Paul Suto

---

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

We request additional funds for the Columbia Boulevard Waste Water Treatment Plant (CBWTP) Lagoon Reconstruction Phase 2 project in the amount of \$2,469,860 which is approximately 33% over the original contract amount (\$7,640,150). The amount exceeding 25% of the original contract, for which additional authorization is needed, is \$559,823, resulting in a not to exceed contract amount of \$10,110,010.

The CBWTP Lagoon Reconstruction Phase 2 project is located at the Columbia Blvd Wastewater Treatment Plant. The goal of this project is to protect ground water by drying and containing hazardous legacy sludge in a lined monofill (storage site for contaminated materials). This project is required in to assure that we can continue to operate the treatment plant in accordance with established operating procedures while meeting current and future permit conditions. The contractor R&G Excavating, Inc. has been dewatering, drying, and removing sludge from the bottom of the lagoons and placing it in the new adjacent monofill for storage. The Contractor is near the completion of this 3-1/2 year long project.

In all, there are more than 27 changes or extra cost issues related to this contract. However, there are two primary issues that contribute to the majority of the costs: Increases to Bid Quantities for Dike and Cell Floor Construction, and Increases to Bid Quantities for Sludge Processing.

1. Increases in Bid Quantities for Dike and Cell Floor Construction: The existing ground profile was discovered to be lower than expected due to 30 years of dredging, causing soil import and placement quantities to be higher than expected. Costs for extra

material and work is approximately \$414,045 (\$198,756 for dikes plus \$215,289 for cells).

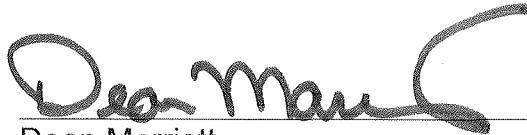
186843

2. Increases in Bid Quantities for Sludge Processing: Due to the deeper cell bottom there is a larger quantity of sludge that had to be dried and placed into the new monofill. This additional work will cost no more than \$1,997,921. (We renegotiated our bid price for sludge drying under Change Order 18 capping contract costs and saving over \$400,000)
3. Miscellaneous Changes: Other change orders were issues for monitoring wells, modifications to the liner, electrical, pumps, and abandonment of old pipes and structures totaling \$57,894.

The alternative to drying the sludge and placing it in the monofill is trucking it to a landfill at much greater cost. We chose to use the balance of the contract for moving the sludge and delay or delete the remaining contract work for rock placement and liner installation in the remaining lagoon cells. This work would best be started before the heavy winter rains of December and January. We desire to complete this part of the project and ask for authorization to exceed the 25% threshold. Delaying the remaining work will result in additional costs for reworking the soil, restocking charges for liner materials purchased and contract termination costs estimated at \$1.5 Million. We believe completing all work at this time would be the most cost-effective use of rate payer dollars.

---

Nick Fish, Commissioner of Public Utilities



---

Dean Marriott  
Director, Bureau of Environmental Services

---

Christine Moody, Chief Procurement Officer  
Bureau of Procurement Services

MWH/mb