



Nick Fish, Commissioner  
Michael Stuhr, P.E., Administrator

1120 SW 5<sup>th</sup> Avenue, Room 600  
Portland, Oregon 97204-1926  
Information: 503-823-7404  
[www.portlandoregon.gov/water](http://www.portlandoregon.gov/water)



## IMPACT STATEMENT

**Date:** August 30, 2016

**Council Date:** September 21, 2016

**Legislation Title:** <sup>22</sup> Accept contracts with Hoffman Construction Company and Michael Willis Architects for the design and construction of the Interstate Maintenance Facility Renovation Project as complete and authorize final payments (Report; Contract Nos. 30001654, 30002309 and 30003000)

**Contact Name:** Walter Lewandowski, Senior Engineer

**Contact Phone:** 503-823-6758

**Presenter Name:** Teresa K. Elliott, P.E., Chief Engineer

### **Purpose of proposed legislation and background information:**

The Interstate Maintenance Facility Renovation Project (Project) required construction of a replacement to the Maintenance Building and Warehouse, which were built in 1925. The new buildings would be up to 150,000 square feet designed to meet and withstand the seismic risks and operational needs of the Portland Water Bureau. The buildings would meet Green Building and Leadership in Energy and Environmental Design certification requirements. Hazardous and contaminated media would be required to be remediated. Outstanding non-conforming site development issues would be resolved as part of the design and construction. The Interstate site would be reconfigured to balance the Bureau's needs and planning requirements, zoning requirements, and on site storm water management.

On May 4, 2011, City Council authorized an exemption from competitive bidding for construction of the Project. Ordinance No. 184566 included an engineer's estimate for construction costs was \$40,000,000. A low confidence rating was given to this estimate, given the early stage of design. Per Resolution No. 36430 a post-project evaluation is required upon completion of a public improvement contract exemption from competitive bidding. The financial and budgetary impacts for the Project are addressed in this document.

### **Financial and budgetary impacts:**

The Project had three major contracts: Michael Willis Architects provided design, permitting, construction support and two contracts for the Construction Manager/General Contractor (CM/GC) with Hoffman Construction Company for pre-construction and construction services.

#### Michael Willis Architects - Design and Construction Support Services

Ordinance No. 184164 authorized a Professional, Technical and Expert (PTE) contract for design and construction support services for the Project. On October 1, 2010 the City entered into a Contract No. 30001654 with Michael Willis Architects. The contract had an original value of \$1,885,034 and was initially assigned a confidence rating of high. An amendment to the contract later adjusted the cost and was approved by Council. Amendment Nos. 2, 5, 6, 7, 8, and 14 added funding for programming, design changes, and time extension costs. Amendment No. 8 received Council approval through Ordinance No. 185640 and included phasing work in an occupied facility and hazardous and contaminated media removal cost and caused the need for redesigning elements to fit within the overall Project budget. Amendment No. 14 received Council approval through Ordinance No. 186903 and was for the add-alternate work which included redesign of the upper parking lot to accommodate the fueling station remaining at its current location, improving access between existing and new buildings, and constructing stairs between two grades at the site, improving the layout of one floor of the maintenance building, and making adjustments to exterior walls to accommodate the access improvements. The other amendments to the contract were administrative in nature and did not change the contract amount or contract time. The final cost for services in this PTE contract was \$3,487,310.21, as authorized per Amendment No. 14.

#### Hoffman Construction Company - Phase 1, Pre-Construction Services

On September 1, 2011 the City entered into Contract No. 30002309 with Hoffman Construction Company for pre-construction services through a PTE contract. The contract had an original value of \$145,352. Amendment Nos. 1 and 3 added time and funding to complete further work during design, constructability reviews, cost estimating and in support of contract services. Amendment No. 3 received Council approval through Ordinance No. 185641 adding services targeting specific items requiring input from the CM/GC contractor bringing the total contract value to \$249,619. Amendment Nos. 1 and 2 to the contract were for administrative changes and to account for additional time. The final cost for services under this contract was \$249,619.

#### Hoffman Construction Company – Phase 2, CM/GC Construction Services

On September 12, 2012, Report to Council No. 1025-2015 was approved by City Council and authorized the Chief Procurement Officer to proceed with awarding a contract to Hoffman Construction Company as CM/GC for construction of the Project with a Guaranteed Maximum Price (GMP) of \$35,000,000. On October 30, 2012, the GMP Contract No. 30003000 with Hoffman Construction Company was executed. Change Order No. 1 incorporated the Community Benefits Agreement, several Construction Change Directives, one Request for Information, and to account for additional time. No additional funding was required. All work on the contract was completed satisfactorily on June 5, 2016. The final cost for the work in the contract is \$35,000,000 which is the original contract amount. This is especially notable given the low confidence rating when the alternative procurement method was originally approved in 2011, which indicates that costs could vary 30% - 50% from the original engineer's estimate which was \$40,000,000 in construction costs. Both value engineering and the Owner's involvement in the CM/GC process enabled the Water Bureau to manage the construction contract costs despite the hazardous remediation and phasing cost increase. The diligent efforts of the Water Bureau, Michael Willis Architects, and Hoffman Construction Company throughout the life of the Project provided the talent, hard work, and focus necessary to maintain the Project.

**Community impacts and community involvement**

The Water Bureau must meet its commitment to the City of Portland to provide quality potable water to its 960,000 customers and provide services to customers during construction. Construction of the Interstate Maintenance Facility Renovation Project was critical to the City of Portland by providing a seismically code compliant facility for housing Water Bureau staff, vehicles, equipment, and supplies. Work on the Project proceeded while the facilities were fully occupied by the Water Bureau. Detailed coordination of work plans between the Hoffman Construction Company and the Water Bureau Operations and Management staff were maintained throughout construction. Therefore, it was necessary that construction of the Project proceed smoothly and with a minimum of interruptions, delays, and claims.

Using a CM/GC contractor provided more opportunities during design and construction to address constructability, value engineering, modify construction means and methods, and work in partnership with the city. This construction approach provided the following public benefits:

- Minimized disruptions to the neighborhood
- Minimized disruption to Operations
- Success in neighborhood relations
- Ensured access to facilities was maintained
- Managed hazardous and contaminated media
- Minimized odor, noise, vibration impacts, and utility disruptions
- Provided most qualified contractor hired at the best value
- Provided subcontracting opportunities, training and technical assistance to the DMWESB community through the use of a piloted Community Benefits Agreements (CBA)

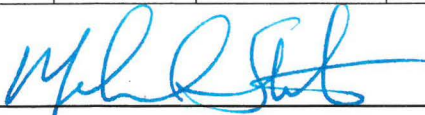
In addition to the information addressed above, on September 5, 2012 Resolution No. 36954 directed the Water Bureau to pilot a CBA in support of this Project. On September 12, 2012 Report to Council No. 997-2012 was approved by Council. The Council action recommend that the Portland Water Bureau and Procurement Services be authorized to proceed with awarding a contract to Hoffman Construction Company of Oregon as CM/GC Contractor for construction of the Project and included the pilot CBA. Upon completion of the Project the Water Bureau was to provide a final project report and include an evaluation of the effectiveness the CBA had in meeting the principles set forth in the resolution. A separate Report to Council has been submitted by the Water Bureau and provides information regarding the CBA, lessons learned and includes recommendations.


**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES: Please complete the information below.  
 NO: Skip this section

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

  
 Michael Stuhr, P.E., Administrator

  
 Date