



REPORT TO COUNCIL

August 30, 2016

Accept contracts with Hoffman Construction Company and MWH Americas, Inc. for the design and construction of the Kelly Butte Reservoir Project as complete and authorize final payments (Report; Contract Nos. 30001127, 30002022, and 30002938)

On June 16, 2010, City Council authorized an exemption from competitive bidding for construction of Kelly Butte Reservoir Project (Project). Ordinance No. 183913 provided an engineer's estimate for the construction of the Project in the amount of \$70,000,000. A low confidence rating was given to this estimate, given the early stage of design. Per ORS 279C.335 and Resolution No. 36430 a post-project evaluation is required upon completion of a public improvement contract exemption from competitive bidding. This statute requires a post-project evaluation to assess how successful the project was at meeting the original assertions in the alternative procurement findings.

Construction of the Kelly Butte Reservoir was critical in providing the necessary storage in complying with Long Term 2 Enhanced Surface Water Treatment requirements for the open reservoirs. Therefore, it was necessary that construction of the Project proceed smoothly and with a minimum of interruptions, delays, and claims. Using a Construction Manager/General Contractor (CM/GC) provided more opportunities during design and construction to address constructability, modify construction means and methods, and work in partnership with the City. This construction approach provided public benefits that included minimal disruptions to the neighborhood, success in neighborhood relations, and ensured access to adjacent properties was maintained, and provided the most qualified contractor hired at the best value. This is further outlined in the post-project evaluation that is attached to this report as Exhibit A, Post Project Evaluation Factual Findings Exemption From Competitive Bidding.

This report requests Council's acceptance of three contracts as complete and authorize to make final payments. The contract information associated with the Project has been identified below.

The work on these contracts consists of a Professional, Technical, or Expert Services (PTE) contract for MWH Americas, Inc., Pre-Construction Services PTE Contract with Hoffman Construction Company, and CM/GC Construction Services Contract with Hoffman Construction Company. The work included removal of an existing 10-MG above-ground steel tank, construction of a new buried 25-MG reinforced concrete reservoir with two cells, construction of two separate valve structures (partially buried), waterlines and appurtenances, storm sewers, reservoir drain and overflow system, roads, fencing, grading, restoration, landscaping, mitigation plantings, and other site improvements.

MWH Americas, Inc. - Design and Construction Support Services PTE Contract

Ordinance No. 183618 authorized a contract for design and construction support services for the Project. On March 17, 2010 the City entered into a Contract No. 30001127 with MWH Americas, Inc. The contract had an original value of \$3,300,000 and had a moderate confidence rating. Amendment No. 5 and 7 provided additional time and funding to the contract in support of additional construction management, special observation services, project management, and mitigation. Amendment No. 7 received council approval through Ordinance No. 186404 and provided additional design services, construction administration, engineer-of-record services, extend the term of the contract and revised the final contract amount to \$5,600,000. The other amendments to the contract required no additional funding and provided for reallocation of tasks and added new subconsultants to the contract. The final cost for services in this PTE contract was \$4,964,487.78.

Hoffman Construction Company - Phase 1, Pre-Construction Services PTE Contract

On May 10, 2011 the City entered into Contract No. 30002022 with Hoffman Construction Company for pre-construction services through a PTE contract. The contract had an original value of \$360,000. Amendment No. 1 provided for an administrative change to the contract and Amendment No. 2 added funds to the contract for erosion control, temporary fencing, tree removal and installation of a gravel work surface for demolishing the existing tank. The final cost for services under this contract was \$386,317.77. The work associated with this contract was satisfactorily completed by Hoffman Construction Company on June 30, 2013.

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

On September 5, 2012, Report to Council No. 997-2012 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 \$57,250,000. On October 8, 2012, the GMP Contract No. 30002938 with Hoffman Construction Company was executed. Contract Change Order Nos. 3, 4, and 5 provided additional time to the contract for removal and disposal of contaminated pipe and provided for the final reimbursable amount needed to complete the Project. All work on the contract was completed satisfactorily on August 9, 2016. The final cost for the work under the contract is \$50,539,372.15 (\$6,710,627.85, an 11.72% decrease under the original contract amount). This is especially notable given the low confidence rating when the alternative procurement method was originally approved in 2010, which indicates that costs could vary 30% - 50% from the original engineer's estimate.

Subcontractor participation for the Kelly Butte Reservoir Project

The Minority, Women, and Emerging Small Business (MWESB) subcontractor participation for the Contract No. 30001127 with MWH Americas, Inc. was \$1,064,128 or 19% of the total contract dollars.

The MWESB subcontractor participation under the CM/GC pre-construction services contract (Contract No. 30002022) with Hoffman Construction Company was \$52,542 or 11.68% of the total contract dollars.

The Disadvantaged, Minority, and Women Enterprise and Emerging Small Business (DMWESB) subcontractor participation for the CM/GC GMP construction contract with Hoffman Construction Company (Contract No. 30002938) was \$12,738,824 or 25.21% of the total contract dollars.

Prevailing wage was paid on the Project. There were no strikes, lockouts or labor disputes encountered. There were no issues with wage benefits or unskilled labor and the Project did not encounter any problems with efficiency or productivity.

Acceptance of the Post-Project Evaluation

The Project is complete and all work has been executed in accordance to the contracts. It is recommended that Council accept the post-project evaluation and accept the contracts with MWH Americas, Inc. and Hoffman Construction Company as complete, and authorize final payments.



Michael Stuhr, P.E.
Administrator

TO THE COUNCIL:

The Commissioner of Public Works concurs with the above, and;

RECOMMENDS

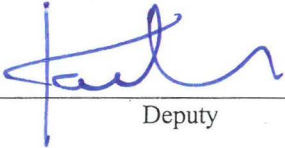
That the Council accept the post-project evaluation and accepts the contracts with MWH Americas, Inc. and Hoffman Construction Company as complete and authorize final payment.

Respectfully submitted,

Commissioner Nick Fish

Agenda No.
REPORT
Title

Accept contracts with Hoffman Construction Company and MWH Americas, Inc. for the design and construction of the Kelly Butte Reservoir Project as complete and authorize final payments (Report; Contract Nos. 30001127, 30002022, and 30002938)

<p>INTRODUCED BY Commissioner/Auditor: Commissioner Nick Fish</p>	<p>CLERK USE: DATE FILED SEP 13 2016</p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Work - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By:  Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Water Bureau Head: Michael Stuhr, P.E., Administrator</p> <p>Prepared by: T. Gilman/T. Elliott Date Prepared: August 30, 2016</p>	<p>ACTION TAKEN:</p> <p>SEP 22 2016 ACCEPTED</p>
<p>Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p> <p>Council Meeting Date September 21, 2016 22</p>	

AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/> 2 out of 3</p> <p>Start time: 9:45 a.m. 2:00 PM</p> <p>Total amount of time needed: 45⁹⁰ minutes (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: (for presentation, testimony and discussion)</p>

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