

Guaranteed Maximum Price Agreement 1 Report and PTE Amendment Ordinance

(BES Project E07947 - Secondary Treatment Expansion Program)

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October 21, 2020, 2:00 PM

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ENVIRONMENTAL SERVICES
CITY OF PORTLAND

working for clean rivers

AMANDA FRITZ, COMMISSIONER
MICHAEL JORDAN, DIRECTOR



We are here today

Two council requests

- Approval of Chief Procurement Officer Guaranteed Maximum Price Agreement 1 and associated Diversity Plan (CBA) (Report)
- Request authority to amend Engineer of Record Contract amount

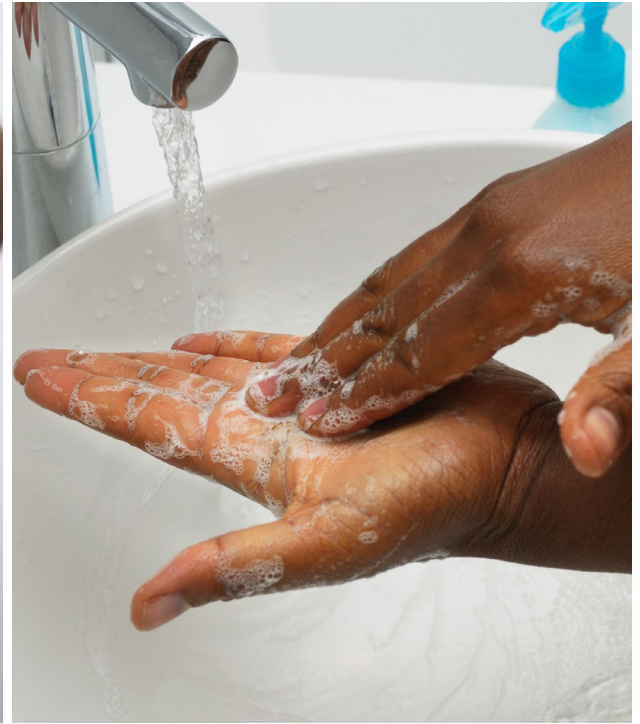
General update on BES' largest project

Support Program for D/M/W/ESB Partners in Professional Services

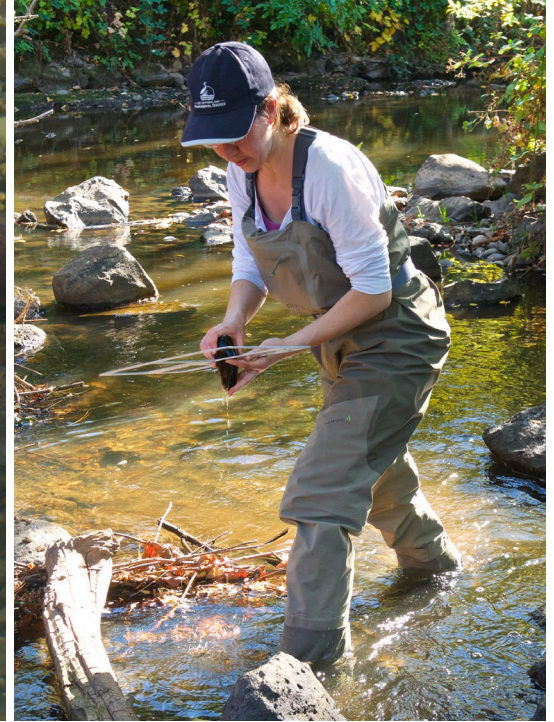
First Construction Contracting Community Benefits Agreement



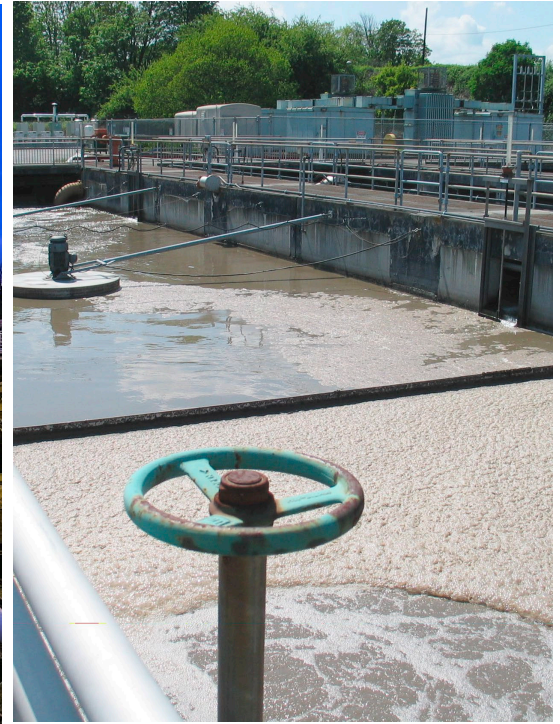
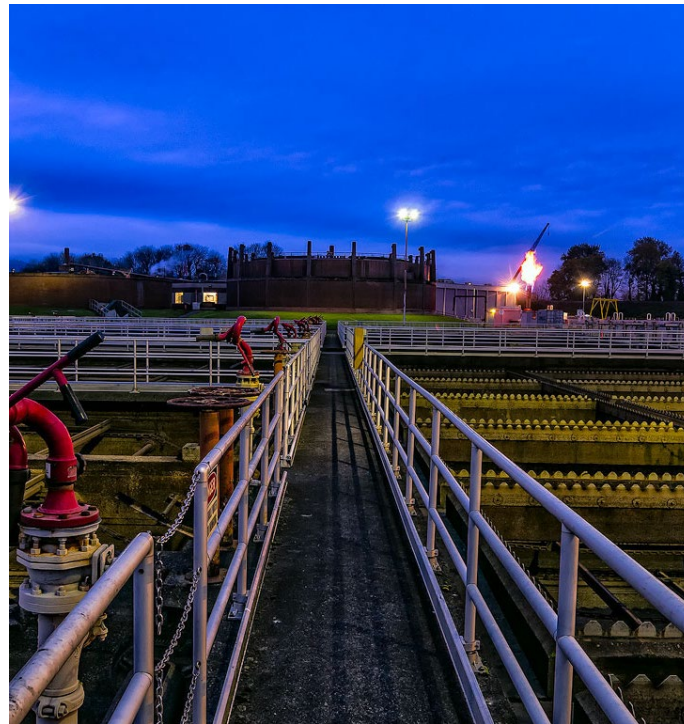
Every Portland resident, business, and visitor
relies on the treatment plant.



The plant protects an essential for life: Water.



The plant must keep working 24 hours a day,
7 days a week, rain or shine—especially rain....



...when it rains, the Big Pipes protect the Willamette and convey both sewage and stormwater to the plant. It's a LOT!



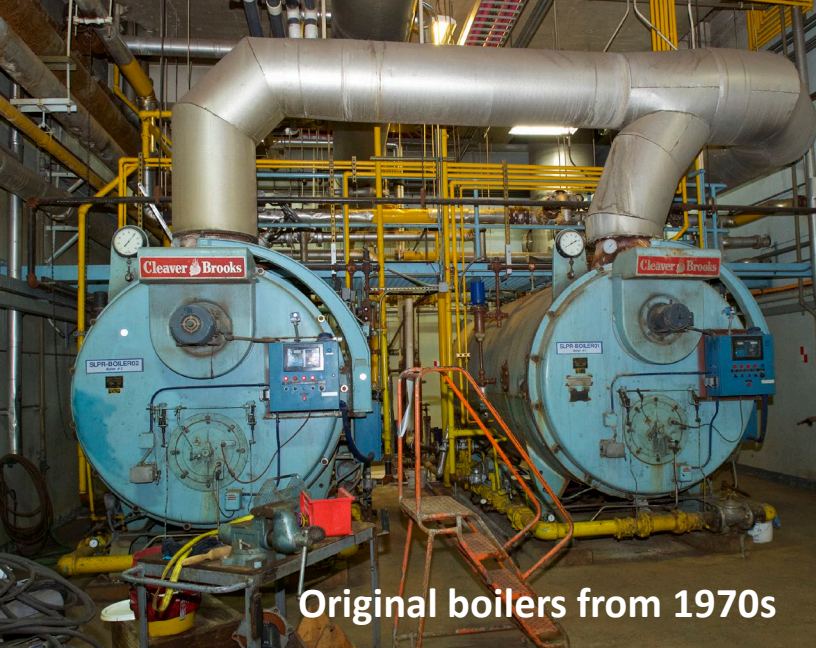
**How that water is treated
is the main regulatory driver for STEP**

Since the Mutual Agreement and Order was signed in 2011...

CEPT starts	Sept. 30, 2012	✓
Secondary Improvements start	Oct. 31, 2014	✓
Monitoring and Analysis Program Report	Dec. 30, 2015	✓
Facilities Plan Update	Dec. 30, 2016	✓
NFAA Update	Dec. 30, 2016	✓
DEQ response to City	Mar. 23-30, 2017	✓
Critical path schedule	June 30, 2017	✓
Begin implementing schedule	Sept. 30, 2017	✓
Start up of new facilities completed	Dec. 31, 2024	←



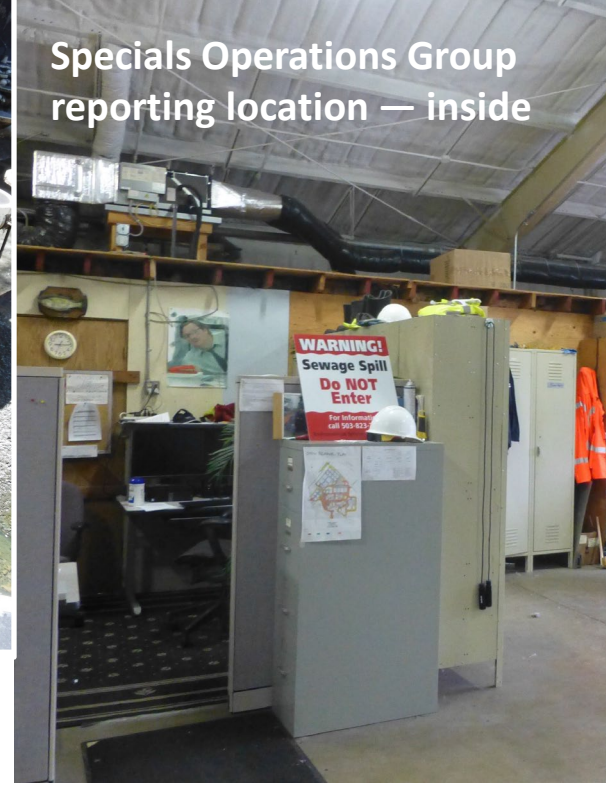
BES met all the milestones



Original boilers from 1970s



Aeration basins



Specials Operations Group reporting location — inside

Aging Assets are Another Driver



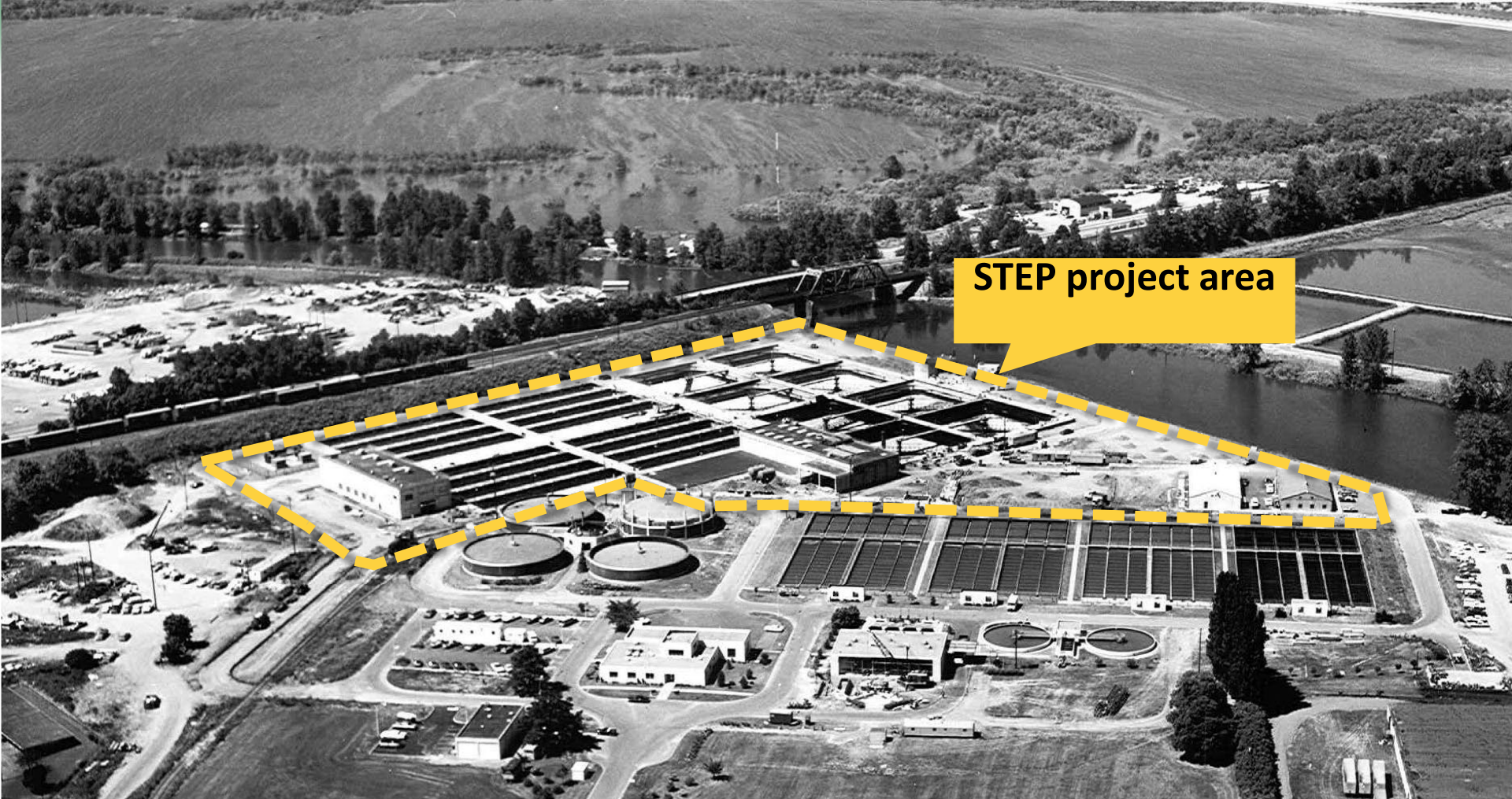
Rusty equipment



Specials Operations Group reporting location — outside



STEP Area

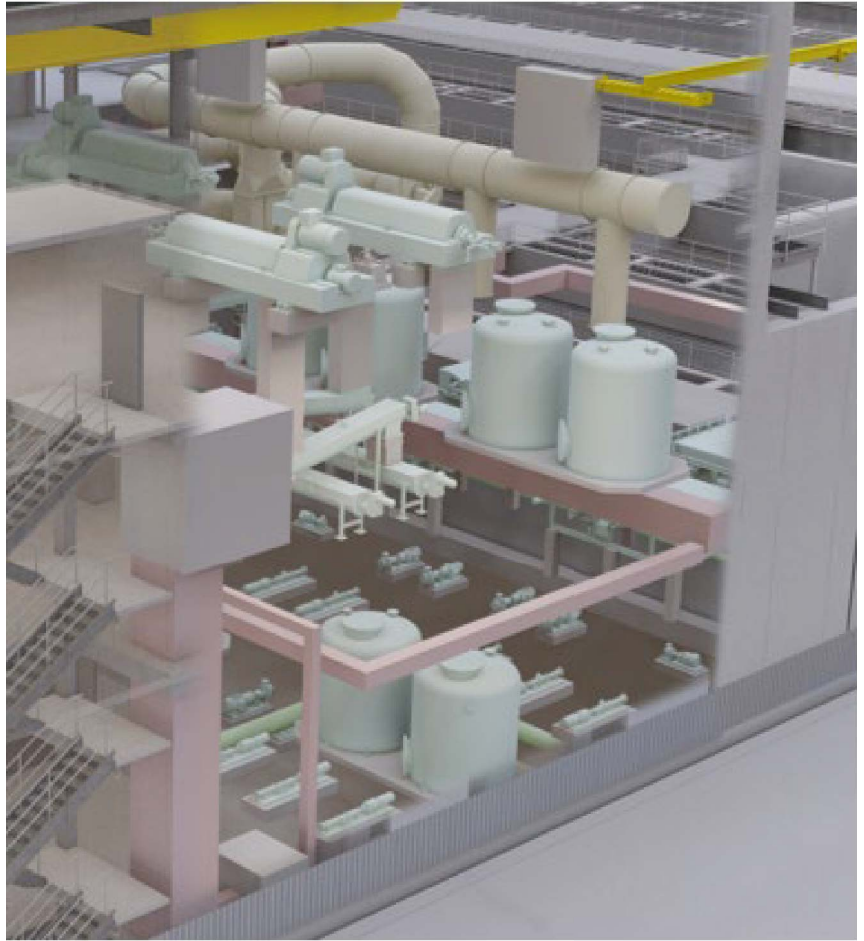


Most of the facilities replaced by STEP were built in 1970s



STEP provides multiple benefits

- Meet **regulatory** obligations
- Increase **plant resiliency**
- Lower risks to **water quality** during storm events
- Remove old facilities and provide **healthier work environments** for essential workers
- Supports a more **effective operation**



Sustainability

- Reduced chemical use during rain
- LEED Gold goal including vegetated roofs
- 25% reduction in biosolids truck hauling trips
- 85% waste diversion for deconstruction
- Increased biogas production
- Defers construction of a new digester

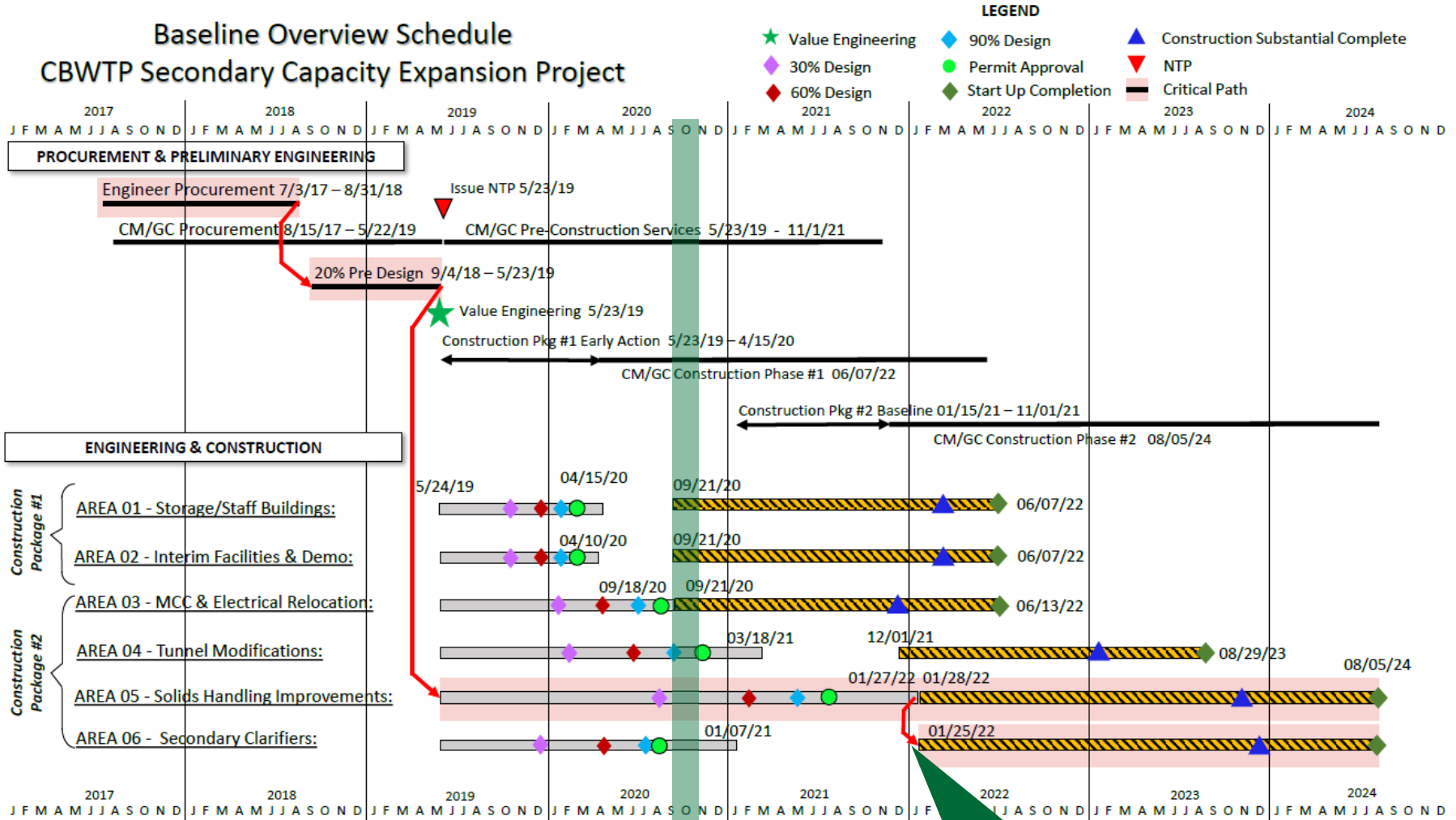


25%
Less Truck
Hauling



100% on Schedule

Baseline Overview Schedule CBWTP Secondary Capacity Expansion Project



We are here

One year ahead for clarifier start



Procurement and Council History

- **March 2017**, Oregon Department of Environmental Quality approved BES critical path schedule
- **October 2017**, Council approved use of the Construction Manager/General Contractor (CM/GC) alternative contract delivery method (ordinance 188630)
- **June 2018**, Council authorized Contract No. 30006543 with CH2M Hill Engineers, Inc. (ordinance 189056A)
- **June 2018**, Council authorized Contract No. 30006509 with Stantec Consultant Services, Inc. (ordinance 189057)
- **June 2019**, City entered Contract 30006509 with Kiewit Infrastructure West for Pre-Construction Services



Benefits of CM/GC Realized Early

- Early start on the CBA
- Early findings:
 - Seismic
 - Aging and interconnecting infrastructure challenges
 - Keep plant running during construction, 24/7
- Independent cost estimates and reconciliation

Allowed BES to prioritize and manage the increased complexity and budget, including the amendment requested today, to stay within the Bureau's rate increase



CH2M Hill's Contract Amendment Request

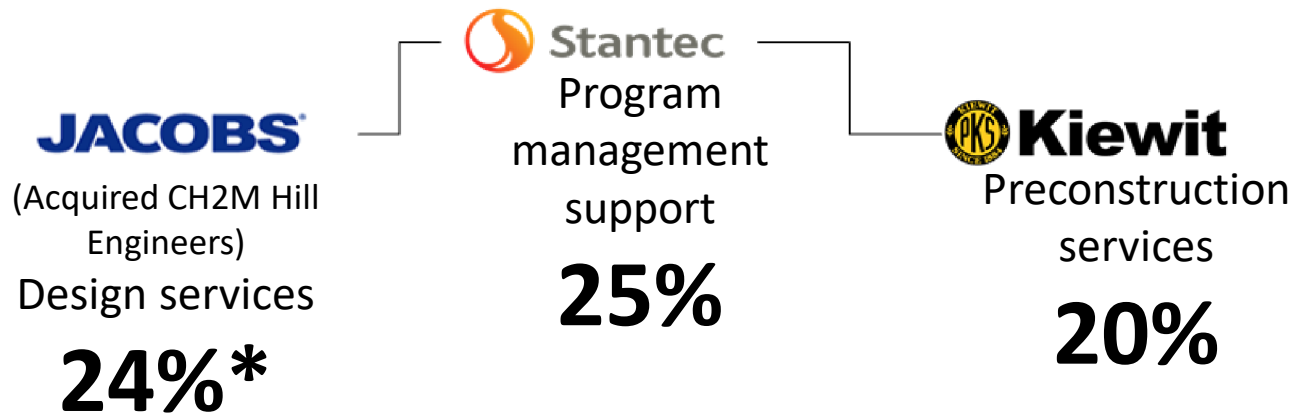
- Initial Contract: \$28 M
- Previous amendments: \$1.5 M
- Amendment request: \leq \$14 M
- Total Amended Contract: \leq \$43.5 M
- Total D/M/W/ESB Participation: \geq \$10.3 M
(\geq 23.7%)

Services are expanding the existing ones in the same areas of work due to the increased complexity



Equity & Diversity : Professional Services

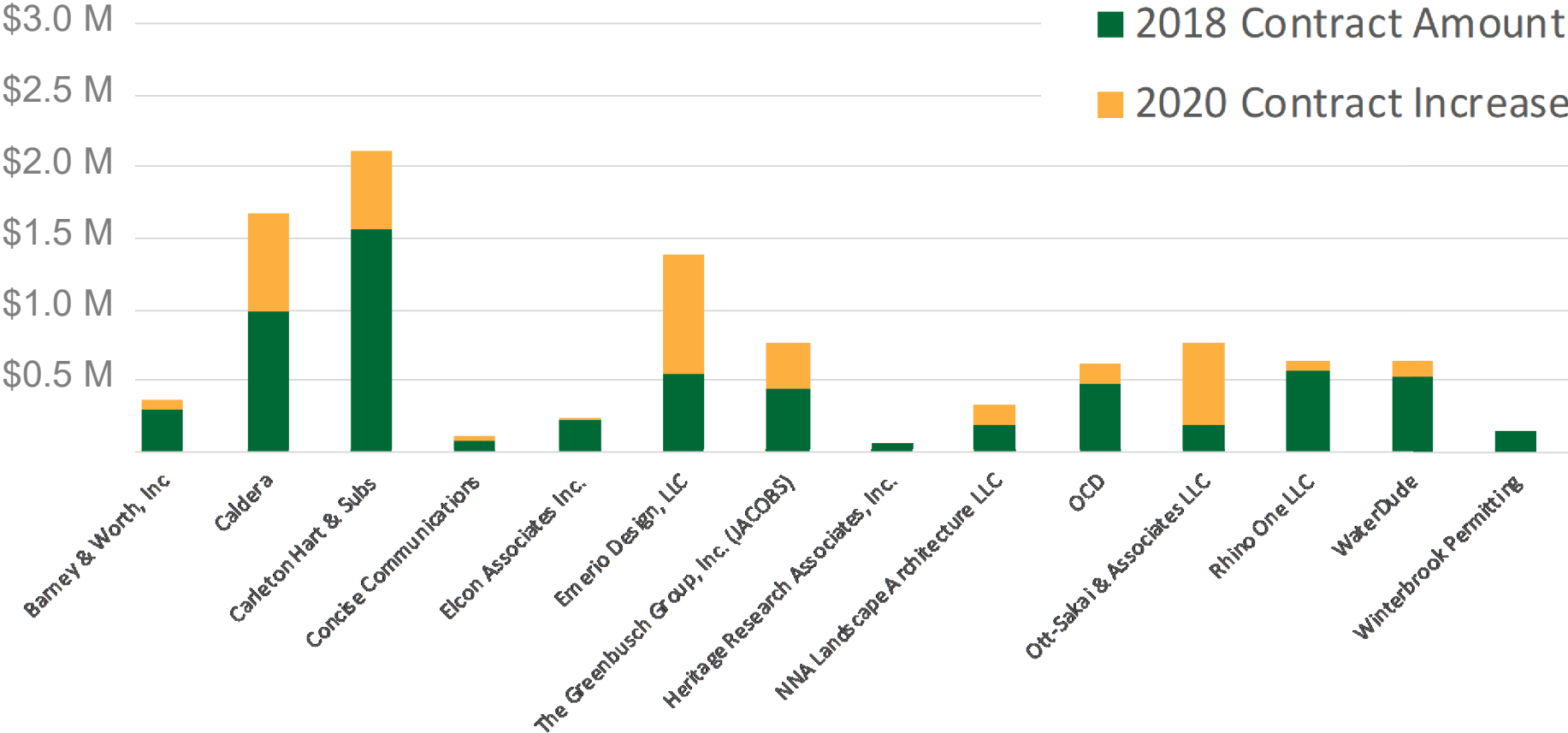
\$18 million* committed to certified firms via Professional Services Contracts, exceeding aspirational goals



* Includes 3 million associated with the amendment request today



Amendment Increases D/M/W/ESB Participation with the Expanded Scope



Amended Contract Disaggregated Data

Race/Ethnicity	Male	Female
African American	5.1%	-
Asian Indian	4.9%	-
Asian Pacific	3.2%	0.3%
White	3.4%	6.8%
Total	16.6%	7.1%

13.5% committed to
Minority-Owned Firms

10.2% committed to
White-Owned firms

> 23.7% commitment to certified firms



D/M/W/ESB Support Program

- CH2MHill is BES' largest consultant contract, large contingent of certified firms
- Support Program included in the scope to:
 - Support successful delivery by all D/M/W/ESB partners on STEP.
 - Enhance the long-term capacity of our D/M/W/ESB partners to support future delivery.
- ***Customized support activities identified by D/M/W/ESB firms***
- ***32 support needs identified***



Equity & Diversity: Professional Services

Build long-term capacity beyond technical deliverables

"We are getting help updating our office-wide quality control program. It's going to improve delivery on all our projects."

—Nick Meusch, Elcon Associates, Electrical Engineering

"A project delivery assessment resulted in us shifting smaller projects to junior staff, freeing up capacity for larger projects."

—Neil Fernando, Emerio Design, Civil Engineering

"The support team helped me think through offering health and retirement benefits for the first time – allowing me to expand my staff and services."

—Rajiv Ali, RhinoOne Geotechnical Engineering



Equity & Diversity: Construction CBA

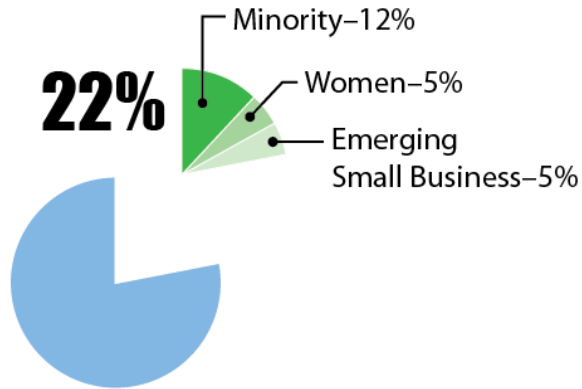
- The STEP CBA is the first being implemented since 2017 City Council Resolution
- Planning started early in predesign
- 8 months of biweekly meetings to prepare an implementation plan and prepare the project-specific CBA.
- Advisory Committee formed in June 2020 representing Unions, Community Based Organizations, Employers, Contractor, and City
- Specific subcontracting and workforce diversity plan associated with GMP1



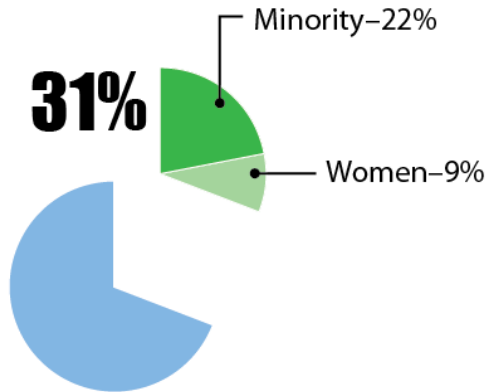
Equity & Diversity: Construction

STEP CBA Goals included in Kiewit's Construction Contracting

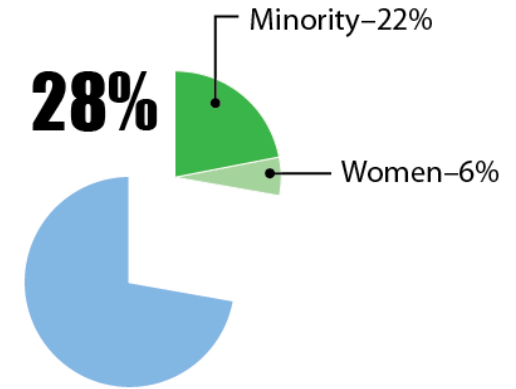
D/M/W/ESB Subcontractor Utilization



Apprentice Workers Workforce Diversity Goal



Journey Workers Workforce Diversity Goal



Kiewit's Construction Workforce Plan


- Work proactively with each trade union on craft requirements
- Participate in pre-apprenticeship recruitment and training
- Monitor and enforce CBA requirements for all subcontractors on project
- Establish positive worksite culture for all employees

Craft Labor	GMP 1		GMP 2		Percent
	Craft Hours	Peak FTE	Craft Hours	Peak FTE	
Craft Labor – Total	157,990	67	696,900	190	
Craft Labor – Minority	34,758	15	153,318	47	22%
Craft Labor – Women	9,479	7	41,814	13	6%
Craft Labor – Apprentices	31,598	16	139,380	43	20%
Craft Labor – Apprentice Minority	6,952	6	30,664	9	22%
Craft Labor – Apprentice Women	2,844	5	12,544	4	9%



Kiewit's Construction Subcontracting Plan

- Community outreach to present opportunities



Projected GMP Value	GMP 1	GMP 2	Percent
Hard Construction Costs	\$49,500,000	\$165,000,000	
D/M/W/ESB/SDVBE*	\$10,890,000	\$36,300,000	22%
M/DBE	\$5,940,000	\$19,800,000	12%
WBE	\$2,475,000	\$8,250,000	5%

- Packaging of work scopes to D/M/W/ESB/SDVBE* maximize involvement
- Technical assistance to break down barriers for participation
- Advancing local market for future construction projects

* Disadvantaged, Minority-Owned, Women-Owned, Emerging Small Businesses, Service-Disabled Veterans Business Enterprises



Recommendations and Future Council Actions

- Approval of Guaranteed Maximum Price 1 Report, in the amount of \$79.6 Million
- Future Council Actions
 - Approval of CH2M Hill Engineers Amendment (second reading), in an amount not to exceed \$14M
 - Guaranteed Maximum Price 2, coming in 2022

