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190979

Emergency Ordinance

***Amend contract with Kiewit Infrastructure West Co. to finalize construction of the Secondary Treatment Expansion Program project for a total amount not to exceed \$515 million (amend contract No. 30007489)**

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Bureau of Environmental Services (BES) owns and operates the Columbia Boulevard Wastewater Treatment Plant ("CBWTP"), which protects public health, safety, and the environment by treating sanitary sewage and stormwater from the City of Portland in accordance with a discharge permit issued by the Oregon State Department of Environmental Quality (DEQ).
2. The CBWTP was constructed in 1952 and has since operated daily, 24 hours a day to provide services to all City of Portland residents, businesses, and visitors. Many of the facilities affected by the Secondary Treatment Expansion Program date from the 1970s, when the last major expansion of the secondary treatment systems at the plant occurred.
3. BES is required to increase the capacity of the treatment plant's biological treatment system by adding additional secondary clarifiers under a Mutual Agreement and Order (MAO) signed with the Oregon Department of Environmental Quality (DEQ) on May 25, 2011. The additional secondary clarifiers are the last compliance requirement in the MAO where BES has complied with all the stipulated conditions of the MAO to date.
4. To minimize constructability and scheduling risks, BES combined a suite of projects that were either co-located or operationally impacted with the addition of clarifiers, identifying the suite of projects as the Secondary Treatment Expansion Program ("STEP").
5. Ordinance No. 188630 passed by the City Council on October 4, 2017, authorized Procurement Services to use an alternative competitive

Introduced by

[Commissioner Mingus Mapps](#)

Bureau

[Environmental Services](#)

Contact

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Requested Agenda Type

Time Certain

solicitation process to select a construction manager/general contractor (CM/GC) for the STEP project in accordance with Chapter 279C of the Oregon Revised Statutes (ORS).

6. In order to meet the MAO, and as provided for in Ordinance No. 188630, BES determined it is in the City's best interest to implement the construction of STEP in two or more phases.
7. On October 21, 2020, the Chief Procurement Officer presented Council with a report recommending the award of a CM/GC contract for construction services to Kiewit Infrastructure West Co. for the first phase of construction for the Guarantee Maximum Price (GMP1) of \$79,607,637. (Contract 30007489).
8. The construction contract is subject to the requirement of the approved STEP Community Benefits Agreement Dated April 24, 2020.
9. After successful negotiation of the second and final phase of the work (GMP2), BES requests amending the Guaranteed Maximum Price up to an amount not to exceed \$515,000,000 to finalize the Secondary Treatment Expansion's construction scope of work. The project estimate Confidence Level rating is optimal.
10. Funds are available in the Sewer System Operating Fund, FY 2022-2023 Budget, Bureau of Environmental Services, WBS Element E07947, but will require a deferral of other planned projects.

NOW, THEREFORE, the Council directs:

- A. The Chief Procurement Officer is authorized to execute amendment(s) that are approved as to form by the City Attorney's office and/or change orders to Contract 30007489 as long as the contract not-to-exceed amount is \$515,000,000 or less.
- B. The Mayor and Auditor are hereby authorized to pay for the contract from the Sewer System Operating Fund Budget when demand is presented and approved by the proper authority.

Section 2. The Council declares that an emergency exists because of the regulatory mandate to substantially complete the work by December 30, 2024; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
August 24, 2022

Auditor of the City of Portland
Mary Hull Caballero

Impact Statement

Purpose of Proposed Legislation and Background Information

Authorize amendments to contract 30007489 with Kiewit Infrastructure West Co., up to a total not-to-exceed amount of \$515,000,000 to finalize construction of the Secondary Treatment Expansion Program at the Columbia Boulevard Wastewater Treatment Plant.

The City of Portland Bureau of Environmental Services ("BES" or "Bureau") strive to contribute to the economic viability and livability of the Portland metropolitan region by protecting public health and the environment. As part of this commitment, BES continuously recovers water from two treatment plants treating sanitary sewage from all residents, businesses, and visitors, as well as collected stormwater generated within City limits. The Columbia Boulevard Wastewater Treatment Plant ("CBWTP") is the largest facility in Oregon, initially constructed in 1952 with its last major expansion completed more than 50 years ago in the early 1970's.

As part of its work to protect water quality, BES entered into a Mutual Agreement and Order (MAO) with the DEQ on May 25, 2011. The amended MAO requires the addition of two new secondary clarifiers to increase biological treatment of captured combined sewer overflows at the CBWTP. The City is required to substantially complete the expanded secondary treatment facilities by December 2024. Other critical improvements which are connected and in the same work area were included in the program scope of work to minimize safety and operational risks during construction, as well as to provide schedule control.

As presented to Council on October 4, 2017, BES has engaged the services of a Construction Manager/General Contractor ("CM/GC"). As anticipated at time of that legislation, two major construction packages were planned for, where BES and Procurement Services reported to Council on October 21, 2020 to accept a guaranteed maximum price on the first construction package, while stating that the project team would come back to Council for this legislation in 2022. This legislation will allow BES to meet its regulatory obligations with the MAO by authorizing continued construction work for the second phase of the work. The work has remained on schedule through the Coronavirus pandemic and ensuing economic challenges.

This legislation does not change any City policy.

No revenues will be impacted by this legislation.

Financial and Budgetary Impacts

Economic conditions over the design phase and unforeseen inflation have overshadowed the value engineering efforts undertaken to minimize costs. BES will be required to defer other projects to accommodate this legislation. As part of the efforts to control costs, BES has developed an Intergovernmental agreement with the Port of Portland (Port Agreement No. 2021-101) to transfer excavated material from the work site to a Port property,

reducing carbon emissions, diverting from landfill, and reducing project costs by millions of dollars. This legislation will allow to expand the agreement with the second phase of construction.

Community Impacts and Community Involvement

Past authorizations from Council have allowed the implementation of a Community Benefits Agreement (CBA) to increase diversity and equity in construction contracting, with mentoring and apprenticeship opportunities for minorities and women in the workforce as well as subcontracting opportunities for disadvantaged, minority-owned, women-owned, disabled veteran-owned, and emerging small businesses. This legislation will allow continued implementation of the CBA, where the advisory committee formed under the phase 1 of the work will continue advising and supporting the project team to meet the CBA goals through the entire construction phase. Committee members may be testifying for this legislation. Significant economic and training opportunities in the construction industry are associated with this legislation.

100% Renewable Goal

This legislation authorizes decommissioning of 1970's treatment technology and replacement with more effective and energy efficient technology. Biosolids truck hauling and associated carbon emissions are expected to decrease by 25%.

Agenda Items

727 Time Certain in [August 24, 2022 Council Agenda](#)

Passed

Commissioner Jo Ann Hardesty Absent

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea