

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** January 26, 2011

**TO:** Board of Commissioners

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 11-05  
Authorizing an Increase to the Public Improvement Contract with C&W Grading for a Total Amount Not to Exceed \$775,000 for Emergency Sewer and Stormwater Repairs at Union Station in the River District Urban Renewal Area

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6845

#### ACTION SUMMARY

The accompanying Resolution will authorize an increase to the public improvement contract with C&W Grading for a contract total amount not to exceed \$775,000 for the completion of emergency sewer and stormwater repairs at Union Station. Union Station is located at 800 NW Sixth Avenue (Property) in the River District Urban Renewal Area (URA), and is owned by the Portland Development Commission (PDC). A site map is provided in Attachment A, Project Summary.

In late May 2010, a failure of the sanitary sewer system at Union Station resulted in a significant spill of sewage in the lobby of Union Station. Immediate interim measures were implemented to maintain operations. Meanwhile, PDC's Executive Director authorized an Emergency Exemption for Sole Source Procurement, in compliance with PDC Local Contract Review Board Administrative Rules Part 1 Section III.C.4, to execute a contract with C&W Grading for purposes of replacing the damaged sewer line (Phase A).

Concurrently, inspection by the Bureau of Environmental Services (BES) of an old brick-lined storm manhole resulted in the need to make immediate corrections to address critical stormwater drainage that serves train track drip pans, roof drains, and other site drainage (Phase B). Due to the urgency and similarity in scope, this work was included in the Emergency Exemption, and added to the C&W Grading contract through a Change Order.

The initial contract with C&W Grading, a State of Oregon Certified Emerging Small Business, was for \$150,000 and a Notice to Proceed was issued August 6, 2010. PDC has amended the contract with C&W Grading through four subsequent Change Orders in light of multiple unforeseen issues encountered at the Property. Phase A has been completed to address the emergency sewer repairs for a total cost of \$276,154. Based on unforeseen issues discovered at the start of the stormwater repairs in October/November 2010, which necessitated a redesign of the stormdrain collection system, additional Change Orders are

necessary to complete the Phase B emergency repairs, the total cost of which is now estimated to be \$403,590. In addition, in consultation with the engineering consultant, staff is recommending a \$95,256 contingency to resolve any other unforeseen issues, for a total contract authorization not to exceed \$775,000.

## **PUBLIC BENEFIT**

The public benefits of implementing the emergency repairs include the following:

- Maintaining functionality of the sanitary sewer and stormwater systems at Union Station, including public and tenant restrooms;
- Minimizing impacts to Amtrak passenger train operations;
- Complying with City Environmental Regulations; and
- Protecting human health and safety.

Located within Portland's central city, Union Station is one of two designated multimodal hubs, providing convenient connections between passenger rail, light rail, intra- and inter-city buses, future streetcar lines, taxis, and various shuttle services. The station is also home to approximately twenty small office tenants and a restaurant.

### **This action will support the following PDC goals:**

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

## **PUBLIC PARTICIPATION AND FEEDBACK**

Not Applicable

## **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

The project supports the following plans and policies:

- **Amended and Restated River District Urban Renewal Plan:** PDC acquired the Union Station property to meet the objectives of the Downtown Waterfront Urban Renewal Plan. In 2008, Union Station and surrounding property was removed from the Downtown Waterfront URA, and in 2009, added to the River District URA and the Amended and Restated River District Urban Renewal Plan.
- **Comprehensive Plan:** Union Station is identified in the Comprehensive Plan as one of two multi-modal hubs in the City of Portland, in addition to the Portland International Airport.

- **PDC Local Contract Review Board Administrative Rules Part 1 Section III.C.4:** PDC Executive Director authorized an Emergency Exemption for Sole Source Procurement.
- **Prevailing Wage:** The work is under a public improvement contract with BOLI prevailing wage rates.
- **PDC Business & Workforce Equity Policy:** The primary contractor is a certified M/W/ESB firm who has attained more than 40 percent workforce utilization to date and has exceeded the Workforce Training and Hiring goals.

## FINANCIAL IMPACT

The total estimated cost of the emergency repairs is expected to be up to \$775,000, including contingency. A contingency is recommended based on on-site experiences and the tremendous amount of unforeseen subsurface issues encountered to date. The sewer and storm system was constructed in 1895, upgraded in the mid 1920's, and features old deteriorated clay tile systems. To date, significant cost increases have occurred due to challenging site conditions, including unstable soft sands and soil contamination, and the lack of historical information, such as as-built drawings, to accurately inform design details related to the location of subsurface utilities and other subsurface obstructions. The base quote for the Phase A repairs was \$150,000 and the improvements were recently completed for a total cost of \$276,154. Two change orders were required to incorporate the need for directional boring (due to unstable soft sand), the discovery of multiple unforeseen sewer laterals, the handling of uncovered contaminated soil, etc. Staff deployed long lasting improvements consisting of more costly ductile iron to ensure the system has low maintenance requirements and lasts for the next 100 years.

The initial quote for the Phase B repairs was \$29,308 for a simple replacement of an existing storm drain vault. Unfortunately, a complete redesign by the engineering consultant – including additional City permits, reviews, and a plumbing appeal – was necessary upon identifying the need for a lift station and additional electrical service, and the discovery of multiple previously unidentified storm laterals. Subsurface rain drains serving the eastern half of the 4.5 acre site were discovered to drain to the vault. Additional expenses were also incurred for bypass pumps, additional shoring, and standby time during the redesign process. The Phase B repairs are anticipated to cost approximately \$403,590.

Authorization of an increase to the contract with C&W Grading of up to \$775,000 will provide a contingency of \$95,256. The project engineer believes this is a necessary and prudent allowance given the remaining project uncertainties and risks.

Adequate resources are available for emergency repairs in the River District URA Adopted FY 2010-11 and Forecast Years Budget. A copy of the budget is included as Attachment B.

## RISK ASSESSMENT

There is the potential risk the repair costs could exceed the anticipated project budget. As noted above, a contingency has been included to mitigate this risk. Additionally, the Phase B project site is currently an open pit immediately adjacent to Track 1 at Union Station.

There is significant risk posed to the track integrity due to the soil conditions, and the use of the track pan liners to fuel trains, if the emergency repairs are not implemented expeditiously. In addition, the foundation to Union Station is at risk, and there is the potential for flooding in the station, if the storm drain repairs are not completed.

### **WORK LOAD IMPACT**

Construction Services staff, within the Central Services Department, are assigned to manage the construction contract and monitor work in coordination with Urban Development Department project staff. Other work load has been re-sequenced to accommodate this emergency project.

### **ALTERNATIVE ACTIONS**

The PDC Board of Commissioners could elect to not authorize the Executive Director to amend the contract. In this case, repair of the Property would be delayed or cancelled. Failure to complete the repairs would result in lack of compliance with City code requirements, risks to human health and safety, on-going costs for interim needs such as bypass pumps and shoring, and potential risk to the operability of Track 1.

### **CONCURRENCE**

The Project has the support of the Union Station tenants, including Amtrak.

## **BACKGROUND**

PDC acquired Union Station in 1987 from the Portland Terminal Railroad Company as part of a 30-acre redevelopment opportunity. The City of Portland Office of Management and Finance (OMF) manages the Property on PDC's behalf, and was first alerted to the need for the Phase A and Phase B emergency sewer and stormwater repairs. OMF provided the emergency interim measures necessary to respond to the Phase A sewer system failure.

PDC and OMF coordinated on the recommendation for how to address the repairs, and ultimately PDC elected to take the lead in implementation. This was in part due to PDC staff expertise, an ability to deploy engineering resources quickly, and the need to coordinate work with the Department of Environmental Quality, with whom PDC has an on-going working relationship. Through implementation of the emergency work, PDC continues to coordinate with OMF and the Union Station tenants, particularly Amtrak, to ensure minimal impacts to other work underway (this scope of work is separate from the Phase II/IIB roof repair project managed by OMF), and tenant operations. The stormwater repairs are currently anticipated to be completed by April 2011.

The emergency work will only solve one part of the existing deteriorated subsurface utilities – principally storm, water, and sewer line systems – and much will remain in a state of disrepair following the completion of the repairs. The total needs of Union Station are extensive and estimated to be in the range of \$35-40 million, not including any track or passenger platform improvements. The Federal Railroad Administration recently announced the pending award of

a \$4 million grant (requiring a \$1 million local match) to fund the preliminary engineering for the full Union Station improvements and some track and platform upgrades. Further scoping of the necessary repairs to the sewer, stormwater, and water systems will be completed at this time.

**ATTACHMENTS:**

- A. URA Financial Summary
- B. Project Summary and Maps

**URA FINANCIAL SUMMARY**

**Financial Summary**

**Revised Fund Summary - Five-Year Budget Projections**

|  | Revised<br>FY 2009-10 | Revised<br>FY 2010-11 | Forecast<br>FY 2011-12 | Forecast<br>FY 2012-13 | Forecast<br>FY 2013-14 | Forecast<br>FY 2014-15 |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| <b>River District URA</b>                    |                       |                       |                        |                        |                        |                        |
| <b>Resources</b>                             |                       |                       |                        |                        |                        |                        |
| Beginning Fund Balance                       | 24,932,236            | 11,093,548            | 427,241                | 10,197,355             | 225,375                | 139,190                |
| Fees and Charges                             | 0                     | 0                     | 0                      | 0                      | 0                      | 0                      |
| Interest on Investments                      | 150,000               | 100,000               | 50,000                 | 50,000                 | 50,000                 | 50,000                 |
| Loan Collections                             | 1,800,000             | 456,741               | 456,741                | 435,310                | 424,595                | 417,971                |
| Property Income                              | 2,029,155             | 1,016,000             | 1,016,000              | 1,016,000              | 1,016,000              | 1,016,000              |
| Reimbursements                               | 125,000               | 125,000               | 0                      | 0                      | 100,000                | 0                      |
| TIF Proceeds                                 | 37,162,800            | 45,454,500            | 51,753,992             | 46,344,915             | 55,091,425             | 24,545,586             |
| <b>Total Resources</b>                       | <b>66,199,191</b>     | <b>58,245,789</b>     | <b>53,703,974</b>      | <b>58,043,580</b>      | <b>58,907,395</b>      | <b>26,168,747</b>      |
| <b>Requirements</b>                          |                       |                       |                        |                        |                        |                        |
| <b>Program Expenditures</b>                  |                       |                       |                        |                        |                        |                        |
| <b>Business and Industry</b>                 |                       |                       |                        |                        |                        |                        |
| <b>Community Economic Development</b>        |                       |                       |                        |                        |                        |                        |
| H79020 Business Finance                      | 0                     | 1,125,000             | 912,500                | 912,500                | 912,500                | 912,500                |
| <b>High Growth</b>                           |                       |                       |                        |                        |                        |                        |
| H79020 Business Finance                      | 0                     | 1,125,000             | 912,500                | 912,500                | 912,500                | 912,500                |
| <b>Industry Cluster</b>                      |                       |                       |                        |                        |                        |                        |
| H79020 Business Finance                      | 595,000               | 2,250,000             | 1,825,000              | 1,825,000              | 1,825,000              | 1,825,000              |
| H79023 Materials Lab                         | 100,000               | 0                     | 1,000,000              | 0                      | 0                      | 0                      |
| <b>Business and Industry Total</b>           | <b>695,000</b>        | <b>4,500,000</b>      | <b>4,650,000</b>       | <b>3,650,000</b>       | <b>3,650,000</b>       | <b>3,650,000</b>       |
| <b>Housing</b>                               |                       |                       |                        |                        |                        |                        |
| <b>Multi-Family - Rental Housing</b>         |                       |                       |                        |                        |                        |                        |
| H12030 Fairfield Apartments                  | 470,000               | 930,000               | 167,971                | 167,971                | 167,971                | 167,971                |
| H32138 Pearl Family Housing                  | 12,000,000            | 7,000,000             | 0                      | 0                      | 0                      | 0                      |
| H37937 RAC - Access Center                   | 16,200,000            | 13,500,000            | 0                      | 0                      | 0                      | 0                      |
| H37938 Blanchet House Redev                  | 265,000               | 1,885,000             | 0                      | 0                      | 0                      | 0                      |
| H37940 New Avenues for Youth                 | 1,200,000             | 0                     | 0                      | 0                      | 0                      | 0                      |
| H80036 Yards at Union Station                | 552,000               | 4,137,971             | 0                      | 0                      | 0                      | 0                      |
| H89030 Affordable Rental Housing             | 500,000               | 0                     | 0                      | 0                      | 4,000,000              | 9,000,000              |
| <b>Portland Housing Bureau</b>               |                       |                       |                        |                        |                        |                        |
| H28025 Administration                        | 117,414               | 0                     | 0                      | 0                      | 0                      | 0                      |
| <b>Housing Total</b>                         | <b>31,304,414</b>     | <b>27,452,971</b>     | <b>167,971</b>         | <b>167,971</b>         | <b>4,167,971</b>       | <b>9,167,971</b>       |
| <b>Infrastructure</b>                        |                       |                       |                        |                        |                        |                        |
| <b>Facilities</b>                            |                       |                       |                        |                        |                        |                        |
| H60020 Union Station                         | 219,484               | 5,235,192             | 2,726,178              | 6,500                  | 6,500                  | 6,500                  |
| <b>Parks</b>                                 |                       |                       |                        |                        |                        |                        |
| H13119 Neighborhood Park (The Fields)        | 350,000               | 1,000,000             | 4,000,000              | 0                      | 0                      | 0                      |
| <b>Transportation</b>                        |                       |                       |                        |                        |                        |                        |
| H11233 Public Site Improvements              | 0                     | 764,663               | 0                      | 0                      | 0                      | 0                      |
| H11234 Westside Burnside-Couch Couplet       | 30                    | 300,000               | 800,000                | 0                      | 0                      | 0                      |
| H11263 RD Public Site Improvements           | 479,000               | 0                     | 0                      | 0                      | 0                      | 0                      |
| H13137 Streetcar Loop Project                | 10,463,000            | 4,500,000             | 0                      | 0                      | 0                      | 0                      |
| H13138 Streetcar LID                         | 0                     | 0                     | 0                      | 550,000                | 0                      | 0                      |
| <b>Infrastructure Total</b>                  | <b>11,511,514</b>     | <b>11,799,855</b>     | <b>7,526,178</b>       | <b>556,500</b>         | <b>6,500</b>           | <b>6,500</b>           |
| <b>Revitalization</b>                        |                       |                       |                        |                        |                        |                        |
| <b>Plans and Strategies - Revitalization</b> |                       |                       |                        |                        |                        |                        |
| H13142 RD Project Management                 | 5,000                 | 0                     | 0                      | 0                      | 0                      | 0                      |
| <b>Redevelopment</b>                         |                       |                       |                        |                        |                        |                        |

