

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING)
AMENDMENT NO. 4 TO CONTRACT)
NO. 920197 WITH URS GREINER, INC.)
)

RESOLUTION NO. 99-2839

Introduced by Mike Burton,
Executive Officer

WHEREAS, Metro has contracted with URS Greiner, Inc. to design three projects at Metro South Station and one project at the St. Johns Landfill; and

WHEREAS, Real estate negotiations halted, forcing relocation of the St. Johns Landfill Maintenance Building to SA-5A on the landfill; and

WHEREAS, Amendment No. 4 to the contract, attached hereto as "Exhibit A," will facilitate the additional design requirements; and

WHEREAS, The resolution was submitted to the Executive Officer for consideration and was forwarded to the Metro Contract Review Board for approval; now therefore,

BE IT RESOLVED, That the Metro Contract Review Board authorizes execution of Amendment No. 4 to Contract No. 920197 with URS Greiner, Inc., attached hereto as "Exhibit A."

ADOPTED by the Metro Contract Review Board this ____ day of _____, 1999.

Rod Monroe, Presiding Officer

Attest:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, General Counsel

AMENDMENT NO. 4

This amendment, dated as of the last signature date below, hereby amends the Personal Services Agreement between METRO and URS GREINER, INC, "Contractor," dated November 27, 1997 (the"original agreement"). In exchange for the promises and other valuable consideration described in the original agreement, subsequent amendments, and this amendment, the parties agree as follows:

1. Contractor shall modify the existing design of the St. Johns Landfill Maintenance Building to facilitate its placement on SA-5A of the landfill including:
 - Prepare a new site general arrangement drawing detailing building location, access, and parking area requirements.
 - Review and modify changes to utilities, foundation, and grade slabs as needed.
 - Update design calculation to the current 1997 UBC.
 - Modify existing drawing set as required to incorporate all revisions.
 - Assist in permit acquisition.

2. In accordance with Item 3 (Payment, Billing and Term), paragraph two of the Scope of Work, the term of the Contract shall be extended for an additional 12 months until December 31, 2000.

3. Metro agrees to pay Contractor additional consideration for such services in an amount not to exceed TWENTY THREE THOUSAND AND NO/100 Dollars (\$23,000.00) beyond the agreed payment for service under the original agreement. No payment beyond this additional sum shall be authorized by Metro without specific written amendment to the original agreement. This amendment increases the maximum contract price to ONE HUNDRED FIFTY THREE THOUSAND, NINE HUNDRED AND NO/100 Dollars (\$153,900.00).

It is acknowledged by Metro and Contractor that these services were not provided for in the original agreement. All terms of the original agreement and any previous amendments shall remain in full force and effect, except as modified herein.

URS GREINER, INC,

METRO

Signature

Signature

Print Name and Title

Print Name and Title

Date

Date

MN:clk

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**EXECUTIVE SUMMARY
RESOLUTION NO. 99-2839
AUTHORIZING AMENDMENT NO. 4 TO CONTRACT NO. 920197
WITH URS GREINER, INC.**

PROPOSED ACTION

- Adopt Resolution No. 99-2839, authorizing execution of an amendment to Contract No. 920197 to increase the total contract amount by \$23,000.

WHY NECESSARY

- Negotiations failed to procure a portion of Parcel 'A' for the construction of a maintenance facility at the St. Johns Landfill.
- Additional design requirements are necessary to facilitate the new facility location on the landfill.

ISSUES/CONCERNS

- This project has been delayed 15 months as negotiations with the City of Portland for the use of all or part of Parcel 'A' have proceeded. These negotiations have failed to produce an acceptable option for Metro. Therefore, the location of the maintenance building has been moved to SA-5A on the landfill.
- Additional engineering design is required to facilitate the move. Concerns regarding utilities, concrete flat work and methane gas protection must be addressed.
- This relocation places the facility outside of an approved area as specified in the St. Johns Landfill Closure Plan. It places the facility inside the Smith and Bybee Lakes Management Plan boundaries. The permits required to facilitate the relocation are anticipated to be tedious to obtain as well as the approval from the Smith and Bybee Lake Committee.
- Amendment No. 4 will compensate URS for the redesign, based on the anticipated relocation of the facility.

BUDGET/FINANCIAL IMPACTS

- Moving the location of the maintenance building to the landfill is the most economical alternative for Metro.
- Adequate funds are available from REM's General Account and the St. Johns Landfill Closure Account for this amendment.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 99-2839, FOR THE PURPOSE OF AUTHORIZING AMENDMENT NO. 4 TO CONTRACT NO. 920197 WITH URS GREINER, INC.

Date: September 2, 1999

Presented by: Terry Petersen

PROPOSED ACTION

Adopt Resolution No. 99-2839, authorizing the Executive Officer to Amend Metro Contract No. 920197 with URS Greiner, Inc. for the purpose of modifying design of a proposed maintenance building at the St. Johns Landfill.

FACTUAL BACKGROUND AND ANALYSIS

This staff report compares four options for the location of a new maintenance facility for the St. Johns Landfill.

Under the terms of the December 1990 St. Johns Landfill Purchase Agreement, Metro took ownership of the St. Johns Landfill and leased all of Parcel 'A' from the City of Portland. In 1993, Metro and the City entered into a new lease for only a portion of Parcel 'A,' at a substantially reduced rent.

Parcel 'A' consists of 18.148 acres of industrially zoned land located between N Columbia Blvd. and the Columbia Slough and is a portion of the former St. Johns Landfill, operated by the City of Portland. From approximately 1932 to 1940, at least the northern portion of Parcel 'A' was used as a disposal site for ash from the City of Portland's incinerator, which was located immediately south of Columbia Blvd. Once the landfill activities moved across the slough, this parcel was used for a variety of activities including scalehouse functions, truck wash and a public drop-off. Metro is currently leasing approximately 55,620 square feet of Parcel 'A' at a rate of \$0.1327 per square foot or \$7,380 per year.

In April of 1998, the Metro Council authorized release of an RFB to execute a contract for the construction of a maintenance building at the St. Johns Landfill. The Council found that the building was necessary because Metro is responsible for the proper closure and long-term maintenance of the closure system at the St. Johns Landfill, as well as extensive monitoring of the air, water, and soils of both the landfill and the surrounding ecosystem.

The proposed building is 75'x50' and includes offices, a lab/office, lunch/conference room, restroom, showers, storage for equipment and vehicles, a maintenance bay and a shop. The optimum location for the building was determined to be on the northern portion of Parcel 'A' just to the west, prior to crossing the bridge onto the landfill. This

area was originally used as a public drop-off area when the landfill was open. This location was selected because of its proximity to utilities, soil stability, and consistency with the plan for the Smith and Bybee lake area.

After the preferred location for the building was determined, staff opened discussions with the City of Portland to re-negotiate our existing lease and develop a long-term lease for the desired portion of the site. In June of 1998, the City responded by suggesting that Metro consider taking over ownership of Parcel 'A.' The City suggested that Metro could acquire the property for a minimal price if the City was indemnified for any environmental liability.

As an initial step in the process of selling Parcel 'A,' the City contracted with a real estate appraiser to provide an appraisal report of the parcel. The appraisal report dated August 13, 1998, states that the market value of the property in fee simple is considered to be \$1,465,000. The appraiser qualified the above value by stating,

“However, at the request of the client, we are appraising the site as if environmentally clean. This is an important hypothetical assumption in the case of the subject, given its history as a City landfill. The subject’s actual ‘as is’ value is most likely to be significantly less due to environmental and soil stability issues.”

It should be noted that 6.65 acres of the 18.148-acre Parcel 'A' are located within the 100-year flood zone and are considered marginally usable. Another 3.57 acres are within the railroad easement or other unusable areas. This leaves 7.83 acres of potentially usable land.

The City’s Appraiser has assessed the property as follows:

7.83 acres at \$3.75 / sf	=	\$1,280,000
6.75 acres at \$1.875 / sf	=	\$ 550,000
3.57 acres at \$ 0.0 / sf	=	<u> 0</u>
Total Value		\$1,465,000

The appraiser also suggested that a typical rate of return would be approximately 10% of the perceived value of the land. Based on their appraisal, the annual lease payment would be \$146,500.

Metro then contracted for a study to evaluate Metro’s existing environmental liability as a lessee and tenant of Parcel 'A.' Metro’s contractor also provided an estimate of the probable costs to resolve future liabilities at Parcel 'A,' should Metro acquire the parcel and be required to indemnify the City for environmental liabilities. These estimates were based on an evaluation of the probability of various levels of clean-up being required as a result of the previous use of Parcel 'A' as a landfill. The consultant estimated that Metro’s current liability for activities on the site could range from \$60,000 to \$460,000. Based on his estimate of the probability that each level of cleanup would be required, the consultant estimated Metro’s current liability at \$142,000. The estimated costs to resolve

environmental liabilities if Metro were to acquire Parcel 'A' and indemnify the City ranged from \$376,000 to \$4,953,000. The consultant again evaluated the probability of each level of cleanup and estimated the value of the risk to be \$1.1 million.

The City has indicated to Metro that it has no desire to lease a portion of Parcel 'A' to Metro, but would either sell the Parcel to Metro or lease the entire Parcel at market rates. If Metro is unwilling to assume the environmental liability for Parcel 'A,' as it did for the remainder of the landfill, then they would expect the purchase price to be near the appraised value.

On January 25, 1999, the City suggested that the two parties enter into a triple net lease for not less than 30 years for Parcel 'A.' Under a triple net lease, Metro would be responsible for all costs associated with use of the parcel in addition to the lease payment. Metro could then build on and manage Parcel 'A' without fee ownership and without altering each party's existing environmental liability. Metro staff determined that this price exceeded the value of the parcel as a site for a maintenance facility and suspended negotiations with the City until alternative sites on the landfill itself could be evaluated.

OPTIONS

Staff compared the benefits of constructing the maintenance facility on Parcel 'A' against building on a portion of the landfill itself, and three options for the acquisition of Parcel 'A.' The three options for acquiring a site on Parcel 'A' and the landfill option are listed below.

- OPTION 1: Purchase Parcel 'A' for a nominal amount and indemnify the City against any future environmental liability.
- OPTION 2: Pay fair market value for Parcel 'A,' which would be approximately \$1.4 million, and each party's liability for any environmental impairment due to past activities on the site would remain unchanged.
- OPTION 3: Lease the entire parcel at "market rates." The City has indicated that the annual rental rate would be approximately 10 percent of the fair market value of the land.
- OPTION 4 Construct the maintenance facility across the bridge on the landfill that is already owned by Metro.

ANALYSIS

Metro staff conducted a two-part analysis of the options for siting a new maintenance building for the St. Johns Landfill. The first phase of the analysis involved comparing the two potential building sites to identify the assets and liabilities of each site. The second portion of the analysis was an economic analysis of the costs associated with building on each site.

The proposed building site on Parcel 'A' is located about 400 feet south of the landfill bridge on the west side of the access road. The potential building site on the landfill is located in the southeasterly portion of the landfill about 400 feet north of the motor blower flare facility. This site was selected due to its proximity to the gas facilities and because it is one of the oldest areas of the landfill, and therefore, one of the more stable areas of the landfill. The following figure shows the location of both sites as well as the approximate boundaries of Parcel 'A.'

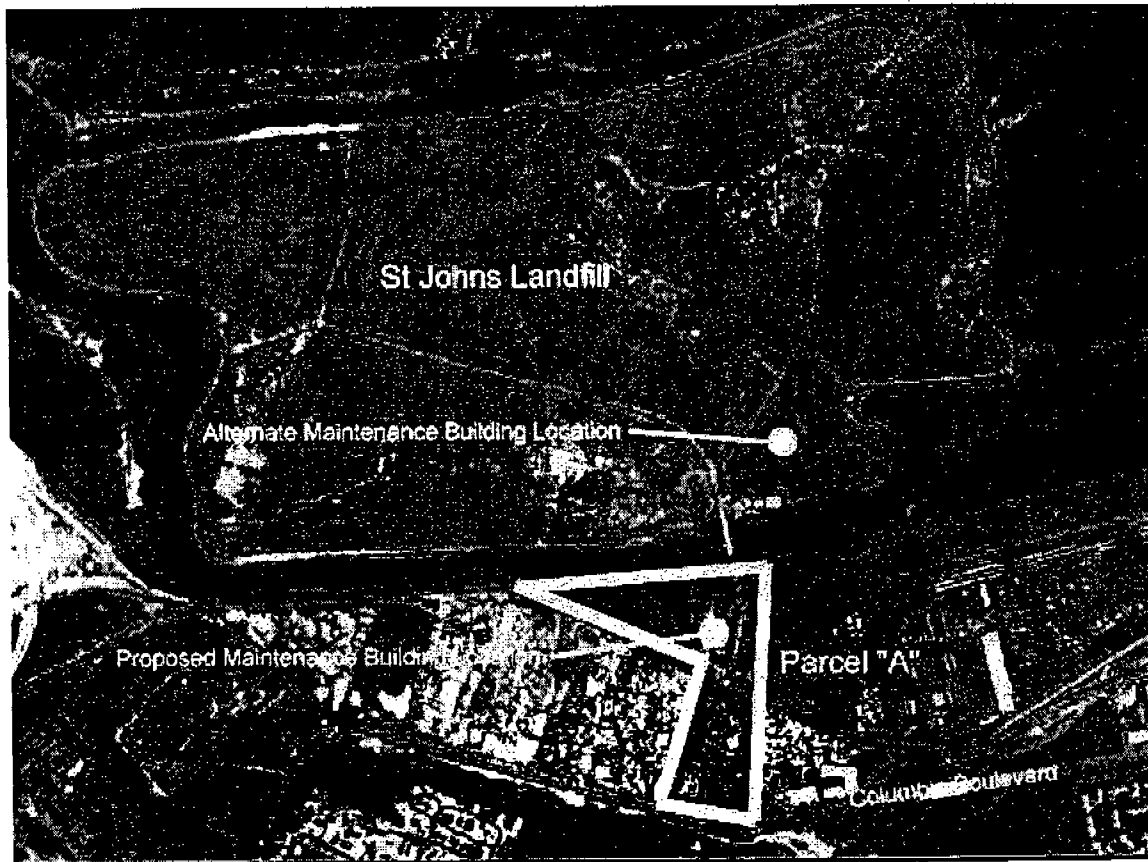


Figure 1
St Johns Landfill and Parcel 'A' Showing Sites for Maintenance Building

Five major factors were reviewed by staff with respect to the two potential sites for the maintenance building. These factors follow:

1. Consistency with the "Natural Resources Management Plan for Smith and Bybee Lakes."
2. Utility of the facility after major post-closure activities have been completed.
3. Construction cost of the maintenance building.
4. Operational and employee safety considerations.

5. Potential economic risk due to acquisition of Parcel 'A.'

The staff analysis of the two locations indicates that Parcel 'A' is the preferred location for the maintenance building for four out of the five factors reviewed. Locating the building on the landfill is not consistent with the Smith and Bybee Lake Plan. This plan limits development on the site to temporary structures associated with landfill closure. To date, no permanent structures have been erected on the landfill. Staff estimates that obtaining the necessary planning approvals needed to construct on the landfill will take about six to eight months.

The location of the building on Parcel 'A' is consistent with the plan and provides the additional benefit of a facility that can be used by Metro's Parks and Greenspaces Department for their activities in the Smith and Bybee lakes area after closure activities are completed on the landfill. The location south of the landfill bridge would facilitate access control across the landfill bridge as called for in the plan.

Construction on the landfill will be significantly more expensive than construction on Parcel 'A.' This difference is due to increased utility costs and additional building cost due to the instability associated with construction on a recently-closed landfill. The presence of methane gas on the landfill may limit the maintenance activities in the building. For example, activities such as welding or grinding could be limited to avoid the risk of fire. Parcel 'A' was used to landfill ash and some refuse prior to World War II. Due to its age and the character of the waste it is relatively stable and there is no further methane production. The landfill location does have the advantage of being closer to major closure-related activities such as operation of the gas system. These advantages are offset by the potential limitations on the use of the building.

The following table shows the economic impact of each of the four options noted above.

Economic Analysis of Maintenance Building Options

	Option 1 Indemnification	Option 2 Market Price	Option 3 Lease	Option 4 Landfill
Building Cost	\$495,000	\$495,000	\$495,000	\$681,000
Environmental Liability	\$1,112,000	\$142,000	\$142,000	\$142,000
Land Acquisition	\$1	\$1,465,000	\$2,276,034	\$0
Total Cost	\$1,607,001	\$2,102,000	\$2,418,034	\$823,000

While the use of Parcel 'A' has operational benefits and is in compliance with long term plans for the Smith and Bybee Lakes area, Metro staff does not believe that the additional cost can be justified based on the post-closure needs of the landfill.

CONCLUSION

Based on the risk associated with the previous use of Parcel 'A' as a landfill and the costs associated with the City's desire to sell or lease the entire parcel, the maintenance building should be located on the landfill. Since URS Greiner, Inc. originally designed the proposed facility to be located on Parcel 'A,' additional design work will be required to locate the building on the landfill. The cost of this additional work will be less and the lines of responsibility clearer if the same firm provides the additional design work. Therefore, Metro Contract No. 920197 with URS Greiner, Inc. should be amended to increase the contract amount by \$23,000 to compensate them for the additional design services required, and extended to allow time to complete the work and the necessary planning process.

BUDGET IMPACT

Adequate funds have been allocated in the 1999-2000 budget for this contract.

RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 99-2839.

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