

BEFORE THE METRO COUNCIL CONTRACT REVIEW BOARD

FOR THE PURPOSE OF APPROVING A) RESOLUTION NO. 10-4220
CONTRACT AMENDMENT FOR THE)
VETERINARY MEDICAL CENTER PROJECT) Introduced by Chief Operating Officer
AT THE OREGON ZOO) Michael Jordan with the concurrence of
) Council President Carlotta Collette

WHEREAS, pursuant to ORS 279A.060 and Metro Code 2.04.058, the Metro Council is designated as the Public Contract Review Board for the agency; and

WHEREAS, Metro Code 2.04.058 requires Council approval for public improvement contract amendments that exceed five percent of the initial contract value or \$25,000.00; and

WHEREAS, on August 13, 2010, Metro awarded the contract (the "Contract") to construct the Oregon Zoo Veterinary Medical Center (the "Project") to SKANSKA USA, Inc., after conducting an open competitive bid process in which SKANSKA, USA, Inc. was determined to be the lowest responsive and responsible bidder; and

WHEREAS, the original Contract amount is \$6,454,899, and two amendments increasing the Contract in the amount of \$17,603 and \$11,498, have been approved by the Chief Operating Officer; and

WHEREAS, an ancient landslide was discovered at the Project site during the course of excavation and construction. This unforeseen condition resulted in construction delays and the need for additional work to be performed under the Contract. Some of this work was immediately needed to avoid substantial risk to the Project, and has already been performed on an emergency basis under the "proceed while pricing" provisions of the Contract and in accord with Metro Code Section 2.04.058(6); and

WHEREAS, the Oregon Zoo now wishes to obtain Metro Council approval for an amendment to the Contract for additional work, in the amount of \$394,278. The additional work elements include the following: extra excavation, installation of soil nails and an underground drainage system to stabilize the slope; a sub slab drainage system required by the City of Portland; work to relocate existing underground campus utilities found to be inaccurately located on existing Zoo drawings; and

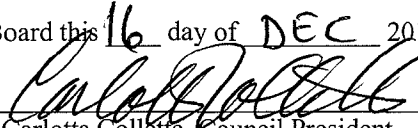
WHEREAS, the additional work has been reviewed by the Deputy Chief Operating Officer, the Oregon Zoo Bond Manager, the Oregon Zoo Construction Manager and the Project architect, and has been determined to be necessary, appropriately priced, and within the contingency budget for the project; and

WHEREAS, the sum of the prior approved contract amendments and the amendment proposed herein is \$423,379, amounting to four percent of the Project's total budget; and

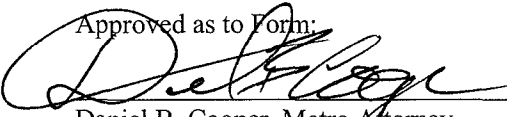
WHEREAS, the Metro Procurement Officer believes that amending the existing contract with SKANSKA USA, Inc. is appropriate and that such action is in the best interests of Metro and will better ensure a timely Project delivery; now therefore

BE IT RESOLVED that the Metro Council acting as the Public Contract Review Board authorizes the Chief Operating Officer to execute a contract amendment with SKANSKA USA, Inc. in the amount of \$394,278 for the Oregon Zoo Veterinary Medical Center Project.

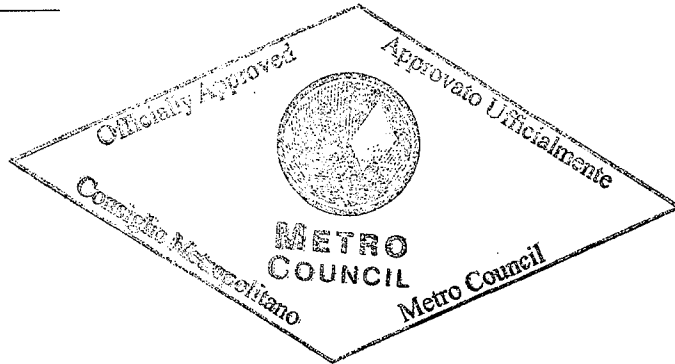
ADOPTED by the Metro Council Contract Review Board this 16 day of DEC 2010.



Carlotta Collette, Council President

Approved as to Form:


Daniel B. Cooper, Metro Attorney



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO 10-4220, METRO COUNCIL, ACTING AS THE METRO CONTRACT REVIEW BOARD, FOR THE PURPOSE OF APPROVING A CONTRACT AMENDMENT FOR THE VETERINARY MEDICAL CENTER PROJECT AT THE OREGON ZOO

Date: December 2, 2010

Prepared by:

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BACKGROUND

An open, competitive Request for Bid (RFB) was issued for the Veterinary Medical Center project in 2010. In accordance with Metro Code, the lowest responsive, responsible bidder was selected, which was Skanska USA Building, Inc.

The project specifications and design drawings were prepared by Peck Smiley Ettlin Architects representing the scope of the project. The bond program team sought review of the drawings and specifications from multiple engineers and architects for constructability and completeness as a risk mitigating procedure. Those reviews concluded that the excavation and soil nail wall installation were the most inherently risky aspects of the entire project. Due to these risks, the project is carrying a substantial contingency.

- A. This contract was awarded on Aug. 13, in the amount of \$6,454,899 and work began on Aug. 16. Excavation and soil nail wall installation began according to schedule and realized significant progress until Oct. 25, the date an ancient land slide was discovered at the NE corner of the wall, requiring immediate work stoppage and investigation. In addition, significant amounts of ground water is weeping out through the soil nail wall excavated face, further reducing stability. Although professional geotechnical site test borings were drilled and analyzed, this landslide was not detected.

The excavated earth was very unstable and consisted of gray silt with high moisture content. The project geotechnical engineers analyzed and provided a solution to reinforce the wall and provide drainage. The solution has two major impacts: 1) increased project scope due to additional horizontal soil nails and the addition of vertical soil nails for stability, 2) the addition of drain lines drilled 50 feet into the hillside, and 3) the work sequencing was significantly slowed resulting in additional schedule days and associated labor and machinery costs.

In addition, to the scope and change order related to the ancient landslide, Skanska has submitted additional changes, detailed below.

- B. The construction documents did not include sub building slab drainage. This work is necessary to ensure the integrity of the building slab. The scope includes additional excavation and the installation of additional sub grade gravel and drainage piping.
- C. Eight of the animal den walls had been reduced in height by one of the design consultants, prior to bid, to facilitate ductwork routing. The shorter walls were not sufficient to contain animals. The ductwork was rerouted and the walls were restored to their originally designed height to close off the gap between the top of the wall and the underside of the roof deck.
- D. Site utility installation must change from construction documents due to inaccurate historical zoo archive information. A manhole requires relocation due to inaccurate historical zoo campus as-built drawings. These changes require additional work.

- E. The project team proposed changing two cast in place retaining walls to soil nail walls resulting in a credit to the contract.
- F. The city building permit required several project scope changes, including the addition of a fire hydrant, adding a fire department connection, and increasing the landscape mitigation area due to additional site disturbance.

Change Item	Brief Description	Amount
A	Landslide, Excavation and Soil Nail	\$272,648
B	Sub slab drainage	88,024
C	Den wall height increase	7,606
D	Manhole relocation	3,370
E	Change retaining wall types	(-1,895)
F	Permit changes	24,525
Change Order 3 Total		\$394,278

The Zoo Bond Program Director and Construction Manager reviewed these additional items and agreed the work is necessary and can be paid within the adopted project budget. The consulting architect for the projects also reviewed the requests and verified that the work is outside of the existing contract scope and reasonably priced, which the Metro Procurement Officer concurs with.

The Metro Deputy Chief Operating Officer and Office of Metro Attorney have approved previous change orders 1 and 2, in the amount of \$17,603 and \$11,498, respectively. This represented a contract clarification on letter of credit versus performance/payment bond and relocating an existing gas line which would have been situated under the new building had it not been relocated.

The total for change order 3 is \$394,278. The total amount for change orders 1 and 2 is \$29,101, for a grand total of \$423,379 of project change orders to date. This amount represents four percent of the project's total budget of \$9.5 million. Due to the risky nature of the soil nail wall and zoo site conditions, the project includes an adequate contingency to cover these change orders. As previously stated, the excavation and soil nail wall represent what is believed to be the riskiest aspect of the project. Remaining project contingency is believed adequate to complete the project within budget.

The bond project team asked Skanska for information about any possible issues remaining to complete the excavation or soil nail wall work. Skanska responded with a list of issues they have identified requiring resolution through the Request for Information process that could result in change orders. The range of magnitude estimates from Skanska should all these items result in change orders is \$48,000.

The only known additional site condition at this time is the extent of the ancient landslide under the VMC foundation, and whether additional reinforcing will be required to address the issue. The project architect, engineers, and contractor are all currently working to identify the complete scope of this issue, and will then proceed to price any necessary changes as quickly as possible.

Metro Code 2.04.058, Public Contract Amendments, requires Metro Council approval of contract amendment or change orders that exceed \$25,000 or five percent of the original contract value. The Metro Procurement Officer has deemed this amendment to be appropriate and reasonably related to the original scope of work, and therefore, believes the amendment is in Metro's best interest to approve.

The Zoo will continue to manage and administer this contract to ensure this project is constructed in accordance with the contract, including all plans and specifications. The Veterinary Medical Center Project is scheduled to be completed in fall 2011.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** Metro Code 2.04.058, ORS Chapter 279C.
3. **Anticipated Effects:** Construction will continue on the new Veterinary Medical Center under the direction of the Zoo Construction Manager and in accordance with contract documents and schedules. The project schedule will be extended 34 days.
4. **Budget Impacts:** These three change orders fall within budgeted contingency amounts. The total contract amount for Skanska USA Building, Inc will increase to \$6,878,278.

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the attached contract amendment representing change orders 1, 2 and 3 with Skanska USA Building, Inc.