
MEMORANDUM

DATE: June 8, 1999
TO: Becky Shoemaker, Council Archivist
FROM: Aaron Brondyke, Assistant to the Director of REM
RE: Disposition of Resolution No. 98-2695

This resolution was withdrawn from consideration.

URS Greiner performed re-design work for REM that exceeded the Original contract amount. REM staff proposed a contract amendment to increase the total contract amount by \$75,000 to cover this additional work. However, this approach was rejected by the REM Director. The item eventually went to Council as a settlement contained in Resolution No. 99-2765.

BEFORE THE METRO COUNCIL

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| FOR THE PURPOSE OF AUTHORIZING |) | RESOLUTION NO. 98-2695 |
| AMENDMENT NO. 1 TO CONTRACT NO. 920197 |) | |
| WITH URS GREINER, INC. |) | Introduced by Mike Burton |
| |) | Executive Officer |
| |) | |

WHEREAS, Metro has contracted with URS Greiner, Inc. to design four projects at Metro transfer stations; and

WHEREAS, The original contract did not anticipate the amount of work necessary to complete design of all projects for the reasons described in the accompanying staff report; and

WHEREAS, The Contractor has reduced its fees charged to Metro in order to reduce costs; and

WHEREAS, This amendment would compensate the Contractor for the additional work at the reduced rate; and

WHEREAS, The Contractor has completed the majority of the additional work without assurance of additional compensation other than that Metro staff would pursue passage of an amendment authorizing additional funds; and

WHEREAS, The resolution was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now therefore,

BE IT RESOLVED, That the Metro Council authorizes execution of Amendment No. 1 to Contract No. 920197 with URS Greiner, Inc. attached hereto as Exhibit A.

ADOPTED by the Metro Council this _____ day of _____, 1998.

WITHDRAWN
Jon Kvistad, Presiding Officer

Approved as to Form:

Daniel B. Cooper, General Counsel
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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 98-2695 FOR THE PURPOSE
OF AUTHORIZING AMENDMENT NO. 1 TO CONTRACT NO. 920197
WITH URS GREINER, INC.

Date: August 10, 1998

Presented by: Bruce Warner

PROPOSED ACTION

Adopt Resolution No. 98-2695, authorizing execution of an amendment to Contract No. 920197 to increase the total contract amount by \$75,000.

FACTUAL BACKGROUND AND ANALYSIS

In September 1997, the Council authorized release of RFP #97R-20-REM for the Design of a Latex Paint Processing Building and an Expansion of the Commercial Side of the Main Transfer Building at the Metro South Station and Design of a Maintenance Building at the St. Johns Landfill (a truck wash was also included). As a result of the request for proposals a design contract was executed with URS Greiner, Inc. for \$80,000.

The projects included in the contract had originally been scheduled to begin in FY 1996-97. However, land use and siting concerns had delayed the projects until the following fiscal year. In order to expedite completion of the projects, staff decided to "bundle" the projects into a single design contract. This was considered particularly important for the latex building project since a health and safety audit of existing operations had identified a number of health concerns associated with the use of the abandoned loading tunnel at Metro South.

Both the request for proposals and resulting contract were premised on Metro supplying the conceptual designs for the projects with estimated construction costs of approximately \$800,000. Once design began, it became apparent that the conceptual approaches envisioned for the projects would have to be revised in order to accomplish the projects' goals while meeting budgetary constraints. This was particularly true for the latex and maintenance building projects for which extensive conceptual designs had been developed for use by the design contractor. As planned, URS Greiner used these original conceptual designs to develop preliminary drawings, specifications and cost estimates. These resulting cost estimates were unacceptably high, so staff and the design contractor went back to the conceptual design phase in an attempt to scale down construction costs. This "redesign" phase significantly increased design costs to the project, but resulted in construction estimates that were fiscally acceptable. Major reasons for underestimating construction costs for these two projects in the original conceptual estimates included staff unfamiliarity with the costs associated with prefabricated metal buildings, changes in site layouts required by Title 3, and the booming construction market.

The expansion of the commercial side of the Metro South Station was originally envisioned in FY 1996-97 as a 2,500 sq. ft. expansion. During development of the Master Facility Plan, it was recognized that the project goal of increasing commercial materials recovery would be better accomplished if the expansion were increased to 4,000 sq. ft. and direct access to the compactors was provided. This latter feature eliminated the need to completely clean the pit of waste prior to use of the compactors to load recovered materials for transport. Once design

began, it was found that removal of an existing column would require additional pilings, which were not anticipated. These factors all contributed to increases in design and construction costs.

Actions by other parties have also contributed to the increased contract amount being requested under this amendment. For the projects at Metro South (the commercial extension, truck wash and latex building), the City of Oregon City has requested the preparation of submittals such as as-built drawings, stamped by the design engineer, that have not historically been required, nor incorporated into the design contract's scope of work. The scope of work also assumed that URS would produce a single set of construction documents for all three of these projects. The Contracts Division of Metro, however, required separate bids for each in order to increase participation by WBE, MBE and ESB contractors, resulting in the preparation of three sets of documents.

Staff has met throughout the design of these projects to discuss ways to contain costs. The contractor agreed to reduce its "multiplier" (normally 3 times an employee's hourly wage) by 30% for all labor costs submitted under the contract, while staff agreed to pursue an amendment increasing the contract amount.

To date, all four projects have been designed, the latex building is under construction, and bids have been received for both the truck wash and commercial expansion. The maintenance building project at the St. Johns Landfill will be bid once lease negotiations with the City of Portland are completed.

If the amendment is approved, the total contract amount will increase by \$75,000. This will cover the design overruns incurred by the Contractor at a reduced hourly rate, provide approximately \$15,000 for the Contractor to provide as-built drawings and cover assistance to Metro staff on reviewing submittals on a time and materials basis. While this represents an increase of over 90% of the original contract amount, this increase, if broken down by project, would have been allowed by Metro code.

Total estimated construction costs for these projects are approximately \$1.9 million. Total design costs, including the proposed amendment would be \$155,000 or 8% of construction costs. Typical design costs are 10 to 12 percent of construction costs.

BUDGET IMPACT

Adequate funds exist within the General and St. Johns Closure accounts to cover the increase in design costs.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 98-2695.