



AGENDA
Regular Commission Meeting
121 NW Everett St. | Commission Room
February 10, 2010
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – January 13, 2010

Executive Director

Approval of Executive Director's Report – January 2010

General Discussion

Citizen Noise Advisory Committee Update

MARYHELEN KINCAID

Safety Program Update

ANDREA MARZETTE
STEVE EVERSMEYER

Action Items

1. CONSTRUCTION CONTRACT AMENDMENT – PORT OF PORTLAND HEADQUARTERS AND PARKING STRUCTURE – PORTLAND INTERNATIONAL AIRPORT

KARL SCHULZ

Requests approval to amend the construction contract with Hoffman Construction Company for the Port of Portland headquarters building and second parking garage at Portland International Airport.

2. CONTRACT – PERSONAL SERVICES – LOWER WILLAMETTE PROGRAM

JIM MCKENNA

Requests approval of a personal services contract to provide consulting services and expertise, including assistance with Portland Harbor Remedial Investigation and Feasibility Study, the Natural Resource Damages Assessment process, and overall program strategy and allocation support.

**CONSTRUCTION CONTRACT AMENDMENT – PORT OF PORTLAND HEADQUARTERS
AND PARKING STRUCTURE – PORTLAND INTERNATIONAL AIRPORT**

February 10, 2010

Presented by: Karl Schulz
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to amend the construction contract with Hoffman Construction Company (Hoffman) for the Port of Portland (Port) headquarters building and second parking garage (HQP2) at Portland International Airport (PDX).

BACKGROUND

The HQP2 project involves the design and construction of a ten-story building consisting of a three-story Port headquarters office above a seven-story parking garage. The new garage, at 1,210,000 square feet, will provide approximately 3,000 long-term parking spaces and about 500 spaces for rental cars. The headquarters office will total approximately 205,000 square feet and will provide consolidated office space for approximately 450 administrative employees.

In November of 2006, the Port Commission approved Hoffman as the construction contractor for the HQP2 project. Construction began in October 2007, with a proposed schedule for the project to be substantially complete in March 2010. In February 2008, the Commission approved Amendment No. 1. In June 2008, staff negotiated Amendment No. 2 that allowed Hoffman to complete procurement and subcontracting processes and established a substantial completion date of March 1, 2010, for project construction. Amendment 2 increased the contract amount by \$69,820,000 to a revised Negotiated Contract Price of \$191,000,000.

The proposed amendment to increase the Hoffman contract by \$2.75 million addresses the following scopes of work not included in the present contract. These changes have been budgeted in the total project budget. The proposed \$2.75 million increase to Hoffman's contract will be funded from the project contingency. The proposed changes include the following:

- Work budgeted outside of the contract;
- Improvements to the existing campus;
- Improvements requested by the Port;
- Modifications required by the FAA;
- Post-Value Engineering scope increases to provide functional requirements;
- Improvements recommended by insurance underwriters; and
- Allowances for miscellaneous items.

In negotiating the terms of this amendment, Port staff completed an analysis that included a review of the proposed costs. Based on staff analysis, review and subsequent negotiations with Hoffman, a contract amendment in the amount of \$2.75 million was determined to be fair and reasonable.

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AND PARKING STRUCTURE – PORTLAND INTERNATIONAL AIRPORT

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The proposed amendment will also address impacts to the project schedule caused by weather and increased scope of work completed by Hoffman. Hoffman has requested a revised substantial completion date, from March 1, 2010, to April 18, 2010, in order to incorporate schedule extensions including: a 7-calendar-day request due to December 2008 weather delays; a 25-calendar-day request due to fast-track design changes; and an additional 16-calendar-day request for additional scope directed by the Port.

As part of this agreement, the project team has negotiated that the date of the staff move into the headquarters building will remain as scheduled by the Port. The contract final completion date will be set at May 10, 2010.

Hoffman Contract Summary

Current Contract Amount

Original, Amendments No. 1 and 2	\$191,000,000
Amendment No. 3: Additional Work Scope	<u>\$2,750,000</u>
Total Proposed	\$193,750,000

Contract Dates

Original Substantial Completion	March 1, 2010
Proposed Substantial Completion Date	April 18, 2010
Proposed Final Completion Date	May 10, 2010

Terms of the construction contract approved in previous amendments will apply to this additional work.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the existing construction contract with Hoffman Construction Company for the headquarters and parking structure project at Portland International Airport, in accordance with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

CONTRACT – PERSONAL SERVICES – LOWER WILLAMETTE PROGRAM

February 10, 2010

Presented by: James McKenna
Superfund Program Manager**EXECUTIVE SUMMARY**

This agenda item requests approval of a personal services contract with Formation Environmental, LLC, in the amount of \$3 million, to provide consulting services and expertise, including assistance with the Portland Harbor Remedial Investigation and Feasibility Study, the Natural Resource Damages Assessment process, and overall program strategy and allocation support.

BACKGROUND

The United States Environmental Protection Agency (EPA) initiated a study of the Lower Willamette River in 1997, focused mainly on Portland Harbor. Results of that study were utilized by EPA to add Portland Harbor to the National Priorities List of Superfund sites in December 2000. Soon thereafter, the Port of Portland (Port) and nine other entities signed an Administrative Order on Consent with EPA to perform the Remedial Investigation and Feasibility Study (RI/FS) for the Portland Harbor Superfund site. These parties also signed a joint defense agreement, resulting in the formation of the Lower Willamette Group (LWG).

The Port recognized in 2000 that the pending Superfund RI/FS study, along with the related Natural Resource Damage Assessment (NRDA), eventual allocation process, and the final sediment cleanup(s), warranted the need for acquiring professional consulting services to assist with the myriad of inter-related and complex issues. In addition, the work provided under this contract would be performed at the request of counsel in anticipation of litigation and would be privileged and confidential.

The Port also recognized that the RI/FS, NRDA, allocation, and eventual sediment cleanup was likely to take many years, if not decades, to accomplish. Therefore, it was critical to identify and contract with established, professional consultants with the understanding that it would be a long-term relationship. After careful internal deliberations, the Port identified and contracted with MFG, Inc., out of Boulder, Colorado.

In 2004, MFG was acquired by NewFields Companies, LLC (NewFields), and the Port transferred the existing MFG contract to NewFields. At that time the Port had already invested nearly five years with the consultants at MFG. Key members of the MFG team had acquired unprecedented familiarity with the site, including the voluminous technical data and analyses, as well as insights into the complex policy and political aspects of the project. In particular, Mark Lewis and Steve Werner were identified as “key personnel” at MFG for the success of implementing the Port’s Lower Willamette Program. The services provided are directed by the Port’s legal counsel in coordination with Port project managers, and the work product is privileged and confidential.

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In late August 2009, the staff of the NewFields office in Boulder, Colorado, informed the Port that they were collectively leaving NewFields to form their own consulting firm, Formation Environmental, LLC (FE). As was the case with the transition from MFG to NewFields in 2004, the work this team performs for the Port is ongoing and far from finished. Therefore, the Port must establish a new contract with FE so that Mr. Lewis and Mr. Werner, along with their staff in the Boulder office, can continue providing these services to the Port. Specifically, it is critical to the Port that this team continues to support the Port on many efforts, including technical review and advice related to the harbor-wide RI/FS being conducted by the LWG; regular support for NRDA and litigation defense; and supporting the Port's liability management efforts in preparation for allocation of costs. Due to the complexity of the project and authorized mandate from the EPA, there is ongoing daily work under this contract. It would not be in the Port's interests or be feasible to seek other interested firms to perform the work for several reasons. There are over 100 potentially responsible parties regarding liability for the harbor cleanup, which means that most if not all the consulting firms are already committed to other parties involved and would not be able to meet the Port's conflict of interest requirements. Selecting another firm with new staff would also require significant time and money to get the new staff up to speed on the project, which would not be in the Port's best interest.

This contract is not for a new or expanded scope of work; rather, it is to establish a continuing contract relationship with FE in order to have continuity with the same key staff that has been providing personal services to the Port for nearly 10 years. The time period for this contract, along with the scope of work and budget for the FE staff, is the same as the existing NewFields contract.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a contract to Formation Environmental, LLC, to provide personal services in support of the Lower Willamette Program, through December 2014; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.