

RESOLUTION NO. 2853

A RESOLUTION OF THE BEND CITY COUNCIL TO AUTHORIZE AN EARLY WORK AMENDMENT WITH M. A. MORTENSEN COMPANY FOR THE PURCHASE OF STEEL PIPE FOR THE SURFACE WATER IMPROVEMENT PROJECT

Findings

- A. The City of Bend relies on a dual-source water supply that is comprised of surface water from Bridge Creek and groundwater from the Deschutes Regional Aquifer to serve its residents. Each of these water sources provides about one-half of the City's annual water supply.
- B. The Council has recognized that it is in the best interest of the City to continue with a dual-source water supply for many reasons, including but not limited to operational flexibility, consistent water availability, and preservation of community health and safety due to a highly reliable dual-source system.
- C. In adopting Resolution Nos. 2814 and 2918, the Council directed the City to continue with the Surface Water Improvement project and the Membrane Filtration Treatment Facility, finding it in the best interest of the City to maintain both surface water and ground water to provide domestic water to customers in the City.
- D. The Council continues to find that upgrading the Bridge Creek intake facility, replacing the aging water supply pipelines with a single pipeline, building a new water treatment plant and hydroelectric facility is in the City's best long-term interest because it will allow the City to maintain a safe, reliable, economically sound, and environmentally responsible dual-source water supply that will ensure the City's residents will have consistent, quality water that complies with federal health and safety regulations.
- E. The Council recognizes the importance of completing the Surface Water Improvement project in a cost effective manner that includes taking action that will reduce the overall cost of the project.
- F. The Council finds that constructing a replacement water supply pipeline within Skyliners Road, in conjunction with the planned Deschutes County reconstruction of Skyliners Road (beginning in spring/summer of 2013), will result in a substantial reduction of the cost of the project and community disruption, compared to constructing the pipeline in Skyliners Road after completion of the County road reconstruction project. In order for the pipe construction to be coordinated with the county project, the City desires to start its pipe improvement project in the summer of 2012.
- G. In order to place the pipe in the Skyliners Road, the Forest Service needs to issue the City a Special Use Permit (SUP), which includes environmental review under

the National Environmental Policy Act (NEPA). The Council recognizes that certain decisions need to be made prior to the completion of the permitting process to achieve the most cost effective procurement of the steel portion of the water pipeline and to maintain a construction schedule that will allow the City to place a pipeline under Skyliners Road in conjunction with the County reconstruction project.

H. The Early Work Contract Amendment represents a Not to Exceed value for the procurement of the steel portion of the new surface water pipeline and includes the CM/CG fee of 5.45%.

I. The Council finds that based on the current and projected pricing of hot rolled steel in the North American steel industry, the opportunity exists to reduce the cost of the raw material by contracting now for the purchase of the steel pipe for the lower portion of the pipeline which represents approximately 6.5 miles of the total 9 miles of the complete pipeline project; rather than waiting for construction bidding in the early spring of 2012. The approximate 2 miles of pipe remaining will be purchased at a future date since it will be a non-steel product. The bid for the steel pipe came in \$2,300,000 lower than the estimated cost.

J. The Council recognizes that the early purchase of steel is a venture capitalist endeavor and the steel can be resold, it can be stored for a later time, or used for an alternative project.

K. The Council finds pre-purchasing the steel will not have an adverse environmental impact because the steel will be stored either on the steel supplier's property or at the City's Outback Facility. Both of these locations are sites that have already been developed and/or cleared.

L. The Council finds that the purchase of the steel at this point in the project is not an irreversible or irretrievable action and should place no limitation on the Forest Service's decision whether to issue the SUP, as well as its consideration of reasonable alternatives to the project for which a SUP is being considered.

M. The Council recognizes that no final decision has been made by the Forest Service regarding the SUP for the water pipeline under Skyliners Road and the City intends to assume the risk of the early steel purchase recognizing the purchase is cost-effective.

N. The Council recognizes that the \$4,008,076 contract amendment for the purchase of the steel represents a small portion of the total cost of the surface water improvement project.

O. The Council knowingly accepts the risk that the purchase of steel may not be used for the Surface Water Improvement project if the Forest Service denies the SUP for the water pipeline.

Based on these findings,

THE CITY OF BEND RESOLVES AS FOLLOWS:

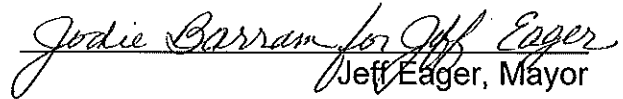
Section 1. The City Manager is authorized to enter an Early Work Contract with M. A. Mortensen Company for the purchase of steel pipe for the Surface Water Improvement project in an amount Not To Exceed \$4,008,076.

Section 2. This resolution takes effect immediately on passage.

Adopted by roll call vote on September 21, 2011

YES: Greene
Ramsay
Capell
Barram
Eckman
Eager

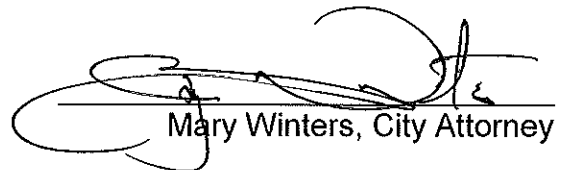
NO: Clinton


Jeff Eager, Mayor

ATTEST:


Patricia Stell, City of Bend Recorder

Approved as to form:


Mary Winters, City Attorney

