

Tram goes up again

\$55 million
February 2006

\$45 million
October 2005

\$40 million
June 2005

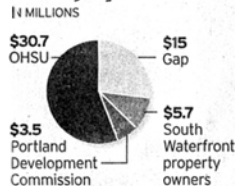
\$28.5 million
June 2004

\$15.5 million
August 2003

By **RYAN FRANK** | THE OREGONIAN

The aerial tram's cost to link Pill Hill to South Waterfront has more than tripled in three years to \$55 million, and the tram faces a laundry list of potential problems, a consultant said Wednesday. The bump leaves a \$15 million budget hole and no one stepping up to write a check.

Who pays



Key report findings

No going back: The tram "is too far along now to stop or even slow down, as the biggest risk for increased cost is delay."

Design concerns: Inadequate wind and rain protection at the stations could make for an unpleasant ride. The height and openness at the upper station may scare away some riders. The stations could require more security to prevent vandalism.

Pinnell/Busch, hired to bring an unbiased engineer's eye to what's become a political nightmare, also found design flaws that might steer squeamish riders away.

Today, four months after construction began, it's too late to call off the project or alter its minimalist design to save money, the report said.

"There really are no other opportunities at this time to reduce the project costs," said Bruce Warner, executive director of the Portland Development Commission, which paid for the study.

The report comes after a series of setbacks that has turned the tram into a regular punchline in

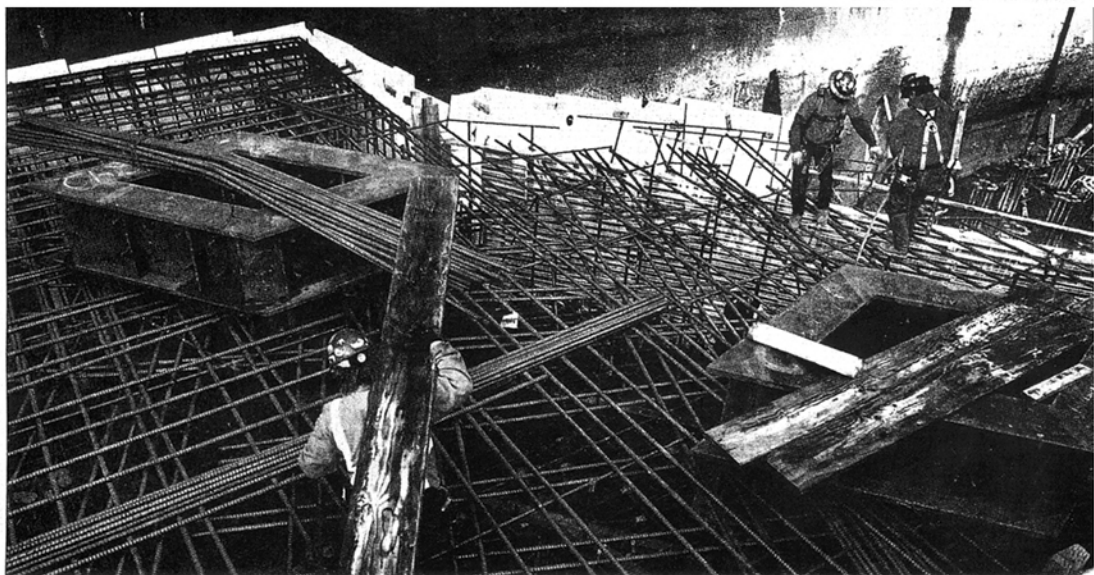
City Council meetings.

- City officials, working under former transportation Commissioner Jim Francesconi, failed to include architects fees and contingency costs in their first budget.

- Hoping to scale back the tram's design to meet its budget, no one made the budget oversights clear to the council before it approved the project in August 2003.

- Steel prices skyrocketed, and the architect's design proved far more complicated than anticipated.

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ROSS WILLIAM HAMILTON/THE OREGONIAN

Kiewit Pacific crew members work Wednesday on two of the four footings for the tram's upper station at Oregon Health & Science University. Increasing steel prices helped drive up the tram's cost, now estimated at \$55 million. Steve Stadum, OHSU's chief administrative officer, says the tram's rising costs have been "very painful for everybody." But even at the price, "we would still say the tram is a very good idea."

QUOTES

"These are all good recommendations. It is a little bit frustrating that it didn't happen earlier and that we've absorbed the costs up until now."



Steve Stadum
OHSU chief administrative officer

"There really are no other opportunities at this time to reduce the project costs."



Bruce Warner
Portland Development Commission executive director

"It's time for OHSU to speak up about what they want done here. They're paying most of the cost. They need to be much more active about making a decision."



Dan Saltzman
city commissioner

THE CONSULTANT

Pinnell/Busch Inc. prepared the 21-page report for the Portland Development Commission with information provided by the PDC and the city's Office of Transportation, Oregon Health & Science University and the builders.

A seven-person team studied costs, schedules, procedures, concrete placement and steel erection.

The Portland-based company provides project management services to the design and construction industry.

The firm's clients include Kaiser Permanente hospitals, Mentor Graphics, Tektronix, AT&T Bell Laboratories, Bonneville Power Administration, U.S. Army Corps of Engineers and Northwest Natural Gas, according to its Web site.

Tram:

Focus shifts to scrounging up \$15 million

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With then-Mayor Vera Katz's backing, the council OK'd the tram in 2003 as the linchpin to South Waterfront's \$1.9 billion redevelopment. Oregon Health & Science University, Portland's largest private employer, had explored Washington County for an expansion. But the three-minute tram ride from top to bottom and the city's support persuaded OHSU to make the leap down to South Waterfront.

Already, three condo towers and OHSU's first medical building have sprouted in what had been a mostly vacant industrial and warehouse district.

But the tram lurched.

Along the way, professional cost estimators pushed up the first \$15.5 million budget. The council later approved budgets at \$28.5 million, then \$40 million. Last October, the city announced the price tag hit \$45 million.

Steve Stadum, OHSU's chief administrative officer, is frustrated that the hospital's share of the tram has risen under the city-managed construction project. The report gave good recommendations, he said, but "it is a little bit frustrating that it didn't happen earlier, and that we've absorbed the costs up until now."

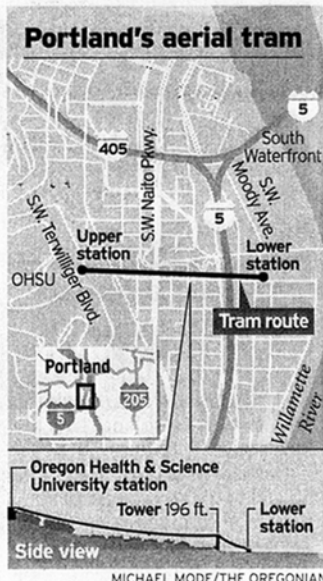
It's not all bad news. Pinnell/Busch praised the tram as a "dramatic, one-of-a-kind" project that will overshadow its budget and schedule mishaps. The consultants rated tram staffers as "competent to excellent."

But their compliments didn't go much further. Warner, a civil engineer and former head of the Oregon Department of Transportation, hired the consultant with a \$98,500 contract to secure an unbiased assessment and a firmer budget estimate.

That's what he got.

The consultant said the tram needs more management, a more detailed schedule, more visits by a structural engineer and closer tracking of subcontractors. The staff is overloaded, the report says, working into the night and weekends.

The consultant also said the city and contractor Kiewit Pacific need more detailed and regular reviews of the costs, including a list of actual costs to date and estimated costs to finish.



The reviews need "to be accomplished as soon as possible, as the current procedures need improvement, so that a more reliable budget can be provided," the report said. And design problems, such as a lack of rain protection for riders, "could damage the reputation of the tram and detract from an otherwise very successful project."

The new budget includes a \$5 million contingency. So far, the project has spent \$17 million, and 96 percent of its bids are out.

Robert J. Barnard, the city's new full-time tram project manager, said he's filled the city's construction trailer in South Waterfront with more staff. The city added three full-time and two part-time people in the past two months. General contractor Kiewit added another four managers.

Barnard said he couldn't address the concerns Pinnell/Busch raised about the tram's design because he hadn't reviewed the report in detail.

As long as the city heeds its recommendations, Pinnell/Busch says, the tram should fly by Dec. 1.

The report opens the tram's next chapter. Warner, Stadum and South Waterfront developer Dike Dame now start talks on how to cover the \$15 million gap. The council will debate it soon, too.

The tram is being built for OHSU, but Stadum has stuck to what he's said for two years: His board isn't crazy about spending any more.

He'll find at least one city commissioner who's disinclined to open the city's coffers, too. If OHSU won't pay, "we'll back up to a tow truck and hook it up to the pilings and pull them out," Commissioner Randy Leonard said. "You can buy a bus."