

COUNCIL ACTION FORM

SUBJECT: WATER POLLUTION CONTROL FACILITY (WPCF) DIGESTER COVER REPAIRS

BACKGROUND:

The City's Water Pollution Control Facility (WPCF) utilizes two primary digesters and one secondary digester to treat and store biosolids prior to disposal by land application.

On August 30, 2019, an incident occurred that resulted in damage to the cover of Primary Digester Number Two (PD#2). With the Secondary Digester out of service for improvements, staff was utilizing PD#2 as a Primary Digester and PD#1 as a Secondary Digester. The overflow line used to transfer sludge between the two digesters plugged, causing pressure to build up in PD#2. The pressure in PD#2 caused the cover to rise, breaking welds and bending steel plates that hold the cover in place.

On October 2-4, 2019, an inspection was performed by Walker Process Equipment, the digester cover manufacturer. Walker Process Equipment provided a detailed report of the damage to the digester cover and recommendations for repairs.

During the time this incident occurred, the Digester Improvements Phase II Project was taking place. City staff worked with the prime contractor on-site (Shank Constructors), the project consulting engineer (Strand Engineering), and Walker Process Equipment to develop a solution to restore the digester cover to its original condition. Shank Constructors provided a Time and Materials Not to Exceed cost of \$244,138 for the work.

On January 9, 2020, a representative with Chubb Insurance visited the WPCF to evaluate the incident. **Following the site visit, Chubb Insurance confirmed coverage for \$224,057 of the \$244,138 cost proposal provided by Shank Constructors, subject to a \$100,000 deductible.** Chubb insurance will not cover \$20,081 associated with the digester level indicator replacement. These level indicators are critical to plant operation and it is necessary for replacement. Had the level indicators been operational, it is possible that the problem might have been detected sooner. The City intends to pay for 100% of the work and be reimbursed by Chubb Insurance at the completion of the project. The reimbursement will be for the payment less the deductible for a total reimbursement of \$124,057.

Insurance claims are exempt from formal competitive bidding process. The cost and approach for this work has been reviewed by City staff and the consulting engineers and determined to be reasonable. City staff has worked with Shank Constructors on previous projects and are confident in their ability to perform the work and communicate with City

staff throughout the project. City staff intends to track the time and materials daily and have weekly meetings to come to an agreement on hours and material costs.

The WPCF Digester Improvements Phase II Project budget has been revised to include this cost.

Engineering fees	515,700
Original Contract	2,165,200
Change Order #1	23,063
Change Order #2	49,933
Change Order #3	42,318
Digester Cover Repairs	244,138
Chubb Insurance Reimbursement	(124,057)
Contingency	360,104
Total Project Cost	3,276,399
Total Authorized Funding	4,247,499

ALTERNATIVES:

1. Award a contract for the digester cover repairs to Shank Constructors, Inc. of Minneapolis, Minnesota, in the amount of \$244,138.
2. Do not award a contract at this time.

MANAGER'S RECOMMENDED ACTION:

The consulting engineers and City staff have worked together to develop a reasonable, cost effective recommendation. The Primary Digesters are critical to plant operation and repairing the cover in a timely manner is necessary for operations. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the contract to Shank Constructors in the amount of \$244,138.