

ITEM #: 41
DATE: 03-14-23
DEPT: W&PC

COUNCIL ACTION FORM

SUBJECT: REPORT OF BIDS FOR NORTH RIVER VALLEY
WELL FIELD AND PIPELINE PROJECT

BACKGROUND:

The City's source water management strategy since the mid-1970s has been to avoid a need to ration water when experiencing a drought similar to that experienced in 1975-76. As old wells fail and need to be replaced, and as demand for treated water increases, additional water supply wells must be constructed.

The North River Valley Well Field and Pipeline Project will provide a combination of new and replacement water supply capacity. The potential for a productive aquifer formation in the flood plain to the north and east of the Skunk River was identified through detailed hydraulic modeling, which was subsequently confirmed by drilling test wells. Water quality was also tested, which confirmed the absence of PFAS compounds, and found the groundwater to be suitable as a drinking water supply.

The project will construct three new wells and an interconnecting pipeline to the Water Treatment Plant. It will also include new fiber optic communication conveyed to the Water Treatment Plant for well controls and security measures. The three new wells, to be located north of North River Valley Park, will be connected to the existing standby generator located at the Water Treatment Plant to provide emergency power to the wells.

This project was previously bid in May 2019, but the bids that were received were significantly greater than the engineers' estimates at the time (\$6,696,665 versus \$4,996,085), predominately due to the electrical work required.

A new Notice to Bidders was issued on January 24, 2023. The electrical portion was revised to connect to an existing generator at the Water Plant instead of adding a separate generator at the wells. Three bids were received, with one being non-responsive for failing to provide a price for the Division 1 work. **The bids once again were significantly higher than the engineers' estimates (\$10,200,955 versus \$6,327,380).** At the bid opening, two different bidders noted that the cost for the electrical components alone totaled \$3,500,000, and that they had difficulty in finding electrical subcontractors willing to bid on the work. A copy of the bid tabulation follows.

While this is a high priority project, staff requires additional time to evaluate the bids, the project financing, and the impact that proceeding at this time may have on rates. It is possible that other projects planned in the Capital Improvements Plan will have to be reprioritized.

Bidder	Division 1 (Wells)	Division 2 (Pipeline & Electrical)	Grand Total
Keller Excavating, Inc	\$1,241,203.80	\$8,959,752.00	\$10,200,955.80
On Track Construction, LLC	\$ 1,200,974.00	\$9,405,156.00	\$10,606,130.00
Rognes Corp	Non-Responsive	\$11,651,790.00	Non-Responsive
<i>Project Estimate</i>	<i>\$730,400.00</i>	<i>\$5,596,980.00</i>	<i>\$6,327,380.00</i>

The authorized funding is summarized below.

TOTAL PROJECT FUNDING

Water Fund	
Prior Years	\$ 671,540
FY 2022/23 Adjusted	653,279
Drinking Water SRF Loan	6,508,000
Total Available Funding	\$ 7,832,819

If the project were to proceed with an award to the low bidder, the revised project expenses would be as shown below.

TOTAL PROJECT EXPENSES

Test Drilling	\$ 124,005
Engineering, Legal, Admin	
Previous	514,168
Remaining	211,104
Land	111,038
Construction (from bids received)	10,200,956
Contingency (~10%)	938,729
Total Project Expenses	\$ 12,100,000

A Drinking Water State Revolving Fund (DW SRF) loan in the amount up to \$8,500,000 was identified as the funding source for the construction of these new wells. Staff is currently working with the Iowa DNR, Iowa Finance Authority, and the City’s bond counsel to determine what action would be needed to increase the dollar amount of the loan should the City decide to proceed at this time.

The bid pricing is good for 60 days from the date of the bid opening. Staff recommends that Council accept the report of bids but take no action related to a contract award at this time.

ALTERNATIVES:

1. Receive the report of bids for the North River Valley Well Field and Pipeline Project and delay the award of contract so further information can be gathered.

2. Receive the report of bids for the North River Valley Well Field and Pipeline Project. Award a contract to Keller Excavating, Inc of Boone, IA, for Divisions 1 & 2 in the combined total of \$10,200.955.80. Direct staff to work with funding agencies to secure an SRF loan in a principal amount not to exceed \$12,100.000.
3. Reject the bids and direct staff to modify the project.

CITY MANAGER'S RECOMMENDED ACTION:

While constructing additional source water capacity is a high priority for the water utility, the significantly higher than expected bid prices require additional time to evaluate before a recommendation can be presented to the City Council. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.