



REQUEST FOR ACTION CITY COUNCIL

Agenda Date: 7/15/2025
Agenda Section: Consent Agenda

Department Origination: Public Works

Agenda Item: Approve the Knife River Corporation – North Central Partial Pay Estimate No. 9 in the amount of \$13,948.26 for the 2024 Mill & Overlay and Full Depth Reclamation Improvements Project, Municipal Project Number 4424

Approval Required: Simple Majority Vote

BACKGROUND

On May 7, 2024, the City Council awarded the project to Knife River Corporation – North Central in the amount of \$3,843,672.50.

Article 15 of the Standard General Conditions of the Construction Contract outlines the process for making progress payments to the Contractor. Progress payments for unit price contracts are made based on the number of units completed during the pay period. The application is reviewed and approved by the Contractor and Engineer prior to submittal to the City for processing.

Partial Pay Estimate No. 9:

The work in this month consisted of completing punch list items that are considered extra work such as seeding (winter kill), irrigation repair and mailbox adjustment. This concludes the punch list items. It was discussed at the July 2nd Utility Commission Meeting with the current issues with the defective Mill & Overlay crown correction pending and following the Project Agreement between Owner and Contractor, 150% of the corrective cost estimate can be held. The total value of the additional retainage is equal to \$139,019.82. Since the Punch List items are completed, the remaining original project retainage is recommended to be released. The work detailed above along with holding additional retainage for the corrective work and releasing the original project retainage results in a payment of \$13,948.26. This is updated from the Utility Commission's review of a \$38,692.41. There was an error in the calculation, and it was corrected.

As noted above, the punch list items are complete, however, there are three additional work items that will be addressed in a future change order. An estimate of the additional items has been included in the project budget.

FINANCIAL IMPLICATIONS

The Contractor has earned \$3,657,619.89 to date which represents 90.7% contract value. The total previous payments to the contractor totals \$3,504,651.81. The retainage is 150% of the corrective work value (\$139,019.82) which results in a total payment of \$13,948.26.

Budget Update

The current project budget is \$4,831,465.49. The table below breaks down of the change orders, current expenditures to date and the final projected project cost.

Budget Line Item	Project Budget	Added / Modified Items	Current Expenditures	Projected Final
Construction:	\$3,713,800.40		\$3,472,052.88	\$3,494,689.03
Change Order 1:		\$54,058.79	\$54,058.79	\$54,058.79
Change Order 2:		-	-	-
Change Order 3:		\$12,242.67	\$12,242.67	\$12,242.67
Change Order 4:		\$24,143.52	\$24,143.52	\$24,143.52
Change Order 5:		\$27,290.39	\$27,290.39	\$27,290.39
Change Order 6:		\$67,831.65	\$67,831.65	\$67,831.65
Projected/Possible Additional				\$100,000
Contingencies	\$185,690.02			
Engineering	\$756,498.00		\$617,943.07	\$756,498.00
Bonding, Finance Admin., Mics.	\$175,477.07			\$167,929.02
Total	\$4,831,465.49	\$185,567.02	\$4,275,562.97	\$4,704,683.07

The final projected budget includes an anticipated Partial Pay Estimate No. 9 for a possible City cost for the M&O correction and the other additional work requested. The August budget update will include the final cost share of the corrective work claim and the remaining additional work items once cost estimates are received.

STAFF RECOMMENDATIONS

Staff has no concerns with the work completed this period and staff recommends making the progress payment as outlined in Partial Pay Estimate No. 9.

COUNCIL ACTION REQUESTED

MOTION to approve the Knife River Corporation – North Central Partial Pay Estimate No. 9 in the amount of \$13,948.26 for the 2024 Mill & Overlay and Full Depth Reclamation Improvements Project, Municipal Project Number 4424.