

SUBMITTED BY: Karl Rockwell, Public Works Director/City Engineer

MANAGEMENT TEAM REVIEW: Ana Urquijo, City Manager

FOCUS AREA: Other / NA

ORGANIZATIONAL IMPROVEMENTS: West Douglas Utilities Expansion - SR-80 - RFP 2026 PW 001

SUBJECT: BID AWARD for the WEST DOUGLAS UTILITIES EXPANSION - SR-80.

EXECUTIVE SUMMARY:

The city requested bids from qualified contractors to install waterline, sewer, and broadband conduit for the city of Douglas to be located on SR 80 between North Copper Avenue and Cochise Community College. We received bids from three responsive bidders for this project. The lowest responsive bidder was KE&G Construction, Inc. at \$18,123,876.00.

BACKGROUND:

This is the first phase of construction to bring COD water, sewer and broadband services to the new Port of Entry project and to Cochise Community College. Future phases of this work will include more water, sewer, broadband, new potable water source, water storage and treatment and a booster.

The bid opening was August 22, 2025. There were three responsive bidders that included KE&G, Markham and W.W. Clyde & Co. KE&G was the lowest bid at \$18,123,876.00. Markham Contracting was the second lowest bid at \$21,966,332.00. The third bid from W.W. Clyde and Co. came in at \$22,123,224.00.

Since we currently have limited grant funds, the city created a base bid with 2 alternatives if funding allowed. The base bid includes extending water to Cochise College and sewer up to Kings Highway, where it will head south to the POE. The first alternative bid is for extending the sewer from Kings to Cochise College and the Second alternative was for Broadband from Copper Avenue to Cochise College. The bid amounts were as follows:

KE&G Bid

Base Bid: Water from Copper to Cochise College and Sewer from Copper to Kings Hwy	\$ 11,112,099.00
Alternative 1: Sewer from Kings Hwy to Cochise College	\$ 2,749,801.00
Alternative 2: Broadband from Copper to Cochise College	\$ 4,261,976.00
TOTAL	\$ 18,123,876.00

At this time we have \$13,121,373.67 available in awarded grant funds for SR-80. We also have \$500,000 for final design from NADBank and \$2,175,000 from Army Corps that we want to allocate for the well drilling at Cochise College.

For the \$13.1M left, we also need to account for the cost of a third party inspector required by ADOT when working in their right of way. We estimate that cost will be \$500,000. This leaves about \$1,509,274.67 for continuing the design of the various different phases currently in progress that includes the water campus design, White Water

Draw sewer crossing design, James Ranch Road design, and Kings Highway & South of Puzzi (Commerce Road) NEPA, ROW acquisition and design.

The price of the bid allows all essential costs to be covered to deliver water and sewer to the POE as required by the city. The remaining grant funds of \$1.5 million will be utilized to continue the other phases of design without affecting the progress and timelines.

The alternative bids are recommended for approval along with the base bid in case more grant funds are obtained during the period of KE&G will be mobilized and can get them to do the additional work. At this time KE&G will proceed with the base bid and standby on the 2 alternatives. KE&G is expected to finish the work by end of September 2026.

DISCUSSION:

Staff and Stantec (Design Engineer) recommend awarding the bid to KE&G Construction, Inc.. as the most qualified and responsive bidder. Supporting documents and bid documents are included.

FISCAL IMPACT:

\$18,123,876.00 to be funded by State and County ARPA and WIFA grant funds. Alternatives to be approved and funded by future funding sources.

Fiscal Year: 2025/2026

Amount Requested:

Budgeted: Y / N

Account (s):

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE BID AWARD TO KE&G CONSTRUCTION, INC FOR THE WEST DOUGLAS UTILITIES EXPANSION - SR-80.”