Mayor and Members of the City Council

STAFF REPORT

For the Meeting of January 9, 2023

Title/Subject

Resolution #2250- Awarding a contract to R & G Excavating for Well #5 Water System Improvements.

Summary and Background

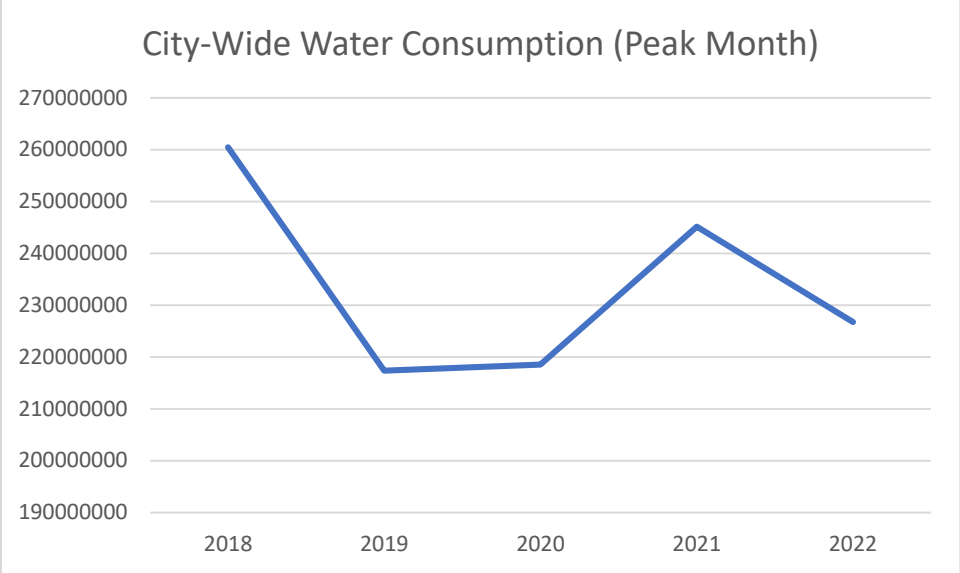
This project will install new booster pump motors, pumps, and electrical controls for Well #5, as well as approximately 1,200 feet of new 16" piping, which will result in an additional 1,000 gallons per-minute (GPM) of water supply, as well as increase operating efficiency of the system by adding a new connection from the well to the distribution system north of Theater Lane.

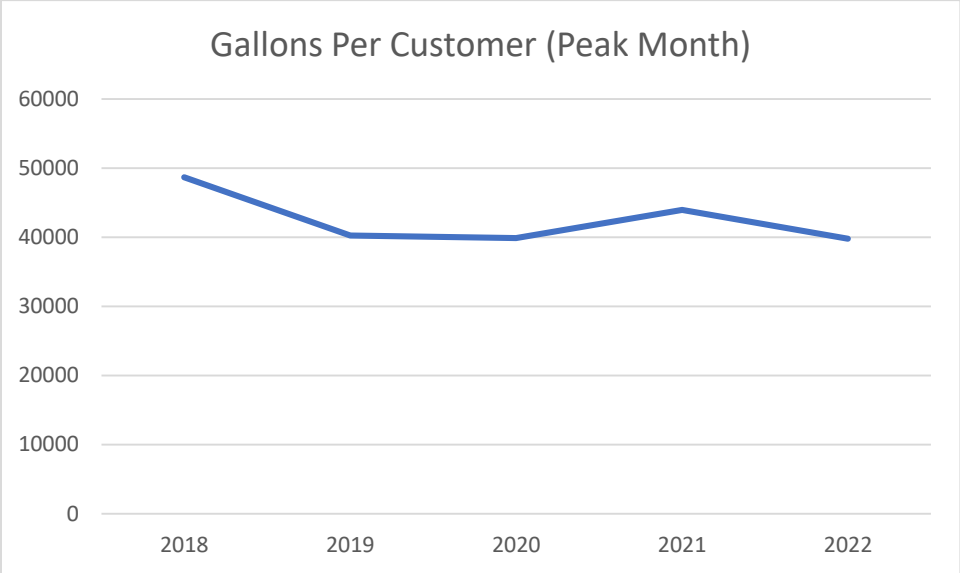
This project is called out as Water Supply Recommendation 3A in the 2019 Water System Master Plan (WSMP), specifically due to the need to expand system capacity. Well #5 currently can only pump 4,000GPM, but has a water right of 5,000GPM. This project will make it possible to pump the full water right, and increase the City's water supply capacity by approximately 11%.

Water Supply Recommendation 1A in the WSMP was to encourage water conservation. Council will remember that in 2018 it was decided to switch the water rate calculation from a "declining block schedule," to an "inclining block schedule," which encourages users to be more judicious with their water usage. That change took effect in March, 2019. It is clear now, with four summers-worth of water usage data under the new pricing structure, that customers have clearly reduced their consumption, and it continues to hold; with peak monthly city-wide water consumption in 2022 being down approximately 13% from the 2018 peak.

Although a 13% reduction in water consumption is impressive, it is even more impressive when we consider the fact that the city has added approximately 350 additional accounts over that time. A simultaneous increase of approximately 7% more customers. Therefore, the actual amount of water consumed per-customer account from 2018 to 2022 is down 22%.

All this to say that the water supply system is well positioned to continue handling community growth for the foreseeable future by implementing the most cost-effective recommendations of the Water System Master Plan first. The next step to begin considering in the next 5 to 10 years, depending on community growth velocity, will be to implement other recommendations of the WSMP, which will require acquisition and/or development of additional water rights.





Tie-In to Council Goals

#17- Implement Water Supply Components of Master Plan

Fiscal Information

The following bids were received on December 29:

- Saunders Company: $996,380.00
- Tapani, Inc.: $953,953.00
- Beam Excavating: $841,489.40
- Culbert Construction: $777,282.60
- R&G Excavating: $756,880.00
- Engineer's Estimate: $550,000.00

The lowest responsible bidder is R & G Excavating. Although the price exceeded the Engineer's estimate by quite a bit, the fact that five responsive bids were received indicates that this is the true cost of the project, and it is therefore highly unlikely that immediately re-bidding the project will result in any substantively lower bids. Additionally, due to the current inflationary environment, even though construction inflation has cooled over the past 6 months, it is still running at 5%. Therefore, holding the project for a year and rebidding then is likely to end-up as a "wash," as there's potential for months of continued inflation along with potential for deflation.

This project is included in the January 9, 2023 Supplemental Budget Request at $550,000, and it is not recommended to adjust that at this time. This project will run through the Fall of '23. Therefore, this budget amount will cover the projects' needs through the end of FY '23, and allow staff to budget for the remainder in the FY '24 budget formulation process.

Alternatives and Recommendation

Alternatives

1. Approve Resolution #2250
2. Reject Resolution #2250
3. Table Resolution #2250

Recommended Action/Motion

Motion to approve Resolution #2250.

Submitted By:

Mark Morgan