



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, January 26, 2021
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	US Army Corps of Engineers Betterments Project Update.
<b>Background Information:</b>	<p>In spring-summer 2019, City staff brought forward six different locations where some level of slope failure was occurring along our US Army Corps of Engineers (USACE) flood control project. High water events in summer 2018 and spring 2019 resulted in some areas of significant damage to our flood control project. After reviewing the locations with USACE St. Paul District staff, it was determined that four of the six locations may be eligible for federal assistance in rehabilitation under Public Law 84-99 (PL 84-99).</p> <p>At the September 24, 2019 meeting, the City Council entered into an agreement with the USACE for city participation in “betterments” associated with the flood control project repairs. At the time, city staff was informed that the federal government would pay for costs associated with repairing the flood control project to its pre-existing/pre-flood damage condition, and the city would be responsible for all costs associated with improving the project to make the system more resistant to similar damage in the future. In the agreement, the City’s estimated cost participation for these “betterments” is \$148,311.</p> <p>Recently, USACE staff completed project plans and are nearly ready to prepare the project for bid with a 2021 construction schedule. Along with completed plans, the USACE sent over an updated cost proposal. The updated cost proposal reflected a city cost participation of \$440,919, which was significantly greater than the \$148,311 cost participation that the City Council had previously agreed to. City staff initiated conversation with USACE staff and held multiple meetings to discuss the discrepancy and the lack of communication to get to this point.</p> <p>In reviewing the cost estimate city staff learned that the USACE was proposing to cover the costs of site #2 in its entirety, with the city covering the costs of all other project sites (Sites #1, #3, and #6) in their entirety. The thought process from the USACE was that the failure at site #2 was directly compromising the flood protection project and the other three sites were not immediately hazardous to the integrity of the flood control project. City staff disagreed with this proposal and presented our argument to the USACE staff. City staff shared some historical aerial imagery as well as some local river and project knowledge and following further discussion, USACE staff have now proposed to cover all project costs for Sites #1 and #2, with the city being entirely responsible for Sites #3 and #6.</p> <p>The cost estimates for Sites #3 and #6 are \$82,342.63 and \$128,323.55, respectively. Staff is proposing to the USACE to seek bids with Sites #1 and #2 as the base bid, and Sites #3 and #6 being listed as add-alternates. This will allow the City</p>

	<p>the flexibility to determine if we'd like to participate in the project by completing the work at Sites #3 and #6 after we review the costs from the low bidder.</p> <p>If the City does not view the costs as favorable, we may choose to not cost participate and not complete work at Sites #3 and #6. By choosing this route, the City will very likely need to expend funds at these two locations in the future to protect and manage the flood control project. These locations will very likely be continually flagged on our inspection reports which will require the City to utilize our funds to maintain the project. The benefit of waiting is that there may be another high water event that clearly causes significant damage to the project and these sites may be eligible for federal cost participation at that time.</p> <p>If the costs for completing the work at Sites #3 and #6 are favorable, the City may choose to have these alternate sites awarded and included with the project. By doing so, the City will be required to pay for all costs associated with the "betterments" at these two locations. The improvements will become part of the flood control project, and future damage repairs may be eligible for federal cost participation.</p>
<p><b>Fiscal Impact:</b></p>	<p>The City has already prepaid \$148,311 from the Surface Water Management Utility to cover our original estimated portion of project costs. No further payment is required at this time. If the City elects to complete work at Sites #3 and #6 and costs are greater than \$148,311, the City will be expected to contribute more funds. If the City elects to <u>not</u> participate in a project at Sites #3 and #6, the City will be reimbursed our \$148,311. The City is only required to pay for actual costs associated with Sites #3 and #6 if we elect to complete work at these locations.</p>
<p><b>Alternative/ Variations:</b></p>	<p>No alternative actions recommended.</p>
<p><b>Recommendation:</b></p>	<p>that the Council authorize City staff to advise USACE officials to bid Sites #3 and #6 as alternates for City consideration upon receipt and tabulation of bids.</p>