

Memorandum

July 23, 2019

To: City of Marshall Mayor and City Council

From: Brad Roos, GM, MMU

Re: **Water Softening Project capitalization**

The bids have been received for the Water Softening Enhancement Project that has been the subject of joint consideration by the City of Marshall and the Marshall Municipal Utilities. Two bids were submitted July 9, 2019 and the apparent low bid is from Marshall contractor, KHC in the amount of \$9,620,000.

With the bid having been evaluated by MMU Consulting Engineer AE2S, they have recommended for approval upon receiving all funding commitments. The MMU Commission on July 16th did award contingent upon the Council's direction on the agenda tonight.

The bid did exceed the final contract estimate dated March 26, 2019 by \$559,000, which is 6.17%. It also exceeded the most recent resolution adopted by the City of Marshall. The resolution was using the estimated project cost from March 26, 2019 of \$10,606,000. With the actual bid being used along with a 5% contingency the new project costs is \$11,585,492, which is \$979,492 or 9.24% above the \$10,606,000 March 26, 2019 project estimate used in the resolution. Attached is a spreadsheet that tracks the project costs throughout the planning stages through today. You will note on the spreadsheet that the City's portion of local costs remains at 55.74% resulting in total City portion at \$2,555,953 including the 5% contingency. As the City has already provided design funding of \$712,674, the City's remaining costs would be \$1,843,279.

With these actual figures now known, the City resolution would ask the Council to consider the results of the bidding and direct MMU Commission whether it desires the Commission to proceed with the award of contract to KHC for the construction of the Water Softening Enhancement project in furtherance of the City's desire to attain compliance with their NPDES permit's chloride limitation in the WWTF effluent.