



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, May 25, 2021
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	US Army Corps of Engineers Betterments Project Authorization.
<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 \$150,483.</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 \$150,483 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. The cost estimates for Sites #3 and #6 were \$82,342.63 and \$128,323.55, respectively.</p> <p>At the January 26, 2021 meeting, the City Council authorized City staff to advise USACE officials to bid Sites #3 and #6 as alternates for City consideration upon receipt and tabulation of bids. On May 18, 2021, the USACE opened bids for the levee project.</p>

	<p>Four bids were received, with one bid from a local contractor. The low bid was provided by Kovilic Construction of Franklin Park, Illinois.</p> <p>The construction cost for Site #3 is \$72,300 and the construction cost for Site #6 is \$125,000, for a total of \$197,300. After removing \$20,821.01 for USACE engineering design services, the City has \$129,661.99 balance remaining with the USACE. To complete both Sites #3 and #6, the City would need to contribute an additional \$67,638.01, plus an estimated 10% for construction administration and inspection, resulting in an additional contribution of \$19,730. This is summarized below:</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>After reviewing bid costs and the washout locations at Sites #3 and #6, City staff believes we can complete some smaller maintenance and rehabilitation operations for a lesser cost that can stabilize the washout areas and delay further degradation of the USACE Flood Control Project. The washouts at these locations are not as near the levee and therefore, are a lesser threat to the City's flood protection.</p>																		
<p><b>Fiscal Impact:</b></p>	<p>If the City elects to award both Sites #3 and #6, see below additional payment required from the Surface Water Management Utility.</p> <table data-bbox="483 1115 1024 1472"> <tr> <td>Site #3:</td> <td>\$72,300</td> </tr> <tr> <td>Site #6:</td> <td><u>\$125,000</u></td> </tr> <tr> <td>Total:</td> <td>\$197,300</td> </tr> <tr> <td>Originally Paid to USACE</td> <td>\$150,483.00</td> </tr> <tr> <td>Expended to date (P&amp;S)</td> <td><u>\$ 20,821.01</u></td> </tr> <tr> <td>Balance remaining</td> <td>\$129,661.99</td> </tr> <tr> <td>Needed (if both mods)</td> <td>\$ 67,638.01 (\$197,300 - \$129,661.99)</td> </tr> <tr> <td>Est. 10% Construction Admin.</td> <td><u>\$ 19,730.00</u></td> </tr> <tr> <td>Total Additional Funds</td> <td><b>\$ 87,368.01</b></td> </tr> </table> <p>If the City elects to reject Sites #3 and #6, the Surface Water Management Utility will be refunded \$129661.99 from the USACE for funds originally disbursed.</p>	Site #3:	\$72,300	Site #6:	<u>\$125,000</u>	Total:	\$197,300	Originally Paid to USACE	\$150,483.00	Expended to date (P&S)	<u>\$ 20,821.01</u>	Balance remaining	\$129,661.99	Needed (if both mods)	\$ 67,638.01 (\$197,300 - \$129,661.99)	Est. 10% Construction Admin.	<u>\$ 19,730.00</u>	Total Additional Funds	<b>\$ 87,368.01</b>
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<p><b>Alternative/ Variations:</b></p>	<ol style="list-style-type: none"> <li>1) that the Council award both bid alternates as proposed by the USACE for Site #3 and Site #6.</li> <li>2) that the Council award the alternate as proposed by the USACE for Site #3 and reject the alternate for Site #6.</li> <li>3) that the Council award the alternate as proposed by the USACE for Site #6 and reject the alternate for Site #3.</li> </ol>																		
<p><b>Recommendation:</b></p>	<p>that the Council reject the bid alternates as proposed by the USACE for Sites #3 and #6 and authorize city staff to utilize some of the funds that we receive back from the USACE to complete a more minor stabilization project.</p>																		