



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 04/09/2024

REQUESTER: Kenneth J. Giannone

PRESENTER: Kenneth J. Giannone, Capital Projects Engineer

ITEM TITLE: CONSIDERATION OF APPROVAL, ACCEPTANCE, ADOPTION, AUTHORIZATION, REJECTION AND/OR POSTPONEMENT OF BID 2324-45, CONTRACT K-2324-142: BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND SOUTHWEST WATER WORKS, LLC, IN THE AMOUNT OF \$3,250,256; AUTHORIZATION TO EXECUTE PERFORMANCE BOND B-2324-57, STATUTORY BOND B-2324-58, AND MAINTENANCE BOND MB-2324-57 CONTINGENT UPON THE CITY ATTORNEY'S APPROVAL FOR THE PARSONS ADDITION WATERLINE REPLACEMENT - PHASE II; AUTHORIZATION TO PURCHASE MATERIALS ON BEHALF OF THE CONTRACTOR; AND TRANSFER OF FUNDS BETWEEN PROJECTS AS OUTLINED IN THE STAFF REPORT.

BACKGROUND:

Contract (K-1819-87) with Cabiness Engineering, LLC (now part of Garver) was approved by Norman Utilities Authority (NUA) on December 11, 2018 to design the replacement of approximately 4,500 feet (over $\frac{3}{4}$ of a mile) of water line in the Parsons Addition. Due to the project's close proximity to campus, the design process included public input from the University of Oklahoma (OU), OU's sororities and fraternities, homeowners and landlords, and, based on that input as well as discussions with consultant and potential contractors, it was determined that the best of course of action would be to divide the project into two phases that would proceed generally during summer months when OU is not in regular session. Phase I was scheduled and completed during the summer of 2019. Phase II was originally scheduled for the summer of 2020, but was deferred until the summer of 2024 to allow for higher priority capital projects to proceed.

DISCUSSION:

Phase II of the project included two alternate bids. Alternate "A" included replacement of water mains by open cut methods, while Alternate "B" included replacement by directional drilling the majority of the replacement mains. The project was advertised in the *Norman Transcript* on March 7, 2024, and Bids were opened on March 28, 2024. Two bids were received and the lowest bidder for both Alternate "A" and Alternate "B" was Southwest Water Works, LLC (SWWW) of Oklahoma City, Oklahoma with low bids of \$3,250,256 and \$3,594,600, respectively. Garver and the NUA staff have determined that SWWW's Base Bid and Alternate "A" in the amount of \$3,250,256 is the lowest and best bid for the project.

As noted in the BACKGROUND section of this report, this project is located in close proximity to OU's

campus and, in order to minimize impact to students, faculty and other OU stakeholders, it has been agreed that the best course of action is to complete construction during the summer months, after OU's Spring 2024 graduation weekend and before the start of OU's fraternity and sorority rush in the Fall of 2024 (i.e. between May 13 and August 4, 2024). SWWW has executed the proposed Contract for this project and their Surety is in the process of reviewing, approving, and executing the Performance, Statutory, and Maintenance Bonds for the project. Because it is imperative that the selected Contractor be given as much time as possible to complete procurement of construction materials before May 13, 2024, this Bid is recommended for award and the Contract is proposed to be approved and executed immediately. If not received prior to the Council meeting, bonds in the amount of the awarded contract are proposed for authorization to approve and execute upon receipt of the executed bonds from SWWW. This will allow Notice to Proceed with procurement of construction materials to be granted at the earliest possible date, and thus allow project to proceed as planned during the summer months.

The current year budget for Parsons Addition Waterline Replacement – Phase II, Construction (Account 31993360-46101; Project WA0246) includes an unencumbered balance of \$1,000,000 creating a shortfall of \$2,250,256 to fully fund the proposed contract amount of \$3,250,256.

In order to fully fund the project and allow for a contingency of approximately 5%, staff recommends transfer of \$2,400,000 allocated to Waterline Replacement – Robinson 24th NW to Water Treatment Plant, Construction (Account 31996683-46101; Project WA0242), which has a total available balance of \$3,230,358.35, into the Parsons Addition Waterline Replacement – Phase II project. The Robinson Street Waterline project will be delayed.

The City of Norman is exempt from the payment of any sales or use taxes. Pursuant to Title 68 O.S., Section 1356 (10) and as allowed by Oklahoma Tax Commission Rules Part 27 Trust Authority 710:65-13-140, direct vendors to the Norman Utilities Authority (NUA) are also exempt from those taxes. A contractor and his subcontractors may exclude from their cost, sales taxes on appropriate equipment, materials, and supplies that need not be paid while acting on behalf of the NUA. To minimize project costs, the NUA will make payment directly to vendors supplying equipment and materials for incorporation into the project and avoid the payment of sales tax on the materials and equipment purchases.

RECOMMENDATION 1:

Staff recommends that the NUA accept bids meeting project specifications and award Bid 2324-45 for the Base Bid and Add Alternate "A" in the amount of \$3,250,256 to Southwest Water Works, LLC.

RECOMMENDATION 2:

Staff recommends approval and execution of Contract K-2324-142 and authorization to approve and execute Performance, Statutory, and Maintenance Bonds upon the City Attorney's approval and receipt of fully executed bonds from Southwest Water Works, LLC, in the amount of the contract.

RECOMMENDATION 3:

Staff recommends NUA authorize payment to vendors directly for equipment and supplies for the Parsons Addition Waterline Replacement – Phase II project.

RECOMMENDATION 4:

Staff recommends the transfer of \$2,400,000 from Waterline Replacement – Robinson 24th NW to WTP, Construction (Account 31996683-46101; Project WA0242) to Parsons Addition Waterline Replacement – Phase II, Construction (Account 31993360-46101; Project WA0246).