SUMMIT RIDGE IRRIGATION TANK & BOOSTER PUMP STATION DISCUSSION

SEPTEMBER 7, 2021

Santaquin
A Breath of Fresh Air

HISTORY

- 2000 – Santaquin City approved a Development Agreement for the Summit Ridge Development committing the city to provide infrastructure to support the growth therein.
- January 2021 – Santaquin City approved its most recent version of the Irrigation Water System Capital Facility Plan, which contemplated the construction of an Irrigation Tank in Summit Ridge.
- February 2021 – During its budget planning for FY2021-2022, Santaquin City prioritized the design and construction of the Summit Ridge Irrigation Tank and Boost Pump Station.
- March 2021 – Santaquin City approved the design of the facility with Hansen, Allen & Luce.
- August 2021 – Santaquin City approved the CM/GC Contract with VanCon, Inc. and the value engineering processes commenced to determine anticipated construction costs.

ISSUE:

Due to supply chain issues caused by the global pandemic, the cost of PVC Pipe has increased to nearly $200/ft (materials only). However, the cost of ductile iron pipe has remained consistent at just less than $100/ft.

It is anticipated that as the demand for pipe moves from PVC to ductile iron, the prices and availability of pipe will soon escalate to be at or near the price of PVC. This anticipated increase could increase the cost of Santaquin City's project by nearly 100% or $1.5M.

Our contractor and design engineer are recommending that Santaquin City issue a purchase order for the needed pipe and ~~a~~ specialty valves in an effort to lock in our purchase price at a relatively low (known) level and low lead time.

However, Santaquin City has not yet begun the process of securing a bond to cover the cost of this project. As this process takes time, there may be a period where Santaquin City would need to float the costs of this purchase ($1.5M), until such time that the bond closes and the city could be reimbursed from bond proceeds.

BIDS

HD Fowler Company	Linear Feet	Unit Price	Total	
16" Ductile Iron Pipe	7,975	$ 50.68	$ 404,173.00	Avail February 11, 2022
24" Ductile Iron Pipe	7,500	$ 92.99	$ 697,425.00	Avail March 25, 2022
Specialty Valves	1	$ 120,000.00	$ 120,000.00	
Sales Tax	7.25%		$ 88,565.86	
VanCon Markup	7.00%		$ 91,711.47	
		Total:	$ 1,401,875.32	

Peterson Plumbing	Linear Feet	Unit Price	Total		
16" Ductile Iron Pipe	7,975	$ 51.66	$ 411,988.50	Avail February 11, 2022	
24" Ductile Iron Pipe	7,500	$ 94.78	$ 710,850.00	Avail March 25, 2022	
Specialty Valves	1	$ 120,000.00	$ 120,000.00		
Sales Tax	7.25%		$ 90,105.79		
VanCon Markup	7.00%		$ 93,306.10		
		Total:	$ 1,426,250.39	$ (24,375.07)	Premium Cost

Ferguson	Linear Feet	Unit Price	Total		
16" Ductile Iron Pipe	7,975	$ 52.28	$ 416,933.00	**Avail November 2021**	
24" Ductile Iron Pipe	7,500	$ 95.94	$ 719,550.00	**Avail November 2021**	
Specialty Valves	1	$ 120,000.00	$ 120,000.00		
Sales Tax	7.25%		$ 91,095.02		
VanCon Markup	7.00%		$ 94,330.46		
		Total:	**$ 1,441,908.48**	$ (40,033.15)	Premium Cost

Due to production lead time constraints, our contractor, design engineer and city engineering staff recommend purchasing from Ferguson

-2.86% Premium on Pipe Purchase Only
-0.62% Premium on Project Value ($6.5M)

QUESTION…

DISCUSSION…

Should Santaquin City issue a purchase order to lock in the price and production lead time of the needed pipe and specialty valve, knowing that there may be a risk of having to float the cost of said materials until the bond for the SR Tank/Booster Pump closes?

RECOMMENDED MOTION:

Due to the volatile market for construction materials, due in part to the effects of the global pandemic, and in an effort to lock in favorable prices and favorable production lead times to secure the pipe needed for the Summit Ridge Irrigation Tank and Booster Pump Project, I motion to approve a Purchase Order for 7975 feet of 16” ductile iron pipe, 7500 feet of 24” of ductile iron pipe, and ~~one~~ specialty valves with Ferguson Water Works (via VanCon, Inc.) in an amount not to exceed $1,441,908.48.