



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB23-078
June 26, 2023
Committee Report

AGENDA BILL INFORMATION

TITLE:	AB23-078: Awarding the Water Reclamation Facility Phase 3 Improvements	<input type="checkbox"/> Discussion Only
PROPOSED ACTION:	Adopt Resolution No. 1655 awarding the Water Reclamation Facility Improvements to Prospect Construction, Inc.	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

REVIEW:	Department Director	Jeff Hamlin	6/13/2023
	Finance	Drew Bouta	5/15/2022
	Legal	David Linehan	6/15/2023
	City Administrator	Mike Chambless	6/13/2023

DEPARTMENT:	Parks & Public Works		
STAFF:	Andrew Vining, Project Engineer		
COMMITTEE:	Parks & Public Works	COMMITTEE DATE: June 21, 2023	
MEMBERS:	Ethan Benson	Bryan Holloway	Jo Johnson
EXHIBITS:	1. Resolution No. 1655 2. WRF Phase 3 Aerial Overview 3. Bid Results: Water Reclamation Facility Phase 3 4. Letter from RH2 Engineering Recommending Bid Award to Prospect Construction 5. CIP Excerpt: Water Reclamation Facility Phase 3		

AMOUNT OF EXPENDITURE	\$ 11,079,950
AMOUNT BUDGETED	\$ 13,357,000
APPROPRIATION REQUESTED	\$ 1,829,133

SUMMARY

INTRODUCTION

This agenda bill seeks to adopt of Resolution 1655 awarding the Water Reclamation Facility (WRF) Phase 3 Improvements construction contract to Prospect Construction, Inc. The WRF Phase 3 Improvements will increase sewer treatment capacity, enhance performance, and replace critical components that are nearing the end of their expected service life.

LEGISLATIVE HISTORY

A contract with RH2 Engineering (RH2) was approved by Council on February 28, 2022 under [AB22-031](#) and amended on August 22, 2022 under [AB22-108](#) to complete final design, permitting, and bidding of the WRF

Phase 3 Improvements. On May 22nd, 2023 under [AB23-063](#) Council Approved Amendment No. 3 to for RH2 engineering support services during construction and SCADA Programming of the WRF Phase 3 Improvements.

BACKGROUND

The City of Snoqualmie receives and treats municipal wastewater as defined by the Washington State Department Ecology NPDES Permit. The permit limits are based on the capacity for which the WRF was designed. When wastewater flow and loading to the WRF reaches 85 percent of the design capacity the City must begin the planning process for modifying the facility to increase capacity. In addition to these capacity requirements many of the WRF components have been operating continuously for the past 25 years and are nearing the end of their expected service life. Both the 2012 General Sewer Plan (GSP) and 2021 GSP identified the need to begin the planning process and increase the WRF capacity. The WRF Phase 3 Improvements will upgrade aging components with new equipment sized to handle future sewer flows and loads projected through the year 2040. In addition, the Phase 3 improvements will increase efficiencies and delay the need to build a third clarifier.

The City's GSP identified multiple projects for the Phase 3 of the WRF Improvements including major improvements at the headworks, oxidation ditches, and solids handling facility. In May 2022, during WRF Phase 3 preliminary design, the City entered into an agreement with the Snoqualmie Tribe for the provision of added sewer utility service related to Casino expansion scheduled to soft start in fourth quarter 2024. The agreement included General Facility Charges (GFCs) as well as project schedule milestones to ensure that commercially reasonable and best efforts are made such that added sewer utility services will be available for the soft opening.

The WRF Phase 3 Improvements were advertised to bidders on April 21st, 2023. Three bids were received, and the lowest bid was from Prospect Construction, Inc. for \$11,079,950 including tax. City staff and consultants determined Prospect Construction, Inc. to be the lowest responsive and responsible bidder. Early bidding and award of these improvements allows for the contractor to procure equipment with long lead times and phase construction for minimal impacts to WRF operations. Construction is expected to begin late summer 2023 such that the new treatment process startup can occur during winter 2024 and construction completion in summer 2025.

ANALYSIS

The intent of this project is to increase the WRF capacity, replace aging equipment, and enhance treatment performance needed to fulfill obligations to current and future sewer customers. The lowest bid received was \$11,079,950 which is 10 percent above the engineers estimate of \$10,037,000. Evaluation of the bids shows that bidding was competitive between contractors but ultimately bids came in higher than estimated due to a combination of factors including: fewer bidders than in past phases due to a lot of good, high value work being available right now; and higher than anticipated labor costs for complex electrical and structural retrofit work. The project is currently on schedule for construction in summer 2023 and staff do not anticipate any cost savings by rebidding or delaying this project. City Staff and RH2 Engineering have reviewed the bids and recommended awarding the WRF Phase 3 Improvements to Prospect Construction, Inc.

BUDGET IMPACTS

Administration recommends approving a contract with Prospect Construction, Inc. in the amount of \$11,079,950 to complete WRF Phase 3 Improvements. This project is part of the WRF Phase 3 Improvement Project and is incorporated in the 2023-2028 Capital Improvement Plan (CIP) (See Exhibit #5). The 2023-24 Amended Budget appropriates \$13,357,000 for this project. In the current biennium, \$465,280 has been spent and \$3,640,903 has been encumbered for contracts within the WRF Phase 3 Improvement Project. With the addition of the Prospect Construction, Inc. contract, the project is \$1,829,133 over budget for the current

biennium, as shown in the table below or on the next page. The life-of-project budget overage is \$779,597, which is slightly over 5% of total project budget.

WRF Phase III

	Life-of-Project Budget (Multiple Bienniums)		2023-2024 Biennial Budget	
Beginning Budget	\$	15,262,217	\$	13,357,000
Expenditures	\$	(1,320,961)	\$	(465,280)
Outstanding Contract Value <i>(Previously approved)</i>	\$	(3,640,903)	\$	(3,640,903)
Current Available Budget	\$	10,300,353	\$	9,250,817
Value of this Contract <i>(AB23-078)</i>	\$	(11,079,950)	\$	(11,079,950)
Available Budget after AB23-078	\$	(779,597)	\$	(1,829,133)

The WRF Phase 3 Improvement Project is expected to be completed during the 2025-2026 biennium and current forecasts anticipate that this budget overage will occur after the 2023-24 biennium ends. Depending on construction progress made during the current biennium, Administration may bring forth a budget amendment that would increase the appropriation for this project. In addition, the Administration intends to delay two projects from the 2023-2028 CIP within the Utility Capital Fund (#417) to support the project's overall budget shortfall. This includes the 1040 Zone Booster Pump Station Improvement Project and the 1040 Zone Reservoir Addition Project. Delaying these two projects will result in a reallocation of \$788,000 in budget to the WRF Phase 3 Improvement Project. As a result, the City will only need to pull \$1,041,133 of the anticipated expenditure for the next biennium (see Exhibit #5 for the anticipated 2025 expenditure) into the current biennium and reduce the anticipated appropriation in the next biennium.

WRF Phase III

	Life-of-Project Budget (Multiple Bienniums)		2023-2024 Biennial Budget	
Available Budget / (Shortfall) after AB23-078	\$	(729,597)	\$	(1,829,133)
1040 Zone Booster Pump Station	\$	394,000	\$	394,000
1040 Zone Reservoir Addition Project	\$	394,000	\$	394,000
Potential Acceleration of Project Budget into Current Biennium	\$	-	\$	1,041,133
Adjusted Available Budget / (Shortfall)	\$	58,403	\$	-

The table below shows a comparison of project costs estimated in the 2023-2028 CIP as compared to current expenditures and encumbrances.

<i>Project Activities</i>	<i>% of Budg.</i>	<i>Total Activity Budget</i>	<i>% of Actual</i>	<i>Previously Spent or Encumbered</i>	<i>Under / (Over) Spend</i>
Design	5%	767,217	7%	1,197,104	(429,887)
Construction	65%	9,926,461	72%	11,471,946	(1,545,485)
Const. Management	10%	1,488,969	7%	1,185,557	303,412
Contingency	13%	1,985,292	12%	1,985,292	-
Labor	4%	597,954	1%	200,000	397,954
Other	3%	496,323	0%	1,915	494,408
Total	100%	15,262,216	100%	16,041,814	(779,598)

Note: Labor costs are estimates.

NEXT STEPS

Following Council approval staff will work with the Mayor to execute the final contract agreement with Prospect Construction Inc. The contractor is expected to begin site construction late summer 2023. Construction of the new blower building, headworks improvements, and solids handling improvements is expected to occur over the next year. Following completion of these tasks the oxidation ditches will be retrofitted in phased succession. The new treatment process will begin startup during winter 2024 and construction completion is expected during summer 2025.

PROPOSED ACTION

Move to adopt Resolution No. 1655 awarding the Water Reclamation Facility Phase 3 Improvements to Prospect Construction, Inc. and authorize the Mayor to sign.