



REQUEST FOR COUNCIL ACTION

Title: Request for Council Action - Mahler WRF Interim Improvement Project increased contingency

Preferred Agenda: May 9, 2023

Submitted By: Trish Rice, Engineering Technician 2
Greg Springman, Public Works Director

Reviewed By: Kelcey Young, City Manager

Type of Action: Resolution ____ Motion ____ Roll Call X Other ____

Relevant Code/Policy: N/A

Towards Council Goal: 1.1 Develop specific steps for implementation of the adopted infrastructure master plans.

Attachments: n/a

Purpose of this RCA:

Staff requests authorization to increase contingency funds for construction of the Mahler Water Reclamation Facility Interim Improvement Project.

Background/Context:

On November 8, 2022, Council approved the Engineer's recommendation for the Interim Improvements Project. On February 14, 2023, Council awarded procurement contracts for the mechanical equipment (FKC), electrical and controls equipment (TAG), and sludge blend tank (Baker Silo). This request for action is the final piece of this multi-pronged project. The selected contractor will install the mechanical equipment and associated controls received from FKC Co. Ltd. and TAG, and will work onsite in close coordination with Baker Silo to reach substantial completion prior to June 30, 2023.

The Engineer of Record (West Yost) prepared the specifications and contract documents. The procurement was advertised for bid on February 15, 2023, and bids closed on March 2, 2023. We received two bids from Boede Construction (\$839,995) and Pacific Excavation (\$936,800).

On March 14, 2023 Council awarded the contract to Boede Construction and authorized the staff-recommended 10% contingency (\$84,000) controlled by the City Manager, bringing the total project budget to \$923,995. Since then one City-initiated change order for \$25,850 has been executed for curb removal and driveway widening to meet fire code for permitting. Boede and West Yost have also identified necessary design changes to the mixing system and conveyor support structure. A second change order request for \$68,655.54 for the mixing system has been submitted and is under review, but exceeds the remaining contingency.

Staff believes that these changes are the result of the design having been developed too quickly in an effort to meet timelines, as all of these changes are being identified in the submittals/materials ordering and permitting stage of the project. To ensure both short-term (grant funding timeline) and long-term (product longevity) success of the project, additional contingency funds are needed.

Staff requests an additional \$70,000 of contingency funds to provide for the current design changes and for any issues discovered during installation. There are sufficient ARPA funds available to cover the increase.

This project is funded by a combination of the \$7M state earmark and ARPA funds. Current grant-eligible expenses across all related MWRP projects are \$7,448,200.58 (without contingencies) to \$7,647,813.16 (with contingencies). The City is on track to make full use of the grant before its June 3 expiration. Costs above \$7M are funded by \$1M ARPA allocated to the MWRP project.

The Challenge/Problem:

To make efficient use of limited funds to complete needed wastewater treatment improvements and satisfy DEQ requirements and state funding timelines.

Stakeholders:

- City Residents. Residents are the customers who deserve good service with the highest return on their taxes and fees that we can provide, and who trust the City to maintain their infrastructure systems at a high level of service.
- Council Members. Council members are the voice of the citizens we serve. Each member of this group is interested in providing the best service possible at the lowest possible cost. They must balance leadership with representation.
- Public Works Department Staff. This project will greatly improve the operability of the WWTP which is currently undersized and beyond its serviceable lifespan. Staff spends significant time fixing broken down equipment and fighting with system inefficiencies.
- Management Team. Comprised of five department heads, each with a responsibility to the citizens and City Manager to run their day-to-day operations as efficiently as possible.
- Oregon DEQ. The WWTP upgrade project is required to comply with DEQ regulations.

Issues and Financial Impacts:

One City-initiated change order for \$25,850 has been executed for curb removal and driveway widening to meet fire code for permitting. Boede and West Yost have also identified necessary design changes to the mixing system and conveyor support structure. The current requested change orders exceeds the 10% previously approved. Staff believes that these changes are the result of the design having been developed too quickly in an effort to meet timelines. To ensure both short-term (grant funding timeline) and long-term (product longevity) success of the project, additional contingency funds are needed.

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Elements of a Stable Solution:

A stable solution will provide efficient completion of needed facility improvements and make full use of the funding from the State of Oregon for this project.

Options:

1. Option 1 – Move to cancel the project. Not recommended. This project is essential to making full use of the \$7M state earmark.
2. Option 2 – Move to reject all bids and re-bid the project. Not recommended. This project has a very tight schedule to meet the June 30 deadline.
3. Option 3 – Move to execute the procurement as presented. Staff will execute the contract and give notice to proceed.

Recommendation:

Staff recommends Option 3 – Move to execute the procurement as presented.