



REQUEST FOR COUNCIL ACTION

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

Preferred Agenda: October 24, 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:

The Mahler Water Reclamation Facility Interim Improvements Project has been under construction since March. This is a multi-pronged project including contracts for the screw press mechanical equipment (FKC), electrical and controls equipment (TAG), sludge blend tank (Baker Silo), and installation of mechanical & electrical equipment (Boede Construction), with design plans and specifications produced by the Engineer of Record (West Yost). The multiple vendors and City staff have coordinated closely throughout construction and the project is nearing completion.

The original contract value was \$839,995 with a 10% contingency (\$84,000) controlled by the City Manager, bringing the total starting project budget to \$923,995. On May 9 Council approved staff's request to increase the contingency by \$70,000 to cover large change orders initiated by the City and by West Yost. The project is very close to substantial completion. Currently the sludge blend tank is complete; the screw press has been delivered and installed; electrical and controls equipment has been delivered and partially installed; underground piping installed; pumps and mixing equipment installed; metal frame cover over the screw press installed; and conveyor system installed. The remaining work includes installation of the controls and startup testing of the screw press.

Throughout construction, several small change orders have been necessary to ensure successful delivery of a functional system, and requested changes once again exceed the available contingency. Examples include adding circuitry for polymer tote heating and reconfiguring conveyor alignments due to discrepancies in equipment dimensions discovered during installation. A summary of the approved and pending change orders is below. Staff believes that these changes are the result of the design having been developed too quickly in an effort to meet grant funding timelines, as many of them pertain to equipment interconnectivity issues or operational requirements that got missed in early development.

Staff requests an additional \$10,000 of contingency funds to provide for change orders 13 and 14 and any minor issues discovered during screw press startup. This will bring the total project budget to \$1,000,965.33, a 19.2% increase over the original contract value. Although this is higher than the City's usual 10-15% project contingency it is still within the 20% max allowed by procurement best practices.

CO #	Original Total	This Change (Addition)	New Total	Contingency Available?
1 - driveway widening	\$839,995.00	\$25,850.00	\$865,845.00	yes
2 - time extension	\$839,995.00	\$0.00	\$865,845.00	yes
3 - mixing system updates	\$839,995.00	\$49,429.27	\$915,274.27	yes
4 - conveyor supports	\$839,995.00	\$31,387.85	\$946,662.12	yes
5 - flow meter valves	\$839,995.00	\$8,196.79	\$954,858.91	yes
6 - containment curb	\$839,995.00	\$8,695.93	\$963,554.84	yes
7 - crane for skid FOB delivery	\$839,995.00	\$5,117.67	\$968,672.51	yes
8 - anchor bolts	\$839,995.00	\$1,714.72	\$970,387.23	yes
9 - time extension	\$839,995.00	\$3,565.05	\$973,952.28	yes
10 - electrical	\$839,995.00	\$13,573.57	\$987,525.85	yes
11 - conveyor	\$839,995.00	\$3,563.83	\$991,089.68	yes
12 - DEIC2 pipe restraints	\$839,995.00	\$2,500.87	\$993,590.55	yes
13 - DEIC4 mixing system wedges	\$839,995.00	\$3,624.78	\$997,215.33	no
14 - 4" check valve	\$839,995.00	\$3,750.00	\$1,000,965.33	no

This project is funded by a combination of the \$7M state earmark (now fully expended), ARPA funds, and rates.

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:

This project is funded by a combination of the \$7M state earmark (now fully expended), ARPA funds, and rates. Staff requests an additional \$10,000 of contingency funds to provide for change orders 13 and 14 and for any minor issues discovered during equipment startup. This will bring the total project budget to \$1,000,965.33, a 19.2% increase over the original contract value. Although this is higher than the City's usual project contingency it is still within the 20% max allowed by procurement best practices.

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 approve the requested contingency increase. Recommended. This will ensure successful completion of a functional equipment package.
2. Option 2 – Move to reject the requested contingency increase. Not recommended. The requested change orders satisfy operational needs, which would have to be funded via the treatment operational budget if not covered by the construction project budget.

Recommendation:

Staff recommends Option 1 – Move to approve the requested contingency increase.