

MEMORANDUM



TO: CITY COUNCIL
FROM: Greg Springman, Public Works
DATE: October 11, 2022
SUBJECT: Mahler WRF Project Update

Public Works staff and our engineering consultant West Yost would like to keep City Council updated on the Mahler WRF Upgrades Project. This update will be provided on a monthly basis and contains the following sections:

- Section 1. Project Overview and Current Status
- Section 2. Project Schedule Update & City Council Engagement
- Section 3. Project Budget Status Update
- Section 4. Updates on Key Issues

1. PROJECT OVERVIEW AND CURRENT STATUS

Due to project funding requirements, the Mahler WRF Project has been divided into 2 project phases:

- **Phase 1** includes construction of the new influent pump station (IPS), which is where all water from the City's sewer collection system enters the treatment plant.
 - **Estimated Const. Cost:** The Phase 1 estimated construction cost is \$9 Million. Approximately \$2 Million of Phase 1 equipment and special services will be supplied by TAG, the City's Integrator-of-Record.
 - **Current Status:** Phase 1 bids were received on Sept. 22nd. The low bid of \$8,196,000 was submitted by Slayden Construction. The lowest bid is approximately 28% over the Engineer's estimated cost of \$6,400,000. The City's local contracting rules prohibit awarding bids for any amount that is greater than 25% over the Engineer's Estimate. Therefore, the City is unable to award the project to Slayden based on these local requirements and City staff are evaluating options for how to proceed with Phase 1.
- **Phase 2** will include the majority of other treatment plant upgrades and has an estimated budget of \$30M-\$40M.
 - **Estimated Const. Cost:** The Phase 2 estimated construction cost is approximately \$40 Million.
 - **Current Status:** Phase 2 is currently being designed by West Yost.
- Future or additional phases for the Mahler WRF upgrades may include:
 - **South Santiam River Outfall Replacement:** The City's current outfall to the South Santiam River is undersized and located in a portion of the river where it is being buried by rocks. The City is working with DEQ and other regulatory agencies on the best approach for addressing long-term river discharge. If replacement is required, the City's goal is to include this work in Phase 2 upgrades. City staff recommend proceeding with permitting for the new river outfall so that this portion can be included in Phase 2 if it is determined to be necessary.
 - **Offsite Class A Biosolids Composting Facility:** The City has considered partnering with Albany and Lebanon to construction an offsite biosolids processing facility that would provide better opportunities for reusing the biosolids produced by the Mahler WRF.

2. PROJECT SCHEDULE UPDATE & CITY COUNCIL ENGAGEMENT

Below is a project schedule summarizing the currently anticipated schedule for Phases 1 and 2 of the Mahler WRF Improvements Project on a quarterly basis through the anticipated completion of construction in mid-2025.

	2022			2023				2024				2025	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
WRF Phase 1													
WRF Phase 2													
Planning & Design			Bidding & Contracts				Construction						

Upcoming Project activities and City Council actions include:

3rd Party Special Inspections and Testing Services (RCA): On 9/13, Public Works accepted proposals from two firms to provide 3rd Party Special Inspections and Testing Services on Phases 1 and 2 of the Project. The proposals are being scored.

Electronic Construction Document Control System (RCA): On 9/15, Public Works accepted proposals from two firms to an Electronic Construction Document Control System (ECDCS) for Project Phases 1 and 2. The proposals are being scored.

Phase 1 Owner-Supplied Equipment (RCA): West Yost has prepared an Equipment Sole Source Memo for procurement of specialized electrical equipment along with draft equipment procurement contracts for Phase 1 Owner-Supplied equipment to be provided by TAG, the City's Integrator-of-Record. This portion of the project is currently on-hold pending resolution of how the City will proceed with Phase 1 improvements.

Phase 1 Construction Recommendation of Award (RCA): Award of Phase 1 construction is on hold because the lowest bid was greater than 25% higher than the Engineer's Estimate, which is a requirement of the City's local contracting rules.

Mahler WRF Groundbreaking Ceremony: City Council will be invited to participate in the groundbreaking ceremony for the Mahler WRF Improvements project as soon as a plan for Phase 1 construction is determined and re-bidding, if required, is completed.

3. PROJECT BUDGET STATUS UPDATE

The following budget status updates provide a high-level review of contract amounts and expenditures for engineering services, Owner-supplied electrical equipment, Construction, 3rd Party Special Inspections and Testing and the Electronic Construction Document Control System.

a. Construction

Budget status updates will be provided after the Phase 1 Contractor is selected and construction begins in Q4 2022. The Phase 1 construction scope is currently under review based on bids received from pre-qualified contractors.

b. Owner-Supplied Electrical Equipment

Budget status updates related to owner-supplied electrical equipment to be provided by TAG serving as the City's Integrator-of-Record will be provided following approval of TAG contracts. Electrical Equipment pre-purchase is currently on hold pending a determination of the scope of planned Phase 1 upgrades.

c. 3rd Party Special Inspections and Testing Services

Budget status updates for 3rd Party Special Inspections and testing will be provided once Phase 1 construction begins. Proposals are currently being reviewed by City staff.

d. Electronic Construction Document Control System (ECDCS)

Budget status updates for ECDCS will be provided once Phase 1 construction begins. Proposals are currently being reviewed by City staff.

e. Engineering Services

Firm	Dates	Purpose	Contract Amount	% Complete
Murraysmith ⁽¹⁾	2018 – 2021	Preliminary and Final Design	\$2,134,373	100%
West Yost	Jul 2021	Final Design Review	\$66,224	100%
West Yost ⁽²⁾	Aug 2021 – present	Project Planning, Permitting, Preliminary and Final Design	\$3,428,335	70%
West Yost ⁽³⁾	Oct 2022 thru 2025	Engineering Services During Construction (ESDC)	\$879,670	0%

(1) Contract Amount listed is actual amount paid to Murraysmith by City. This amount may be paid to Murraysmith is currently being confirmed by City staff.

(2) West Yost's current Mahler WRF design contract is for completion of Phase 1 final design and carrying Phase 2 design to 60% completion. Phase 2 final design will be contracted in Q2 2023.

(3) West Yost's current Mahler WRF construction services contract is for Phase 1 only. Phase 2 construction services is anticipated to be contracted in Q2 2023.

4. UPDATES ON KEY ISSUES

- **MWRF Phase 1 Construction.** The lowest Phase 1 bid submitted by Slayden Construction was 28% higher than the Engineer's Estimate, which exceeds the limit of 25% mandating in the City's local contracting rules. Therefore, the City is unable to award the project and City staff are evaluating options.
- **Current MWRF Permit Compliance Issues.** Recently the MWRF has been experiencing regular compliance issues due to unauthorized discharges to the City's sewer collection system that are impacting the biological treatment process. Staff are working to identify the source of these illegal discharges.
- **Expenditure of Oregon Legislature Funding.** Public Works is working on a plan to spend the \$7M in grant funding awarded to the City by the Oregon Legislature by June 30, 2023.
- **Preliminary Engineering Report (PER) Update.** Concurrent with Phase 2 design, West Yost's team is also working on updating the Preliminary Engineering Report (PER) required for obtaining USDA funding for the project. The PER will be submitted to USDA and Oregon DEQ for review and approval. The updated project cost estimate included in the PER will be used to secure funding for the project. City staff met with USDA to discuss overall project funding on Thursday, October 6th.
- **Outfall Permitting and "Crosscutters".** A key issue that has come up in consultation with regulatory agencies is the plan for increasing the capacity of the WRF outfall pipeline to the South Santiam River. The original plan to install and "overflow" to the river may present permitting challenges. The City is currently considering options, but the best long-term solution may be to replace the outfall pipeline in the river. This would allow the outfall to be relocated to a deeper section of the river where it will have improved mixing and additional capacity.