



REQUEST FOR COUNCIL ACTION

Title: Request for Council Action - Mahler WRF Electrical Equipment Pre-Purchase

Preferred Agenda: December 13, 2022

Submitted By: Steven Haney, Utilities Manager
Trish Rice, Engineering Technician
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: Procurement documents set

Purpose of this RCA:

Staff requests authorization to procure owner-supplied electrical equipment through the City's Integrator of Record for the Mahler WRF Improvements Project.

Background/Context:

On November 8, 2022, Council approved the Engineer's recommendation for the Interim Improvements Project including pre-ordering of long-lead electrical equipment for the subsequent Improvements Project. Staff tasked the Engineer of Record (West Yost) and the Integrator of Record (The Automation Group, aka TAG) with preparing the equipment specifications and contract documents. The task order was developed as a joint effort, however it will be executed directly with TAG under the Integrator of Record contract.

The equipment to be procured is the plant's main switchgear and standby generator. It will be supplied to the construction contractor for installation in the Mahler WRF Improvements Project. Ordering now will TAG has solicited a minimum of 3 quotes for the equipment as detailed in their quote at the end of the attached procurement documents.

The cost of this task order is \$889,371.57 including bonds and owner-controlled contingency. Payment for the equipment is 60% at time of order in FY23 and 40% upon delivery FY24. The FY23 total of up to \$557,268.67 (including contingency) will be eligible for reimbursement from the \$7M state earmark. The FY24 total is expected to be \$332,102.90.

Item	Cost	FY23 Cost (60% up front)	FY24 Cost
Switch Gear	\$ 501,785.25	\$ 301,071.15	\$ 200,714.10
Generator	\$ 328,472.00	\$ 197,083.20	\$ 131,388.80
Performance & Payment Bonds (3%)	\$ 25,904.03	\$ 25,904.03	
Owner-Controlled Contingency (4%)	\$ 33,210.29	\$ 33,210.29	
Total	\$ 889,371.57	\$ 557,268.67	\$ 332,102.90

Staff recommends ordering now to lock in the equipment prices and start the clock with the vendors for delivery time, to ensure that the equipment is available to the construction contractor during the main phase of the construction 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:

The task order will be billed to the project and will cost \$889,371.57 including owner-controlled contingency. Payment for the equipment is 60% at time of order in FY23 and 40% upon delivery FY24. The FY23 total of up to \$557,268.67 (including contingency) will be eligible for reimbursement from the \$7M state earmark. The FY24 total is expected to be \$332,102.90.

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.
2. Option 2 – Move to reject all bids and re-bid the project. The project will remain in the CIP. The delay is likely to result in cost increases due to industry inflation.
3. Option 3 – Move to execute the procurement as presented. Staff will execute the task order with TAG and give notice to proceed.

Recommendation:

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