

COUNCIL ACTION FORM

**SUBJECT: CONSTRUCTION OF NEW WATER PLANT – CONTRACT 1
RECOMMENDATION OF AWARD**

BACKGROUND:

On January 5, 2015, City Council issued a Notice to Bidders for Contract 1 of the water treatment plant project. This contract includes the interconnecting piping between the old and new treatment plant locations.

On February 11, 2015, project bids were opened. The five bids received are summarized below:

Contractor	Lump Sum Bid Price
S. M. Hentges & Sons, Inc.	\$3,197,273.15
H & W Contracting LLC	\$3,840,904.00
McKiness Excavating, Inc.	\$3,997,993.75
J & K Contracting LLC	\$3,998,852.50
Carstensen Contracting Inc.	\$4,099,279.40
Engineer's Estimate	\$5,219,000.00

The allowance for the interconnecting piping work contained in Contract 1 was estimated in the CIP to cost \$5,530,000.

Staff has no previous experience working with the apparent low bidder, S.M. Hentges & Sons. Prior to making a recommendation, staff carefully checked references from multiple prior municipal utilities. The City's Finance Director reviewed audited financial reports provided by the contractor. Finally, staff met with representatives from S.M. Hentges & Sons to discuss the project and their proposed project team. Based on the information obtained, staff concluded that this firm is both a responsible bidder and a responsive bidder.

ALTERNATIVES:

1. Award the New Water Plant – Contract 1 to S.M. Hentges & Sons, Inc. of Jordan, MN in the amount of \$3,197,273.15.
2. Award Contract 1 to one of the other bidders.
3. Do not award a contract at this time.

MANAGER'S RECOMMENDED ACTION:

Contract 1 of this vital project involves installation of connecting piping between the current and future treatment facilities. The authorized CIP includes \$5,530,000 for this work. Concern was raised when the apparent low bidder offered a price that is more than two million dollars below the engineer's estimate. Staff then performed a comprehensive reference check on the low bidder. Based on the results of that reference check and a recommendation by the design engineer, it appears appropriate to award this contract to the low bidder.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving award of the New Water Plant – Contract 1 to S.M. Hentges & Sons, Inc. of Jordan, MN in the amount of \$3,197,273.15.