

COUNCIL ACTION FORM

SUBJECT: WATER POLLUTION CONTROL FACILITY BIOSOLIDS STORAGE AND HANDLING IMPROVEMENTS

BACKGROUND:

The Water Pollution Control (WPC) Facility utilizes a 3.1-million-gallon, lined biosolids storage lagoon to hold biosolids for land application on City-owned farm ground. Land application of biosolids primarily occurs in the fall of each year after the crops are harvested. The existing storage lagoon does not provide 365 days of biosolids storage. Due to a short land application window between removal of crops and the onset of winter weather, the lack of storage capacity can create operational flexibility issues during years where biosolids land application is delayed due to adverse weather conditions. Furthermore, additional storage capacity will be needed within the next six to ten years when pending nutrient removal requirements are implemented. A Residuals Handling Study completed in 2010 recommended an additional 1.6 million gallons of storage capacity.

On February 24, 2015, Council issued a Notice to Bidders to construct the biosolids storage and handling improvements project. Bids were open on March 25, 2015. Three bids were received and are summarized below.

Bidders	Total Project Bid Price
Engineer's Estimate	\$1,790,000.00
Story Construction Co.	\$2,813,950.00
Woodruff Construction, LLC	\$2,976,300.00
Building Crafts, Inc.	\$2,983,250.00

Based on the fact that all three bids received were grouped closely together, it appears that the bid prices are reasonable and competitive for the scope of work requested. The low bid exceeds the Engineer's estimate by more than one million dollars. Staff requested that the Engineer review their estimate with the low bidder to determine where the discrepancy occurred. The following four items were identified:

- The bidder's cost for the "site work" portion exceeded the Engineer's estimate by \$385,000.
- The bidder's cost for the "concrete" portion exceeded the Engineer's estimate by \$340,000.
- The bidder included an allowance of between \$150,000 and \$200,000 as a result of the "Prevailing Wage" requirements of the State Revolving Fund (SRF) loan; the Engineer had not accounted for this in their estimate.
- The bidder indicated there were increased equipment and material costs due to the "Buy American" provisions of the SRF loan. The bidder, however, was not able to readily quantify these costs. The Engineer had not accounted for this in their estimate.

With this information, staff identified four possible courses of action that could be taken at this point.

- 1. Do not proceed with the project at this time.** The construction of new storage capacity could be deferred until such time as a final determination has been made on how to meet the requirements of the Iowa Nutrient Reduction Strategy. Staff has already undertaken some operational changes to help mitigate the impact of the storage capacity shortfall. As an example, a portion of the WPC farm has been planted to alfalfa instead of corn or soybeans the last few years to facilitate the land application of biosolids during the summer months.
- 2. Defer other CIP projects.** It is possible to delay other work planned in the five year Capital Improvements Plan, freeing up the financial resources to proceed with the project. For example, it may be possible to extend the four-year, \$2.2 million project planned for structural rehabilitation at the WPC Facility by limiting the expenditures to about \$250,000 per fiscal year.
- 3. Redesign and rebid the project.** The majority of the additional cost appears to be related to "constructability" issues brought about by building the tank into the hillside. This suggests that it may be possible to reduce the cost by either relocating the tank to a new location, by changing the materials of construction, or both.
- 4. Proceed with the project "as is."** The project is planned to be funded through an SRF loan. The incremental increase in annual debt service would be approximately \$65,000 per year. The projected fund balance would be able to absorb that amount of increase for at least nine years under the current rate scenario, meaning that the increased cost would not be the reason for a rate increase for at least nine years.

ALTERNATIVES:

1. Reject all bids. Staff will evaluate the potential to redesign and rebid the work within the adopted budget; and if such an option is available, staff will bring it back to Council to issue a new Notice to Bidders.
2. Award the WPC Facility Biosolids Storage and Handling Improvements contract to Story Construction Co. in the amount of \$2,813,950. Direct staff to defer other projects to achieve an approximate zero net increase in expenses to the Sewer Fund.
3. Award the WPC Facility Biosolids Storage and Handling Improvements contract to Story Construction Co. in the amount of \$2,813,950. Absorb the additional annual debt service of approximately \$65,000 out of the available Sewer Fund balance.

MANAGER'S RECOMMENDED ACTION:

Additional biosolids storage capacity is needed to ensure that the WPC Facility remains operational and in compliance with its NPDES permit. Unfortunately, the bids received exceeded the authorized funding by more than one million dollars. **Staff believes that the benefit offered by the project as currently designed is outweighed by the increased price tag. Therefore, it is the recommendation of the City Manager that City Council adopt Alternative No. 1, rejecting all bids.**

Staff plans to work with the Engineer to determine the potential to redesign and rebid the project within the adopted budget. If a viable alternative is identified, then staff will initiate the process to rebid the process. If an acceptable alternative cannot be developed, then the staff will recommend that work be postponed until the larger plant modification project to address nutrient removals is undertaken. In the meantime, operational changes can be made to provide increased flexibility in land applying biosolids.

CITY OF AMES, IOWA	5% Bid Bond	Addendum 1	Bidder Status Form	Attachments 1, 2, 3, 4, & 6	LUMP SUM: WPCF Biosolids Storage & Handling Improvements Construction: Provide all labor, equipment and materials necessary to complete the construction of the WPCF Biosolids Storage and Handling Improvements, in accordance with the Plans and Specifications.	250 TONS: Stabilizing Material	TOTAL PROJECT BID PRICE:	Proposed Start Date:	Proposed Completion Date:
Mike Adair, Procurement Specialist II Ph: 515-239-5125 * Fax: 515-239-5325									
BID NO. 2015-169									
Water Pollution Control Facility Biosolids Storage & Handling Improvements									
BIDDERS									
Story Construction Co.	Yes	Yes	Yes	Yes	\$2,806,000.00	\$7,950.00	\$2,813,950.00	5/18/2015	5/20/2016
Woodruff Construction, LLC	Yes	Yes	Yes	Yes	\$2,967,300.00	\$9,000.00	\$2,976,300.00	6/1/2015	7/1/2016
Building Crafts, Inc.	Yes	Yes	Yes	Yes	\$2,974,500.00	\$8,750.00	\$2,983,250.00	5/1/2015	5/31/2016