

**COUNCIL ACTION FORM**

**SUBJECT: NEW WATER PLANT CONTRACT 2 – CHANGE ORDER NO. 2**

**BACKGROUND:**

On October 14, 2014 the City Council awarded a construction contract to Knutson Construction of Minneapolis, MN for the City's new water treatment plant. As construction has progressed, four items have been identified that need to be addressed and result in a change to the contract. Each item is described below, along with the price proposed by the contractor.

- Secondary water service – Staff requested a secondary water service be installed into the water plant. Water is taken from the distribution system and used in the chemical area and office areas. As currently designed, there is only one water service into the new water treatment plant. The existing water plant has two services for reliability purposes. **Total cost to install the second service is \$52,484.**
- Additional gate valve – A new valve was installed as part of the construction process in the finished water loop, but was not planned to remain. By leaving the valve installed, there is more operational flexibility. **Net cost for the new valve is \$1,992.**
- Pipe materials – The contractor identified a potential savings by using high density polyethylene instead of copper piping material. **Total savings to change this material is \$2,309.**
- Waterproofing on manholes – Bituminous waterproofing is required on sanitary manholes. When the new sanitary service line was designed, this was missed in the requirements. **Total cost to waterproof the manholes is \$3,467.**

**The net cost for this change order is \$55,634. It is the opinion of the consulting team that this is a fair and reasonable price.**

The approved FY 15/16 Capital Improvements Plan includes a total project budget of \$73,684,000. A simplified line item breakdown of the project costs is shown on the following page.

<b>Description</b>	<b>Amount</b>
Contract 1 (actual bid price)	3,197,273
Contract 2 (actual bid price)	52,497,000
Engineering	8,900,000
Lime Sludge Removal	1,570,000
Land & Easements	899,000
Special Inspections	350,000
Pre-design Activities	774,000
Equipment Allowances, Misc.	540,000
Contingency	4,956,727
<b>Total</b>	<b>73,684,000</b>

The size of the contingency increased when the bid price for Contract 1 came in more than \$2 million below the engineer's estimate. Subsequent changes to the project that impact the contingency are as shown below. The change order that is the subject of this request is shown in bold.

<b>Description</b>	<b>Net Change</b>	<b>Remaining Contingency</b>
Contract 2, Change Order #1 Sanitary Sewer Realignment	\$ 127,023.00	\$ 4,829,704.00
<b>Contract 2, Change Order #2 Second water service line; additional gate valve; change in pipe material; manhole waterproofing.</b>	<b>\$ 55,634.00</b>	<b>\$ 4,774,069.85</b>

**ALTERNATIVES:**

1. Approve Change Order Number Two with Knutson Construction as described above in the amount of \$55,634.
2. Do not approve the change order at this time.

**MANAGER'S RECOMMENDED ACTION:**

The changes proposed are to improve reliability and function of the water plant. The consulting engineers, City staff, and Knutson Construction have worked together to come up with reasonable, cost effective recommendations.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.