

COUNCIL ACTION FORM

SUBJECT: NEW WATER PLANT CONTRACT 1 – CHANGE ORDER NO. 2

BACKGROUND:

On February 24, 2015, the City Council awarded a construction contract to S. M. Hentges of Jordan, MN for the interconnecting piping between the old and new water treatment plant locations. Construction started near the existing treatment plant. As anticipated, when working with decades-old buried infrastructure, there have been unexpected conditions encountered in the field so far in the project.

- At the 30-inch raw water connection point, there was an unexpected existing tee with a valve on it. The plans had indicated it was a straight run of pipe. The contractor had to modify how they connected into the pipe because of this discovery. **Total cost to modify the installation is \$6,602.20.**
- While working near an existing 20-inch finished water main, the contractor discovered a large concrete thrust block supporting a tee in the line. The tee and thrust block are not needed and were in the way of the new pipeline installation. The contractor was able to cut out the tee fitting and concrete and replace it with a new section of straight pipe. **Total cost for replacement is \$9,411.60.**
- The new concrete emergency bypass structure, when installed, sits approximately 18 inches below grade. To easily access the hatches, it should be located at grade. The contractor, working with the concrete supplier, determined an 18-inch spacer section can be made and added to the structure. **Total cost for the addition is \$2,373.80.**
- There are five air relief hydrants as part of the project. While the hydrants have valves on them to shut off in case of an emergency, an additional valve would help isolate the hydrant for repairs. **Total cost for all five valves and boxes is \$3,300.00**

The total cost for this change order is \$21,687.60. It is the opinion of the consulting team that this is a fair and reasonable price. This is the second change order for the project. The Department previously approved a change order in the amount of \$9,256.45 for minor pipeline alignment changes, associated site work, and an additional communication structure. **At a combined running total of \$30,944.05, this change order could be approved by the City Manager. However, staff would like Council authorization so that the thresholds set in the City's Purchasing Policies can be**

reset, giving additional flexibility should additional unforeseen conditions be discovered in the coming weeks.

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 below.

Description	Amount
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
Total	73,684,000

The size of the contingency increased when the bid price for Contract 1 came in more than two million dollars 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.**

Description	Net Change	Remaining Contingency
Contract 2, Change Order #1 Sanitary Sewer Realignment	\$ 127,023.00	\$ 4,829,704.00
Contract 2, Change Order #2 Second water service line; additional gate valve; change in pipe material; manhole waterproofing.	\$ 55,634.00	\$ 4,774,069.85
Contract 1, Change Order #1 Raw water realignment, site work, communication structure	\$ 9,256.45	\$ 4,764,813.40
Contract 1, Change Order #2 Piping changes, bypass structure changes, hydrant valves	\$ 21,687.60	\$ 4,745,765.80

ALTERNATIVES:

1. Approve Change Order Number Two with S. M. Hentges as described above in the amount of \$21,687.60.
2. Do not approve the change order at this time.

MANAGER'S RECOMMENDED ACTION:

The changes are due to unforeseen conditions around the existing water plant campus. The consulting engineers, City staff, and S. M. Hentges have worked together to come up with reasonable, cost effective solutions that are well within the project contingency. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving Change Order #2 for Contract 1 as described above in the amount of \$21,687.60.