

**COUNCIL ACTION FORM**

**SUBJECT: CHANGE ORDER NUMBER FIVE FOR NEW WATER PLANT – CONTRACT 2**

**BACKGROUND:**

On October 14, 2014 the City Council awarded a construction contract to Knutson Construction of Minneapolis, MN for a new drinking water treatment plant.

Seven items have been identified that need to be addressed and would result in a change to the contract. Knutson has provided a proposed change order for the work. Each item is described below.

- Debris on site – While installing the new sanitary sewer service line, the contractor discovered buried roofing material. The material needed to be removed and properly disposed. **Total cost to remove and dispose of the material \$18,815.**
- Chlorine Residual Analyzers – Staff requested an equipment change to use the same type of analyzer in the current water plant. **Total savings to change the equipment \$1,530.**
- Access doors and piping – A request was made to simplify some plumbing installations and modify the access hatches in the clearwell. **Total savings to make the changes \$1,330.**
- Rebar changes – The contractor identified a need for additional rebar for constructability purposes. **Total cost of the additional rebar \$1,273.**
- Lime pond gates – The consultant recommended a change to the access structure to simplify the access to the gate handles. **Total savings to change the structure \$183.**
- Stair stringer – A change was made to the stair stringer material. **There was no cost for this change.**
- Filter modifications – Structural details were modified to clarify construction in the filter channel. **Total cost to modify the filter channel \$4,745.**

**The net cost for this change order is \$21,790.00. It is the opinion of the consulting team that this is a 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 below.

<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. Two other change orders were previously approved at the department level. 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
Contract 2, Change Order #2 Second water service line; additional gate valve; change in pipe material; manhole waterproofing.	\$ 55,634.00	\$ 4,774,070.00
Contract 1, Change Order #1 Raw water realignment, site work, communication structure	\$ 9,256.45	\$ 4,764,813.55
Contract 1, Change Order #2 Piping changes, bypass structure changes, hydrant valves	\$ 21,687.60	\$ 4,743,125.95
Contract 2, Change Order #3 Minor plumbing changes, tree removal, minor electrical change to elevator, process valve simplification	\$ 5,457.00	\$ 4,737,668.95

Contract 1, Change Order #3 Air relief hydrants, pedestrian ramp, thrust block removal and replacement	\$ 16,974.83	\$ 4,720,694.12
Contract 2, Change Order #4 Clearwell access hatches	\$ 6,192.00	\$ 4,714,502.12
<b>Contract 2, Change Order #5 Debris removal, analyzers, access doors, lime pond gates, structural clarifications</b>	<b>\$ 21,790.00</b>	<b>\$ 4,692,712.12</b>

Council should note that the recommended FY 16/17 CIP includes a reduction in the project contingency of \$2,443,000. Once the CIP has been formally adopted by Council, the remaining contingency shown in the table above will be reduced to \$2,249,712.12.

**ALTERNATIVES:**

1. Approve Change Order Number Five for Contract 2 with Knutson Construction in the amount of \$21,790.00.
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, thereby approving Change Order Number Five for Contract 2 with Knutson Construction in the amount of \$21,790.00.