

**COUNCIL ACTION FORM**

**SUBJECT: EAST INDUSTRIAL AREA UTILITY EXTENSION PROJECT – REPORT OF BIDS**

**BACKGROUND:**

The East Industrial Area Utility Extension Project consists of the extension of water and sanitary sewer to the recently annexed area east of Interstate 35 (I-35). More specifically, it involves the installation of water main and gravity sewer between I-35 and Potter Ave (formerly 590<sup>th</sup>), force sewer from Teller Ave (formerly 580<sup>th</sup>) to west of Freel Drive, and construction of a sewer lift station. This new area to be served by City utilities east of I-35 has been certified by the Iowa Economic Development Authority as the Prairie View Industrial Center.

During the bid advertisement period, two (2) Addendums were issued for this project, and on March 4, 2020, bids were received as follows:

<i>Bidder</i>	<i>Bid Amount</i>
<i>Engineer's estimate</i>	<i>\$ 4,518,440</i>
SM Hentges & Sons Inc.	\$ 7,098,946
Rognes Corporation	\$ 7,242,118

Engineering and administration costs are estimated to be \$771,000, bringing the total estimated project cost to \$7,869,946.00. This project is shown in the 2016/17 Capital Improvement Plan with **\$5,300,000 in G.O. bond funding (Water and Sewer Utility revenue abated)**.

**This action form is for the reporting of bids only. Staff and the design consultant will evaluate the bids and any appropriate modifications to the plans and project approach. The decision to award the project or reject bids will be brought back to City Council at a later date.**

**ALTERNATIVES:**

1. Accept the report of bids for the East Industrial Area Utility Extension Project and direct staff to work with our consulting engineers to determine if changes can be made to the project specifications in order to bring the cost within the budget if it is rebid.
2. Approve the bid from SM Hentges & Sons Inc. for \$7,098,946 for the East Industrial Area Utility Extension Project. In order to proceed with this alternative, an additional \$2,580,506 of unbudgeted funds will have to be identified.

**MANAGER'S RECOMMENDED ACTION:**

Given the magnitude of the low bid, the best course of action at this time is to only report the bids and delay any award until the staff and consulting engineers have time to further evaluate the bids. **Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.**