

ITEM # 19a&b
DATE June 24, 2008

COUNCIL ACTION FORM

SUBJECT: WATER TREATMENT PLANT WELL REHABILITATION PROJECT

BACKGROUND:

On March 6, 2007, City Council approved plans and specifications for the Water Treatment Plant Five-Year Well Rehabilitation Project. This project involves a plan to rehabilitate drinking water wells on a five-year, preventive cycle instead of waiting until wells are unable to produce adequate water volumes. The intent of the five-year cycle is to ensure that the current wells maintain their capacity for as long as possible, thus postponing the need to construct new potable supply wells.

The project plans and specifications detail the rehabilitation process and timeline to be used for the five-year rehabilitation cycle. The specifications call for a one-year contract with a possibility of four, one-year renewal options. The initial first-year contract expires on June 30, 2008. A Consumer Price Index (CPI) was used to adjust the contract price for next year's contract period. Future year renewals will be based on satisfactory performance during the prior year and on the City Council appropriating funds.

Northway Well and Pump Company of Marion, Iowa was the low bidder for the one-year contract period set to expire on June 30, 2008. Northway's previous performance was deemed satisfactory by City staff members. The second year of the contract, which includes five wells to be completed by June 30, 2009, totals \$66,130.

Staff also anticipates that well repairs will be required in conjunction with the rehabilitation work. The extent of the repair work will not be known until the wells are taken out of service for rehabilitation. The bidder has included unit prices for common repair components with the bid. The original contract stated that the CPI should be used for steel replacement parts listed in the original contract. However, staff has determined that the CPI does not accurately account for the rapidly increasing cost of steel. Staff has determined that the most appropriate and fair solution is to execute a change order to the original contract that states that the City will pay for steel replacement costs based on actual quotes from vendors. The bid unit prices will continue to be used for all non-steel components to calculate payment for well repair work. Well repair costs will be addressed through change orders at the completion of work on each well.

The Water Treatment Plant operating budget for well rehabilitation includes a total of \$65,750 to cover the second year of the contract (FY 2008-09) with an additional \$70,000 available for repair work as needed during well rehabilitation.

ALTERNATIVES:

1. Award the second-year contract to Northway Well and Pump Company of Marion, Iowa in the amount of \$66,130 for rehabilitation of five wells in FY 2008-09 and execute a change order to the original contract stating the City will pay for steel replacement costs based on actual quotes from vendors.
2. Do not award a contract at this time.

MANAGER'S RECOMMENDED ACTION:

Regular maintenance of the City's potable water wells is required to ensure adequate water volume to meet the City's current and future drinking water needs. It is in the City's best interest to maintain the wells by setting up a five-year well rehabilitation cycle. Steel prices have been rapidly rising and it is cost effective and important to reliability of the wells that these defective materials be replaced when needed.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving a \$66,130 contract to Northway Well and Pump Company to implement the second year of the five-year well rehabilitation cycle and executing a change order to reimburse for the actual cost of steel replacement materials.