

**COUNCIL ACTION FORM**

**SUBJECT: ENGINEERING SERVICES AGREEMENT FOR WATER TREATMENT PLANT DESIGN**

**BACKGROUND:**

On October 13, 2009, Council awarded an engineering services agreement to FOX Engineering of Ames, Iowa for work related to the new water treatment plant. The initial scope of work, designated as Task Order 1, included those pre-design activities that could be completed prior to commencing the site-specific design. The fees associated with the previously approved Task Order 1 are in an amount not to exceed \$358,500.

Staff is recommending approval of a new Task Order 2. This would revise the scope of Task Order 1 by adding an evaluation of the lime softening residuals handling facilities. The original scope of work was based on an assumption that the current residuals handling scheme would be the least expensive long-term option. After some additional evaluation, staff believes there is a potential life-cycle cost benefit from using a different residuals handling scheme. The revised scope would evaluate the comparative capital and operating costs of the current and proposed solids handling schemes as well as the relative regulatory burden of each scheme to determine which option should move forward into final design.

Task Order 2 would also add to the pre-design services a revised opinion of probable construction costs. It was originally envisioned that the pre-design work would have been completed by this time. Unfortunately, land acquisition is proceeding very slowly. To allow the most current information to be available when Council makes a determination on potential rate increases for FY 2011/12, staff is recommending that the cost estimate be updated.

The fees associated with the proposed Task Order 2 are in an aggregated amount not to exceed \$68,500 without prior approval. This amount is composed of an estimated \$39,000 for evaluating the lime handling alternatives, \$27,500 to prepare an updated opinion of probable construction costs, and \$2,000 for reimbursable expenses. The proposal has been reviewed by the City Attorney and approved as to form and legality.

**ALTERNATIVES:**

1. Approve Task Order 2 with FOX Engineering of Ames, Iowa for pre-design services related with the new water treatment plant in an amount not to exceed \$68,500 without prior approval.
2. Approve a modified Task Order 2 that excludes work not desired by the Council.

3. Do not approve Task Order 2 at this time.

**MANAGER'S RECOMMENDED ACTION:**

Part of the City Manager's charge to the staff managing the new water treatment plant project is to continue to seek innovative options to manage the overall cost of the project. While not assured, staff believes there is a potential for a life-cycle cost reduction for the facility from an alternative lime softening residuals handling process. The added scope of work for the consultants will determine whether this alternative will move forward into the final design effort. Having an up-to-date cost estimate prior to making a final decision on water rates for the coming year will give Council the ability to make a better informed decision.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving Task Order 2 with FOX Engineering in an amount not to exceed \$68,500 without prior approval.