

COUNCIL ACTION FORM

**SUBJECT: OLD WATER TREATMENT PLANT – DEMOLITION CONTRACT
AWARD AND ENGINEERING SERVICES CONTRACT AMENDMENT**

BACKGROUND:

During design of the new water treatment plant, City staff made a commitment that the old treatment facility would be demolished as soon as practical after being shut down to not become an abandoned eyesore for the neighborhood.

The new water treatment plant started operation in the fall of 2017, and it is time to demolish the old water treatment plant. This project will demolish the filter building, chemical feed building, exterior clarifiers, administrative offices, and ¾-million-gallon ground reservoir. Improvements to the site distribution and raw water piping will be included in this project as well. The high service pump station, two-million-gallon storage reservoir, five-million-gallon storage reservoir, and Technical Services Complex (TSC) will remain. After demolition is complete, an addition to the TSC facility is planned for a portion of the remaining green space. The TSC addition will be a separate project.

On May 10th, 2022, City Council approved plans and specifications and issued a Notice to Bidders for the Old Water Treatment Plant Demolition. Four bids were received and are outlined below. Green Demolition Contractors, Inc. from Chicago, Illinois, was the lowest bidder; however, they did not provide a completion date due to “extensive lead times with materials” and were determined by the Legal Department to be non-responsive. **The lowest responsive bidder was determined to be LinnCo, Inc. from Sartell, Minnesota, in the amount of \$2,398,000.** For comparison, the engineer’s construction cost estimate was \$2,442,000.

Bidder	Total Project Bid
Green Demolition Contractors, Inc. <i>Non-responsive</i>	\$2,023,520
LinnCo, Inc.	\$2,398,000
Dore & Associates	\$2,964,400
Earth Services & Abatement	\$3,100,000
<i>Engineer’s Estimate</i>	<i>\$2,442,000</i>

Staff believes re-bidding the project with an extended project completion date would not result in lower bid prices since three of the four bids were able to meet the specified project completion date. Similarly, there was no mention by any bidder of material lead

times or discussion regarding the project completion window at the pre-bid meeting. For these reasons staff recommends awarding the project to the second lowest bidder, LinnCo, Inc. The Purchasing Division has completed a qualifications review for LinnCo that confirms they have the requisite experience and capabilities. Based on the information provided, Purchasing recommends awarding the project to LinnCo, Inc. The project engineer has also provided a statement concurring with that recommendation.

A Drinking Water State Revolving Fund (DWSRF) loan in the amount up to \$3,500,000 has been identified as the funding source for the demolition of the old water plant. Repayment of the loan will be from water utility revenues. The authorized CIP project budget is summarized below.

Authorized Project Budget

FY 2018 - FY2020/21	\$141,916
FY 2021/22 CIP	\$ 1,288,560
<u>FY 2022/23 CIP</u>	<u>\$ 1,233,000</u>
Total Project Budget	\$ 2,663,476

Additionally, on May 26, 2020, City Council awarded a contract to Strand, Inc. of Madison, WI, for the design of the Old Water Treatment Plant Demolition. **At the time of the initial contract award with Strand, staff had intentionally excluded construction phase services from the agreement, with an expectation that those services would be added later by change order once the design was complete and the actual scope of additional services was known. Staff has worked with Strand to determine the level of assistance required and is recommending a change order with Strand to add \$119,700 for construction phase services. This work will be performed on an “hourly not to exceed” basis so that the City only pays for the services it actually utilizes.**

Original Engineering Contract with Strand, Inc.	
Design Services	\$144,800
Utilized “If-Authorized Funds” (\$23,500 available)	\$12,700
<u>Requested Change Order No. 1</u>	<u>\$119,700</u>
Total Revised Contract Amount	\$277,200

The revised total project cost is as follows:

Engineering Services	\$277,200
<u>Construction</u>	<u>\$ 2,398,000</u>
Total Project Cost	\$ 2,675,200

ALTERNATIVES:

1. A. Award a contract for the Old Water Treatment Plant Demolition Project to LinnCo, Inc. of Sartell, Minnesota, for \$2,398,000.

B. Authorize Change Order No. 1 to the professional services agreement with Strand Engineering of Madison, WI, for additional construction phase engineering services for the Old Water Treatment Plant Demolition Project in an additional amount not to exceed \$119,700.
2. Award the demolition contract to one of the other responsive bidders.
3. Do not take any action at this time and provide direction to staff on the future of the project.

CITY MANAGER’S RECOMMENDED ACTION:

The Old Water Treatment Plant Demolition Project is an important project to prevent the structures from becoming dilapidated and potentially dangerous. Planning has been underway for this project since the plant was decommissioned in 2017.

Additionally, staff has determined that it is in the best interest of the City to move forward with addition to the professional services agreement with Strand, the firm that designed the demolition. Staff relies on the expertise of consultants to ensure the project is constructed according to design documents.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, A and B, as stated above.

Staff went door to door talking with residents in the area starting at the old Water Plant and going north to Ninth Street. If no one was home, a flyer was left with the expected schedule, staff contacts, and a link to the City’s web page for more information.