

ITEM #: 7
 DATE: 12-17-24
 DEPT: W&PC

COUNCIL ACTION FORM

**SUBJECT: WATER POLLUTION CONTROL FACILITY NUTRIENT REDUCTION
 MODIFICATIONS PHASE 1 PROJECT- CHANGE ORDER #1**

BACKGROUND:

On August 13, 2024, Council awarded a contract to Woodruff Construction for modifications to the Water Pollution Control Facility (WPCF). These modifications are the first of two construction phases that will ultimately enable the facility to achieve the goals of the Iowa Nutrient Reduction Strategy.

At the time of award, it was known that there was a pricing correction needed for the Enviromix compressed air mixing system. Woodruff had pledged prior to the award to provide the City with a \$200,000 credit. Staff had also identified some construction items that could be eliminated from the new Administration Building to lower the total construction cost. Among other items, it included the elimination of a fire alarm system that was no longer required by building codes due to the changes being made (-\$12,083.73), and the elimination of a shade canopy outside the employee break room (-\$32,322.29).

All three of these credits are included in the proposed Change Order #1. Also included is the cost to reroute the power circuit to the front gate (\$3,194.20), and changes to pipe supports and expansion joints (\$9,333.03). **The net amount of Change Order #1 is a deduct amount of \$231,878.79. The opinion of the consulting team is that this is a fair and reasonable price.**

Table 1: Change Order Summary

| | |
|---|---------------------|
| Change Order #1 - <i>This Request</i> | |
| Credit for Enviromix, fire alarms, canopy; reroute gate power circuit; expansion joint changes | (231,878.79) |
| Total Approved Change Orders | (231,878.79) |

Table 2 below summarizes the overall project budget.

Table 2: Total Project Funding & Expenses

| | Funding | Expenses |
|--------------------------------------|----------------|-----------------|
| Prior Years | | |
| FY 2023 | 1,438,643 | |
| FY 2024 | 1,000,473 | |
| FY 2025 Adjusted | 26,610,884 | |
| FY 2026 | 26,240,000 | |
| FY 2027 | 7,250,000 | |
| Engineering | | 6,038,000 |
| Construction | | |
| Original Contract | | 53,370,000 |
| Change Order #1 - <i>This Action</i> | | (231,878) |

| | | |
|-------------------------------------|-------------------|-------------------|
| Owner Allowance (furnishings, etc.) | | 400,000 |
| All Other Expenses | | 122,675 |
| TOTAL | 62,540,000 | 59,698,797 |
| | | |
| Owner's Contingency | | 2,841,203 |

The Clean Water State Revolving Fund (CWSRF) loan was approved in a not-to-exceed amount of \$65,185,000 to provide a cushion for unanticipated project changes and prevent unnecessary issuance costs associated with increasing the not-to-exceed amount as a separate action, should it be necessary. **The remaining unencumbered SRF loan balance is \$5,486,203.** It should be noted that the SRF program is a reimbursement program, meaning that the City first spends the money, then the program reimburses for eligible expenses. This method ensures the City will only borrow for expenses the City Council has authorized and are necessary to complete the project, thus minimizing interest expense associated with the improvements.

ALTERNATIVES:

1. Approve Change Order #1 to the contract with Woodruff Construction for the Water Pollution Control Facility Nutrient Reduction Modifications Phase 1 Project in the deduct amount of \$231,878.79.
2. Do not approve the change order. This would reject the contractor's offer to reduce the contract price for the Enviromix equipment by \$200,000, as well as other proposed changes to the project.

CITY MANAGER'S RECOMMENDED ACTION:

The consultant noted a price discrepancy for the Enviromix equipment package during the bid evaluation. Prior to the contract award, Woodruff Construction had pledged to correct the discrepancy with a \$200,000 deduct credit, to be processed at the time of the first project change order. That deduct, along with two other items that were planned for deletion from the project at the time of award (fire alarm system in the old grit loading garage and an exterior shade canopy outside the break room) is included in this change order. A few small additional modifications are also incorporated. The deduct credits were anticipated, and the other items are well within the project contingency. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative 1 as described above.