

ITEM #:	17
DATE:	07-08-25
DEPT:	PW

COUNCIL ACTION FORM

SUBJECT: PRAIRIE VIEW INDUSTRIAL CENTER UTILITY EXTENSION PROJECT

BACKGROUND:

The Prairie View Utility Extension Project consists of the extension of water and sanitary sewer mains to the recently annexed area east of Interstate 35 (I-35). The design included a water main and a gravity sewer main to be installed between I-35 and Potter Avenue (formerly 590th), a force sanitary sewer main to be installed from Teller Avenue (formerly 580th) to west of Freel Drive, and the construction of a sewer lift station. Most of 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.

On May 12, 2021, City Council awarded the Prairie View Industrial Utility Project to Keller Excavating Inc. of Boone, Iowa, in the amount of \$6,168,791.40. **Change Order 1, is a contract deduct of \$206.40** that was administratively approved by staff on January 13, 2022.

On August 9, 2022, City Council approved Change Order 2 in the amount of \$2,210,255.72. This change order allowed for the construction of water and sanitary sewer from Teller Avenue to Potter Avenue. The change order allowed for this work to take place during the winter and spring 2023.

On December 20, 2022, City Council approved Change Order 3 in the amount of \$337,280. This change was to allow for the construction of sanitary sewer through a section of the project where conflicts were found due to the alignment of City of Nevada's raw water line.

Change Order 4 (this Council action) is the balancing change order that reflects modifications in the field for sanitary sewer quantity placed, full depth street replacement, seeding and other bid item under and over runs based on final field measured quantities resulting a **project deduct of \$298,239.42**.

Change Order 5 (this Council action) is a deduction change order in the amount of **\$147,984.88**. This amount was negotiated with Keller Excavating after the balancing change order. After installation, it was determined that the sanitary sewer has eight locations in which the sewer alignment deviates more than allowed by the specifications. These deviations have resulted in sags that, in the opinion of the City's consultant (WHKS), will minimally reduce the pipe capacity, but are expected to require more frequent jetting and cleaning to maintain flows. This will increase future operating costs for the utility.

The pipe, at some locations, is as deep as 30 feet below grade, which makes permanently resolving these issues challenging. Attempting to dig and repair the main is likely to further exacerbate the misalignments, cause damage to adjacent property, and leave the main out of service. It is not guaranteed that such an effort would be successful.

Separately, during the installation of the sewer main, Keller Excavating operated outside of the areas where temporary construction easements had been secured, resulting in crop losses for the adjacent property owner and tenant farmer. The City negotiated a settlement on its own behalf with both the tenant and the property owner in the total amount of \$41,200. The City Council approved this settlement in March of 2025.

City staff attributed a portion of the settlement amount (\$3,500) to the project, due to changes in the market price of grain from the time prior to construction when an anticipated crop damage payment was paid compared to the market price at the time the actual losses occurred. The remainder, \$37,700, is the responsibility of Keller Excavating as a result of operating outside the agreed-upon temporary easement areas.

City staff and WHKS have calculated the performance loss in the sewer main to be valued at \$110,284.88. To account for the \$37,700 settlement and the loss of performance of the sewer main due to installation issues, City staff and Keller Excavating have negotiated a deduction of \$147,984.88.

The expenses and revenues for this project are as follows:

Funding Source	Revenue	Expenses
G.O. Bonds	\$4,300,000	
EDA Grant	1,500,000	
ARPA Funds	3,167,089	
24/25 Sanitary Sewer Fund	28,073	
 Awarded contract Amount		 \$6,168,791.40
 Change Order No. 1		 (206.40)
Change Order No. 2		2,210,255.72
Change Order No. 3		337,280.00
Change Order No. 4 (this action)		(298,239.42)
Change Order No. 5 (this action)		<u>(147,984.88)</u>
Final Contract Amount		8,269,896.42
Engineering and Administration		1,382,728.28
 Totals	 \$10,003,808	 \$9,652,624.70

Excess revenue will be returned to the Sewer and Water Utility funds

City staff, in partnership with Ames Chamber of Commerce and Economic Development Administration (EDA), applied for a federal economic development grant for this project. **The grant was awarded in the amount of \$1,500,000 from EDA. City Council approved the grant award on April 27, 2021. Two reimbursement requests have been completed to date for a total of \$1,350,000. With the City Council's final acceptance of this project, staff will now begin the closeout process with the EDA for the final reimbursement of**

\$150,000.

ALTERNATIVES:

1. The City Council can do the following:
 - a. Approve Change Order No. 4 for the Prairie View Industrial Center Utility Extension Project in the deduction amount of \$298,239.42
 - b. Approve Change Order No. 5 for the Prairie View Industrial Center Utility Extension Project in the deduction amount of \$147,984.88
 - c. Accept Prairie View Industrial Center Utility Extension Project as completed by Keller Excavating of Boone, Iowa, in the amount of \$8,269,896.42
2. Direct staff to pursue modifications to the project.

CITY MANAGER'S RECOMMENDED ACTION:

The project is now complete and the remaining performance issues and settlements with adjacent property owners have been finalized. Approving these change orders and finalizing the project will allow for final reimbursement and closeout with the EDA. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.