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Department of Utilities
Wastewater Treatment Plant
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TO: Chairperson Vered Meltzer and Members of the Utilities Committee

FROM: Chris Stempa, Utilities Deputy Director

DATE: March 17, 2023

RE: *Approve: Sole Source Engineering Services Contract to McMahon as part of Phase II Belt Filter Press Equipment Upgrades Project in the amount of \$162,000 with a 15% contingency of \$24,300 for a Project Total not to exceed \$186,300*

BACKGROUND:

On February 3, 2021, Common Council awarded the engineering service contract for the "Wastewater Plant Belt Filter Press Upgrades Project" to McMahon. The project was originally budgeted to occur within a single phase and would replace the three existing Ashbrook Simon Hartley Winkle presses or belt filter presses (BFPs) with four new BFP's. The existing dewatering equipment has been used for the past 30 years to dewater anaerobically digested sludge which have exceeded their useful life projections. That statement is supported over the last year by the escalating trend of equipment failures, critical parts obsolescence (i.e., drives) and deterioration of structural components caused by years of acid washing.

As preliminary engineering progressed from 2021 into 2022, the full extent of the project scope was refined as observations, alternatives, recommendations, and updated equipment estimates were obtained. The substantial increase in costs seen with other capital construction project bids substantially outpaced budgetary projections. The contributing factors for this include lingering supply chain issues, sustained high demands for goods and services, and spikes in commodity prices such as steel and oil. Coupled with inflationary increases, the cost of operations, equipment, and construction have increased beyond prior year forecasts.

Although much of the design work was nearly completed by McMahon, it was necessary to segregate the project into two separate phases over two back-to-back years to advance the foundational blocks of the originally envisioned CIP. Therefore, in 2022 McMahon generated the public construction bid documents for the "Phase I Belt Filter Press Equipment Upgrades Project". The Phase I contract was awarded to Staab Construction and will pave the way by which the 2023 Phase II Belt Filter Press Equipment Upgrades Project can occur. The existing three BFPs will remain operational during Phase I construction. This allows for continuity of operation during the installation and startup of new equipment. The substantial completion of Phase I will facilitate the transition to

Phase II which involves the complete demotion and replacement of the three existing BFP's, the removal of remnant hard wiring associated with obsolete equipment, and the replacement of antiquated and/or degraded components outside the electrical hardware systems.

PROPOSAL

As work proceeded on Phase I, McMahon was asked to provide a cost for Phase II services. The 2021 budget identified as part of the BFP Upgrades Project for engineering services was \$750,000. McMahon is currently under a contract for Phase I work for \$352,872 less contingency. The proposal McMahon provided on March 2, 2023 outlined the additional engineering fees necessary to complete Phase II work totaled \$162,000. The total combined services contract (existing contract and proposal) totals \$541,872.

JUSTIFICATION

Typical engineering fees integrated as a function of construction are 15% or more depending on the type of project. Even when applying that level of contingency and factoring that the scope now involves two separate bidding processes as part of two construction projects, the overall contract amount is still only 80% of the original 2021 budget. McMahon has already generated much of the preliminary design work that can be utilized as part of the Phase II BFP Upgrades Project. They have provided quality engineering services as part the Phase I BFP Upgrades Project and have a history of providing similar services at the AWWTP on other projects. Their proposal reflects the value the city would be receiving. For the reasons previously described, I recommend that McMahon considered for a sole source contract as part of Phase II engineering services.

RECOMMENDATION

Approval of a sole source Engineering contract to McMahon as part of Phase II Belt Filter Press Equipment Upgraders Project in the amount of \$162,000 with a 15% contingency of \$24,300 for a Project Total not to exceed \$186,300

If you have any questions or require additional information regarding this project, please contact Chris Stempa at 920-832-5945.



SOLE SOURCE REQUEST

The undersigned certifies that the commodity/service shown below qualifies as a sole source request and meets one or more of the following requirements. The department has demonstrated, and the Purchasing Manager concurs that only one source exists, the price is equitable, and/or noncompetitive negotiation is in the best interests of the City.

- ☐ **Unique, proprietary, or one-of-a-kind:** Specific commodity/service is required and available from only one source, giving the City a superior and necessary benefit that cannot be obtained from other sources.
- ☐ **Inadequate competition:** Purchasing solicitation (bid, proposal, or quote) did not result in any qualified vendor responses and competition is determined to be inadequate.
- ☐ **Health or Safety Concern:** When a health or safety concern exists that is **not** an immediate threat but needs to be addressed in a period that does not allow for formal competitive procurement procedures.
- ☒ **Continuity of design:** Consistency with current commodity or service.
- ☐ **Emergency procurement:** A risk of human suffering or substantial damage to real or personal property exists requiring immediate attention.
- ☐ **Cooperative purchase:** Purchase from another governmental unit contract or state approved purchasing association.
- ☒ **Other:** Description provided below.

McMahon's familiarity with Phase I and preliminary work provides the most efficient and cost - effective solution.

PROPOSED DETAILS
Requesting dept: Utilities
Product/service: Engineering services for Phase II Belt Filter Press Equipment Upgrade Project
Vendor name: McMahon
Total cost: \$162,000

Justification and price quotation provided by the department, for the items to be considered and approved as a sole source purchase attached for review.


Purchasing Manager

3/16/23
Date