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Department of Utilities
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TO: Chairperson Kathy Plank and Members of the Finance Committee

CC: Chairperson Joe Martin and Members of the Utilities Committee

FROM: Michael Suha, Technical Services Manager

DATE: Thursday, February 06, 2014

RE: *Approve contract to August Winter & Sons, Inc. for Linwood Pressure Reducing Valve (PRV) Station Construction in the amount of \$352,646 with a 7% contingency of \$24,685 for a contract total not to exceed \$377,331*

Approve 2013 Budget Adjustment: PRV Station + \$126,331 Generator Emissions Upgrade - \$126,331 to fund project budget.

BACKGROUND

The Linwood Avenue PRV station is part of the Water Distribution Master Plan updates that also include a replacement water tower located north of Fox River and South of Hwy 41, updated distribution main piping, and additional PRV stations. The Capital Improvement Plan included a budget of \$288,000 for this project. To date a contract was awarded to Short, Elliot and Hendrickson engineering services in the amount of \$34,500 with a 7% contingency of \$2,500 and a total not to exceed \$37,000 leaving a balance of \$251,000.

BID RESULTS AND FUNDING

The bids for the construction of the Linwood Avenue PRV Station were opened January 3, 2014. All three bidders met the requirements of the bid package. August Winter & Sons, Inc. is the apparent low bidder. The total lump sum contract price totaled \$352,646 which leaves an overall budget shortfall of \$126,331. The Utilities Department recommends the station be constructed "as designed" to abide by the Water Distribution Master Plan updates of 2011.

The following table summarizes the Linwood Avenue PRV bidder quotes:

| Bidder | Bid |
|----------------------------|------------|
| August Winter & Sons, Inc. | \$352,646 |
| Immel Excavating | \$377,325 |
| Staab Contractors, Inc. | \$417,800 |

The project was under budgeted as a result of not having a final design completed that defined an understanding of the total expense of this project. Upon design various costs were clarified. During the final design it was determined that the original pump size was too small to perform an integral purpose of the station, to supply water to the Ridgeway Tower and pressure zone during maintenance procedures. The “upsized” horsepower of the pump increased estimated cost upgrades to supply the needed three phase power to operate the pump. In addition, the project includes an unfinished chemical room for future use to maintain water quality between the Main and Ridgeway pressure zones, which differs from the design of the first PRV station completed in 2010.

Other reasons that justify the cost of the facility include increases to water supply pressure on the boundary of the two pressure zones where lower pressures exist for customers.

In order to issue the construction contract additional funds are needed. If approved, the contract can be issued so that the PRV station is completed by December of 2014. After discussing the matter with the engineering firm, the department believes that delaying, redesigning or rebidding the project would only result in a higher cost at a later date since the bidding environment is favorable at this time and the need for this project will continue.

RECOMMENDATION:

The Utility Department recommends award of the contract to August Winter & Sons, Inc. in the amount of \$352,646 with a 7% contingency of \$24,685 for a contract total not to exceed \$377,331 in addition to budget adjustment required.

If you have any questions, regarding the project please contact Michael Suha at 997-4200.