



DEPARTMENT OF
UTILITIES

Department of Utilities
Water Treatment Facility
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www.appleton.org/government/utilities

MEMORANDUM

Date: June 3, 2026
To: Chairperson Denise Fenton and Members of the Finance Committee
CC: Ryan Rice, Deputy Director of Utilities
Jeri Ohman, Enterprise Accounting Manager
From: Chris Stempa, Director of Utilities
RE: **Action: Award Sole Source Contract to Dixon as part of the Matthias Tower Coating Project in the amount of \$93,962.50 plus a 5.0% contingency of \$4,700 for a total cost of \$98,662.50**

BACKGROUND:

The Water Utility includes seven elevated storage structures (towers, standpipes, and reservoirs) within the City of Appleton distribution system. These structures are required by the Wisconsin Department of Natural Resources to be cleaned and inspected at least every five years. The interior and exterior paint coatings must be repaired or wholesale repainted as necessary to maintain structural integrity. Typically, the lifespan of a coating system is 15 years without requiring some level of maintenance.

The Matthias Tower recoating project is currently planned for the 2026–2027 timeframe. Engineering services are required to support planning, design, bidding, and construction administration for the recoating work, as well as cellular antenna lease equipment management services associated with the tower's active cellular tenant leases. Utilities Department management is recommending that Dixon Engineering Inc. (Dixon) be awarded this contract on a sole source basis.

SOLE SOURCE JUSTIFICATION:

Dixon previously provided coating inspection services for Matthias Tower in 2025, giving them direct, site-specific knowledge of the tower's coating system, structural conditions, and operational context that would not be readily replicated by another engineering firm without substantial duplication of investigative effort and cost. That prior engagement established a detailed baseline understanding of existing coating conditions that will directly inform and expedite the design and construction administration phases of the forthcoming recoating project.

In addition to the Matthias Tower inspection work, Dixon successfully completed full engineering services on two other elevated water storage recoating projects for the City in 2025. Those projects encompassed the same scope of services being recommended here which include planning, design, bidding support, and construction administration. Dixon has demonstrated consistent competence and familiarity with Utilities Department standards and procedures for elevated structure recoating work.

Cellular antenna lease equipment management services were included as part of Dixon's scope on both of those 2025 elevated water storage recoating projects. Dixon has also provided input to Utilities Department staff on facilitating the same cellular equipment management services for Matthias Tower in conjunction with the planned recoating work. This prior involvement positions Dixon uniquely to manage tenant coordination, equipment protection or relocation protocols, and lease compliance issues that arise during a recoating project at a site with active cellular leases. That technical and logistical requirement is a critical and often undervalued, if not overlooked, aspect of standard coating engineering services.

NOTABLE CELLULAR LEASE CONSIDERATION:

The cellular antenna lease management component of this contract carries added complexity that further supports sole source award to Dixon. One of the companies currently holding an active cellular equipment lease on the Matthias Tower site has acquired another company that also holds an active cellular equipment lease with the City. As part of that acquisition, the acquiring entity is expected to pursue elimination of redundant equipment. This consolidation is anticipated to occur in conjunction with the recoating work planned for 2027, creating a time-sensitive and potentially operationally complex lease management situation that requires coordinated engineering oversight.

Dixon's established familiarity with lease structures, tenant equipment configurations, and the City's lease management practices from its work on the two other 2025 recoating projects along with prior advisory input on Matthias Tower, uniquely position them to manage this consolidation scenario. Engaging a different firm would require additional time and cost to develop the necessary background knowledge when timely action will be important.

PROPOSED CONTRACT SCOPE AND COST:

The proposed sole source contract with Dixon Engineering Inc. covers the full scope of engineering services required for the Matthias Tower Recoating Project over the 2026–2028 project period. The fee structure listed is based on prior experience with this site. The contract amount is \$93,962.50, as itemized on the following page.

Description	Matthias 2026–2027 Fee Structure
Planning	\$ 797.50
Design	\$ 7,840.00
Bidding	\$ 1,325.00
Construction Services	\$ 62,445.00
Antenna Management Services	\$ 17,300.00
Warranty Services	\$ 4,255.00
Total	\$ 93,962.50

FUNDING SOURCE:

The 2026 budget included a total of \$580,000 for Matthias Tower Coating Project. In March 2026, the Finance Committee had approved a budget transfer from that account to support a contract with Dixon to provide similar services associated with the Lindbergh Standpipe. That Lindbergh work had not been identified in the 2026 budget but was prioritized following staff’s findings of partial interior coating delamination. Dixon has subsequently developed an alternative strategy to address this issue resulting in savings of \$44,114 which will be recognized as a contract amendment presented to Utilities Committee. That contract amendment would restore most of that funding for its original intended purpose and allow Utilities Department management to refocus on proceeding with engineering services this year as part of the Matthias Tower Coating Project

RECOMMENDATION:

Utilities Department management recommends approval of a sole source contract award to Dixon Engineering Inc. for engineering services associated with the Matthias Tower Recoating Project in the amount of \$93,962.50 plus a 5.0% contingency of \$4,700 for a total cost of \$98,662.50.

If you have any questions regarding this project, please contact Chris Stempa at ph: 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 commodities 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

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PROPOSED DETAILS
Requesting Dept: Utilities
Product/service: Engineering Services for Matthias Tower Coating Project
Vendor name: Dixon Engineering
Total cost: \$93,962.50 w/ 5% contingency not to exceed \$98,662.50

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

Jenifer Huss
Purchasing Manager

06/03/2026
Date