

**COUNCIL ACTION FORM**

**SUBJECT: NORTH RIVER VALLEY WELL FIELD AND PIPELINE PROJECT**

**BACKGROUND:**

The Ames Water Treatment Plant relies on a network of 22 potable supply wells as the source of drinking water for the community. As old wells fail and need to be replaced and as demand for treated water increases, additional wells must be drilled.

The location for a new well field has been chosen using a detailed ground water hydraulic model. The new wells are proposed to be constructed on land north of East 13<sup>th</sup> Street and east of the Skunk River. Development of the proposed well field will consist of an interconnecting pipeline and three new wells, each with a capacity of 1,000 gallons per minute. Standby electrical power will also be included in the scope of the project. The planned new well field will add an estimated 2.6 million gallons per day (mgd) of raw water that can be delivered to the City’s Water Treatment Plant.

This project was designed in a joint effort between HDR Engineering and City staff. City staff performed the design for the water supply wells (Division 1), while HDR Engineering performed the pipeline and electrical design (Division 2) associated with the new well field.

On April 23, 2019, Council issued a Notice to Bidders for the North River Valley Well Field and Pipeline Project. Bidders were allowed to bid on Division 1 only, Division 2 only, or bid on both Division 1 & 2. Bids were opened on May 29, 2019. Five bids were received; three bids for Division 1 (water supply wells) and two bids for Division 2 (pipeline/electrical). The bids are summarized below.

Bidder – Division 1	Bid Price
Northway Well & Pump Co.	\$642,525
<i>Engineer’s Estimate (No Contingency)</i>	<i>\$696,085</i>
Rieschick Drilling Co.	\$702,499
Sargent Drilling	\$717,907

Bidder – Division 2	Bid Price
<i>Engineer’s Estimate (No Contingency)</i>	<i>\$4,300,000</i>
Rognes Corp.	\$6,054,130
On Track Construction, LLC	\$6,585,472

Northway Well & Pump Co. is the lowest responsible bidder for Division 1, while Rognes Corp. is the lowest responsible bidder for Division 2. **The bid price for Division 1 is below the engineer's estimate by 8%, while the bid for Division 2 is 40% above the estimate.** The combined total project cost is \$6,696,655, or 34% above the engineer's estimate. If these bids were accepted, the revised project expense with 10% contingency included would be as follows.

<b>Revised Total Project Expense</b>	
Engineering	\$ 614,200
Land	47,350
Construction	6,696,655
10% Contingency	669,665
<b>Total Estimated Expense</b>	<b>\$ 8,027,870</b>

The authorized project budget is shown below. **Based on the bids received, there is a deficit of \$2,369,440. Because of this considerable deficit, staff is recommending that the City Council reject the project bids.**

<b>Total Authorized Budget</b>	
Prior Year Actuals	
FY 2016/17	\$ 282,266
FY 2017/18	69,554
FY 2018/19 CIP	
Well Field Project	5,156,909
Security Gates	149,701
<b>Total Estimated Expense</b>	<b>\$ 5,658,430</b>

HDR Engineering reached out to many pipeline and electrical contractors during the bidding phase who might interested in the project, but ultimately only two bids were received for Division 2. **After following up with these contractors, it appears that there is too much work right now and many contractors didn't have the time to bid the project.** Another contributing factor to the high bid amount was due to the electrical cost of the project. The lowest bidder for Division 2, Rognes Corp., received only one electrical subcontractor bid. The line item for the electrical items account for \$1,297,000, or 82% over the engineer's estimate. The electrical items are the vast majority of the costs over the engineer's estimate. The pipeline items accounted for the balance of the additional cost in excess of the estimate.

**Although the bids for Division 1 of the project were favorable, both components of the project must occur for this project to be successful. If the Division 1 bid was awarded at this time, there is risk that the City might continue to receive unfavorable bids for Division 2, which would impact the entire project. Therefore, staff recommends re-bidding both divisions of the work.**

**Staff will review options to allow more competitive bids and a lower construction cost.** With one major issue for bidders being the timing of the project, staff may look at rebidding the project later this year for work to take place next summer. Staff will review the specifications and provide value engineering where applicable in addition to pushing the construction back and allowing a larger construction window.

**ALTERNATIVES:**

1. Reject all bids and do not award a contract at this time.
2. Award a contract to the lowest bidder for each division of work. Since this would result in a project costs that exceeds the authorized funding by \$2.4 million dollars, provide direction to staff on how to finance the project.
3. Do not take any action at this time, and provide direction to staff on the future of the project.

**MANAGER'S RECOMMENDED ACTION:**

Staff believes that rejecting the bids for both divisions of the project and rebidding at a later date with a longer construction window will provide increased competition and pricing.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No.1 as described above.