



Request for Council Action

SUBJECT: **Resolutions Awarding Construction Contract, Amending Professional Services Agreement, and Approving Budget for Water Treatment Plant Rehabilitation (City Project No. 2023-03)**

MEETING DATE: May 13, 2024
ITEM TYPE: Regular Business
CONTACT: Brian Connolly, Public Works Director, 651.450.2571
 Eric Kramer, Utility Superintendent, 651.450.2565

ACTION REQUESTED

The Council is asked to adopt the attached Resolutions, awarding the construction contract, amending the Professional Services Agreement with Stantec to include construction administration services, and approving the budget for City Project No. 2023-03 - Water Treatment Plant Rehabilitation.

BACKGROUND

Bids for the Water Treatment Rehabilitation project were opened on April 23, 2024, with four bids received. MN Mechanical Solutions is the low bidder with a base bid of \$3,489,520.00.

The bid award is based on the "Base Bid" costs for the project work, as detailed in the project plans and specifications. Upon evaluation of all bids and selection of the low bidder, the City may choose one of the following "Alternate Bid" components related to filter media to include in the contract award:

- Alternate 1 - IMAR Filter Media (Low Bidder Price: \$350,000)
- Alternate 2 - Greensand Plus/Anthracite Filter Media (Low Bidder Price: \$537,800)

To evaluate the best alternate, City and consultant staff utilized a cost comparison to determine the cost of the initial media, anticipated chemical treatment cost over the life of the media (15 years), and cost to dispose of the media at the end of its life cycle. A summary of this evaluation is provided in the tabulation below:

Media Type	Initial Capital Cost	Chemical Costs (Estimated - 15 Yr)	Disposal Cost (Estimated)	15-Year Life Cycle Cost
Alternate 1 - IMAR	\$350,000	\$3,205,429	\$0	\$3,555,429
Alternate 2 - Greensand w/Anthracite	\$537,800	\$2,883,355	\$17,600	\$3,438,755

While Alternate 1 had a lower bid cost, it requires more chemical use to meet the radium removal metrics required for this project when compared to the media proposed for Alternate 2. Alternate 2 has a media disposal cost at the end of its life cycle because it retains more radium than Alternate 1, and may be considered a contaminated material when disposed of. This comparison indicates that Alternate 2 media had a lower life cycle cost by approximately \$116,674 (3.2%) over Alternate 1. As such, City staff are recommending a bid award that includes the Alternate 2 media, for a total bid value of \$3,489,520.00 + \$537,800 = **\$4,027,320.00**.

The names and bid amounts for all bidders can be found on the attached Resolution awarding the contract.

To ensure adequate construction in accordance with the contract documents, City staff recommend amending the preliminary and final design contract with Stantec Consultants, Inc., to include construction administration services, including construction inspection, operational coordination with the project contractor, and assistance with documentation and monitoring of required contractor improvements that are part of the funding provisions for the Drinking Water Revolving Fund loan component of the project funding. Having performed the preliminary and final design for this project, Stantec is intimately familiar with the Water Treatment Plant, and has experience working with City staff on the development of construction phasing for the project.

Stantec's proposed fee for the construction administration effort is \$337,000, and staff are recommending including a 10% contingency (\$33,700) to account for potential changes in scope, and to address potential scheduling and coordination challenges with construction of the improvements that may occur as a result of performing the work while the Water Treatment Plant remains in active operation, for a total contract amendment of **\$370,700**.

FISCAL IMPACT

The following tables provide a summary of the project budget, and are included in the attached Resolution:

PROJECT COSTS	
Construction Bid	\$4,027,320.00
Legal, Engineering, Administrative, & Finance (LEAF) ⁽¹⁾	\$ 564,215.00
Construction Contingency (5%)	\$ 201,366.00
TOTAL	\$4,792,901.00

FUNDING SOURCES	
American Rescue Plan Act (ARPA) Funds	\$2,500,000.00
Drinking Water Revolving Fund (DWRF) Loan ⁽²⁾	\$2,165,171.00
Water Capital – Connection Fund (Fund 511)	\$ 127,730.00
TOTAL	\$4,792,901.00

- (1) Includes preliminary design, final design, construction administration, and additional costs associated with project implementation.
- (2) Estimated based on loan application data.

RECOMMENDATION

Staff recommends adoption of the attached Resolutions, awarding the construction contract to MN Mechanical Solutions in the amount of \$4,027,320.00, amending the design contract with Stantec to include construction administration in the amount of \$370,700, and approving the budget for City Project No. 2023-03 - Water Treatment Plant Rehabilitation.

ATTACHMENTS

1. Resolution Awarding Contract - 2023-03
2. Resolution Amending Professional Services Contract - 2023-03
3. Resolution Approving Budget - 2023-03
4. Amendment No 1 - WTP Contract Administration

**CITY OF INVER GROVE HEIGHTS
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. 2024-099

**RESOLUTION AWARDING CONTRACT TO MN MECHANICAL SOLUTIONS
FOR CITY PROJECT NO. 2023-03**

WHEREAS, pursuant to an advertisement for bids for City Project No. 2023-03 – Water Treatment Plant Rehabilitation, bids were received, opened on April 23, 2024 at 1:00 p.m., via on-line bidding, read aloud, and tabulated according to law. The following bids were received complying with the advertisement:

Contractor	5% Bid Bond	Base Bid
MN Mechanical Solutions	Yes	\$3,489,520.00
Shank Constructors, Inc.	Yes	\$3,745,100.00
Municipal Builders, Inc.	Yes	\$4,270,000.00
Magney Construction, Inc.	Yes	\$4,882,000.00

WHEREAS, MN Mechanical Solutions is the lowest responsible bidder for a total based bid amount of \$3,489,520.00.

WHEREAS, as part of the bid award, the City may choose from two alternates for filter media replacement from the low bidder based on an analysis of the life cycle cost of the filter media; and

WHEREAS, City and consultant staff have reviewed the bid alternate information, and compared it against the estimated chemical treatment costs for each type of media, and have determined that Alternate 2 media, with a bid cost of \$537,800.00, has the lowest life cycle cost; and

WHEREAS, the total contract cost from the bid submitted by MN Mechanical Solutions, including the base bid and Alternate 2, is \$4,027,320.00.

**NOW, THEREFORE BE IT RESOLVED BY THE INVER GROVE HEIGHTS CITY COUNCIL,
THAT:**

1. The Mayor and Clerk are hereby authorized and directed to enter a contract with MN Mechanical Solutions in the name of the City of Inver Grove Heights, for the City Project No. 2023-03 – Water Treatment Plant Rehabilitation according to plans and specifications therefore approved by the Council and on file at the office of the City Clerk.
2. The City Clerk is hereby authorized and directed to return, forthwith, to all bidders, the deposits made with their bids except for the deposit of the successful bidder and the next lowest bidder shall be retained until the contract has been signed.
3. Project funding in the amount of \$4,027,320.00 is identified as part of the Construction Bid component of the accompanying Budget Resolution for City Project No. 2023-03.

Approved by the City Council of the City Inver Grove Heights, Minnesota on this 13th day of May 2024.

Brenda Dietrich, Mayor

ATTEST:

Rebecca Kiernan, City Clerk

**CITY OF INVER GROVE HEIGHTS
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. 2024-100

**RESOLUTION AMENDING THE PROFESSIONAL SERVICES AGREEMENT WITH
STANTEC TO INCLUDE CONSTRUCTION ADMINISTRATION SERVICES FOR CITY
PROJECT NO. 2023-03 – WATER TREATMENT PLANT REHABILITATION
IMPROVEMENTS**

WHEREAS, the City Council authorized staff to enter a Professional Services Agreement (PSA) with Stantec Consulting Services, Inc. (“Stantec”), for the preliminary and final design of the City’s Water Treatment Plan Rehabilitation (City Project No. 2023-03) via Resolution 2023-094; and

WHEREAS, Stantec has completed its obligations under this PSA, and has provided a cost proposal for performing construction administration services as part of the construction of City Project No. 2023-03; and

WHEREAS, staff has reviewed the proposal, and believe Stantec is best suited to provide construction administration services for City Project No. 2023-03, given their knowledge of the rehabilitation project design, specification requirements for construction, and operational knowledge of the City’s Water Treatment Plant; and

WHEREAS, Council has awarded a contract for City Project No. 2023-03, and oversight of the construction components of that contract are necessary to ensure that construction documentation, monitoring, and verification of the improvements being constructed in accordance with the design plans and specifications, to ensure all provisions meet funding requirements for the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE INVER GROVE HEIGHTS CITY COUNCIL, THAT:

1. Stantec’s proposal in the amount of \$337,000.00 is hereby accepted for the construction administration for Project No. 2023-03 – Water Treatment Plant Rehabilitation Improvements.
2. The Public Works Director is authorized to direct the use of contingency funds up to 10% of the proposal amount (\$33,700.00) for changes in scope that may occur during the construction phase of the project work.
3. The Mayor and City Clerk are hereby authorized and directed to amend the existing Professional Services Agreement (PSA) with Stantec Consulting Services, Inc. for City Project No. 2023-03 to add an additional not-to-exceed amount of \$370,700 to the PSA.
4. Funding for these services is identified as part of the Legal, Engineering, Administrative, and Financing components of the accompanying Budget Resolution for City Project No. 2023-03.

Approved by the City Council of the City of Inver Grove Heights this 13th day of May 2024.

Brenda Dietrich, Mayor

ATTEST:

Rebecca Kiernan, City Clerk

**CITY OF INVER GROVE HEIGHTS
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. 2024-101

RESOLUTION APPROVING THE BUDGET FOR CITY PROJECT NO. 2023-03

WHEREAS, the City Council has considered City Project No. 2023-03, providing for the rehabilitation of the City’s Water Treatment Plant, including the replacement of filter media, chemical treatment equipment, valve replacements, flow meters, air exchanger, and appurtenant work; and

WHEREAS, finding the project to be necessary and beneficial to the orderly and efficient construction and/or maintenance of the City’s water infrastructure, the City Council has ordered the project and awarded a contract for project construction.

NOW, THEREFORE, BE IT RESOLVED BY THE INVER GROVE HEIGHTS CITY COUNCIL, THAT:

1. The following budget is hereby adopted for City Project No. 2023-03:

PROJECT COSTS	
Construction Bid	\$4,027,320.00
Legal, Engineering, Administrative, & Finance (LEAF) ⁽¹⁾	\$ 564,215.00
Construction Contingency (5%)	\$ 201,366.00
TOTAL	\$4,792,901.00

FUNDING SOURCES	
American Rescue Plan Act (ARPA) Funds	\$2,500,000.00
Drinking Water Revolving Fund (DWRF) Loan ⁽²⁾	\$2,165,171.00
Water Capital Fund (Fund 511)	\$ 127,730.00
TOTAL	\$4,792,901.00

- (1) Includes preliminary design, final design, construction administration, and additional costs associated with implementation of the project.
- (2) Estimated based on loan application data.

2. The Public Works Director is authorized to direct the use of contingency funds up to the approved amount for project work in the case of changes in site conditions, quantity adjustment, or unforeseen expenses necessary to complete the project as proposed.
3. Per approved funding sources, Council authorizes a one-time transfer of \$2.5 million from the City’s American Rescue Plan Act (ARPA) dollars (housed in Fund 251) into the Water Capital Fund (Fund 511) to be utilized for the project.

Approved by the City Council of the City of Inver Grove Heights, Minnesota this 13th day of May 2024.

Brenda Dietrich, Mayor

ATTEST:

Rebecca Kiernan, City Clerk