

Council Meeting Staff Report

November 18, 2020

Agenda No.:	6.E
Indexes (Council Goals):	DPU FY2022 - 1.0 Provide Safe and Reliable Utility Services
Presenters:	James Alarid
Legislative File:	13518-20

Title

Award of Bid No. 21-05 for the Purpose of the Overlook Park Non-Potable Water Booster Station Replacement Project with RMCI, Inc. in the Amount of \$1,562,500, plus Applicable Gross Receipts Tax.

Recommended Action

I move that the Board of Public Utilities approve the Award of Bid No. 21-05 for the Purpose of the Overlook Park Non-Potable Water Booster Station Replacement Project with RMCI, Inc. in the Amount of \$1,562,500 and a contingency in the amount of \$234,000, for a total of \$1,796,500 plus Applicable Gross Receipts Tax and forward to Council for approval.

Staff Recommendation

Staff recommends that the Board approve as presented.

Body

The project will replace the existing Overlook Park Irrigation Booster station which has been in service since 1982 and is at the end of its functional life. A detailed description is provided as Attachment A.

Two bids were received for the project. \$24,250 separated the two bids indicating that the prices received were a good representation of the project cost. The primary funding source for the project are a Water Trust Board (WTB) award of \$800,000 (\$480,000 grant and \$320,000 loan at 0% interest), and a county match of \$120,000, for a total of \$920,000. In the fall of 2018 when the WTB application was prepared the project was estimated to cost approximately \$1 million, based primarily estimates for similar booster station project costs in 2015. The large overrun is attributed to the extent of the extensive earthwork required due to the existing soil conditions and high market costs for piping, stainless steel mechanical equipment and electrical equipment.

In an attempt to lower the bid cost, the chief procurement officer reached out to the low bidder to attempt to negotiate a lower price on the project based on provisions in the procurement code. This resulted in the contractor lowering their bid by \$20,000.

Staff has evaluated the bids, opportunities to reduce scope and re-bid the project, and the time constraints on the grant/loan funding. There is minimal savings to be achieved by reducing scope, and the trend of increasing equipment/pipe/electric materials prices may offset any potential savings. In addition, the grant/loan must be administratively closed by March 2022, or we will default on the loan/grant agreement and lose those funds. We are recommending award of the project using savings achieved by financing the Otowi Well #2 Well House and Equipment & Otowi Well #4 MCC Replacement Project to make up the cost overrun.

Alternatives

If the bid is not awarded staff will regroup and attempt to salvage a project that can meet the loan/grant schedule.

Fiscal and Staff Impact/Planned Item

The project will be funded by \$920,000 associated with the WTB award and use \$876,875 from the unspent \$1,900,000 budgeted in FY 2021 for the Otowi Well #2 Well House and Equipment & Otowi Well #4 MCC Replacement Project

Attachments

A - Project Description