

PUBLIC WORKS COMMITTEE REPORT
September 8, 2010, 1:35 PM
City Council Chambers

Members Present: Jason Wiener (chair), Ed Childers, Dick Haines, Lyn Hellegaard, Roy Houseman, Bob Jaffe, Marilyn Marler, Renee Mitchell, Pam Walzer, Jon Wilkins

Members Absent: Stacy Rye, Dave Strohmaier

Others Present: Steve King, Kevin Slovarp, Starr Sullivan, Brentt Ramharter, Gregg Wood, Bruce Bender, Jim Nugent, Scott Murphy, Nancy Cormier, Debbie Johnston, Derek Didriksen, Marty Schuma, Kirk Scheel, Kirk Hogan

I. ADMINISTRATIVE BUSINESS

- A. Approval of the minutes of [August 18, 2010](#) –Approved as submitted
- B. Announcements – None
- C. Public Comment on Non-Agenda items – None

II. REGULAR AGENDA ITEMS

- 1. Bid award for the Headworks and Odor Control Improvements (Project 2009-012) ([memo](#)) ([Contract](#)) . (Starr Sullivan) (Referred to committee: 08/23/2010) **REMOVE FROM AGENDA**

Motion: The committee recommends the City Council approve and authorize the Mayor to sign the contract for the Headworks and Odor Control Improvements (Project 2009-012) to Dick Anderson Construction Inc. for \$7,895,475.00 and return all bid bonds.

Steve King, Director of Public Works, said this has been a long term project and Starr Sullivan, Wastewater Treatment Plant Superintendent, has worked on this with Morrison Maierle and the Health Department for several years. Odor control is large part of the project, and replacing the mechanical systems that have exceeded their normal operation life cycle will help to control the odor and allow us to be in compliance with the Department of Environmental Quality (DEQ) requirements. Brentt Ramharter, Director of Finance, has worked to find the financial resources to pay for the project and this includes bonds.

Starr Sullivan, Wastewater Treatment Plant Superintendent, said this is a 25 year old facility and it has been identified as the largest cause of odor; it takes the most abuse at the facility. He said this is an important project because this is where everything comes into the plant; it is a critical part of the operation. He said Dick Anderson Construction has done two other large lift stations for the City and both projects came in on budget and time. He said he has total confidence with the company and he feels this is a good, solid bid. The total amount is \$7,768,475.00. There was a bid alternate in the contract for \$127,000.00 for the hardware for the Supervisory Control and Data Acquisition (SCADA) server room. He said this hardware needs to be added to the Headworks in the system so everything is compatible and he strongly recommends that this be added to the contract.

Ed Childers said he and Marilyn Marler represent this area and their constituents would like this project. He asked Brentt Ramharter if the City's overall bond rating would affect the interest rate.

Brentt Ramharter said yes it does and the City was hoping for an 'A' rating. He said they are waiting on an indicator of the rating from Moody's this week.

Jon Wilkins asked Jim Nugent to explain the outcome of several emails between him and Sletten Construction Company.

Jim Nugent said Morrison Maierle reviewed the situation and determined the low bidder was a responsive and responsible bidder and the lowest bidder was in compliance with the bid requirements.

Steve King addressed the issues point by point and said the concerns of Sletten Construction Company were taken very seriously, he asked Nancy Cormier to explain their findings in detail.

Nancy Cormier, the project manager from Morrison Maierle said the Sletten Construction Company's protest had two basic points, the first was that Dick Anderson Construction didn't have the experience required to do a project of this size and complexity; and the second point was that Dick Anderson Construction's project experience did not include Wastewater Treatment plant and treatment experience for a plant of this size. She said Morrison Maierle determined that Dick Anderson Construction did have this experience and had worked on 15 similar projects in the past 10 years. An issue with Headworks is that it is surrounded on all four sides with existing structures and the Clark Fork River. She said they looked for a contractor they felt could handle this complex situation and Dick Anderson Construction Inc. meets all required qualifications. She said Dick Anderson Construction will also be using sub-contractor, Goebel Construction, who has twenty years of shoring and sheet piling experience.

Renee Mitchell asked for an explanation of the differences on the bid sheet with the pump systems, removal systems, miscellaneous piping, etc.

Nancy Cormier said the way a bid is structured contractors use their own approach for each line item, some contractors use a breakdown of different materials and labor for specific line items, including the way their company approaches the description of each item. The bottom line is what is considered because each contractor uses a different method to calculate the bid.

Starr Sullivan said he would have a referral for the amended contract to have Morrison Maierle oversee this project. It is approximately ten percent of the contract which is \$799,800.00. He said this will be ready for the next Public Works Committee meeting.

Jason Wiener asked if there was a time line and the amount of funds paid out in wages. He wanted to know if the contractor had a breakdown of the number of employees and types of equipment. Nancy Cormier said a rough construction estimate would be approximately two million in equipment, one million in concrete and other materials, and a half of that would be in labor and local materials. Dick Anderson Construction said they would email this information to the committee.

Starr Sullivan said there is an eighteen month time line and with the council's approval of the project they would start the first part of October.

Steve King said the Missoula sub-contractor list (listed in attachments) shows several local sub-contractors. This would include using local fencing, roofing, masonry, electrical contractors, etc.

Pam Walzer wanted to know if the Davis Bacon wages included the pay for sub-contractors and if the designers involved the 3rd Street sewer line. She also wanted to know who would be responsible if there was a cost overrun, and would the committee see amendments.

Steve King said yes the Davis Bacon wages would include the sub-contractors and Dick Anderson Construction was not part of the 3rd Street design. Steve said the contract the City has protects the City and the contractor; it spells out what we paid for and if there are changes it spells out what is covered or not covered. He said with a project of this scope there would be change orders, but again he emphasized that the contract was a safe guard. Every change order will come through the project engineer and they would recommend any change before the staff would bring it to the council.

Jon Wilkins asked if there was a contingency fund. Nancy Cormier said \$250,000.00 was set aside.

Ed Childers asked what the City would get for their ten percent share (\$800,000.00).

Nancy Cormier said there would be full time on site inspections, including testing, engineering reviews of the many submittals, and as-built drawings for the Department of Environmental Quality (DEQ).

Roy Houseman asked if a copy of the contract was available for the council to read.

Steve King said the contract was part of the entire Bid Book, and we would pull out that section and attach it to the Public Works Committee minutes.

Jon Wilkins stated he wanted as many local people as possible for sub-contractors because it was Missoula money paying for the project.

Bob Jaffe wanted to know why wasn't the \$800,000.00 for someone to oversee the project included as part of the contract.

Steve King said it was important to note that the 10.8 million dollar bond was the total planned project consisting of the design, contract, and construction administration; he said the construction portion of 7.8 million that you are considering today for Dick Anderson Construction is the largest portion. He said the engineering administration is part of the total cost and has always been included; it was not new to the total project. In reply to what would happen if the project came in above cost Steve said we would have to modify the project to meet the budget.

Bob Jaffe asked what the rest of the costs were.

Steve King listed the key parts as \$700,000.00 for design engineering, \$800,000.00 for construction administration, 7.8 million for construction, and the balance was for the financing and bonding costs.

Brentt Ramharter said the reserve is approximately a million dollars and this reserve is used for the last payment.

Pam Walzer made the motion that the City Council approves the bid award for the Headworks and Odor Control improvements.

Renee Mitchell asked for an explanation of the difference in the taxes and bonds and insurance.

Nancy Cormier said Morrison Maierle assumes a certain percentage of construction when they do their cost estimates.

Steve King explained there were a lot of variables, that this is not literally taxes, it is an upfront fee to start funding for insurance and bonds, he said there is a lot of contractor discretion as to what that includes.

The motion was passed with nine ayes and one nay (Wilkins).

Jon Wilkins asking this be put on the committee reports. Steve King requested we take this up as quickly as possible and would answer any questions in Monday's Council Meeting. Jon Wilkins said he did not think that staff needed to be there and he didn't have any questions, he was just concerned about a comment made to him.

Marty Shuma, President of Dick Anderson Construction Inc., said he understands Jon Wilkins concern about the company's commitment and he assured him the company approaches all projects, regardless of the location, with the same commitment, customer service is number one and gave his personal assurance that this project would be no different.

III. HELD AND ONGOING AGENDA ITEMS

1. Discussion on the sizes of grease interceptors for the restaurant industry ([Grease Interceptor PowerPoint](#)) ([memo](#)).—Regular Agenda (Stacy Rye and Bob Jaffe) (Referred to committee: 04/21/08)
2. Consider restructuring the city's Sewer Loan Program along the lines of the recently approved change to the Sidewalk & Curb Loan Fund.—Regular Agenda ([Chapter 3.16 – Sidewalk & Curb Loan](#)) ([Chapter 3.18 Sewer Loan](#)) ([Ordinance 3344](#)) (Ed Childers) (Referred to committee: 06/26/06)
3. Review infrastructure conditions at the locations of serious and fatal traffic accidents: 2007-2009 ([memo](#)).—Regular Agenda (Jason Wiener) (Referred to committee: 01/25/10)
4. Resolution to restore vacated Inez Street at South 2nd Street to the public trust and public use, and vacate a public access easement that was a condition of the vacation ([memo](#)).—Regular Agenda (Carla Krause) (Referred to committee: 04/26/2010)
5. T4 America partner support ([memo](#)) – Regular Agenda (Stacy Rye) (Referred to committee:

IV. ADJOURNMENT

Respectfully Submitted,

Peggy Diamond
Program Specialist
City Public Works Department