



Legislation Details (With Text)

File #: 12-1010 **Version:** 1 **Name:** 8/20/12 - Facilities Renovations Project Update
Type: Report or Communication **Status:** Filed
File created: 8/20/2012 **In control:** City Council
On agenda: 8/20/2012 **Final action:** 8/20/2012
Enactment date: **Enactment #:**

Title: Update on the Facilities Renovations Project at the Wastewater Treatment Plant

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
8/20/2012	1	City Council	Received and Filed	

Update on the Facilities Renovations Project at the Wastewater Treatment Plant

On February 6, 2012, Council approved tentative award of a construction contract to Walsh Construction Company II, LLC (Walsh) in the amount of \$92,929,000.00 for construction of the Facilities Renovations Project (FRP) at the City's Wastewater Treatment Plant (WWTP). The FRP consists of upgrading, rehabilitating and/or replacing the aging and deteriorating facilities at the WWTP, based on the results of extensive facilities master planning and community engagement. The action to tentatively award a construction contract was a requirement for obtaining a low interest loan from the State Revolving Fund (SRF) program administered by the Michigan Department of Environmental Quality (MDEQ) to finance construction of the FRP.

Award of the contract with Walsh was contingent upon the City making successful financial arrangements with the SRF program. This condition was satisfied through the SRF loan closing, which occurred on April 10, 2012. Notice of award was provided to Walsh on April 13, 2012, and subsequently Walsh was required to return the signed construction contract to the City along with proper insurance documents and bonds. Notice to proceed was issued to Walsh on June 8, 2012, and the preconstruction meeting was held on June 19, 2012.

Most of the required permits have been obtained as of the end of July 2012. Preliminary site activities have begun, with more extensive work coming over the next few months. WWTP staff is working closely with the consultant engineer, Malcolm Pirnie, Inc. (MPI) to assure that the project stays on schedule and the SRF loan requirements are met.

WWTP staff secured two grants for this project. The first was from the S2 Grant Program, which provides assistance to municipalities in the form of cost eligible grants for planning and design of sewage treatment works projects incurred on or after December 14, 2010. The City submitted a request for disbursement of the S2 Grant funds to the MDEQ in June 2012, and payment was received on July 12, 2012. The eligible costs for which the City was reimbursed are the engineering design fees associated with the City's application to the SRF program incurred by MPI. These costs

total \$284,596.00, of which the S2 Grant paid 90% (\$256,136.00).

The second grant is for \$2.2 million in principal loan forgiveness for “green project” features that will reduce the WWTP’s energy consumption. This grant is associated with the purchase of new high efficiency aeration blowers within the first year of the FRP. Currently, a single aeration blower is in operation at one time and uses more electricity than any other equipment or system in the plant.

In addition to these grants, an application for a sales tax exemption on purchases made by the contractor for this project was approved by the State Tax Commission, which is estimated to result in a savings of \$1.5 million for the City.

The language in the February 6th resolution for tentative award of a construction contract to Walsh was mandated by the MDEQ and did not contain provisions for establishing a project contingency. Consequently, WWTP staff will request Council to approve a project contingency for the FRP sometime in the near future.

Prepared By: Earl J. Kenzie, Manager WTP