



# City of Ann Arbor

301 E. Huron St.  
Ann Arbor, MI 48104  
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## Text File

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**Agenda # CA-11**

**Introduced:** 6/16/2025

**Version:** 2

**Current Status:** Passed

**Matter Type:** Resolution

Resolution to Approve a Construction Contract Extension No. 1 for the 2023 Sewer Lining Project (RFP 23-41) with SAK Construction, LLC for the 2024 Sewer Lining Project (\$4,287,875.12)

Attached for your review and approval is a resolution to approve construction contract extension number 1 with SAK Construction, LLC, in the amount of \$4,287,875.12, for the 2024 Sewer Lining Project which also updates the locations and adjusts prices not to exceed 3%.

This project includes lining approximately 34,000 feet of sanitary and storm sewer at multiple locations throughout the City, as well as contingencies to repair or maintain segments of pipe where lining is not feasible. In addition, the project will line 50 sanitary sewer manholes to aid in limiting stormwater infiltration into the sanitary sewer system. The project locations were identified by City staff as in need of repair.

Lining is a “trenchless” technology that enables pipe repair or maintenance without disturbing the surface above. During lining, new material is pumped into the existing pipe, creating a new pipe inside the existing one. The process is not only cost effective but eliminates the need for extensive excavation and lengthy traffic control measures, thereby minimizing traffic disruption. The project is expected to begin in May 2025.

The original contract was bid through the City’s Procurement Unit on September 7, 2023. City Council awarded SAK the project on October 16, 2023 through Resolution R-23-374 which authorized the City Administrator to approve an extension of the project for one additional year; however, it erroneously stated that the rates would be locked in for two years. RFP 23-41 stated that a one-time cost escalator of no greater than 3% may be added to the submitted unit prices for the extension, thus the need to return to Council to approve the extension. The 2024 Sewer Lining Project includes unit prices that are escalated by no more than 3% from the original bid prices.

Recently, it was identified that a 48-inch sanitary sewer at the First and Miller intersection needs to be lined in 2025. The work will require maintenance of traffic and sewer flow control. As there is not an existing pay item for a sewer of this size in the contract, staff will develop a design for the work and add it to the contract via a future change order. To this

end, staff is requesting a higher than typical contingency amount to account for this extra work.

SAK complies with the City's Non-Discrimination and Living Wage ordinances.

Budget/Fiscal Impact: The City of Ann Arbor Capital Improvements Plan (CIP) includes the 2024 Sewer Lining Projects (UT-SN-22-13, and UT-ST-24-33). The estimated total cost of the project is \$5,375,000. Funding for the projects is included in the approved Sewage Disposal System Fund and Stormwater Fund FY25 and FY26 capital budgets.

Fund	Project Cost
Sewage Disposal System Fund	\$3,575,000
Stormwater Fund	<u>\$1,800,000</u>
Total	\$5,375,000

Prepared by: Nicholas Hutchinson, P.E., City Engineer  
 Reviewed by: Jordan Roberts, Public Services Area Administrator  
 Approved by: Milton Dohoney Jr., City Administrator

Resolution to Approve a Construction Contract Extension No. 1 for the 2023 Sewer Lining Project (RFP 23-41) with SAK Construction, LLC for the 2024 Sewer Lining Project (\$4,287,875.12)

Whereas, It is necessary to repair or maintain sanitary and storm sewers in various locations throughout the City in order to provide reliable sewer service;

Whereas, Funding for the project is available in the approved capital budgets of the approved Sewage Disposal System Fund and Stormwater Fund;

Whereas, The City of Ann Arbor entered into a contract with SAK Construction, LLC on October 16, 2023, with the option to extend, but it did not include a price adjustment;

Whereas, The proposed Construction Contract Extension No. 1 will extend the duration of the contract with SAK Construction, LLC, update the locations for work during the extension period, and approve a price increase not to exceed 3%; and

Whereas, SAK Construction, LLC complies with the City's Non-Discrimination, Conflict of Interest and Living Wage ordinances and submitted the appropriate documentation;

RESOLVED, That City Council approve Construction Contract Extension No. 1 to the construction contract with SAK Construction, LLC in the amount of \$4,287,875.12 for the 2024 Sewer Lining Project;

RESOLVED, That a contract contingency amount of \$780,000.00 be established within the project budget and that the City Administrator be authorized to approve construction change orders not to exceed that amount, in order to satisfactorily complete this project;

RESOLVED, That the City make the following declaration for the purpose of complying with the reimbursement rules of Treasury Regulations 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended: that the City reasonably expects to reimburse itself for expenditures for the costs of the Project with proceeds of Bonds;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said contract after approval as to form by the City Attorney, and approval as to substance by the City Administrator; and

RESOLVED, That the City Administrator be authorized to take necessary administrative actions to implement this resolution, including issuing temporary and permanent Traffic Control Orders and night work authorizations as required for the construction of the project.