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Title: A Resolution to Tentatively Award a Construction Contract for Wastewater System Improvements

Sponsors: John Hieftje

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Attachments: 1. Walsh Construction Bid

Date	Ver.	Action By	Action	Result
2/6/2012	1	City Council	Approved	Pass

A Resolution to Tentatively Award a Construction Contract for Wastewater System Improvements
 We request your approval to tentatively award a contract to Walsh Construction Company II, LLC in the amount of \$92,929,000.00 for construction of the Facilities Renovations Project (FRP) at the City's Wastewater Treatment Plant (WWTP). This action to tentatively award a construction contract is 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.

The purpose of the FRP is to construct the renovations identified in the Ann Arbor WWTP Facilities Master Plan. The WWTP Facilities Master Plan is a comprehensive, 25-year planning document that provides the basis and schedule for rehabilitation and replacement of major equipment at the WWTP. The WWTP consists of two treatment plants at a single site, the older West Plant first constructed in the 1930s and the newer East Plant constructed in the late 1970s.

The West Plant has exceeded its useful life and was taken out of service in 2006 due to its dilapidated condition. Replacement of the West Plant and its treatment capacity are necessary for the WWTP to reliably meet current and future wastewater treatment capacity requirements. Renovations to the West Plant include rehabilitating existing flow control structures, complete demolition and replacement of primary and secondary wastewater treatment equipment and systems, and construction of new buildings. In addition to the complete demolition and replacement of the West Plant, the FRP includes miscellaneous renovations and improvements throughout the facility to maintain treatment viability and reliability. Site-wide improvements include installation of a new electrical distribution system and two new emergency power generators, utilities relocation, replacement of stormwater collection system equipment and systems including installation of best management practice features (i.e., rain gardens, porous pavement, grass swales, zero-net runoff areas, and hydrodynamic separators), installation of new roadways, and replacement of secondary treatment aeration systems with energy efficient blowers.

Improvements to the embankment protecting the WWTP from the Huron River and Fleming Creek floodwaters are included in the FRP and are necessary to meet current Federal Emergency Management Agency (FEMA) standards. Although the embankment has effectively provided flood protection to the WWTP since its construction in 1978, it does not meet current FEMA freeboard standards; consequently, the WWTP is considered to be in the 100-year floodplain. Without certification of the floodwall, the WWTP would be required to meet building standards that include flood proofing all new buildings to provide protection against damage from a 500-year flood. The 500-year flood standards are applicable because the WWTP is considered to be a critical facility. These building standards would impose significant additional costs to the design and construction of the FRP. In addition, the WWTP would continue to be subject to any future requirements associated with being located in the floodplain. Upon completion of these improvements, the City will apply for a Letter of Map Revision to FEMA to certify the embankment and update the Flood Insurance Rate Map to recognize that the WWTP site is not in the floodplain.

The design of the FRP, which was completed by Malcolm Pirnie of Michigan, Inc. (MPI), the engineering firm selected through Request for Proposal No. 584, has been complex and spanned a period of six years. MPI produced final bid drawings (approximately 630 sheets) and specifications to be used for securing necessary permits and soliciting bids from qualified contractors. Most recently, MPI has submitted design drawings and specifications to MDEQ for securing necessary permits.

Construction of the FRP will extend over five fiscal years, and must be done without impeding the flow of wastewater into the WWTP or the plant's ability to effectively treat the flow in compliance with regulatory requirements. Consequently, there are extensive requirements for sequencing construction, coordinating shutdowns of treatment systems and start-up and commissioning of new equipment and systems that the general contractor will have to oversee throughout the duration of the project.

On January 11, 2012, the following bids were received for construction of the FRP in response to Invitation to Bid (ITB) No. 4191:

Lakeshore Toltest Corporation	\$83,302,048.00
Granger Construction Company	\$89,990,000.00
Walsh Construction Company II, LLC	\$92,929,000.00
Walbridge	\$95,380,441.00
Hunt/Colasanti	\$99,990,000.00
Barton Malow Company	\$102,884,000.00

WWTP and MPI staffs reviewed these bids and found that additional investigation was needed to determine the lowest responsive and responsible bidder. Subsequently, WWTP and MPI staffs requested additional written information and conducted interviews with the three lowest bidders, Lakeshore Toltest Corporation (LTC), Granger Construction Company (Granger) and Walsh Construction Company II, LLC (Walsh). Based on the results of this investigation, LTC was determined to be insufficiently qualified to construct the FRP for the City because it did not demonstrate experience as a general contractor in charge of a WWTP construction project of the same kind, complexity and size as the FRP. In addition, LTC's bid did not comply with prescribed requirements of IBT No. 4191. Similarly, Granger was determined to be insufficiently qualified to construct the FRP for the City because it did not demonstrate experience as a general contractor in charge of a WWTP construction project of the same kind, complexity and size as the FRP. Walsh

was determined to be qualified to construct the FRP for the City because it demonstrated significant experience as a general contractor in charge of WWTP construction projects of the same kind, complexity and size as the FRP. Consequently, WWTP and MPI staffs recommend Council award the contract to Walsh as the lowest responsive and responsible bidder to construct the FRP per the specifications of IBT No. 4191, in the best interest of the City.

In June 2011, MPI assisted WWTP staff in submitting an application to the SRF program administered by the MDEQ for a low interest loan in the estimated amount of \$109 million to finance the FRP. The FRP is included in the fundable range of the MDEQ's Fiscal Year 2012 Final Project Priority List. The savings to the City by financing the FRP through the SRF program over the 20-year life of the loan will be approximately \$17.5 million, according to the City's consultant financial advisor. In addition to the savings from the 2.5% interest rate on the 20-year loan, WWTP staff secured two grants for this project. The first grant is in the amount of \$256,136.00 for reimbursement of engineering design fees associated with the City's application to the SRF program. The second grant is for \$2.2 million in principal loan forgiveness for "green project" features that will reduce the WWTP's energy consumption. In addition, 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.

This request to tentatively award a contract to Walsh in the amount of \$92,929,000.00 for construction of the FRP is a requirement of the MDEQ for completing the SRF loan application and award process. WWTP staff will submit a subsequent request to Council for approval and award of the final contract after the SRF loan has been secured.

The budget for this project is included in the approved capital budget and in the approved FY12-17 CIP.

Walsh received Human Rights approval on February 1, 2012, and complies with the City's living wage requirements. The agreement for construction services that will be used for this contract between the City and Walsh has been reviewed and approved as to form by the City Attorney.

Prepared by: Earl J. Kenzie, P.E., Wastewater Treatment Services Manager

Reviewed by: Craig Hupy, P.E., Interim Public Services Area Administrator

Approved by: Steven D. Powers, City Administrator

A Resolution to Tentatively Award a Construction Contract for Wastewater System Improvements

Whereas, The City of Ann Arbor wishes to construct improvements to its existing wastewater treatment and collection system; and

Whereas, The wastewater system improvements project formally adopted on January 6, 2012, will be funded through Michigan's SRF Program; and

Whereas, The City of Ann Arbor has sought and received construction bids for the proposed improvements and has received a bid from Walsh Construction Company II, LLC in the amount of \$92,929,000.00; and

Whereas, The project engineer, Malcolm Pirnie of Michigan, Inc., and WWTP staff recommended awarding the contract to Walsh Construction Company II, LLC as the lowest qualified and responsible bidder.

RESOLVED, That the City of Ann Arbor tentatively awards the contract for construction of the proposed wastewater system improvements project to Walsh Construction Company II, LLC, contingent upon successful financial arrangements with the SRF Program.

Yeas:

Nays:

Abstain:

Absent:

I certify that the above Resolution was adopted by City Council of the City of Ann Arbor on February 6, 2012.

BY: Jacqueline Beaudry, City Clerk, City of Ann Arbor
Name and Title

Signature

Date

Sponsored by: Mayor Hieftje