



Legislation Text

File #: 12-0851, **Version:** 1

Resolution to Award Contract for the West High Services Pump Station Project to Spence Brothers (\$8,551,000.00)

This memorandum and resolution requests approval to award a contract to Spence Brothers for the West High Service Pump Station Project (\$8,551,000.00).

The West High Service Pump Station project is included as a high priority project for 2012 through 2014 in the City's approved Capital Improvement Plan. This project includes construction of a new pump station to feed the west side of Ann Arbor as well as Scio Township. In the City's water services agreement with Scio Township these pumps were scheduled to be upgraded once Scio Township reached a daily demand of 2.5 million gallons per day. This target was reached several years ago. Since that time, the City has been working with Scio Township on cost allocation, financing and schedule for this work.

City staff conducted a public meeting on February 9, 2012 to share the project scope and solicit feedback from City residents and neighbors. Several neighbors of the Water Treatment Plant attended the meeting and expressed their support for the project. No concerns or issues were raised.

The City received the following seven bids:

Spence Brothers	\$8,551,000.00
Lakeshore Toltest Corporation	\$8,553,758.00
Brencl Contractors, Inc.	\$8,691,000.00
AZ Shmina, Inc.	\$8,904,000.00
Walsh Construction	\$8,914,000.00
E&L Construction Group	\$9,418,000.00
Colasanti Construction Services	\$9,633,000.00

Because Spence Brothers submitted the lowest responsible bid in the amount of \$8,551,000.00, it is recommended that their bid for \$8,551,000.00 be accepted, and that Spence Brothers be awarded the contract for the West High Service Pump Station Project.

The overall budget for the project is estimated at \$11,122,438.00, which includes the contract for Spence Brothers, project management and inspection services by City Staff (\$220,000.00), contingency for the contract with Spence Brothers for change orders to be approved by the City Administrator (\$855,000.00), a bond issue fee (\$38,500.00), engineering services provided by Stantec (\$1,382,938.00), and contingency for the contract with Stantec for change orders to be approved by the City Administrator (\$75,000.00).

The project will be financed by the City through a low interest loan through the State of Michigan's Drinking Water Revolving Fund Program. The City has also been awarded green funding for the project, resulting in loan forgiveness of \$1,690,000.00. The City and Scio Township will share the

costs for the balance of the project cost. The City's share of project cost is estimated at \$4,966,808.00. Scio Township's estimated project cost is \$4,465,630.00. The cost share between the City and Scio Township is covered in the Cost Sharing Agreement, to be considered by Council on July 16, 2012. This Cost Sharing Agreement must be approved prior to approval of this resolution.

The funds for this project are included in the approved FY13 Capital Budget and are to be advanced from the Water Supply System Operating Fund Balance to be repaid pending the sale of water revenue bonds via the Drinking Water Revolving Loan Fund (DWRP). This project is part of the FY13 funding for DWRP projects. Receipt of a loan through the DWRP program is contingent upon Council approval of the construction contract by August 9, 2012.

Spence Brothers has received Human Rights approval on June 11, 2012, and complies with the Living Wage Ordinance.

Prepared by: Brian Steglitz, P.E., Sr. Utilities Engineer, WTP

Reviewed by: Craig Hupy, Interim Public Services Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, It is necessary to complete the West High Service Pump Improvements Project to meet existing water demands for Scio Township and the west side of Ann Arbor;

Whereas, This project is included as part of the Drinking Water Revolving Loan Fund (DWRP) application made by the City for a select number of water system projects and was accepted for funding through this program;

Whereas, the City received a Green Funding grant for this project through the State of Michigan DWRP Program for \$1,690,000.00;

Whereas, Scio Township is responsible for a portion of the balance of the project cost and will reimburse the City monthly for incurred costs per the Cost Share Agreement with Scio Township;

Whereas, The City is required to receive Council authorization to sign a contract with a general contractor by August 9, 2012 to receive funding through the DWRP program to complete this improvement project;

Whereas, Of the seven bids received, Spence Brothers provided the lowest responsible bid in the amount of \$8,551,000.00;

Whereas, Spence Brothers has received Human Rights approval on June 11, 2012, and complies with the living wage ordinance;

Whereas, Funding for this project was approved in the FY13 Capital Budget; and

Whereas, Funding is to be advanced from the Water Supply System Operating Fund Balance to be repaid pending the sale of water revenue bonds through the DWRP Program;

RESOLVED, That Council accepts the proposal and awards a contract to Spence Brothers in the amount of \$8,551,000.00 for the West High Service Pump Station Project;

RESOLVED, That a contingency in the amount of \$855,000.00 is approved to finance change orders to the contract with Spence Brothers to be approved by the City Administrator;

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

RESOLVED, That the City makes the following declaration for the purpose of complying with the reimbursement rules of Treas. Reg. 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; and

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.