

MEMORANDUM

Utilities Department



TO: Ed Lavallee, City Manager

FROM: Tim Hochuli, P.E., Utilities Director

DATE: March 20, 2017

RE: Lime Sludge Pond Closure Status

On May 24, 2016, City Council approved proceeding with Alternative One for closure of the above referenced ponds. This alternative involved leaving the existing berms in place, removal of the lime sludge and filling of the ponds to the height of the existing berms. Based on preliminary estimates, the cost of this alternative was anticipated to be \$2,333,000.

During the design phase, material quantity and unit price adjustments were made which brought the engineer's opinion of cost to \$3,213,600.

Utilities' staff proceeded with design based on this selection followed by public advertisement for construction bids. On December 12, 2016, the City received bids for the project with a low bid of \$2,999,999.15. Based on the current bidding environment, which typically includes fewer bidders and costs exceeding engineer estimates, we believe the low bid cost to be reasonable for the proposed work.

However, due to the high cost and based on our conversations, Utilities has proposed to the low bid contractor a change in the project scope to remove only approximately half of the lime sludge and demolition of the berms to the minimum elevation controlled by FEMA regulations, using the berm material to fill in the ponds. Based on the unit prices included in the low bid this would result in a substantial decrease to the project cost.

This conversation with the contractor is still proceeding and we had hoped to have it resolved in time for the March 28, 2017 council agenda, however, that is not the case. At this point, if the contractor does not accept the project, as modified, our intention would be to modify the project and re-advertise the project for public bidding.