

REQUEST FOR COUNCIL ACTION

Date: 2/24/14
Item No.: 13.b

Department Approval



City Manager Approval



Item Description: Award Bid for Rehabilitation and Maintenance of the Interior and Exterior Coating Systems for the Fairview Avenue Water Tower

BACKGROUND

The Fairview Avenue 1.5 million gallon water tower was completed in 1962 along with many of the initial trunk mains for the water system. The water tower was last repainted in 1995 when all the lead based paint was removed and disposed of. The existing coating system is in fairly good condition but in need of a clear coat to gain another 20 years of life out of the existing coating system. Without a clear coat we can expect to need a new system in 4-5 years which will require blasting down to bare metal and placing a new coating system on the interior and exterior. There are also numerous welds and spot repairs required at this time on the interior of the tank due to ice damage and other defects. It is important to preserve the life of this asset which has a replacement value of \$7-8 million dollars.

We have completed inspections on the water tower every 5 years to monitor maintenance needs and deterioration of the coating system. Underwater camera technology is used to inspect the interior of the bowl while the tank is still in service. Our most recent inspections have indicated it is time to undertake maintenance to preserve the integrity of the tank and to prevent leaks.

State statute contains specific language to allow for direct negotiation for proposals for these types of maintenance projects. We have solicited proposals under this language where the chosen firm is responsible for the entire project from start to finish and maintains it for a period of time. We looked at several maintenance time periods and associated costs and benefits. We have also compared these proposals to recent design, bid, build, projects and have found the pricing proposed is competitive or lower than other projects in the area. Traditional design, bid, build projects cost is unknown to some degree until the completion of the project.

We received one proposal from SEH Design Build, a local engineering firm located in Vadnais Heights who is partnered with Classic Coatings, another firm that has does a significant amount of tower coating projects in the Twin Cities area in recent years. They both have an excellent reputation and safety record. The other proposal is from Utility Service Group, a firm headquartered in Atlanta, Ga. that uses coating subcontractors around the country for their projects.

Staff has completed reference checks on past projects of these firms. Classic Coatings had excellent references from local projects. The proposed coating contractor for Utility Service Group had generally good references and one past safety concern for other projects in the upper Midwest area. They have not done a project in the metro area at this point.

The City of Little Canada is pursuing a similar project on their water tower and we will coordinate projects to have one of the towers as emergency backup during the projects. The best way to assure the coordination is to use the same project team.

POLICY OBJECTIVE

The City operates and maintains a water system to provide a continuous supply of safe drinking water to its residents. This requires significant capital investments in the system to ensure continuous operation while maximizing the life of the assets.

FINANCIAL IMPACTS

We received two proposals for this work including 5 year maintenance of the coating system. Both proposers have experience in these projects and propose similar rehabilitation programs. The proposals are as follows:

SEH Design Build- 5 Year Program \$694,500 (\$605,000 first year cost)

5 Year equal installment cost- \$745,000 (\$149,000 per year)

Utility Service Group- 5 Year Program \$706,990 (\$141,398 equal installments per year)

The cost for this project is proposed to be funded from the Water Utility Enterprise Fund. This project was included in the 2014 Capital Improvement Program. The SEH proposal includes and additional scope item of an exterior wash down in year 5 of the contract. The added value of this item is approximately \$25,000. Staff is recommending the \$694,500 proposal from SEH Design Build. The Finance Director has provided financial analysis of the proposals and concurs with this recommendation.

STAFF RECOMMENDATION

Staff recommends award of a contract to SEH Design Build for the rehabilitation, recoating, and maintenance of the Fairview Avenue 1.5 million gallon water tower for a total of \$694,500. We feel the local presence of SEH and the excellent references of this team would provide the greatest assurance of a successful project.

REQUESTED COUNCIL ACTION

Motion to authorize the City Manager to enter into a 5 year maintenance contract with SEH Design Build for the rehabilitation, recoating, and maintenance of the Fairview Avenue 1.5 million gallon water tower in the amount of \$694,500.

Prepared by: Duane Schwartz, Public Works Director

Attachments: A: