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City Council

Approval of Bid Award for Log Cabin Road Reservoir

Agenda Date: 3/7/2017
Agenda Item Number: 6.A
File Number: 17-0182

Type: decision **Version:** 1 **Status:** Passed

Title

Approval of Bid Award for Log Cabin Road Reservoir

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to award the construction contract to T Bailey Inc., in the amount of \$7,298,722.88 and authorize the City Manager to execute the contract.

Report

Issue:

Whether to award the construction contract for the Log Cabin Road Reservoir to T Bailey Inc.

Staff Contact:

Tim Richardson, P.E., Project Manager, Public Works Engineering, 360.753.8749

Presenter(s):

Andy Haub, Water Resources Director, 360.753.8475

Tim Richardson, P.E., Engineering Project Manager, 360.753.8749

Background and Analysis:

The Log Cabin Road Reservoir is a key component of Olympia's drinking water system. Planning for the project began more than 12 years ago as part of the City's 2004 Water System Plan. With City Council support, construction will begin this spring.

A new reservoir will provide needed water storage for Olympia's eastside. Additional storage will provide for current fire suppression needs. The additional storage will also provide water reserves during emergencies and power outages. For these reasons, the reservoir is a mandate from the Washington Department of Health.

The reservoir can support future growth for more than 20 years. Once the new reservoir is operational, much-needed repairs at the nearby Hoffman Reservoir can begin. In time, both

reservoirs will reliably serve east Olympia.

The Drinking Water Utility owns the parcel of land, within LBA woods, where the new reservoir will be located. The project includes constructing the reservoir and its associated pipeline to Morse-Merryman Road, near LBA Park. The reservoir will be 140 feet tall and 80 feet in diameter with a capacity of 5.2 million gallons of water.

The project design incorporated community input. Neighborhood suggestions resulted in a more refined construction footprint, reduced environmental impacts, and better long-term public use of the surrounding area.

If supported, construction will begin in April and end by spring 2018.

Neighborhood/Community Interests:

Construction activity will not typically affect traffic flow on Morse-Merryman Road. Occasionally, equipment will access to and from the site. Homes are fairly distant from the construction site.

Staff will inform citizens of project construction and impacts to traffic or service. We will use post cards, newsletters, Twitter, and the Construction News webpage to communicate with citizens.

Options:

1. Approve award of the construction contract to T Bailey Inc., in the amount of \$7,298,722.88 and authorize the City Manager to execute the contract.

The project proceeds as planned.

2. Do not approve award of the construction contract, reject all bids, and request staff to rebid the project.

Delaying the project will impact the low interest loan from the Environmental Protection Agency. A delay could create higher costs and will require additional staff time.

Financial Impact:

The project is in the City's Capital Facilities Plan with funding by the Drinking Water Utility. The U.S. Environmental Protection Agency (EPA) provides financing through the Washington Drinking Water State Revolving Fund (DWSRF) program. The low-interest loan allows for land acquisition, design, and construction. The loan repayment period is 20 years.

Over the past two years, Drinking Water Utility rates have increased by 6% to prepare for the annual loan payments. The 2018 utility budget will include a request for an additional 2% rate increase to cover the entire loan repayment cost.

The low bid of \$7,298,722.88 is 9% below the Engineer's estimate. There are sufficient funds in the budget to complete this project.

Overall project costs:

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Total Low Bid:	\$ 7,298,722.88
Contingency to Award (10%):	\$ 729,872.29
Engineering: Design, Inspection, Consultants, Fees, Permits	\$ 2,058,650.00
Reservoir Land Acquisition	\$ 805,200.61
Total Estimated Project Cost:	\$ 10,892,445.78
Available Project Funding:	\$ 12,613,305.92

Attachments:

Summary of Bids
Vicinity Map